

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

9.1 Directors

9.1.1 Board

Our Company has adopted Recommendation 3.5 under the Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”) to have a Board comprising a majority of Independent Directors, since the Chairman of our Board is not an Independent Director.

Our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern our Group effectively. Our Board is also committed to achieving and sustaining high standards of corporate governance.

Within the limits set by our Articles of Association, our Board is responsible for the governance and management of our Company. To ensure the effective discharge of its functions, our Board endeavours to follow the MCCG 2012 which sets out the following responsibilities for our Board:

- (i) to review, challenge and approve our annual corporate plan, which includes our overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan;
- (ii) to oversee the conduct of our businesses and to determine whether the businesses are being properly managed;
- (iii) to identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to effectively monitor and manage these risks;
- (iv) to be satisfied that there are programmes in place to provide for orderly succession of senior management of our Group, including appointing, training, fixing the remuneration of, and where appropriate, replacing key management;
- (v) to oversee the development and implementation of a shareholder communications policy for our Company; and
- (vi) to review the adequacy and the integrity of our management information and internal controls systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines (including Listing Requirements, securities laws and the Act).

In accordance with Article 95 of our Articles of Association, at each annual general meeting (“**AGM**”) of our Company, one-third of our Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third shall retire from office and an election of Directors shall take place PROVIDED ALWAYS that each Director shall retire from office at least once in every three years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting.

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In accordance with Article 96 of our Articles of Association, the Directors to retire in every year shall be those who have been longest in office since their last election or appointment, but between persons who became or were last re-elected Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot.

In accordance with Article 101 of our Articles of Association, the Directors shall have the power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Articles of Association. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The number of Directors shall not be less than two but not more than 14. At least two of our Directors or one-third of our Board, whichever is higher, must also at all times be Independent Directors. As at the date of this Prospectus, our Board consists of nine Directors, five of whom are Independent Directors, and an alternate director to one of our non-independent non-executive director.

The details of the members of our Board, all of whom are Malaysian, the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office as at the LPD are as follows:

<u>Name</u>	<u>Age</u>	<u>Date of appointment as Director</u>	<u>Date of expiration of the current term of office</u>	<u>Number of years and months in office as at the LPD</u>
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	59	4 May 2009	Subject to retirement at the AGM in 2015	Five years
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	52	30 November 2010	Not applicable	Three years and five month
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	48	31 January 2011	Subject to retirement at the AGM in 2017	Three years and three months
YH Dato' Wan Bakri bin Wan Ismail	60	3 December 2013	Subject to retirement at the AGM in 2016	Five months
YBhg Tan Sri Dato' Sri Abdul Aziz bin Abdul Rahman	68	3 December 2013	Subject to retirement at the AGM in 2015	Five months
YH Dato' Cheong Keap Tai	66	3 December 2013	Subject to retirement at the AGM in 2015	Five months

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Name	Age	Date of appointment as Director	Date of expiration of the current term of office	Number of years and months in office as at the LPD
YH Dato' Thavalingam A/L C. Thavarajah	49	3 December 2013	Subject to retirement at the AGM in 2016	Five months
YH Dato' Dr Zaha Rina binti Zahari	53	3 December 2013	Subject to retirement at the AGM in 2016	Five months
Darawati Hussain binti Dato' Seri Abdul Latiff	45	9 June 2013	Subject to retirement at the AGM in 2015	Not applicable
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah (Alternate Director to Tengku Dato' Ahmad Faisal bin Tengku Ibrahim)	55	3 December 2013	Subject to retirement at the AGM in 2017	Five months

9.1.2 Profiles of Directors

YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah is the Chairman and a Non-Independent Non-Executive Director of our Company. She was conferred a honorary doctorate in social development from Lim Kok Wing University in 2013. She started her career as the executive vice chairman of TAS Industries on 1 September 1990. She then joined Kurnia Setia on 27 June 2005 when she was appointed as a director of Kurnia Setia. Subsequent to the Privatisation, YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah assumed the positions of Deputy Chairman of Tanah Makmur on 31 January 2011 and thereafter as the Chairman on 24 September 2013. Currently, she also sits on the board of directors of various private limited companies.

YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah is the Managing Director of our Company. He graduated with a Bachelor of Science (Computer Science) from California State University, Chico, USA in 1986. He started his career with Petroliam Nasional Berhad ("**PETRONAS**") as an information system executive in 1986. He was then promoted to the position of head of computer operation in PETRONAS. In 1988, he joined the Road Builder (M) Holdings Berhad's group of companies as the corporate affairs manager and was appointed as their group general manager, property division in 1994. He subsequently resigned in 1998. From 1998 to 2004, he was involved in his own private businesses which include the construction of East Coast Expressway, trading in construction materials and quarrying. He joined Kurnia Setia in 2005 as the general manager of corporate development and on 1 January 2006 he was appointed as the chief operating officer. On 8 November 2008, he was promoted to the position of managing director of Kurnia Setia. Subsequent to the Privatisation, YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah was transferred to our Company and assumed the current position of Managing Director of Tanah Makmur. Currently, he also sits on the board of directors of various private limited companies.

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YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is a Non-Independent Non-Executive Director of our Company. He graduated with a Bachelor of Science (Hons) Degree from the London School of Economics, United Kingdom in 1988. He began his career in 1988 as a dealers' representative with RHB Securities Berhad until 1990 and thereafter with PB Securities Berhad from 1991 to 1995. He assumed the position of the chief executive officer in Kitaran Ventures Sdn Bhd from 1997 to 2000. He also held directorships in ING Bhd from 1994 to 2012, Ekovest Berhad from 1995 to 1998, Nanyang Press Holdings Berhad from 1996 to 2001, Putrajaya Perdana Berhad from 2008 to 2009, and EON Capital Bhd from 2010 to 2011. On 31 January 2011, he joined Tanah Makmur as a Non-Independent Non-Executive Director. Currently, he also sits on the board of directors of various private limited companies.

YH Dato' Wan Bakri bin Wan Ismail is a Non-Independent Non-Executive Director of our Company, representing LKPP. He graduated with a Bachelor of Social Science from Universiti Sains Malaysia in 1994. He started his career as the supervisor of LKPP in 1980 and was promoted to the position of executive officer of administration of LKPP in 1994. He was appointed as manager of administration in 2002 and as manager of finance in 2010. He assumed the position of deputy general manager of LKPP in 2011 until his promotion to the position of general manager in 2014. Currently, he also sits on the board of directors of various subsidiaries of LKPP.

YBhg Tan Sri Dato' Sri Abdul Aziz bin Abdul Rahman is an Independent Non-Executive Director of our Company. He graduated with a Bachelor of Commerce in Accountancy from University of New South Wales Sydney, Australia in 1970. He holds a professional certificate from the Malaysian Institute of Certified Public Accountants and is a member of the Malaysian Institute of Accountants. He was a consultant with Price Waterhouse & Co (Sydney) Australia from 1969 and 1972. He then joined Malaysian Airlines System Berhad as manager of finance from 1972 to 1981. Soon after that, he assumed the position of managing director of Bank Kerjasama Rakyat Malaysia Berhad from 1981 to 1982. He sat on the board of directors of various private and public listed companies such as Federal Land Development Authority (FELDA) from 1986 to 1991. He was also the chairman of Mentiga Corporation Berhad from 1989 to 1993, and the chairman of Far East Holdings Berhad from 1991 to 1994. Currently, he sits on the board of directors of various private and public listed companies.

YH Dato' Cheong Keap Tai is an Independent Non-Executive Director of our Company. He graduated with a Bachelor of Accountancy from the National University of Singapore in 1973. He is a Chartered Accountant of Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Taxation and Licensed Tax Agent and also a member of the Institute of Chartered Secretaries and Administrators. He was also the executive director and partner of Coopers & Lybrand, and upon its merger with Price Waterhouse, he was the executive director, partner and chairman of the governance board of PricewaterhouseCoopers until his retirement in 2003. He assumed the position of non-independent non-executive director of Cement Industries of Malaysia Berhad from 2001 to 2009, Opus Group Berhad from 2007 to 2009, Opus International Group Plc from 2001 to 2007, and was formerly the non-executive director of Kualiti Alam Sdn Bhd from 2001 to 2010 and Commerce Assets Venture Sdn Bhd from 2005 to 2011. Currently, he is a partner of Ash'ari Cheong and he sits on the board of directors of various public listed companies.

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YH Dato' Dr Zaha Rina binti Zahari is an Independent Non-Executive Director of our Company. She obtained her Bachelor of Accounting and Finance from the Leeds Metropolitan University, United Kingdom in 1984 and a Master of Business Administration from the University of Hull, United Kingdom in 1991. She also obtained a Doctorate in Business Administration in 2002, focusing on capital markets research and specialising in derivatives. She started her career as a finance executive in Sri Communication Engineering Sdn Bhd between 1984 and 1987. From 1987 to 1988, she joined Sri Communication Turnkey Sdn Bhd as a financial controller. She then assumed the position of director of finance and administration in Sri Communication Group, which is inclusive of Sri Communications Sdn Bhd, Sri Communication Travel Sdn Bhd, Sri Communications Options and Futures Sdn Bhd and Sri Communication Engineering Sdn Bhd from 1988 to 2000. She also has previous board appointments at the Commodity and Monetary Exchange of Malaysia, from 1993 to 1996 and subsequently assumed the position of chief operating officer of Kuala Lumpur and Financial Exchange and Malaysian Derivatives Exchange ("**MDEX**") in 2001. She was then appointed as the head of exchanges, managing the operations of KLSE (now known as Bursa Securities), Malaysian Exchange of Securities Dealings and Automated Quotation (MESDAQ), MDEX and Labuan International Financial Exchanges in September 2003, prior to KLSE's demutualisation. In 2004 until 2006, she assumed the position of chief executive officer of RHB Securities Sdn Bhd. She was the consultant for the RHB Group in Singapore from 2007 to 2008. She was also the consultant to Financial Technologies Middle East in the setting up of Bahrain Financial Exchange which was launched in January 2009. She joined MAA Takaful Bhd as an independent director and chairman of the audit and risk committee from 2007 to 2012, and was appointed as an independent director and member of the audit committee of EON Capital Bhd and EON Bank Bhd from 2010 to 2011. She also assumed the positions of independent director and member of the audit committee of MIMB Investment Bank Berhad from 2011 to 2013. She was also an independent director of Zurich Insurance Malaysia Berhad from 2012 to 2013. Currently, she sits on the board of directors of various private and public listed companies.

YH Dato' Thavalingam A/L C. Thavarajah is an Independent Non-Executive Director of our Company. He graduated with a Bachelor of Law from Liverpool Polytechnic United Kingdom in 1988. He was admitted as a Barrister-at-Law, Gray's Inn United Kingdom in 1989. He was then called to the Malaysian Bar in 1990. He commenced his legal practice in Messrs Shearn Delamore & Co after he was called to the Malaysian Bar. He became a partner at Messrs Zaid Ibrahim & Co from 2000 to 2010. He is currently a partner with Messrs Lee Hishammuddin Allen & Gledhill. He also assumed the position of director of Gading Sari Aviation Services Sdn Bhd from 2010 to 2013. YH Dato' Thavalingam had been appointed in 2008 by the Government to serve on the National Labour Advisory Council for a two-year term. He was also the honorary secretary of the Malaysian Employers Federation from 2006 to 2011. He currently sits on the editorial advisory board of the Industrial Law Reports.

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Darawati Hussain binti Dato' Seri Abdul Latiff is an Independent Non-Executive Director of our Company. She graduated with a Bachelors' Degree in Economics and Accountancy from Durham University, United Kingdom in 1991 and a Masters in Business Administration from London Business School, United Kingdom in 1998. She had also obtained the Chartered Financial Analyst (CFA) qualification in 2001. She started her career in 1991 as an executive of corporate finance/advisory with Commerce International Merchant Bankers Berhad and subsequently left as a manager in 1996. She then spent five years from 1997 to 2001 in London where she was a European equities portfolio manager in Mondrian Investment Partners Limited, a fund management company. In September 2001, she re-joined CIMB group to set up and develop the private equity arm, where she was the head of Private Equity and Venture Capital of CIMB until August 2012, overseeing a private equity portfolio of more than 50 companies that operate in different sectors and in various stages of business maturity. Subsequently, she was made head of Co-investor and Fund Relations of CIMB Group Strategy and Strategic Investments (CIMB GSSI) until April 2014. In April 2014, she left CIMB group to become the executive director of Syalin Sdn Bhd, a family run company involved in property investment and investment holding activities. Currently, she also sits on the board of directors of various private companies.

During her more than 10 years experience in private equity and venture capital activities, particularly in relation to corporate matters of her portfolio companies, she had inculcated proper corporate governance practices in her portfolio of companies, in preparation for a possible listing of any of these companies when the company is ready. These practices would be mainly in the form of (i) introducing a more effective board which will scrutinise management's conduct and performance, and regularly participate in discussions with management to build sustainable business value; (ii) emphasis on the finance function for proper monitoring of the financial performance and development of the businesses, as well as detecting fraud and money laundering activities; and (iii) overseeing succession planning by retaining and motivating key management.

YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah is an Alternate Director to YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim. He graduated with a Bachelor of Science (Hons) Degree in Civil Engineering from the University of London, United Kingdom in 1983. He started his career in Jabatan Kerja Raya as the design and research section geotechnical engineer in 1983. He was then promoted to the position of assistant resident engineer under Felda Unit of Jabatan Kerja Raya in 1984 until 1985. He joined Road Builder (M) Sdn Bhd as a director from 1988 to 1999 and he also held the position of director of Road Builder (M) Holdings Berhad between 1992 and 2005. He was also the director cum group chief executive officer of Malaysian Investment Corporation Berhad from 1990 to 1993. Currently, he is a director of Kumpulan Unik BBP Sdn Bhd, a position he holds since 1997. He joined Kurnia Setia on 19 November 2004 as a non-executive director as a nominee of HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah. Subsequent to the Privatisation, YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah was transferred to our Company and assumed the position of Executive Director of Tanah Makmur on 1 January 2011. He resigned on 3 December 2013 from his position of Executive Director of Tanah Makmur and on the same day was appointed as the Alternate Director to YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim. Currently, he is the executive chairman of WZ Satu Berhad and he also sits on the board of directors of various private limited companies.

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9.1.3 Principal business activities performed by our Directors outside our Group in the past five years

Save as disclosed below, none of our Directors have performed any principal business activities outside our Group during the five years preceding the LPD.

The involvement of our Directors in business activities outside our Group as at the LPD and in the past five years preceding the LPD are as follows:

Name	Directorships	Involvement in business activities other than as a director
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • TAS Industries • TAS Kurnia Sdn Bhd • TAS Bumiberkat Sdn Bhd • TAS Hotels Sdn Bhd • Sharikat Putra Putri Sdn Bhd • Azim Development Sdn Bhd • Alam Warisan Motor Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Kurnia Setia (2005-2011) • TAS Fraser Resort Sdn Bhd (1977-2013) • TAS Management Sdn Bhd (1979-2012) • TAS Kimia Sdn Bhd (1979-2014) • Madison Garden Sdn Bhd (1976-2014) • Muhaini Enterprises Sdn Bhd (1986-2012) 	<ul style="list-style-type: none"> • Shareholder of MTM Milenium Holdings Sdn Bhd with 30.00% direct interest
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Highway Development Corporation Sdn Bhd • Tastu Bina • BBP Castle Sdn Bhd • BBP Bina Sdn Bhd • BBP Food Sdn Bhd • SJ Water Resources Sdn Bhd • SJ Kuari Sdn Bhd • Mazan Construction & Services Sdn Bhd • TZS Bina Sdn Bhd • Kurnia Setia (2008 until present)⁽¹⁾ <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Shareholder of Highway Development Corporation Sdn Bhd with 17.60% direct interest

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Name	Directorships	Involvement in business activities other than as a director
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Aura Pelangi Sdn Bhd • Phg Ikhsan (M) Sdn Bhd • Tanah Makmur Perkasa Sdn Bhd • SSV Technologies Sdn Bhd • Azam Majujaya Sdn Bhd • Perkasa Options and Futures Sdn Bhd • Amanat Warisan Sdn Bhd • Hummertech (M) Sdn Bhd • Kitaran Ventures Sdn Bhd • Auto Concessionaires Sdn Bhd • Manik Teratai Sdn Bhd • Tafti Sdn Bhd • Angkasa Casa Sdn Bhd • Tg Bandaraya Walet Sdn Bhd <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> • ING Bhd (1994-2012) • Ekovest Berhad (1995-1998) • Nanyang Press Holdings Berhad (1996-2001) • Putrajaya Perdana Berhad (2008-2009) • EON Capital Bhd (2010-2012) 	<ul style="list-style-type: none"> • Shareholder of Tanah Makmur Perkasa Sdn Bhd with 73.00% direct interest • Shareholder of Angkasa Casa Sdn Bhd with 20.00% direct interest • Shareholder of Phg Ikhsan (M) Sdn Bhd with 20.00% direct interest • Shareholder of Aura Pelangi Sdn Bhd with 99.00% direct interest
YH Dato' Wan Bakri bin Wan Ismail	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • LKPP Property Sdn Bhd • LKPP Padi Sdn Bhd • Kenanga Utuh Sdn Bhd • Syarikat Ladang LKPP Sdn Bhd • Xorix Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Nil
YBhg Tan Sri Dato' Sri Abdul Aziz bin Abdul Rahman	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Affin Bank Berhad • Affin Islamic Bank • Universiti Malaysia Pahang • International Islamic University Malaysia • Chuan Huat Resources Berhad • Alam Venture Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Chairman of audit and examination committee of Affin Bank Berhad • Chairman of audit committee of Universiti Malaysia Pahang • Chairman of UMP Holdings Sdn Bhd • Chairman of internal audit of International Islamic University Malaysia • Deputy chairman of International Islamic University Malaysia Holdings Sdn Bhd • Chairman of Green Effect Sdn Bhd • Executive chairman of (MUBARAK) Ranhill Technology Sdn Bhd • Chairman of Bagan Datoh Solar Farm Sdn Bhd

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Name	Directorships	Involvement in business activities other than as a director
YH Dato' Cheong Keap Tai	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • YTL Corporation Berhad • YTL Land & Development Berhad • YTL e-Solution Berhad • Gromutual Berhad <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> • Cement Industries of Malaysia Berhad (2001-2009) • Opus Group Berhad (2007-2009) • Opus International Group Plc (2007-2009) • Kualiti Alam Sdn Bhd (2001-2010) • Commerce Asset Ventures Sdn Bhd (2005-2011) 	• Nil
YH Dato' Dr Zaha Rina binti Zahari	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • L'Oreal Malaysia Sdn Bhd • MyCreative Ventures Sdn Bhd • Sage 3 Capital Sdn Bhd • Pacific & Orient Berhad • Hong Leong Industries Berhad • FWU Malaysia Sdn Bhd • Manulife Holdings Berhad <p><i>Previous directorships:</i></p> <ul style="list-style-type: none"> • MAA Takaful Bhd (2007-2012) • Zurich Insurance Malaysia Berhad (2012-2013) • EON Capital Bhd (2010-2011) • EON Bank Berhad (2010-2011) • MIMB Investment Bank Berhad (2011-2013) 	• Nil
YH Dato' Thavalingam A/L C. Thavarajah	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> • Nil <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Gading Sari Aviation Services Sdn Bhd (2010 - 2013) 	• Nil
Darawati Hussain binti Dato' Seri Abdul Latiff	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Syalin Sdn Bhd • Peranan Dinamik Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Please refer to note 2 below 	<ul style="list-style-type: none"> • Shareholder of Syalin Sdn Bhd with 5.00% direct interest • Investment committee member for the equity investment panel for Agensi Inovasi Malaysia • Past chairman from 2010 and 2012 and subsequently a committee member of Malaysian Private Equity and Venture Capital Association (MVCA) until 2014 • Past member of the Malaysian Venture Capital Development Council from 2008 to 2012

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Name	Directorships	Involvement in business activities other than as a director
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Kumpulan Unik BPP Sdn Bhd • Tastu Bina • BBP Engineering Sdn Bhd • BBP Bina Sdn Bhd • Regal BBP Sdn Bhd • BBP Castle Sdn Bhd • SJ Kuari Sdn Bhd • Tutak Holdings Sdn Bhd • Kampung Aur Oil Palm Co Sdn Bhd • WZ Satu Berhad <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Kurnia Setia (2004-2011) 	<ul style="list-style-type: none"> • Executive chairman and a shareholder of Kumpulan Unik BBP Sdn Bhd with 98.73% direct interest • Shareholder of SE Satu Sdn Bhd with 49.00% indirect interest pursuant to Section 6A of the Act

Notes:

- (1) YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah was appointed as the managing director of Kurnia Setia on 8 November 2008. Subsequent to the Privatisation, YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah was transferred to our Company and assumed the position of Managing Director. Kurnia Setia became one of our Subsidiaries following the completion of the Privatisation on 30 November 2010.
- (2) Set out below is the list of previous directorships of Darawati Hussain binti Dato' Seri Abdul Latiff in the past five years preceding the LPD:

- Papyrus Capital Sdn Bhd (2007-2012)
- CIMB Private Equity Sdn Bhd (2004-2014)
- CIMB Private Equity I Sdn Bhd (2004-2014)
- CIMB Private Equity Advisors Sdn Bhd (2006-2014)
- Mezzanine Holdings Sdn Bhd (2007-2014)
- Eagle Eye Capital Sdn Bhd (2007-2014)
- Bigbite Ventures Sdn Bhd (2007-2014)
- Commerce Asset Ventures Sdn Bhd (2007-2014)
- Commerce Technology Ventures Sdn Bhd (2007-2014)
- CAV Private Equity Management Sdn Bhd (2007-2014)
- Commerce-KPF Ventures Sdn Bhd (2007-2014)
- Commerce Agro Ventures Sdn Bhd (2007-2014)
- Top Sigma Sdn Bhd (2008-2014)
- Edufuture Sdn Bhd (2008-2014)
- Sedia Fajar Sdn Bhd (2008-2014)
- Silverbell Capital Sdn Bhd (struck off) (2005-2013)
- Jernih Hartamas Sdn Bhd (2008-2012)
- Tetap Fajar Sdn Bhd (2008-2012)
- Big Ship Sdn Bhd (2007-2012)
- Prima Mahawangsa Sdn Bhd (2009-2012)
- Pesat Dinamik Sdn Bhd (2009-2012)
- Good Composite Sdn Bhd (2009-2012)
- Crystal Anthem Sdn Bhd (2009-2012)
- Alam-PE I (L) Inc (2008-2014)
- Alam-PE III (L) Inc (2008-2014)
- Alam-PE V (L) Inc (2008-2014)
- Cosmo Restaurants Sdn Bhd (2007-2013)
- Mahmood Security (Malaysia) Sdn Bhd (2010-2014)
- Angkor Kasekam Roongrueng Co Ltd (2008-2012)
- In-Fusion Education Sdn Bhd (2012-2013)
- Prima Special Sdn Bhd (struck off) (2008-2012)
- Affluent Logistic Sdn Bhd (struck off) (2010-2013)
- Generasi Gentar Sdn Bhd (struck off) (2010-2013)
- CIMB Private Equity General Partner, Limited (2004-2014)
- CIMB Mezzanine I Sdn Bhd (in liquidation) (2004-2014)
- VC Prestige Sdn Bhd (2010-2012)
- Commerce Growth Sdn Bhd (2008-2012)
- Kota Bumimas Sdn Bhd (2008-2012)
- Metro Bumimas Sdn Bhd (2008-2012)
- Limpahan Suria Sdn Bhd (2008-2012)
- CAV Bat Sdn Bhd (2007-2012)
- Mutiara Makmur Ventures Sdn Bhd (2006-2010)
- Titan Setup Sdn Bhd (2009-2010)
- CIMB Private Equity Fund 1, Ltd. P. (2004-2014)
- CIMB Mezzanine Fund 1, Ltd. P. (2004-2014)
- Silverbell Investments Pte. Ltd. (2005-2014)
- Eastlake Development Pte. Ltd. (2006-2014)
- Lavera Investment Limited (2008-2014)
- Mezzanine Investment Holding Ltd. (2005-2014)
- Semantan Investment Holding Ltd. (2008-2012)
- Armada Investment Holding Ltd. (2008-2012)
- CIMB General Partner Ltd. (2004-2014)
- Mezzanine Capital Ltd. (2008-2014)
- Biosis Pharmaceuticals Sdn Bhd (2009-2014)
- My Flexitank Industries Sdn Bhd (2009-2014)
- Alam-PE Holdings (L) Inc (2008-2014)
- Alam-PE II (L) Inc (2008-2014)
- Alam-PE IV (L) Inc (2008-2014)
- Alam-PE Holdings Sdn Bhd (2008-2014)
- Shipload Maritime Pte Ltd (2007-2012)
- G-Tek Electronics Sdn Bhd (2007-2012)
- Manjung Aquatic Sdn Bhd (2008-2012)
- Infusion Solutions Sdn Bhd (2012-2013)
- Vest Advisory Sdn Bhd (struck off) (2010-2013)
- Koridor Klasik Sdn Bhd (struck off) (2010-2013)
- CIMB Mezzanine General Partner, Limited (2004-2014)
- Hasrat Eramas Sdn Bhd (2007-2014)
- Fortisse Cash Solutions Sdn Bhd (2010-2014)
- Ekuiti Erasama Sdn Bhd (2007-2014)

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

9.1.4 Audit Committee

Our Audit Committee was formed by our Board on 7 January 2014 and comprises three members, all of whom are Independent Directors. The main function of the Audit Committee is to assist our Board in performing its duties and discharging its responsibilities in evaluating our Company's financial statements, internal controls and audit process.

Our Audit Committee currently comprises the following members:

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
YH Dato' Cheong Keap Tai	Chairman	Independent Non-Executive Director
YH Dato' Dr Zaha Rina binti Zahari	Member	Independent Non-Executive Director
YH Dato' Thavalingam A/L C. Thavarajah	Member	Independent Non-Executive Director

The main duties and functions of our Audit Committee comprise, among others, the following:

- (i) to review the following and report the same to the Board:
 - (a) with the external auditor; the audit plan, the audit report and his evaluation of the system of internal controls;
 - (b) the assistance given by the Company's officers to the external auditor;
 - (c) the adequacy of the scope, functions, competence and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (e) the quarterly results and year end financial statements before our Board's approval, focusing particularly on:
 - (1) changes in or implementation of major accounting policies and practices;
 - (2) significant and unusual events arising from the audit;
 - (3) compliance with accounting standards and other legal requirement; and
 - (4) confirmation that the financial statements have been prepared on an on going concern basis;

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

- (f) any related party transactions and any conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (g) any letter of resignation from the external auditors of our Company; and
 - (h) whether there is reason (supported by grounds) to believe that our Company's external auditor is not suitable for re-appointment;
- (ii) to consider the appointment of external auditors and to discuss on their scope of work, responsibilities, their remuneration, any question of registration and dismissal and also to ensure co-ordination where more than one audit firm is involved;
 - (iii) to request and review reports from management and the internal and external auditors on any significant proposed regularity, accounting or reporting issue and to assess the potential impact upon our Company's financial reporting process;
 - (iv) to review the preparation of financial statements in accordance with generally accepted accounting policies;
 - (v) to identify and direct any special projects or investigations deemed necessary together with such other functions as may be agreed by the Audit Committee and our Board; and
 - (vi) to execute other related functions to achieve the objective of the establishment of the Audit Committee.

9.1.5 Remuneration Committee

Our Remuneration Committee was formed by our Board on 7 January 2014 and comprises three members, the majority of them being Independent Directors.

Our Remuneration Committee currently comprises the following members:

<u>Name</u>	<u>Position</u>	<u>Directorship</u>
YBhg Tan Sri Dato' Sri Abdul Aziz bin Abdul Rahman	Chairman	Independent Non-Executive Director
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	Member	Non-Independent Non-Executive Director
YH Dato' Cheong Keap Tai	Member	Independent Non-Executive Director

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

The main duties and functions of our Remuneration Committee comprise, among others, the following:

- (i) to recommend to our Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of Executive Directors and senior management of our Company;
- (ii) to determine proper distribution of share options and other equity plans if there is no option committee;
- (iii) to develop appropriate short-term incentive or bonus plans;
- (iv) to develop overall remuneration or benefits strategy for the organisation; and
- (v) to execute other related functions to achieve the objective of the establishment of the Remuneration Committee.

9.1.6 Nominating Committee

Our Nominating Committee was formed by our Board on 7 January 2014 and comprises three members, the majority of them being Independent Directors.

Our Nominating Committee currently comprises the following members:

Name	Position	Directorship
YH Dato' Thavalingam A/L C. Thavarajah	Chairman	Independent Non-Executive Director
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	Member	Non-Independent Non-Executive Director
Darawati Hussain binti Dato' Seri Abdul Latiff	Member	Independent Non-Executive Director

The main duties and functions of our Nominating Committee comprise, among others, the following:

- (i) to evaluate the composition of member, membership vacancy, identify candidates and recommend to our Board in relation to any changes of our Board for effective contribution to our Group;
- (ii) to evaluate the balance of expertise, knowledge, experience and criteria needed for the appointment of our Directors;
- (iii) to consider, in making its recommendation, candidates for directorship and senior executive proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or shareholder;
- (iv) to make annual evaluation recommendation to the Board in relation to the re-appointment/extension of service of the Executive/Non-Executive Director upon after expiry of service period or upon reaching the retirement age subject to performance and service effectiveness contributed;
- (v) to recommend to our Board on any matter relating to extension of service for any directors including cessation or termination of service of any chief executive;

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

- (vi) to recommend to our Board the membership of our Board Committees; and
- (vii) to execute other related functions to achieve the objective of the establishment of the Nominating Committee.

9.1.7 Shareholding of Directors in our Company

The following table sets forth the direct and indirect shareholdings of each Director as at the date of this Prospectus and after the IPO (assuming full subscription of the Issue Shares allocated to the eligible Directors and eligible employees of our Group under the Retail Offering):

Name	As at the date of this Prospectus				After the IPO ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	3,260,522	0.94	-	-	3,045,722	0.76	-	-
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	3,308,122	0.96	-	-	3,083,422	0.77	-	-
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	-	-	21,000,000 ⁽²⁾	6.07 ⁽²⁾	150,000	0.04	17,998,400 ⁽²⁾	4.52 ⁽²⁾
YH Dato' Wan Bakri bin Wan Ismail	-	-	-	-	150,000	0.04	-	-
YBhg Tan Sri Dato' Sri Abdul Aziz bin Abdul Rahman	-	-	-	-	150,000	0.04	-	-
YH Dato' Cheong Keap Tai	-	-	-	-	150,000	0.04	-	-
YH Dato' Thavalingam A/L C. Thavarajah	-	-	-	-	150,000	0.04	-	-
YH Dato' Dr Zaha Rina binti Zahari	-	-	-	-	150,000	0.04	-	-
Darawati Hussain binti Dato' Seri Abdul Latiff	-	-	-	-	150,000	0.04	-	-
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	50,202,008	14.51	29,777,550 ⁽³⁾	8.61 ⁽³⁾	43,176,808	10.84	27,060,650 ⁽³⁾	6.80 ⁽³⁾

Notes:

- (1) Excludes Shares they may subscribe for under the Retail Offering to the Malaysian Public.
- (2) Deemed to have interest in Tanah Makmur by virtue of his interest in Focus Edge Indices Corp by virtue of Section 6A of the Act. The entire issued and paid-up share capital of Focus Edge Indices Corp is held by BC Management Services Ltd on trust for the benefit of the TF Family Trust. YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is one of the beneficiaries of the TF Family Trust.
- (3) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in Tastu Bina pursuant to Section 6A of the Act.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

9.1.8 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind paid or proposed to be paid to our Directors for services rendered and to be rendered to us in all capacities was approximately RM2,221,497 for the year ended 31 December 2011, RM1,887,237 for the year ended 31 December 2012, RM2,670,003 for the the year ended 31 December 2013 and is estimated at RM2,400,000 for the year ending 31 December 2014.

The remuneration of our Directors which includes salaries, bonuses, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

The remuneration and material benefits-in-kind paid/estimated to be paid to our Directors are as follow:

Directors	Material benefits-in-kind	Remuneration bank			
		For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ending 31 December 2014
		Actual	Actual	Actual	Estimate
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	-	RM50,001 to RM100,000	RM50,001 to RM100,000	RM100,001 to RM150,000	RM350,001 to RM400,000
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	Company's Car	RM700,001 to RM750,000	RM950,001 to RM1,000,000	RM1,000,001 to RM1,050,000	RM1,250,001 to RM1,300,000
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	-	RM50,001 to RM100,000	RM50,001 to RM100,000	RM100,001 to RM150,000	RM100,001 to RM150,000
YH Dato' Wan Bakri bin Wan Ismail	-	-	-	-	RM100,001 to RM150,000
YBhg Tan Sri Dato' Sri Abdul Aziz bin Abdul Rahman	-	-	-	-	RM100,001 to RM150,000
YH Dato' Cheong Keap Tai	-	-	-	-	RM100,001 to RM150,000
YH Dato' Thavalingam A/L C. Thavarajah	-	-	-	-	RM100,001 to RM150,000
YH Dato' Dr Zaha Rina binti Zahari	-	-	-	-	RM100,001 to RM150,000
Darawati Hussain binti Dato' Seri Abdul Latiff	-	-	-	-	RM100,001 to RM150,000
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	-	RM200,001 to RM250,000	RM200,001 to RM250,000	RM250,001 to RM300,000	*Refer to Note 1

Note:

- (1) As an alternate director to YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim, YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah will be receiving meeting allowances whenever YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is unable to attend any meetings.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

9.2 Key management

9.2.1 Key management

Our key management is responsible for our day-to-day management and operations. Our key management consists of experienced personnel in charge of matters related to our business, corporate development, human capital, finance and corporate secretarial.

Our key management within our Group as at the LPD is set out below:

Name	Nationality	Age	Designation/Function
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	Malaysian	52	Managing Director
Teh Foo Hock	Malaysian	49	Chief Financial Officer
Suzilah binti Haji Wahid	Malaysian	53	Company Secretary
Abdul Razak bin Md Yusof	Malaysian	56	General Manager, Finance and Accounts
Alias bin Awang	Malaysian	52	General Manager, Plantation
Azlan Shah bin Haji Mohd Yusoh	Malaysian	40	Senior Project Manager
Tumaran bin Wongso	Malaysian	54	Head of Human Resources and Administration
Ashraf bin Abbas	Malaysian	51	Head of Corporate Development
Mohd Farizan bin Md Dalimi	Malaysian	34	Head of KotaSAS (in charge of technical aspects and projects)
YM Tengku Amir Nasser Ibni Tengku Ibrahim	Malaysian	28	Head of KotaSAS (in charge of administration and finance)
Hishamuddin bin Mohd Yunus	Malaysian	36	Head of Palm Oil Mill Operations
Mohamed Azmaili bin Ismail	Malaysian	57	Head of Internal Audit

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT *(Cont'd)*

9.2.2 Profiles of key management

YM Tengku Dato' Zubir bin Tengku Ubaidillah is our Managing Director. For details of YM Tengku Dato' Zubir bin Tengku Ubaidillah, please refer to Section 9.1.2 of this Prospectus.

Teh Foo Hock is our Chief Financial Officer. He is a member of the Malaysian Institute of Certified Public Accountants and a chartered accountant with the Malaysian Institute of Accountants since 1996. He is also an associate member of the Malaysian Institute of Taxation since 1997 and the Institute of Internal Auditors of Malaysia since 1999. He began his career with Messrs. Coopers & Lybrand (now known as PricewaterhouseCoopers) ("**PwC**") in 1985 as an article clerk. He held a few positions in PwC, including audit senior and audit supervisor. In 1996, he was then promoted to audit and assurance manager. He left PwC in April 1997 to join Kinsteel Berhad (a public listed company on the Main Market of Bursa Securities) in May 1997 as group accountant. In 2002, his job responsibility was expanded to include head of treasury. He had held the position of group accountant/head of treasury in Kinsteel Berhad until his resignation in April 2014. He also held the role as joint company secretary of Kinsteel Berhad from August 2012 to September 2013. During his tenure in Kinsteel Berhad group, he was responsible for the preparation of various financial projections, budgets, product costing reports and monthly management reports. He also managed Kinsteel Berhad group's financial and accounting policies and monitored foreign exchange exposure.

Suzilah binti Haji Wahid is our Company Secretary. She pursued the professional course of Institute of Chartered Secretaries and Administrators (ICSA) in University Teknologi MARA and later furthered the said professional course in London School of Accountancy, United Kingdom from 1985 to 1987. She started her career in 1987 with LKPP as the group company secretary until 1995. She was the company secretary of Kurnia Setia since 7 November 1995 when it was still listed. Subsequent to the Privatisation, she was transferred to our Company and assumed the same position until present.

Abdul Razak bin Md Yusof is our General Manager, Finance and Accounts. He graduated with a Diploma in Accountancy from University Teknologi Mara in 1991. He subsequently obtained a Bachelor of Accountancy (Honours) from the same university in 2000. He is a member of the Malaysian Institute of Accountants since April 2001. He started his career in 1978 with Syarikat Ladang LKPP Sdn Bhd until 1984. He later joined Kurnia Setia in 1984 as a special grade accounts clerk and in 1992 he was promoted to account executive. In 1995, he was appointed as assistant account manager and subsequently as finance manager in 2005. In 2008, he was then promoted to senior finance manager. Subsequent to the Privatisation, Abdul Razak bin Md Yusof was transferred to our Company and assumed the position of General Manager, Finance and Accounts of Tanah Makmur on 1 July 2011.

Alias bin Awang is our General Manager, Plantation. He graduated with a Master of Business Administration from University Utara Malaysia in 2012. He started his career in 1990 with Golden Hope Berhad as cadet assistant manager until 1991. From 1991 to 1999, he was the assistant manager of Austral Enterprises Berhad. After that, he held the post of manager of Kosma Plantation Berhad from 1999 to 2002. Soon after that, he assumed the position of manager of IOI Corporation Berhad from 2002 to 2006 and he joined Kurnia Setia as the head of plantation development in 2006. Subsequent to the Privatisation, Alias bin Awang was transferred to our Company and assumed the position of General Manager, Plantation of Tanah Makmur on 1 July 2011.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

Azlan Shah bin Haji Mohd Yusoh is our Senior Project Manager. He graduated with a Bachelor of Science in Land Surveying and Mapping Science from University of Newcastle-upon-Tyne, United Kingdom in 1997. He started his career in 1997 in Highway Development Corporation Sdn Bhd. In 2002 he joined Tastu Bina as administration and safety manager. From 2002 to 2005, he was the head of plant, machinery and equipment of BBP Bina Sdn Bhd. He joined Kurnia Setia as the project manager in 2006 and was promoted to the position of senior project manager on 1 April 2010. Subsequent to the Privatisation, Azlan Shah bin Haji Mohd Yusoh was transferred to our Company and assumed the same position until present.

Tumaran bin Wongso is our Head of Human Resources and Administration. He graduated with a Bachelor of Applied Science from Universiti Sains Malaysia in 1984. He started his career on 1 June 1985 with LKPP as plant operating officer until 1993. He was the manager, human resources and administration of Kurnia Setia since 1 January 1993. Subsequent to the Privatisation, Tumaran bin Wongso was transferred to our Company and assumed the current position of the Head of Human Resources and Administration of Tanah Makmur.

Ashraf bin Abbas is our Head of Corporate Development. He graduated with a Bachelor of Science in Business Administration from California State University, Sacramento, USA in 1987. He started his career in 1991 with Kewangan Usaha Bersatu Berhad as credit and marketing officer until 1993. From 1993 to 2002, he was the branch manager of Malaysia Building Society Berhad. Soon after that, he assumed the position of audit executive of Kurnia Setia from 2002 to 2005. From 2006 to 2009, he was the assistant manager of corporate development and was promoted to corporate development manager on 1 April 2010. Subsequent to the Privatisation, Ashraf bin Abbas was transferred to our Company and assumed the current position of Head of Corporate Development.

Mohd Farizan bin Mohd Dalimi is our Head of KotaSAS (in charge of technical aspects and projects). He graduated with a Bachelor of Civil Engineering from Universiti Teknologi Malaysia in 2002. He started his career in 2002 with Kumpulan Unik BBP Sdn Bhd as a project engineer until 2010. During his employment with Kumpulan Unik BBP Sdn Bhd, he was involved in several projects in relation to PLUS expressways, East Coast expressway and project work under Jabatan Kerja Raya Malaysia. In July 2011, he joined Tanah Makmur as the Project Manager and was subsequently promoted to the position of Head of KotaSAS (in charge of technical aspects and projects) in August 2011.

YM Tengku Amir Nasser Ibni Tengku Ibrahim is our Head of KotaSAS (in charge of administration and finance). He graduated with a Bachelor in Business and Marketing Management from Oxford Brookes University, United Kingdom in 2008. He interned with ING Funds in 2007 and was involved in promoting financial products. He was a trainee in a private equity firm, Parish Capital Advisors Europe LLP in 2010. In January 2012, he joined Tanah Makmur as the Project Manager. He was subsequently promoted as the Head of KotaSAS (in charge of administration and finance) in January 2013.

Hishamuddin bin Mohd Yunus is our Head of Palm Oil Mill Operations. He graduated with a Diploma in Mechanical Manufacturing from Universiti Teknologi MARA in 1998 and a Diploma in Palm Oil Milling Technology and Management from Malaysia Palm Oil Board in 2003. He also obtained a professional certificate of second grade Steam Engineer Certification from the Department of Safety and Health of Malaysia in 2005. He started his career in 2002 with Kumpulan Guthrie Berhad as an assistant manager until 2006 and was promoted to the position of mill manager in 2006 under the same company. He was also the mill manager of Prosper Group of Companies between 2012 and 2013. In May 2013, he joined Tanah Makmur to head the palm oil operations of our Group.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

Mohd Azmaili bin Ismail is our Head of Internal Audit. He graduated with a Bachelor of Management (Honours) from Open University, Kuala Lumpur in 2006. He started his career in 1984 until 1992 with Syarikat Ladang LKPP Sdn Bhd. He joined Kurnia Setia in 1992 as a special grade accounts clerk and was appointed as an internal audit executive in 1995. In 2004, he was promoted to assistant manager, internal audit. Subsequent to the Privatisation, Mohd Azmaili bin Ismail was transferred to our Company and promoted to the post of Head of Internal Audit of Tanah Makmur in July 2011. He is also an associate member of the Institute of Internal Auditors Malaysia since September 1994.

9.2.3 Shareholding of key management in our Company

The following table sets forth the direct and indirect shareholding of each member of the key management as at the date of this Prospectus and after the IPO (assuming full subscription of the IPO Shares allocated to the eligible Directors and eligible employees of our Group under the Retail Offering):

Name	As at the date of this Prospectus				After the IPO ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	3,308,122	0.96	-	-	3,083,422	0.77	-	-
Suzilah binti Haji Wahid	-	-	-	-	70,000	0.02	-	-
Abdul Razak bin Md Yusof	-	-	-	-	100,000	0.03	-	-
Alias bin Awang	-	-	-	-	100,000	0.03	-	-
Azlan Shah bin Haji Mohd Yusoh	-	-	-	-	70,000	0.02	-	-
Tumaran bin Wongso	-	-	-	-	50,000	0.01	-	-
Ashraf bin Abbas	-	-	-	-	50,000	0.01	-	-
Mohd Farizan bin Md Dalimi	-	-	-	-	50,000	0.01	-	-
YM Tengku Amir Nasser Ibni Tengku Ibrahim	-	-	-	-	50,000	0.01	-	-
Hishamuddin bin Mohd Yunus	-	-	-	-	50,000	0.01	-	-
Mohamed Azmaili bin Ismail	-	-	-	-	40,000	0.01	-	-

Note:

(1) Excludes Shares they may subscribe for under the Retail Offering to the Malaysian Public.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

9.2.4 Involvement of key management in other principal business activities

Save as disclosed in Sections 9.1.3 and 11.3 of this Prospectus in relation to the information on YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah and YM Tengku Amir Nasser Ibni Tengku Ibrahim, none of our key management are involved in other principal business activities outside of our Company as at the LPD.

The involvement of our key management in other businesses and/or corporations as highlighted above are not expected to affect their contribution to our Group as our key management are not actively involved in the management and day-to-day operations of these other businesses and/or corporations, and their involvement relates to an oversight role or to a certain extent, attending board meetings.

9.3 Promoters and substantial shareholders

9.3.1 Profiles of our Promoters and substantial shareholders

TAS Industries (Promoter and substantial shareholder)

TAS Industries is a private company limited by shares, incorporated on 14 February 1974 in Malaysia. TAS Industries is principally engaged in investment holding, hotelier and provision of management services.

It has nine directors whose details are set out below:

<u>Name</u>	<u>Nationality</u>	<u>Age</u>	<u>Designation</u>
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	Malaysian	55	Director
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	Malaysian	59	Director
YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah	Malaysian	52	Director
YAM Tengku Dato' Hajjah Shahariah binti Sultan Haji Ahmad Shah	Malaysian	50	Director
YAM Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah	Malaysian	54	Director
YAM Tengku Dato' Aishah binti Sultan Haji Ahmad Shah	Malaysian	57	Director
YAM Tengku Dato' Hajjah Muhaini binti Sultan Haji Ahmad Shah	Malaysian	58	Director
Datuk Raja Karib Shah bin Raja Shahrudin	Malaysian	79	Director
Dato' Po Kong Yee	Malaysian	59	Director

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

The following table sets forth the direct and indirect shareholdings in TAS Industries as at the LPD:

Name	Direct		Indirect	
	No. of TAS Industries shares held	%	No. of TAS Industries shares held	%
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	14,264,950	24.21	-	-
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YAM Tengku Dato' Hajjah Shahariah binti Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YAM Tengku Dato' Aishah binti Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YAM Hajjah Tengku Dato' Muhaini binti Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YAM Tengku Abdul Rahman Ibni Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YAM Tengku Fahad Mua'adzam Shah Ibni Sultan Haji Ahmad Shah	5,902,313	10.02	-	-
YM Tengku Nurul Kamalia binti Tengku Kamil Ismail	834,768	1.42	-	-
YM Tengku Madina Kamilia binti Tengku Kamil Ismail	834,768	1.42	-	-
YM Tengku Madihah Shahzan Kamilah binti Tengku Kamil Ismail	834,768	1.42	-	-
Fara binti Abu Hassan	834,768	1.42	-	-

Tastu Bina (Promoter and substantial shareholder)

Tastu Bina is a private company limited by shares, incorporated on 14 February 1974 in Malaysia. Tastu Bina is principally an investment holding company.

It has four directors whose details are set out below:

Name	Nationality	Age	Designation
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	Malaysian	55	Director
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	Malaysian	55	Director
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	Malaysian	52	Director
Dato' Raja Mufik Affandi bin Raja Khalid	Malaysian	54	Director

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

The following table sets forth the direct and indirect shareholdings in Tastu Bina as at the LPD:

Name	Direct		Indirect	
	No. of Tastu Bina shares held	%	No. of Tastu Bina shares held	%
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	3,469,000	50.00	-	-
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	3,469,000	50.00	-	-

Aimvesco (Promoter)

Aimvesco is a private company limited by shares, incorporated on 23 September 1986 in Malaysia. Aimvesco is principally engaged in investment holding.

It has three directors whose details are set out below:

Name	Nationality	Age	Designation
YAM Tengku Dato' Hajjah Muhaini binti Sultan Haji Ahmad Shah	Malaysian	58	Director
Dato' Po Kong Yee	Malaysian	59	Director
YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah	Malaysian	52	Director

The following table sets forth the direct and indirect shareholdings in Aimvesco as at the LPD:

Name	Direct		Indirect	
	No. of Aimvesco shares held	%	No. of Aimvesco shares held	%
TAS Industries	25,000,000	100.00	-	-

(The rest of this page has been intentionally left blank)

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah (Promoter and substantial shareholder)

HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah joined our Group on 31 January 2011 when he was appointed as Chairman of Tanah Makmur. He had on 24 September 2013, effectively resigned from our Board. He received military training from Royal Military Academy Sandhurst England in 1980 and subsequently graduated with a diploma in Foreign Affairs and Diplomacy at Worcester & Queen Elizabeth College of United Kingdom in 1981. HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah was appointed as Captain in the Corp Cavalry at Regiment 505 Voluntary Army in 1981, Lieutenant Colonel in 1999 and subsequently Brigadier General in 2004 of the same regiment.

HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah was crowned as the Crown Prince of Pahang on 1 July 1975. He has been appointed as a Chancellor of Universiti Kuala Lumpur in 2004 and subsequently as the Chancellor of Universiti Malaysia Pahang in 2007. HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah is also the Head of Islamic Religious Council and Malay Culture of Pahang and the Chairman of Jumaah Pangkuan Pahang and Head of Royal Pahang Welfare Body.

YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah (Promoter and substantial shareholder)

For details of YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah, please refer to Section 9.1.2 of this Prospectus.

YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah (Promoter)

For details of YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah, please refer to Section 9.1.2 of this Prospectus.

LKPP (substantial shareholder)

LKPP is one of the development boards under the Government, which was established on 15 November 1969 under the Enakment Darurat Pahang (Bil 2) 1969. LKPP was established with the vision to be the leader in Pahang in agriculture development and other fields.

It has 10 directors whose details are set out below:

Name	Nationality	Age	Designation
YAB Dato' Sri Diraja Haji Adnan bin Haji Yaakob	Malaysian	65	Director
YB Dato' Haji Ishak bin Haji Muhamad	Malaysian	63	Director
YB Dato' Sri Muhammad Safian bin Ismail	Malaysian	62	Director
YH Dato' Dzul-Kifly bin Osman	Malaysian	61	Director
YB Dato' Haji Shahiruddin bin Ab Moin	Malaysian	59	Director
YB Dato' Mohd Fadil bin Osman	Malaysian	50	Director
YB Dato' Hajjah Mahadiah binti Haji Mohamad	Malaysian	60	Director

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

Name	Nationality	Age	Designation
YH Dato' Kamaruddin bin Mohammed	Malaysian	67	Director
Dr Saharudin bin Haji Ismail	Malaysian	61	Director
Mohd Sakeri bin Abdul Kadir	Malaysian	46	Director

Focus Edge Indices Corp (substantial shareholder)

Focus Edge Indices Corp is a private company limited by shares, incorporated on 1 October 2010 in British Virgin Islands under the BVI Business Companies Act, 2004 of the British Virgin Islands. Focus Edge Indices Corp is principally engaged in investment holding.

It has one nominated director whose details are set out below.

Name	Nationality	Age	Designation
BC Management Services Ltd	British Virgin Islands	-	Nominated director and shareholder

The following table sets forth the direct and indirect shareholdings in Focus Edge Indices Corp as at the LPD:

Name	Direct		Indirect	
	No. of Focus Edge Indices Corp shares held	%	No. of Focus Edge Indices Corp shares held	%
BC Management Services Ltd*	1	100.00	-	-

Note:

- * Held by BC Management Services Ltd on trust for the benefit of the TF Family Trust. YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is one of the beneficiaries of the TF Family Trust.

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9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

9.3.2 Shareholdings of our Promoters and substantial shareholders

The following table sets forth the direct and indirect shareholdings of each of our Promoters as at the date of this Prospectus and after the IPO (assuming full subscription of the IPO Shares allocated to the eligible Directors and eligible employees of our Group under the Retail Offering):

Name	Nationality/ Country of incorporation	As the date of this Prospectus			After the IPO ⁽¹⁾		
		Direct		Indirect	Direct		Indirect
		Shares held	%	No. of Shares held	Shares held	%	No. of Shares held
Tastu Bina	Malaysia	29,777,550	8.61	-	-	27,060,650	6.80
TAS Industries	Malaysia	57,955,582	16.75	7,075,496 ⁽²⁾	2.04 ⁽²⁾	49,672,682	12.48
Aimvesco	Malaysia	7,075,496	2.04	-	-	6,066,696	1.52
HRH Tengku Abdullah ibni Sultan Haji Ahmad Shah	Malaysian	54,585,386	15.77	94,808,628 ⁽³⁾	27.40 ⁽³⁾	54,585,386	13.71
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	Malaysian	50,202,008	14.51	29,777,550 ⁽⁴⁾	8.61 ⁽⁴⁾	43,176,808	10.84
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	Malaysian	3,308,122	0.96	-	-	3,083,422	0.77

Notes:

- (1) Excludes Shares they may subscribe under the Retail Offering to the Malaysian Public.
- (2) Deemed to have interest in Tanah Makmur by virtue of its shareholdings in Aimvesco pursuant to Section 6A of the Act.
- (3) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in TAS Industries, Tastu Bina and Aimvesco pursuant to Section 6A of the Act.
- (4) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in Tastu Bina pursuant to Section 6A of the Act.

As at the date of this Prospectus and after the IPO, Tastu Bina, TAS Industries, HRH Tengku Abdullah ibni Sultan Haji Ahmad Shah and YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah are also our substantial shareholders. Please refer to their respective direct and indirect shareholdings in the table above.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

In addition, the following table sets forth the direct and indirect shareholdings of each of our other substantial shareholders (who or which are not our Promoters) as at the date of this Prospectus and after the IPO (assuming full subscription of the IPO Shares allocated to the eligible Directors and eligible employees of our Group under the Retail Offering):

Name	Nationality/ Country of incorporation	As the date of this Prospectus			After the IPO ⁽¹⁾		
		Direct		Indirect	Direct		Indirect
		No. of Shares held	%	No. of Shares held	No. of Shares held	%	No. of Shares held
LKPP	Malaysia	103,805,878	30.00	-	79,631,878	20.00	-
Focus Edge Indices Corp	British Virgin Islands	21,000,000	6.07	-	17,998,400	4.52	-
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	Malaysian	-	-	21,000,000 ⁽²⁾	150,000	0.04	17,998,400 ⁽²⁾

Notes:

(1) Excludes Shares they may subscribe under the Retail Offering to the Malaysian Public.

(2) Deemed to have interest in Tanah Makmur by virtue of his interest in Focus Edge Indices Corp by virtue of Section 6A of the Act. The entire issued and paid-up share capital of Focus Edge Indices Corp is held by BC Management Services Ltd on trust for the benefit of the TF Family Trust. YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is one of the beneficiaries of the TF Family Trust.

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9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

The table below sets forth our Promoters' direct and indirect interests in our Company for the past three years preceding the date of this Prospectus:

Name	As at 31 December 2011			As at 31 December 2012			As at 31 December 2013			As at the date of this Prospectus		
	Direct		Indirect	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of shares held [^]	%	No. of shares held [^]	%	No. of shares held [^]	%	No. of shares held [^]	%	No. of shares held [^]	%	No. of Shares held	%
Tastu Bina	-	-	118,131,361 ⁽¹⁾	68.28 ⁽¹⁾	-	-	118,131,361 ⁽¹⁾	68.28 ⁽¹⁾	29,777,550	8.61	-	-
TAS Industries	-	-	118,131,361 ⁽²⁾	68.28 ⁽²⁾	-	-	118,131,361 ⁽²⁾	68.28 ⁽²⁾	57,955,582	16.75	7,075,496 ⁽³⁾	2.04 ⁽³⁾
Aimvesco	1,537,748 ⁽⁴⁾	-	-	-	1,537,748	0.89	-	-	7,075,496	2.04	-	-
HRH Tengku Abdullah Ibrni Sultan Haji Ahmad Shah	-	-	118,131,361 ⁽⁵⁾	68.28 ⁽⁵⁾	-	-	118,131,361 ⁽⁵⁾	68.28 ⁽⁵⁾	54,585,386	15.77	94,808,628 ⁽⁶⁾	27.40 ⁽⁶⁾
YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah	737,748 ⁽⁴⁾	-	118,131,361 ⁽⁷⁾	68.28 ⁽⁷⁾	737,748	0.43	118,131,361 ⁽⁷⁾	68.28 ⁽⁷⁾	50,202,008	14.51	29,777,550 ⁽⁸⁾	8.61 ⁽⁸⁾
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	-	-	-	-	-	-	-	-	3,308,122	0.96	-	-

Notes:

[^] Shares in Tanah Makmur at par value of RM1.00 each.

(1) Deemed to have interest in Tanah Makmur by virtue of its shareholdings in TAS Kurnia Sdn Bhd pursuant to Section 6A of the Act. As at 31 December 2011, 31 December 2012 and 31 December 2013, Tastu Bina held 3,060,000 ordinary shares of RM1.00 each representing 30.60% equity interest in TAS Kurnia Sdn Bhd. As at 31 December 2011, 31 December 2012 and 31 December 2013, TAS Kurnia Sdn Bhd held 48,656,130 ordinary shares of RM1.00 each representing 41.19% equity interest in Transaksi Madani. As at 31 December 2011, 31 December 2012 and 31 December 2013, Transaksi Madani held 118,131,361 ordinary shares of RM1.00 each representing 68.28% equity interest in Tanah Makmur.

(2) Deemed to have interest in Tanah Makmur by virtue of its shareholdings in TAS Kurnia Sdn Bhd pursuant to Section 6A of the Act. As at 31 December 2011, 31 December 2012 and 31 December 2013, TAS Industries held 4,080,000 ordinary shares of RM1.00 each representing 40.80% equity interest in TAS Kurnia Sdn Bhd. As at 31 December 2011, 31 December 2012 and 31 December 2013, TAS Kurnia Sdn Bhd held 48,656,130 ordinary shares of RM1.00 each representing 41.19% equity interest in Transaksi Madani. As at 31 December 2011, 31 December 2012 and 31 December 2013, Transaksi Madani held 118,131,361 ordinary shares of RM1.00 each representing 68.28% equity interest in Tanah Makmur.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

- (3) Deemed to have interest in Tanah Makmur by virtue of its shareholdings in Airvesco pursuant to Section 6A of the Act. As at the date of this Prospectus, TAS Industries holds 25,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Airvesco, which in turn holds 7,075,496 Shares representing 2.04% equity interest in Tanah Makmur.
- (4) RCPS with a par value of RM0.10 each.
- (5) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in TAS Kurnia Sdn Bhd, Tastu Bina and TAS Industries pursuant to Section 6A of the Act. Please see Note (1) above for the interest of TAS Kurnia Sdn Bhd in Tanah Makmur. Please refer to the table and the relevant notes for the respective interest of Tastu Bina and TAS Industries in Tanah Makmur.
- (6) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in Tastu Bina, TAS Industries and Airvesco pursuant to Section 6A of the Act. As at the date of this Prospectus, HRH Tengku Abdullah ibni Sultan Haji Ahmad Shah holds: (i) 3,469,000 ordinary shares of RM1.00 each representing 50% equity interest in Tastu Bina, which in turn holds 29,777,550 Shares representing 8.61% equity interest in Tanah Makmur; (ii) 14,264,950 ordinary shares representing 24.21% equity interest in TAS Industries, which in turn holds 57,955,582 Shares representing 16.75% equity interest in Tanah Makmur; and (iii) 14,264,950 ordinary shares representing 24.21% equity interest in TAS Industries, which in turn holds 100% equity interest in Airvesco, which holds 7,075,496 representing 2.04% equity interest in Tanah Makmur.
- (7) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in Transaksi Madani and Tastu Bina pursuant to Section 6A of the Act. As at 31 December 2011, 31 December 2012 and 31 December 2013, YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah held: (i) 24,363,256 ordinary shares of RM1.00 each representing 20.62% in Transaksi Madani, which in turn held 118,131,361 ordinary shares of RM1.00 each representing 68.28% equity interest in Tanah Makmur, and (ii) 3,288,000 ordinary shares of RM1.00 each representing 47.39% in Tastu Bina. Please refer to the table and the relevant note for the interest of Tastu Bina in Tanah Makmur.
- (8) Deemed to have interest in Tanah Makmur by virtue of his shareholdings in Tastu Bina pursuant to Section 6A of the Act. As at the date of this Prospectus, YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah holds 3,469,000 ordinary shares of RM1.00 each representing 50% equity interest in Tastu Bina, which in turn holds 29,777,550 Shares representing 8.61% equity interest in Tanah Makmur.

As at the date of the Prospectus and after the IPO, Tastu Bina, TAS Industries, HRH Tengku Abdullah ibni Sultan Haji Ahmad Shah and YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah are also our substantial shareholders. Please refer to their respective direct and indirect shareholdings in our Company for the past three years preceding the date of this Prospectus in the table above.

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9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

In addition, the following table sets forth the direct and indirect shareholdings of each of our other substantial shareholders (which are not our Promoters) for the past three years preceding the date of this Prospectus.

Name	As at 31 December 2011		As at 31 December 2012		As at 31 December 2013		As at the date of this Prospectus	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of shares held [^]	%	No. of shares held [^]	%	No. of shares held [^]	%	No. of Shares held	%
Transaksi Madani	118,131,361	68.28	-	-	118,131,361	68.28	-	-
TAS Kurnia Sdn Bhd	-	-	118,131,361 ⁽¹⁾	68.28 ⁽¹⁾	-	-	118,131,361 ⁽¹⁾	68.28 ⁽¹⁾
LKPP	51,902,939	30.00	-	-	51,902,939	30.00	-	103,805,878 30.00
LKPP (RPS holdings in Tanah Makmur) ⁽²⁾	14,000,973	-	-	-	10,500,730 ⁽³⁾	-	-	7,000,487 ⁽⁴⁾
Focus Edge Indices Corp	-	-	-	-	-	-	-	21,000,000 6.07
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	-	-	-	-	-	-	-	21,000,000 ⁽⁵⁾ 6.07 ⁽⁵⁾

Notes:

[^] Shares in Tanah Makmur at par value of RM1.00 each.

(1) Deemed to have interest in Tanah Makmur by virtue of its shareholdings in Transaksi Madani pursuant to Section 6A of the Act. As at 31 December 2010, 31 December 2011, and 31 December 2012, TAS Kurnia Sdn Bhd held 48,656,130 ordinary shares of RM1.00 each representing 41.19% equity interest in Transaksi Madani. As at 31 December 2010, 31 December 2011, and 31 December 2012, Transaksi Madani held 118,131,361 ordinary shares of RM1.00 each representing 68.28% equity interest in Tanah Makmur.

(2) RPS with a par value of RM0.10 each.

(3) After the first redemption of 3,500,243 RPS.

(4) After the second redemption of 3,500,243 RPS.

(5) Deemed to have interest in Tanah Makmur by virtue of his interest in Focus Edge Indices Corp by virtue of Section 6A of the Act. The entire issued and paid-up share capital of Focus Edge Indices Corp is held by BC Management Services Ltd on trust for the benefit of the TF Family Trust. YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is one of the beneficiaries of the TF Family Trust.

Save as disclosed above, our Company is not aware of any other person who directly or indirectly, jointly or severally, has control over our Company.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (*Cont'd*)

9.3.3 Involvement of our substantial/major shareholders in other businesses or corporations which carry on a similar trade as our Group or which are our customers or suppliers

Save as disclosed in Section 11.3 of this Prospectus, none of our substantial/major shareholders are involved in other businesses or corporations which carry on a similar trade as our Group or which are our customers or suppliers as at the LPD.

9.4 Family relationships or associations between our Directors, key management, substantial shareholders and Promoters

Save as disclosed below, there is no family relationship/association between any of our Directors, key management, substantial shareholders and Promoters as at the LPD:

9.4.1 HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah who is our substantial shareholder, and YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah who is currently our Chairman, are siblings.

9.4.2 YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah who is our Managing Director, and YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah who is the Alternate Director to YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim, are siblings.

9.4.3 YM Tengku Amir Nasser Ibni Tengku Ibrahim who is our Head of KotaSAS (Admin and Finance), and YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim who is our Non-Independent Non-Executive Director, are siblings. YM Tengku Amir Nasser Ibni Tengku Ibrahim is also the adopted son of HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah who is our substantial shareholder.

9.5 Declaration by our Directors, Promoters and key management

Each of our Directors, Promoters and key management has confirmed to us that he is not and has not been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he is or was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

9. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT (Cont'd)

9.6 Service agreements

As at the LPD, there is no existing or proposed service agreement entered into or to be entered into by our Directors or any member of our key management, and our Company that provides for benefits upon termination of employment.

9.7 Other matters

No amount has been paid or benefit given within the two years preceding the date of this Prospectus, nor is it intended to be so paid or given, to our Promoters, substantial shareholders and Directors except for the following:

- (i) historical and future payments to our substantial shareholders in the ordinary course of business as set out in Section 11 of this Prospectus;
- (ii) salaries and benefits-in-kind paid and payable to our Directors as set out in Section 9.1.8 of this Prospectus;
- (iii) Dividends paid or payable by Tanah Makmur; and
- (iv) Amounts payable under the Pre-IPO Restructuring.

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10. APPROVALS AND CONDITIONS

10.1 Approvals and conditions

The SC has, via its letter dated 16 May 2014, approved the IPO under Section 212(2)(a) of the CMSA and equity requirement for public companies, subject to the compliance with the following conditions:

Conditions	Status of compliance
(i) More than half of the members of the Board of Directors of Tanah Makmur must comprise independent directors prior to the registration of the Prospectus;	Complied.
(ii) Tanah Makmur to appoint a full-time Chief Financial Officer who is fit and proper, fully qualified and competent to effectively discharge his/her role as the officer primarily responsible for the financial management of a listed company;	Complied. Please refer to Section 9.2.2 for the profile of the Chief Financial Officer.
(iii) Tanah Makmur to comply with the following conditions in relation to SJ Palm Oil Mill: <ul style="list-style-type: none"> (a) To obtain the certificate of completion and compliance for the oil palm mill within 12 months from the date of the SC's approval; (b) To make the necessary announcement on the status of the application relating to (a) above on a half-yearly basis, once Tanah Makmur is listed on the Main Market of Bursa Securities; and (c) To update the SC on the status of the said application when such announcements are made. 	Noted and to be complied.
(iv) CIMB and Tanah Makmur to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines – Equity pertaining to the implementation of the Listing.	Noted.

The Shariah Advisory Council of the SC has, via its letters dated 5 February 2014 and 25 April 2014, classified our Shares as Shariah-compliant securities based on our latest financial information for the financial year ended 31 December 2013.

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10. APPROVALS AND CONDITIONS (Cont'd)

The SC has, via its letter dated 18 November 2013, approved the waiver(s) sought from having to comply with certain requirement(s) under the Equity Guidelines and/or Prospectus Guidelines. The details of the waiver(s) sought and accompanying conditions imposed by the SC are as follows:

Reference	Details of the waiver granted and conditions (if applicable)	Conditions imposed (if any)	Status of compliance of conditions (if any)
Section 13.10 of the Prospectus Guidelines	On behalf of Tanah Makmur, we had sought a waiver from complying with Paragraph 13.10 of the Prospectus Guidelines for the inclusion of the standalone audit reports of the Tanah Makmur Group's audited financial statements in the Accountants' Report. The waiver had been granted by the SC via its letter dated 18 November 2013.	Approved, subject to the disclosure of the auditors' opinion on the audited financial statements of the individual subsidiaries of Tanah Makmur for the financial years under review in the Accountants' Report.	Complied.

The SC has, vide its letter dated 16 May 2014, noted that the effects of the Listing on the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would be as follows:

Category of shareholders	Before the Listing (%)	After the Listing ⁽¹⁾ (%)
Bumiputera		
• Individual	36.53	29.32
• Body corporate	33.47	25.32
• Nominees	-	-
• Government agencies	30.00	20.00
Total Bumiputera	100.00	74.64
Non-Bumiputera	-	25.36
Foreigners	-	-
Total	100.00	100.00

Note:

- (1) Assuming all Shares allocated to the eligible directors and employees, Malaysian public and other institutional investors pursuant to the Institutional Offering are allocated to and fully subscribed by non-Bumiputera.

The MITI has, vide its letter dated 3 April 2014, stated that it has no objection to the IPO.

Bursa Securities has, vide its letter dated 17 June 2014, approved the admission of our Company to the Official List of Bursa Securities and listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Market of Bursa Securities.

10. APPROVALS AND CONDITIONS (Cont'd)

10.2 Moratorium on our Shares

In accordance with the Equity Guidelines, our Promoters will not be allowed, and have undertaken not to sell, transfer or assign their entire shareholdings in our Company, as disclosed below, for a period of six months from the date of Listing.

Promoter	Direct	
	No. of Shares to be held under the moratorium	%
TAS Industries	49,672,682	12.48
Tastu Bina	27,060,650	6.80
Aimvesco	6,066,696	1.52
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	54,585,386	13.71
YM Tengku Dato' Uzir bin Tengku Dato'Ubaidillah	43,176,808	10.84 ⁽¹⁾
YM Tengku Dato' Zubir bin Tengku Dato'Ubaidillah	3,083,422	0.77 ⁽¹⁾

Note:

(1) Assuming full subscription of the Shares allocated to the eligible Directors of our Group.

Additionally, the following individuals, who hold Shares directly in our Company and are also shareholders of TAS Industries (one of our Promoters), have undertaken not to sell, transfer or assign their entire shareholdings in our Company, as disclosed below, for a period of six months from the date of Listing.

Names	Direct	
	No. of Shares to be held under the moratorium	%
YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah	10,633,488	2.67
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	3,045,722	0.76 ⁽¹⁾
YAM Tengku Hajjah Shahariah binti Sultan Haji Ahmad Shah	1,387,860	0.35
YAM Tengku Dato'Aishah binti Sultan Haji Ahmad Shah	671,200	0.17
YAM Hajjah Tengku Dato' Muhaini binti Sultan Haji Ahmad Shah	205,400	0.05

Note:

(1) Assuming full subscription of the Shares allocated to the eligible Directors of our Group.

In accordance with the Equity Guidelines, the shareholders of TAS Industries, Tastu Bina and Aimvesco have also undertaken not to sell, transfer or assign their entire respective shareholdings in the respective companies for a period of six months from the date of Listing.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 Related party transactions

As a company listed on the Main Market, our Company will be required to comply with the Listing Requirements, including requirements applicable to related party transactions. Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries, which involves the interests, direct or indirect, of a related party. A "related party" of a listed issuer is:

- (i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:
 - (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation,or
- (iii) a person connected with such director or major shareholder.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.1.1 Non-recurrent related party transactions

Save as disclosed below, there are no non-recurrent related party transactions (in respect of which rights and obligations are subsisting and/or proposed) that are material to our Group, which have been entered into by our Group with related parties for the past three years ended 31 December 2011, 31 December 2012 and 31 December 2013, and up to the date of this Prospectus.

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value RM
1.	KDYMM Sultan Haji Ahmad Shah Ibni Al-Marhum Sultan Abu Bakar ⁽¹⁾ and Tanah Makmur	<u>Interested Director</u> <ul style="list-style-type: none"> YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah 	Joint venture agreement dated 2 August 2011 for the development of oil palm plantation on the land held under H.S.(D) 39694 PT 3225, Mukim Ulu Lepar, Kuantan, Pahang.	7,500,000
		<u>Interested major shareholder</u> <ul style="list-style-type: none"> HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah 		
2.	KDYMM Sultan Haji Ahmad Shah Ibni Al-Marhum Sultan Abu Bakar ⁽¹⁾ and Tanah Makmur	<u>Interested Director</u> <ul style="list-style-type: none"> YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah 	Sale of shares agreement dated 3 August 2011 for the acquisition of 1,500,000 ordinary shares of RM1.00 each in Alur Seri by Tanah Makmur from KDYMM Sultan Haji Ahmad Shah Ibni Al-Marhum Sultan Abu Bakar.	7,000,000
		<u>Interested major shareholder</u> <ul style="list-style-type: none"> HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah 		

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value RM
3.	Tanah Makmur Perkasa Sdn Bhd (" Tanah Makmur Perkasa ") and KotaSAS	<p data-bbox="375 1243 406 1489"><u>Interested Director</u></p> <ul data-bbox="406 1209 494 1489" style="list-style-type: none"> <li data-bbox="406 1209 494 1489">• YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim⁽²⁾ 	<p data-bbox="375 772 901 1052">Shareholders' agreement dated 1 April 2013 which was subsequently substituted by the amended restated shareholders' agreement dated 12 May 2014 ("Shareholders' Agreement"). The Shareholders' Agreement provides for the combination of effort of the shareholders to carry out the development project on certain portion of all those parcels of 99-year leasehold land located in Bukit Goh, Kuantan, Pahang (previously held under two master titles under Title No. H.S.(D) 301, PT 3971 and Title No. H.S.(D) 70, PT 2070, both in Mukim Kuala Kuantan, District of Kuantan, Pahang) measuring in total approximately 1,500 acres that has yet to be developed. The parties agree that the development project shall be the business plan attached in Appendix 2 of the Shareholders' Agreement ("Development Project").</p>	600,000
			<p data-bbox="933 425 1182 1052">In addition, Tanah Makmur Perkasa has guaranteed to KotaSAS that the aggregate of the cost of the development land and 60% of the development profit that shall be attributable to KotaSAS for five financial years commencing from 1 January 2013 until 31 December 2017 shall not be less than RM110,000,000, subject to the specified yearly tranches.</p> <p data-bbox="1212 425 1276 1052">Please refer to Section 11.1.5 of this Prospectus for further details of the arrangement of this transaction.</p>	

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
4.	Tanah Makmur KotaSAS and KotaSAS	<u>Interested Director</u> <ul style="list-style-type: none"> • YM Tengku Dato' Ahmad Faisal bin Ibrahim⁽²⁾ 	<p>Development agreement dated 8 January 2014 which was subsequently substituted by the amended restated development agreement dated 12 May 2014 ("Development Agreement"), where both parties shall jointly undertake, develop and complete the Development Project, with Tanah Makmur KotaSAS being the master developer. Tanah Makmur KotaSAS shall also procure Tanah Makmur Perkasa to provide guarantee to KotaSAS that the aggregate of the cost of the development land and 60% of the development profit that shall be attributable to KotaSAS for five financial years commencing from 1 January 2013 until 31 December 2017 shall not be less than RM110,000,000. Therefore, the actual transaction value may not necessarily be RM110,000,000.00 as KotaSAS's aggregate entitlement under the Development Agreement might potentially exceed the amount guaranteed by Tanah Makmur Perkasa depending on the outcome of the Development Project. The guarantee was provided by Tanah Makmur Perkasa as part of the Shareholders' Agreement.</p>	RM Minimum 110,000,000

Please refer to Section 11.1.5 of this Prospectus for further details of the arrangement of this transaction.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
5.	SE Satu Sdn Bhd ("SE Satu") and Kreatif Selaras Mining	<p><u>Interested Director and interested major shareholder</u></p> <ul style="list-style-type: none"> YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah⁽³⁾ <p><u>Interested Director</u></p> <ul style="list-style-type: none"> YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah⁽⁴⁾ 	<p>Bauxite mining works agreement dated 10 January 2014 ("Bauxite Mining Works Agreement"), where Kreatif Selaras Mining has appointed SE Satu as the exclusive operator for the mining and extraction of bauxite on parcels of land identified in the agreement, and to carry out processes for the production of bauxite for sale and all operations and activities related or incidental.</p> <p>Please refer to Section 11.1.5 of this Prospectus for further details of the arrangement of this transaction.</p>	RM 80,437,500 ⁽⁵⁾
6.	KotaSAS and Kreatif Selaras Mining	<p><u>Interested Director</u></p> <ul style="list-style-type: none"> YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim⁽⁶⁾ YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah⁽⁷⁾ <p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah⁽⁷⁾ 	<p>Letter dated 8 January 2014 for the grant of exclusive rights to operate the mining, extraction and production of bauxite on certain parcels of land located in Bukit Goh, Kuantan, Pahang ("Grant of Exclusive Rights").</p> <p>Please refer to Section 11.1.5 of this Prospectus for further details of the arrangement of this transaction.</p>	Please see Note (8) below

Notes:

- (1) KDYMM Sultan Haji Ahmad Shah Ibni Al-Marhum Sultan Abu Bakar is the father of HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah and YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah.
- (2) YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is a major shareholder in Tanah Makmur Perkasa, and Tanah Makmur Perkasa has a 40% direct equity interest in Tanah Makmur KotaSAS.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (3) YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah is a major shareholder in WZ Satu Berhad, which in turn is the 49% shareholder in SE Satu.
- (4) YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah and YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah are siblings.
- (5) The amount of RM80,437,500.00 is provisional only and subject to the following assumptions: (i) the relevant consents for the purpose of mining the bauxite are obtained and remain valid for the duration of the contract, which is for a period of 36 months; (ii) SE Satu will extract 50,000 mt (minimum) of bauxite ore per month for the duration of the contract, provided always that the bauxite reserves shall remain available on the parcels of land identified in the agreement throughout the duration of the contract, and has not been exhausted in full at anytime prior to the expiry of the duration of the contract; (iii) SE Satu shall receive USD13.75 (or its equivalent in RM) per mt based on the actual tonnage of washed bauxite that has been successfully sold and paid for in full by the buyers in each month subject to and conditional upon the bauxite being sold at the pegged price stipulated in the agreement; and (iv) the currency exchange rate of USD1:RM3.25.
- (6) YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim is a major shareholder in Aura Pelangi Sdn Bhd, and Aura Pelangi Sdn Bhd has a 30% direct equity interest in Kreatif Selaras Mining.
- (7) YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah and HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah are the siblings of YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah. YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah directly holds 10% equity interest in Kreatif Selaras Mining.
- (8) In consideration of the exclusive rights to operate the mining, extraction and production of bauxite on certain parcels of land located in Bukit Goh, Kuantan, Pahang, Kreatif Selaras Mining shall pay KotaSAS a tribute at the rate of 2% of Kreatif Selaras Mining's revenue from the sales of washed bauxite payable on monthly basis ("Tribute"). The Tribute shall be payable in arrears by the seventh day of each subsequent month for the duration of the contract.

11.1.2 Recurrent related party transactions

Related party transactions are deemed recurrent if they are entered into at least once every three years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of our Group.

After the Listing, our Company will be required to seek shareholders' approval each time we enter into a related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. We do not anticipate to enter into and/or to be involved in any material recurrent related party transaction until our next Annual General Meeting which is anticipated to be held before June 2015.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occur within a twelve-month period, are entered into with the same party or with parties connected to one another, or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other. We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of recurrent transactions made, the names of the related parties involved and their relationship with our Company during the financial year and in the annual reports for subsequent financial years.

Save as disclosed below, our Group does not have any other existing recurrent related party transactions for the past three years ended, 31 December 2011, 31 December 2012 and 31 December 2013, and proposed recurrent related party transactions for 18 months period ending 30 June 2015:

No.	Transacting parties	Nature of relationship	Nature of transaction	Actual		Estimate
				Year ended 31 December 2011	Year ended 31 December 2012	18 months period ending 30 June 2015
				RM	RM	RM
1.	SJ Palm Oil Mill and LKPP Corporation Sdn Bhd	<u>Major shareholder</u> LKPP ⁽¹⁾	FFB supplied from LKPP Corporation Sdn Bhd to SJ Palm Oil Mill	-	4,654,848	9,198,360

Note:

(1) LKPP Corporation Sdn Bhd is a wholly-owned subsidiary of LKPP.

Our Directors are of the view that all the above non-recurrent and recurrent related party transactions were carried out on an arm's length basis and on terms which are not more favourable to the related parties than those generally available to third parties, and are not to the detriment of our minority shareholders.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.1.3 Transactions entered into that are unusual in their nature or conditions

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three years ended 31 December 2011, 31 December 2012 and 31 December 2013.

11.1.4 Loans made to or for the benefit of related parties

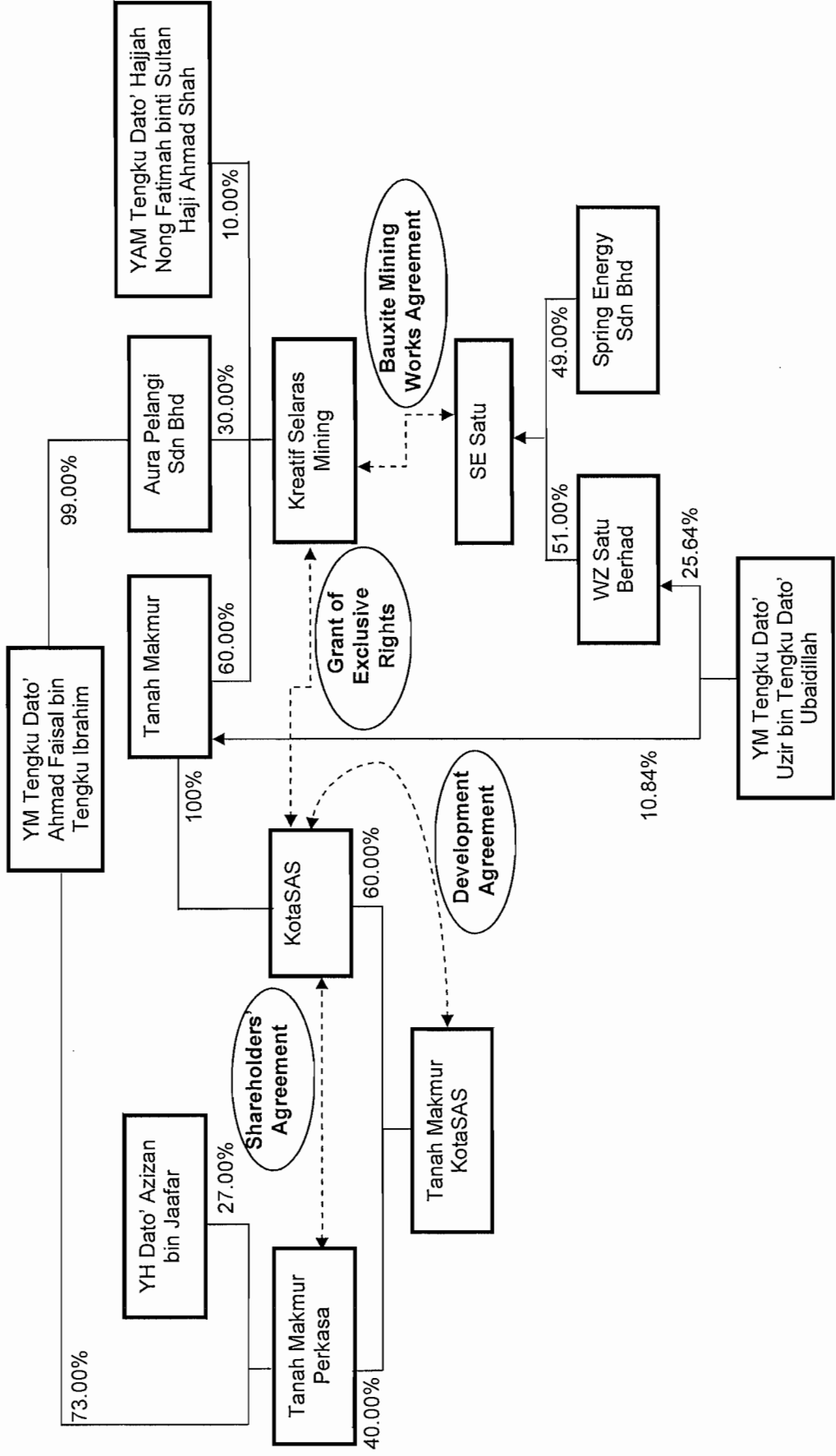
There are no outstanding loans (including guarantees of any kind) made by our Company or any of our Subsidiaries to or for the benefit of any related party, for the past three years ended 31 December 2011, 31 December 2012 and 31 December 2013.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.1.5 Key details of the non-recurrent related party transactions referred in Sections 11.1.1(3) to 11.1.1(6)

The non-recurrent related party transactions referred in Sections 11.1.1(3) to 11.1.1(6) have been diagrammatically depicted below. The percentage of shareholdings as stated in the diagram below is correct as at the LPD.



11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Details of the Development Agreement and the Shareholders' Agreement

Our wholly-owned Subsidiary, KotaSAS entered into the Shareholders' Agreement with Tanah Makmur Perkasa to govern the relationships of both parties as shareholders of Tanah Makmur KotaSAS, the entity that carries out the Development Project. The development plans of the Development Project, particularly for the future phases of the KotaSAS Township, is intended to suit the stature of the new State Administrative Complex of Pahang that we had proposed to be located within the KotaSAS Township.

YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim ("**Tengku Faisal**"), a director and major shareholder of Tanah Makmur Perkasa, had been instrumental in our proposal to the State Government of Pahang for the new State Administrative Complex of Pahang to be located within the KotaSAS Township. As at the LPD, we, through Kreatif Sinar Gabungan, are waiting for the said project to be awarded to us by the State Government of Pahang.

Subsequently, KotaSAS and Tanah Makmur KotaSAS had entered into the Development Agreement to formalise the arrangement of the Development Project.

Since 1 April 2013, Tanah Makmur Perkasa has been actively involved in the Development Project, by providing at its own cost, for the benefit of the KotaSAS Township; a revised master plan for the Development Project on the basis of "future township" concept, where emphasis is placed on infrastructure needs, beautification, landscaping and safety aspects; continuous guidance in setting up the operations, including organisation, recruitment, logistics and operations and also property development launches; improved standard operating procedures for Tanah Makmur KotaSAS, including a comprehensive tender process and procedures; and improved marketing strategies to support the sale of the property units within the Development Project.

Tanah Makmur KotaSAS shall complete the launching of the Development Project within a period of five years only from 1 April 2013. Tanah Makmur Perkasa had demonstrated its commitment to the Development Project by granting an irrevocable guarantee to KotaSAS that the aggregate of the cost of the development land for the purpose of the Development Project and 60% of the development profit that shall be attributable to KotaSAS for five financial years commencing from 1 January 2013 until 31 December 2017 shall not be less than RM110,000,000 ("**Minimum Guarantee**"), subject to the yearly tranche below.

Financial year ended 31 December	2013	2014	2015	2016	2017	Total
	RM million					
Yearly minimum guaranteed entitlement comprising the following:						
Land cost ⁽¹⁾	1.21	4.20	7.90	12.46	19.00	44.77
60% of profit before tax ⁽²⁾	0.91	10.10	14.42	18.97	20.83	65.23
Total	2.12	14.30	22.32	31.43	39.83	110.00

Notes:

- (1) The land cost as set out in the table above is the capped amount in so far as it concerns the determination of whether the yearly minimum guaranteed entitlement is met ("**Land Cost**"). Any amount actually recognised by KotaSAS and Tanah Makmur KotaSAS as Land Cost in any financial year which is in excess of the yearly guaranteed Land Cost will be ignored and shall not be used to determine whether the yearly minimum guarantee entitlement is met.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (2) The 60% of profit before tax ("**Landowner's Portion**") as set out in the table above shall refer to the profit before tax disclosed in the audited financial statements of Tanah Makmur KotaSAS for each of the financial years. The Landowner's Portion is the minimum amount in so far as it concerns the determination of whether yearly minimum guaranteed entitlement is met. In determining whether the yearly minimum guaranteed entitlement is met, if:
- (i) the Landowner's Portion in any financial year is in excess of the yearly minimum guaranteed Landowner's Portion as set out in the table above for that year; and
 - (ii) the Land Cost actually recognised by KotaSAS in that year is lesser than the yearly guaranteed Land Cost as set out in the table above for that year,

then, any amount in excess of the yearly minimum guaranteed Landowner's Portion for that year can be used to top up the deficiency in the Land Cost actually recognised by KotaSAS and Tanah Makmur KotaSAS in that year.

For illustration purposes only, in respect of the yearly minimum guaranteed entitlement for the year ended 31 December 2015, which is RM22,320,000 comprising RM7,900,000 Land Cost and RM14,420,000 Landowner's Portion, if:

(a) Scenario where Land Cost is met but Landowner's Portion is not met

The profit before tax as disclosed in the audited financial statements of Tanah Makmur KotaSAS for the financial year ended 31 December 2015 is RM20,000,000, and the Land Cost that has been recognised in the audited financial statements of KotaSAS and Tanah Makmur KotaSAS for the financial year ended 31 December 2015 is RM8,000,000, the computations below shall apply in determining whether the yearly minimum guaranteed entitlement is met:

- (i) As the Land Cost actually recognised by KotaSAS in the year 2015 (i.e. RM8,000,000) is more than the yearly guaranteed Land Cost for the year 2015 (i.e. RM7,900,000), the yearly guaranteed Land Cost is met. There is excess of RM100,000 (RM8,000,000 – RM7,900,000 = RM100,000), which shall be ignored and shall not be used to determine whether the yearly minimum guarantee entitlement is met.
- (ii) As the Landowner's Portion deduced from the audited financial statements of Tanah Makmur KotaSAS for the financial year ended 31 December 2015 (i.e. RM20,000,000 x 60% = RM12,000,000) is less than the yearly minimum guaranteed Landowner's Portion for the year 2015 (i.e. RM14,420,000), the yearly minimum guaranteed Landowner's Portion is not met.
- (iii) The yearly minimum guaranteed entitlement for the year 2015 is therefore not met. The deficient amount that must be paid by Tanah Makmur Perkasa is therefore RM2,420,000 (RM14,420,000 – RM12,000,000 = RM2,420,000).

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

(b) Scenario where Land Cost is not met but Landowner's Portion is met and sufficient excess is generated to top up the deficiency in the Land Cost

The profit before tax as disclosed in the audited financial statements of Tanah Makmur KotaSAS for the financial year ended 31 December 2015 is RM30,000,000.00, and the Land Cost that has been recognised in the audited financial statements of KotaSAS and Tanah Makmur KotaSAS for the financial year ended 31 December 2015 is RM6,000,000.00, the computations below shall apply in determining whether the yearly minimum guaranteed entitlement is met:

- (i) As the Landowner's Portion deduced from the audited financial statements of Tanah Makmur KotaSAS for the financial year ended 31 December 2015 (i.e. $RM30,000,000 \times 60\% = RM18,000,000$) is more than the yearly minimum guaranteed Landowner's Portion for the year 2015 (i.e. RM14,420,000), the yearly minimum guaranteed Landowner's Portion is met. There is an excess of RM3,580,000 ($RM18,000,000 - RM14,420,000 = RM3,580,000$).
- (ii) As the Land Cost actually recognised by KotaSAS in the year 2015 (i.e. RM6,000,000) is less than the yearly guaranteed Land Cost for the year 2015 (i.e. RM7,900,000), the yearly guaranteed Land Cost is not met. There is a deficient amount of RM1,900,000 ($RM7,900,000 - RM6,000,000 = RM1,900,000$).
- (iii) However, as there is excess amount from the Landowner's Portion, the excess can be used to top up the deficient amount of RM1,900,000. There is still a total excess of RM1,680,000 ($RM3,580,000 - RM1,900,000 = RM1,680,000$). The yearly minimum guaranteed entitlement for the year 2015 is therefore met.

(c) Scenario where Land Cost is not met but Landowner's Portion is met and insufficient excess is generated to top up the deficiency in the Land Cost

The profit before tax as disclosed in the audited financial statements of Tanah Makmur KotaSAS for the financial year ended 31 December 2015 is RM25,000,000.00, and the Land Cost that has been recognised in the audited financial statements of KotaSAS and Tanah Makmur KotaSAS for the financial year ended 31 December 2015 is RM6,000,000.00, the computations below shall apply in determining whether the yearly minimum guaranteed entitlement is met:

- (i) As the Landowner's Portion deduced from the audited financial statements of Tanah Makmur KotaSAS for the financial year ended 31 December 2015 (i.e. $RM25,000,000 \times 60\% = RM15,000,000$) is more than the yearly minimum guaranteed Landowner's Portion for the year 2015 (i.e. RM14,420,000), the yearly minimum guaranteed Landowner's Portion is met. There is an excess of RM580,000 ($RM15,000,000 - RM14,420,000 = RM580,000$).
- (ii) As the Land Cost actually recognised by KotaSAS in the year 2015 (i.e. RM6,000,000) is less than the yearly guaranteed Land Cost for the year 2015 (i.e. RM7,900,000), the yearly minimum guaranteed entitlement in respect of the Land Cost is not met. There is a deficient amount of RM1,900,000 ($RM7,900,000 - RM6,000,000 = RM1,900,000$).

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (iii) However, as there is excess amount from the Landowner's Portion, the excess can be used to top up the deficient amount of RM1,900,000. Nevertheless, there is insufficient amount to top up the deficiency in the Land Cost (RM580,000 – RM1,900,000 = -RM1,320,000).

The yearly minimum guaranteed entitlement for the year 2015 is therefore not met. The deficient amount that must be paid by Tanah Makmur Perkasa is therefore RM1,320,000 (RM1,900,000 – RM580,000 = RM1,320,000).

The Minimum Guarantee provided by Tanah Makmur Perkasa shall be backed by the personal guarantees of the two existing Directors and shareholders of Tanah Makmur Perkasa, namely, YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim and YH Dato' Azizan bin Jaafar, in favour of KotaSAS and shall survive the termination of the Development Agreement and Shareholders' Agreement, and the yearly minimum guaranteed entitlement for the five financial years shall continue until all guarantees thereunder are met and fully settled notwithstanding termination of the Development Agreement and Shareholders' Agreement.

A yearly update on the Minimum Guarantee will be disclosed under a sub-header within our Chairman's statement in our annual report.

Details of the Bauxite Mining Works Agreement and the Grant of Exclusive Rights

On 8 January 2014, our wholly-owned Subsidiary, KotaSAS, had granted the exclusive rights to our 60.00%-owned Subsidiary, Kreatif Selaras Mining, to operate the mining, extraction and production of bauxite on certain parcels of land on our Ladang Bukit Goh. Kreatif Selaras Mining shall pay KotaSAS a tribute of 2% of Kreatif Selaras Mining revenue from the sales of washed bauxite payable on monthly basis, in consideration of the said exclusive rights.

We have no experience nor have we ventured into the mining business before. Given that this venture is our initial foray into the mining business, we had decided to undertake the exploration and subsequent mining of bauxite deposits discovered via Kreatif Selaras Mining. Kreatif Selaras Mining was established as our 60%-owned Subsidiary together with Aura Pelangi Sdn Bhd, an entity Tengku Faisal controls, and YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah, with equity interests of 30% and 10% in Kreatif Selaras Mining respectively. This arrangement would enable us to share the risk and exploration costs involved in the mining activities.

Tengku Faisal had played an instrumental role in initiating the exploration works of bauxite deposits, including making arrangements for the commissioning of Aysel Geoservices Sdn Bhd to conduct an evaluation of the potential for bauxite and to provide an indication of the total tonnage of bauxite deposits on the parts of land surveyed within Ladang Bukit Goh. As the mining and extraction of bauxite from the land which involves similar processes as that of earthworks to be conducted during the initial phases of property development, and will not interfere with our property development plans, we had decided to undertake the extraction and sale of bauxite from those certain parcels of land.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

The equity injected by the respective shareholders of Kreatif Selaras Mining as at the LPD is as follows:

	Share Capital	Shareholding
	RM	%
Tanah Makmur	480,000	60.00
Aura Pelangi Sdn Bhd	240,000	30.00
YAM Tengku Dato' Hajjah Nong Fatimah binti Sultan Haji Ahmad Shah	80,000	10.00
Total	800,000	100.00

The above equity injected had been used for working capital purposes for pre-mining expenditure conducted, such as the fees paid to geological prospecting consultants, and exploration expenses and disbursements. It is expected that no additional funding is required by Kreatif Selaras Mining as the working capital of the bauxite mining works is expected to be sufficiently covered by internally generated fund from the sales of bauxite.

Subsequently, Kreatif Selaras Mining, had on 10 January 2014 entered into a Bauxite Mining Works Agreement, appointing SE Satu as the exclusive operator for the mining and extraction of bauxite on the said parcels of land on our Ladang Bukit Goh, and to carry out processes for the production of bauxite for sale and all operations and activities related or incidental. The said operation for mining of bauxite is expected to be undertaken over a period of three years, subject to the renewal of the Proprietary Mining Licence that will expire on 26 February 2016 and the Operational Mining Scheme that will expire on 31 March 2015.

Spring Energy Sdn Bhd, SE Satu's 51% shareholder, has more than 15 years experience in mining and quarrying operations and possesses the relevant experience and track record in mining. SE Satu's remaining 49% equity interest is held by WZ Satu Berhad ("**WZ Satu**"), a listed company on Bursa Securities. YM Tengku Dato' Uzir bin Tengku Dato' Ubaidillah, who is our Promoter, major shareholder and Director, is also the Chairman and major shareholder of WZ Satu. SE Satu will mainly rely on the expertise of Spring Energy for the production work in the extraction and mining of bauxite. Additionally, WZ Satu and Spring Energy jointly manage the post-production works of SE Satu, which include logistics of transporting washed bauxite from the mining site to Kuantan port, warehousing/storage of washed bauxite at Kuantan port pending shipment, and forwarding, custom clearance, tax and miscellaneous export related issues as well as in the design of the tailing pond for the mining operations.

11.2 Monitoring and oversight of related party transactions and conflicts of interest**11.2.1 Audit Committee review**

The Audit Committee reviews any related party transaction and conflicts of interest that may arise within our Group. For any conflicts of interest that may arise, the Audit Committee will review and ensure these conflicts of interest are mitigated. The Audit Committee periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.2.2 Conflicts of interest

The related party transactions disclosed above, by their very nature, involve a conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the Directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed herein and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of companies within our Group not to enter into transactions with related parties unless these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to third parties dealing at arm's length with our Group and are not to the detriment of our Company's minority shareholders.

11.3 Involvement of our Directors and major shareholders in other businesses or corporations which carry on a similar trade as our Group or which are our customers or suppliers

As at the LPD, save as disclosed below, none of our Directors and major shareholders has any interest, direct and/or indirect in other businesses and/or corporations carrying on a similar trade as that of our Group.

Oil palm plantation business

The table below sets out the involvement of the interested persons in their respective oil palm plantation businesses:

<u>Name</u>	<u>Businesses/ Corporations</u>	<u>Principal activities</u>	<u>Nature of interest</u>	<u>Note</u>
<u>Major shareholders of our Group</u>				
LKPP	• LKPP Corporation Sdn Bhd ("LCSB")	• Plantation	• Shareholder with 100.00% direct interest	(1)
	• Astral Asia Berhad ("Astral")	• Plantation	• Shareholder with 26.91% direct interest and 0.36% indirect interest pursuant to Section 6A of the Act	
	• Far East Holding Berhad ("Far East")	• Plantation	• Shareholder with 31.14% direct interest	
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	• Pahangbif Sdn Bhd ("Pahangbif")	• Plantation	• Shareholder with 100.00% indirect interest pursuant to Section 6A of the Act	(2)

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (1) LKPP is our current major shareholder and will also be our major shareholder post Listing. LKPP was established on 15 November 1969 under the Enakmen Darurat Pahang (Bil 2) 1969. LKPP was established with the vision to be the leader in Pahang in agriculture development and other fields, driving Pahang to become a Developed State (Negeri Maju) by the year 2020.

LKPP mainly carries out its oil palm plantation activities via its subsidiary LCSB. LKPP has approximately 36,931 hectares of planted oil palm plantation land held either directly under LKPP or LCSB.

According to the 2013 annual report of Astral, as at 30 April 2014, LKPP holds 26.91% direct interest and 0.36% indirect interest in Astral, a company listed on the Main Market of Bursa Securities. Astral is an investment holding company whose subsidiaries are principally involved in operations of oil palm estates and provision of estates management, civil engineering and building construction, as well as property development and property investment. Based on Astral's 2013 annual report, it has a total of approximately 4,021 hectares of oil palm plantation land in Pahang.

According to the 2013 annual report of Far East, as at 30 April 2014, LKPP together with its subsidiary LCSB also holds 31.14% direct interest in Far East, a company listed on the Main Market. The principal activities of Far East are that of cultivation of oil palms, production and sale of FFB, CPO and PK, and investment holding, while its subsidiaries own oil palm plantations and oil mills.

LKPP also has board representation in both Astral and Far East.

Notwithstanding the above, there is no conflict of interest situation with our oil palm plantation business, arising from LKPP's presence in the oil palm plantation industry because of the following:

- (i) the pricing of the end products/by products of the oil palm plantation business is largely determined as a function of the universal demand and supply of CPO. CPO as a well established physical commodity has actively traded spot and derivative markets that drive its pricing. Nevertheless, as a commodity, CPO is supplied without qualitative differentiation across the market, that is, many aspects of product differentiation such as brand and perceived quality does not have a bearing on its pricing. In this regard, conflict of interest situations arising from price competition is eliminated for commodity pricing driven product;
- (ii) LKPP started Kurnia Setia as a promoter in 1960s. Subsequently, the TAS group^(*), has assumed the management of the operations of Kurnia Setia^(**) from 2005 onwards. LKPP has merely maintained its position as a major shareholder.

LKPP plays a strategic part in shaping our future growth, particularly in the quest of expanding our oil palm plantation land bank. Over the years, LKPP has provided strong support to our Group's plantation businesses where we were able to acquire and lease plantation lands at a competitive price from them.

Further, the relevant state authority of Pahang (Pejabat Pengarah Tanah Dan Galian Pahang) has informed the management that it has decided on 10 October 2010, that the State of Pahang will only approve state land for oil palm plantation purposes to state-linked agencies, such as LKPP. As such, having LKPP as a major shareholder, provides us with access to new plantation land in Pahang. As and when we discover plantation potential on certain land parcels in Pahang, we will initiate efforts with LKPP to transfer such land to us by entering into a sale and purchase agreement or lease arrangement with LKPP. As such, the relationship with LKPP can be seen as a "strategic partnership" to ensure the continuing growth of our Group;

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

- (iii) LKPP is not a Promoter of the IPO, but will continue to maintain its major interest in our Group. Its board representation in our Group will only be in a non-executive capacity, primarily to safeguard LKPP's interest in its investment in our Group. This arrangement is no different from the previous arrangement where LKPP was a major shareholder with board representation in a non-executive function in Kurnia Setia^(**) before its delisting from the Main Market of Bursa Securities; and
 - (iv) the Board and decision-making of operational matters concerning our Group is controlled by the TAS group^(*). LKPP does not interfere nor actively participate in operational matters concerning our Group.
- (2) HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah, our Promoter and major shareholder, is a shareholder with 100.00% indirect interest in Pahangbif. Pahangbif owns approximately 8,000 acres of land in Rompin, Pahang which was subsequently designated for oil palm plantation purposes. The land has been leased to a third party since 2002 for a lease period of 60 years.

There is no conflict of interest situation with our oil palm plantation business, arising from the abovementioned situation as Pahangbif is not actively involved in the day-to-day operations of the oil palm plantation activities on the said land and merely receives lease payments from the lessee. Moreover, when the lease was entered into by Pahangbif with the third party, HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah has yet to become a major shareholder in Kurnia Setia. The TAS group^(*) only assumed the management of the operations of Kurnia Setia in 2005.

Notes:

- (*) The TAS group refers to TAS Industries Sdn Bhd (one of our Promoters) and individuals/corporations that are related to the shareholders of TAS Industries Sdn Bhd.
- (**) On 3 July 2009, Tanah Makmur entered into a sale of business agreement with Kurnia Setia to acquire the entire business and undertaking including all assets and liabilities of Kurnia Setia, previously a listed company on the Main Market, at an aggregate purchase consideration equivalent to: (i) RM2.70 per Kurnia Setia share multiplied by the total outstanding Kurnia Setia shares, and (ii) RM1.20 per Kurnia Setia warrant multiplied by the total outstanding Kurnia Setia warrants. On 30 November 2010, Tanah Makmur completed the acquisition which resulted in the transfer of the entire assets and liabilities of Kurnia Setia including all the shares held by Kurnia Setia in all its subsidiaries to Tanah Makmur. As a result of the acquisition, Kurnia Setia became a wholly-owned subsidiary of Kreatif Selaras (albeit dormant in activities) and Kurnia Setia was officially delisted from the Main Market effective from 21 December 2010. Please refer to Section 7.1.1 of the Prospectus for further details of the history of Tanah Makmur.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Property development business

The table below sets out the involvement of the interested persons in their respective property development businesses:

<u>Name</u>	<u>Businesses/ Corporations</u>	<u>Principal activities</u>	<u>Nature of interest</u>	<u>Note</u>
<u>Major/ substantial shareholders of our Group</u>				
LKPP	<ul style="list-style-type: none"> LKPP Property Sdn Bhd ("LKPP Property") 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 100.00% direct interest 	(1)
HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah	<ul style="list-style-type: none"> Gading Sari Holdings Sdn Bhd ("Gading Sari") 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 90.00% direct interest. The remaining 10.00% direct interest is held by YM Tengku Amir Nasser Ibni Tengku Ibrahim^(*) 	(2)
	<ul style="list-style-type: none"> AIM Realty Sdn Bhd ("AIM Realty") 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 30.00% indirect interest pursuant to Section 6A of the Act 	(3)
	<ul style="list-style-type: none"> A parcel of land 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Owner of the parcel of land in Tanjung Lumpur, Kuantan 	(4)
Tastu Bina	<ul style="list-style-type: none"> Highway Development Corporation Sdn Bhd ("Highway Development") 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 82.40% direct interest 	(5)
TAS Industries	<ul style="list-style-type: none"> Azim Development Sdn Bhd ("Azim Development") 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 96.70% direct interest 	(6)
<u>Directors of our Group</u>				
YAM Tengku Tan Sri (Dr) Hajjah Meriam binti Sultan Haji Ahmad Shah	<ul style="list-style-type: none"> MTM Millennium Holdings Sdn Bhd ("MTM Millennium") 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 30.00% direct interest. Spouse owns the remaining 70.00% direct interest 	(7)
	<ul style="list-style-type: none"> Azim Development 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Director 	(6)
YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim	<ul style="list-style-type: none"> Tanah Makmur Perkasa 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Director and shareholder with 73.00% direct interest 	(8)
YM Tengku Dato' Zubir bin Tengku Dato' Ubaidillah	<ul style="list-style-type: none"> Highway Development 	<ul style="list-style-type: none"> Property development 	<ul style="list-style-type: none"> Shareholder with 17.60% direct interest 	(5)

Note:

(*) Tengku Amir Nasser Ibni Tengku Ibrahim who is our Head of KotaSAS (in charge of administration and finance) is the adopted son of HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah and brother to YM Tengku Dato' Ahmad Faisal bin Tengku Ibrahim.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

There is no conflict of interest situation with our property development business, arising from the involvement of the abovementioned interested persons in their respective property development businesses as detailed above because of the following:

- (1) LKPP was established on 15 November 1969 under the Enakmen Darurat Pahang (Bil 2) 1969 to be the leader in Pahang in agriculture development and other fields, driving Pahang to become a Developed State (Negeri Maju) by the year 2020.. Subsequently, LKPP Property was established and commenced its first property development project in 1996, which was before the involvement of Tanah Makmur in the property development business. LKPP Property's objectives are focused more on state socio economic development, and providing affordable housing for the low-income to medium-income bracket property buyers is its social obligation. As such, LKPP Property targets a different market from those targeted by Tanah Makmur's KotaSAS Township.

Further to the foregoing, because LKPP plays a strategic part in growing Tanah Makmur's oil palm plantation land bank (as the State of Pahang will only approve state lands for oil palm plantation purposes to state-linked agencies), Tanah Makmur has continued with its strategic partnership with LKPP.

LKPP Property's main development in Kuantan is Persis Ujana, approximating 460 acres of land which is located in Tanjung Lumpur, Kuantan approximately 16 km away from the KotaSAS Township. Approximately 65.39 acres of land had been developed into single-storey and one and a half storey terrace houses. The remaining 394.61 acres of land has yet to be developed.

Notwithstanding that, LKPP Property targets a different buyer market than our Group as demonstrated by the lower pricing of LKPP Property's housing projects compared to the house prices located in our KotaSAS Township. For example, in 2012, the selling price for our single storey terrace house in Precinct 2 ranges from approximately RM218,000 to RM395,500 per unit whilst LKPP Property's selling price for a single-storey terrace house ranges from slightly under RM100,000 to approximately RM147,000 per unit.

- (2) Gading Sari has already completed its residential development a few years ago. It currently only owns two shop lots, four units of bungalows and 12 units of double storey semi-detached houses. It also owns approximately 10.0 acres and 1.4 acres of lands in Gambang and Kampung Pandan, Pahang respectively. The proximity of Gambang and Kampung Pandan is approximately 29.0 km and 13.3 km to the KotaSAS Township.

Currently, the 10.0 acres of land in Gambang is subject to the land category of industry. Therefore, this land can only be developed for the purpose of industry unless application is made for the conversion of the land category. Notwithstanding that if this land was used for residential purposes, it is likely to target house buyers who are working around the vicinity or those who prefer to reside in Gambang. Gambang is located at a distance from Kuantan town with an approximate 30 to 40 minute drive.

Currently, the 1.4 acres of land in Kampung Pandan is subject to the condition that it can only be used for commercial purposes. There is a building structure on the land, which is currently rented out. The tenant uses the premises to fabricate parts for telecommunication towers. This land is an approximate three minute drive to the Sultan Ahmad Shah Airport. Its proximity to the airport makes any potential residential development less attractive due to the noise pollution. Additionally, Kampung Pandan is located at a distance from Kuantan town with an approximate 20 to 30 minute drive.

At present, there is no future development planned for both lands.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (3) AIM Realty is formed mainly to develop Mahkota Golf and Country Club (formerly known as Astana Golf and Country Club) and its surrounding land. The total land size for the development is approximately 380.7 acres with an estimated total gross development value of RM3.0 billion. The Mahkota Golf and Country Club is a property development project to be built around a golf course which comprises residential and commercial development. AIM Realty is the land owner of the 380.7 acres of lands, which is adjacent to our KotaSAS Township.
- HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah only has a 30.00% indirect interest in the company and does not control the said development of the Mahkota Golf and Country Club and its surrounding land. The development venture is undertaken by the controlling shareholder holding the remaining 70.00% interest in the company, who is not in any manner related to HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah. Furthermore, AIM Realty does not intend to acquire additional land bank for property development purposes in the near future.
- (4) HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah has given a parcel of land of approximately 3.0 acres located in Tanjung Lumpur, Kuantan to a third party, who is unrelated to him. This parcel of land was given to the third party specifically for the purpose of development of 16 units of bungalows, which has commenced construction. The arrangement was entered into between HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah and Hang Nee Enterprise Sdn Bhd before the application for our Listing was made to relevant authorities, including the SC. Furthermore, HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah does not control the development of the parcel of land. In consideration for the parcel of land provided for development, HRH Tengku Abdullah Ibni Sultan Haji Ahmad Shah will receive four units of bungalows from the third party. These four units of bungalows together with the 12 other bungalow units are located on a 3.0 acre development which are likely to target different potential buyers due to the location and type of development. Currently the KotaSAS Township does not have any bungalow units.
- (5) Highway Development owns approximately 16,000 sq ft (0.37 acre) of vacant land in Padang Lalang, Kuantan which was acquired in year 2000. Padang Lalang is located approximately 6.6 km from the KotaSAS Township. The land is for commercial use. Due to the limited land size of only 16,000 sq ft and the commercial activities within the vicinity of the land (automotive in nature such as car and tyre workshops), any potential commercial development on the land will likely target a different group of buyers than those targeted by Tanah Makmur's KotaSAS Township. Notwithstanding that, at present, Highway Development does not have any future property development plans for the subject parcel of land.
- (6) Azim Development is principally involved in the small-scale property development of a housing estate on approximately 55.0 acres of land in Taman Shahzan, Indera Mahkota, Kuantan. The entire development on 55.0 acres of land in Taman Shahzan comprises the development of 711 residential units and 17 units of shop lots. As at the LPD, all residential units have been sold and the sale and purchase agreements have been executed. The 17 units of shop lots are currently under construction. 16 units of the shop lots have been fully booked with deposit paid. Azim Development is maintaining one unit of the shop lot for their own purposes. At present, there is no future development planned for the company.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

- (7) MTM Millennium owns approximately 2.5 acres of land next to Cherating beach, Pahang, with an initial plan to develop 40 to 50 units of apartments. The land is located at a distance, from Kuantan, approximately 50 km away (about an hour drive). However, this development has been stalled/abandoned and there is no immediate plan to resume the project at present. Even if the project is revived, it will be marketed to property buyers looking for properties close to the beach. Currently, MTM Millennium also does not have any other development plans.
- (8) The main developer for Precinct 3 (Phase 2) and subsequent phases of the development of the KotaSAS Township is Tanah Makmur KotaSAS, our 60%-owned Subsidiary. Tanah Makmur Perkasa holds the remaining 40.00% equity interest in Tanah Makmur KotaSAS. Tanah Makmur Perkasa was established for the sole purpose of investing in Tanah Makmur KotaSAS, which will undertake the development of the KotaSAS Township and Tanah Makmur KotaSAS will not undertake any other property development projects. Tanah Makmur Perkasa possesses expertise that Tanah Makmur KotaSAS can leverage in the planning and designing of future phases of the development of the KotaSAS Township.

11.4 Declarations by advisers on conflicts of interest

11.4.1 Declaration by CIMB

CIMB, its related and associated companies (“**CIMB Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other person(s), hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of CIMB Group generally acting independently of each other and accordingly, there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group.

As at the LPD, CIMB Group has in the ordinary course of its banking business, extended credit facilities to our Group.

CIMB has confirmed that the abovementioned extension of credit facilities does not result in conflict of interest situation in respect of its capacities as set out in this Prospectus as:

- (i) the total credit facilities are not material when compared to the audited net assets of the CIMB Group as at 31 December 2013;
- (ii) the extension of credit facilities arose in the ordinary course of business of the CIMB Group in view of the CIMB Group’s extensive participation in the Malaysian capital market and banking industry; and

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (iii) the conduct of CIMB Group in its banking business is strictly regulated by the Financial Services Act 2013 and CIMB Group's own internal controls and checks.

11.4.2 Declaration by Ernst & Young

Ernst & Young has confirmed that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the IPO.

11.4.3 Declaration by Kadir Andri & Partners

Kadir Andri & Partners has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to our Company in relation to the IPO.

11.4.4 Declaration by Zul Rafique & Partners

Zul Rafique & Partners has confirmed that there is no conflict of interest in its capacity as the Legal Adviser to the Sole Placement Agent, Managing Underwriter and Joint Underwriters in relation to the IPO.

11.4.5 Declaration by InfoBusiness Research & Consulting Sdn Bhd

InfoBusiness Research & Consulting Sdn Bhd has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher in relation to the IPO.

11.4.6 Declaration by Aysel Geoservices Sdn Bhd

Aysel Geoservices Sdn Bhd has confirmed that there is no conflict of interest in its capacity as the independent consultant geologist in relation to the evaluation of the bauxite deposits on our land in Ladang Bukit Goh conducted for our Company.

11.4.7 Declaration by Kenanga Investment Bank Berhad

Kenanga Investment Bank Berhad has confirmed that there is no conflict of interest in its capacity as the Joint Underwriter for the Retail Offering.

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12. FINANCIAL INFORMATION

12.1 Historical consolidated financial information

12.1.1 Selected consolidated statements of comprehensive income

The selected consolidated statements of comprehensive income, other than the amounts of cost of sales, gross profit and other expenses, for the past three years ended 31 December 2011, 31 December 2012 and 31 December 2013 have been derived from our audited historical consolidated financial statements. The amounts of cost of sales, gross profit and other expenses as presented in the table below do not appear in our audited consolidated statements of comprehensive income because our audited consolidated statements of comprehensive income were presented based on the nature of expenses. The amounts of cost of sales, gross profit and other expenses are presented in the table below to comply with the requirements of the Prospectus Guidelines. You should read the following selected consolidated statements of comprehensive income in conjunction with Section 13 of this Prospectus and the notes thereto.

	Audited		
	For the year ended 31 December		
	2011	2012	2013
	RM	RM	RM
Revenue	282,423,731	207,656,541	243,486,164
Cost of sales	(136,093,782)	(103,166,789)	(151,649,316)
Gross profit	146,329,949	104,489,752	91,836,848
Other operating income	2,455,211	5,499,214	1,817,143
Other expenses	(30,845,163)	(22,626,161)	(27,364,283)
Profit from operations before tax	117,939,997	87,362,805	66,289,708
Finance cost	(5,972,741)	(4,313,963)	(4,607,855)
Profit before tax	111,967,256	83,048,842	61,681,853
Income tax expense	(26,588,590)	(17,335,139)	(16,990,850)
Profit for the year net of tax	85,378,666	65,713,703	44,691,003
Other comprehensive income:			
Net loss on remeasurement of defined benefit liability	-	(1,350,844)	-
Total comprehensive income for the year	85,378,666	64,362,859	44,691,003
Profit attributable to:			
Owners of the parent	80,599,276	62,477,259	42,890,850
Non-controlling interests	4,779,390	3,236,444	1,800,153
	85,378,666	65,713,703	44,691,003
Total comprehensive income attributable to:			
Owners of the parent	80,599,276	61,179,853	42,890,850
Non-controlling interests	4,779,390	3,183,006	1,800,153
	85,378,666	64,362,859	44,691,003

12. FINANCIAL INFORMATION (Cont'd)

	Audited		
	For the year ended 31 December		
	2011	2012	2013
	RM	RM	RM
EBITDA ⁽¹⁾	122,910,154	94,745,152	75,639,396
Profit for the year excluding non-recurring income ⁽²⁾	85,377,667	62,045,177	44,691,003
Net assets (without non-controlling interests)	265,395,352	306,786,656	323,485,757
No. of Shares in issue	170,034,300	173,009,796	173,009,796
Gross earnings per Share ⁽³⁾	0.66	0.48	0.36
Net earnings per Share ⁽⁴⁾	0.50	0.38	0.26
Net assets per Share ⁽⁵⁾	1.56	1.77	1.87
Gross profit margin (%)	51.81	50.32	37.72
Profit before tax margin (%)	39.65	39.99	25.33
Profit after tax margin (%)	30.23	31.65	18.35
EBITDA margin (%)	43.52	45.63	31.07

Notes:

- (1) EBITDA represents earnings before finance cost, taxation, depreciation and amortisation. The table below sets forth a reconciliation of our profit after tax to EBITDA:

	Audited		
	For the year ended 31 December		
	2011	2012	2013
	RM	RM	RM
EBITDA:			
Profit for the year	85,378,666	65,713,703	44,691,003
Taxation	26,588,590	17,335,139	16,990,850
Profit before tax	111,967,256	83,048,842	61,681,853
Finance costs	5,972,741	4,313,963	4,607,855
Depreciation	2,345,078	4,183,518	5,848,028
Amortisation	2,625,079	3,198,829	3,501,660
	<u>122,910,154</u>	<u>94,745,152</u>	<u>75,639,396</u>

Our EBITDA presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to profit after tax, operating income, or any other performance measures derived in accordance with FRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs), tax position (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense).

12. FINANCIAL INFORMATION (Cont'd)

- (2) The table below sets forth a reconciliation of our profit for the year to profit for the year excluding non-recurring income:

	Audited		
	For the year ended 31 December		
	2011	2012	2013
	RM	RM	RM
Profit for the year excluding non-recurring income:			
Profit for the year	85,378,666	65,713,703	44,691,003
Non-recurring income – Gain on disposal of property, plant and equipment	(999)	(3,668,526)	-
	<u>85,377,667</u>	<u>62,045,177</u>	<u>44,691,003</u>

Our profit for the year excluding non-recurring income presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to profit after tax, operating income, or any other performance measures derived in accordance with FRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, profit for the year excluding non-recurring income is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate profit for the year excluding non-recurring income differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of profit for the year excluding non-recurring income facilitates comparison operating performance based on income from recurring activities, from period to period and from company to company.

- (3) Computed as profit before tax divided by the number of shares in issue.
- (4) Computed as profit after tax divided by the number of shares in issue.
- (5) Computed as net assets (without non-controlling interests) divided by the number of shares in issue.

12.1.2 Pro forma consolidated statements of financial position

The pro forma consolidated statements of financial position as at 31 December 2013 have been prepared for illustrative purposes only to show the effects of the Pre-IPO Restructuring, the IPO and the proposed utilisation of proceeds with the assumption that the Pre-IPO Restructuring, the IPO and the proposed utilisation of proceeds were completed on 31 December 2013. The pro forma consolidated statements of financial position should be read in conjunction with Section 12.11 of this Prospectus and the notes thereto.

Pro forma I : Incorporates the effects of the following which had been undertaken and had been completed by our Group prior to the implementation of the IPO and the Listing:

- (i) subdivision of all of its existing 173,009,796 ordinary shares of Tanah Makmur with a par value of RM1.00 each to 346,019,592 ordinary shares with a par value of RM0.50 each on 30 May 2014; and
- (ii) full redemption of all the remaining 7,000,487 RPS with a par value of RM0.10 each in Tanah Makmur held by LKPP in cash at its issue price of RM1.00 each, at a total cash of RM7,000,487 on 30 May 2014.

12. FINANCIAL INFORMATION (Cont'd)

Pro forma II: Incorporates the effects of Pro forma I, the IPO and the proposed utilisation of proceeds.

	Audited as at 31 December 2013	Pro forma I	Pro forma II After Pro forma I
	RM	RM	RM
Assets			
Non-current assets			
Property, plant and equipment	148,966,235	148,966,235	153,966,235
Biological assets	79,086,745	79,086,745	107,586,745
Land use rights	39,896,457	39,896,457	39,896,457
Land held for property development	28,600,436	28,600,436	28,600,436
Other investments	5,001	5,001	5,001
	<u>296,554,874</u>	<u>296,554,874</u>	<u>330,054,874</u>
Current assets			
Property development costs	73,214,335	73,214,335	86,214,335
Inventories	12,856,954	12,856,954	12,856,954
Trade and other receivables	32,838,707	32,838,707	32,838,707
Other current assets	6,365,090	6,365,090	6,365,090
Investment securities	4,552,875	4,552,875	4,552,875
Tax recoverable	623,354	623,354	623,354
Cash and bank balances	46,930,678	39,930,191	39,930,191
	<u>177,381,993</u>	<u>170,381,506</u>	<u>183,381,506</u>
Total assets	<u>473,936,867</u>	<u>466,936,380</u>	<u>513,436,380</u>
Equity and liabilities			
Current liabilities			
Loans and borrowings	12,406,451	8,906,208	8,906,208
Trade and other payables	33,617,638	33,617,638	33,617,638
Other current liabilities	7,464,588	7,464,588	7,464,588
Income tax payable	2,707,434	2,707,434	2,707,434
	<u>56,196,111</u>	<u>52,695,868</u>	<u>52,695,868</u>
Net current assets	<u>121,185,882</u>	<u>117,685,638</u>	<u>130,685,638</u>
Non-current liabilities			
Loans and borrowings	44,455,204	43,010,722	29,935,722
Retirement benefit obligations	4,111,382	4,111,382	4,111,382
Deferred tax liabilities	29,537,974	29,537,974	29,537,974
	<u>78,104,560</u>	<u>76,660,078</u>	<u>63,585,078</u>
Total liabilities	<u>134,300,671</u>	<u>129,355,946</u>	<u>116,280,946</u>
Net assets	<u>339,636,196</u>	<u>337,580,434</u>	<u>397,155,434</u>
Equity attributable to owners of the parent			
Share capital	173,009,796	173,009,796	199,079,796
Share premium	-	-	36,642,622
Other reserve	3,544,157	3,544,157	3,544,157
Capital redemption reserve	1,050,073	1,750,122	1,750,122
Retained earnings	145,881,731	143,125,920	139,988,298
	<u>323,485,757</u>	<u>321,429,995</u>	<u>381,004,995</u>
Non-controlling interests	16,150,439	16,150,439	16,150,439
Total equity	<u>339,636,196</u>	<u>337,580,434</u>	<u>397,155,434</u>
Total equity and liabilities	<u>473,936,867</u>	<u>466,936,380</u>	<u>513,436,380</u>

12. FINANCIAL INFORMATION (Cont'd)

12.1.3 Selected consolidated statement of cash flows

The consolidated statement of cash flows for the year ended 31 December 2013 has been derived from our audited consolidated financial statements. The consolidated statement of cash flows should be read in conjunction with Section 13 of this Prospectus and the notes thereto.

	Audited
	For the year ended
	31 December 2013
	RM
Operating activities	
Profit before tax	61,681,853
Adjustments for:	
Depreciation of property, plant and equipment	5,848,028
Amortisation of plantation development expenditure	2,927,403
Amortisation of land use rights	574,257
Property, plant and equipment written off	181
Inventories written down	151,053
Loss on sale of livestocks	10,851
Pension costs – defined benefit plan	469,209
Interest expense	3,119,460
Profit on investments in Islamic funds	(680,621)
Interest income	(466,610)
Reversal of provision for tax penalty	(63,104)
Unwinding discounts of the redeemable preference shares	1,488,395
Total adjustments	13,378,502
Operating cash flows before changes in working capital	75,060,355
Changes in working capital:	
Increase in trade and other receivables	(4,815,906)
Increase in property development costs and land held for development	(4,721,183)
Increase in inventories	(2,504,398)
Increase in trade and other payables	2,944,889
Total changes in working capital	(9,096,598)
Cash flows from operations	65,963,757
Income taxes refund	216,950
Income taxes paid	(16,438,269)
Net cash flows from operating activities	49,742,438
Investing activities	
Proceeds from sales of livestock	262,873
Purchase of property, plant and equipment	(13,900,724)
Purchase of biological assets	(12,327,429)
Purchase of livestock	(202,741)
Profit on investments in Islamic funds	680,621
Interest received	466,610
Net cash flows used in investing activities	(25,020,790)
Financing activities	
Repayment of obligations under finance leases	(495,587)
Repayment of term loans	(22,845,396)
Drawdown of term loans	9,176,198
Cost of financing paid	(3,119,460)
Dividends paid to equity holders of the Company	(25,951,469)
Dividend paid to non-controlling interests	(983,612)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	943,500
Repayment of the redeemable preference shares	(3,500,243)
Net cash flows used in financing activities	(46,776,069)
Net decrease in cash and cash equivalents	(22,054,421)
Cash and cash equivalents at 1 January	66,135,178
Cash and cash equivalents at 31 December	44,080,757

12. FINANCIAL INFORMATION (Cont'd)

12.2 Management's discussion and analysis of financial condition and results of operations

The following management's discussion and analysis of our Group's financial conditions, results of operations for years ended 31 December 2011, 31 December 2012 and 31 December 2013 should be read in conjunction with the accompanying notes, assumptions and bases thereto included in the Reporting Accountants' Letter on the pro forma consolidated statements of financial position and the Accountants' Report as set out in Sections 12.11 and 13 respectively, of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements of our Subsidiaries as well as forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 5 of this Prospectus. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

12.2.1 Overview

As at the LPD, our Group's principal activities can be categorised into two business segments i.e. oil palm plantation business and property development business. The oil palm plantation business which includes our milling operation is our Group's core activity, which constituted approximately 73.73% of our Group's total revenue for the year ended 31 December 2013. Our oil palm plantation activities are carried out by Tanah Makmur, Alur Gemilang, Alur Cemerlang, Alur Seri, SJ Palm Oil Mill and Alur Lestari. Tanah Makmur, Alur Gemilang, Alur Cemerlang, Alur Seri are involved in the cultivating and harvesting of oil palms and selling of FFB, while SJ Palm Oil is involved in the production of CPO and PK. Alur Lestari is involved in the production of compost fertiliser.

Presently, we have 13 plantation estates in the State of Pahang, Malaysia with a total land area of 17,969.06 ha comprising 11,633.19 ha that we own and 6,335.87 ha of the LKPP-leased Land. Out of the 17,969.06 ha, approximately 17,057.06 ha is plantable. The remaining 912.00 ha of the land area is unplantable and is mainly used for roads, buildings and drainage in our plantation estates. As at the LPD, approximately 13,529.57 ha or 79.32% of our plantable area is planted, of which 11,387.71 ha and 2,141.86 ha are mature and immature plantations, respectively. In 2011, we acquired Ladang Alur Seri measuring approximately 2,023.00 ha and in 2013, we acquired Ladang Ulu Lepar measuring approximately 1,069.67 ha. Both of these estates will be gradually planted in the coming years to increase our production of FFB. The main products from our oil palm plantation business are FFB, CPO and PK. We sell the FFB harvested from our plantation estates to our own palm oil mill as well as third party traders and other palm oil millers, including Sem Lee Enterprise Sdn Bhd, TT Max Enterprise Sdn Bhd and Kilang Sawit C.P Sdn Bhd. Ancillary to our oil palm plantation business, we have, as at the LPD, also initiated an integrated cattle rearing scheme in certain of our oil palm estates namely, Ladang Sungai Sering, Ladang Lembah Klau and Ladang Selama Lanar. As at the LPD, we have one palm oil mill.

12. FINANCIAL INFORMATION (Cont'd)

We are also involved in the property development industry. Our property development business contributed approximately 26.27% to our Group's total revenue for the year ended 31 December 2013. In 2008, we foresaw potential value in our Ladang Bukit Goh to transform part of the land into property development and to transform, build, construct and develop this land into a township (referred to as the KotaSAS Township) for the Kuantan community. The property development business was initiated by KotaSAS. In 2010, KotaSAS entered into a joint venture agreement with OMNI Holdings Sdn Bhd, a local property development company in Kuantan, to begin the development and construction of the KotaSAS Township in Bukit Goh at Kuantan, Pahang. Subsequently, we established KotaSAS OMNI to become the main developer to carry out the development of the properties within the KotaSAS Township. KotaSAS will remain as the land owner of the KotaSAS Township. In the KotaSAS Township, Our indirect, wholly-owned subsidiary, Kurnia Setia Engineering also carries out construction activities, such as the construction and building of main infrastructures in the KotaSAS Township. We also carry out trading of construction materials and leasing of machineries to external contractors to construct, build and develop the properties in our KotaSAS Township. Our trading activities are carried out by Kreatif Selaras Trading.

12.2.2 Significant factors affecting our results of operations

Our results of operations are significantly impacted by the following factors:

(i) Commodities prices

We derived an average of 60.40% of our revenues for the three years period ended 31 December 2013 from the sale of FFB. In general, the price of FFB closely tracks the price of CPO and the price of CPO is influenced in part by the prices of crude petroleum oil and substitute edible oils.

The following table sets forth our average CPO selling price per mt and average PK selling price per mt:

	Audited		
	For the year ended		
	31 December		
	2011	2012	2013
	RM	RM	RM
Average CPO selling price (RM/mt)	3,230	2,777	2,376
Average PK selling price (RM/mt)	2,194	1,539	1,353

(ii) Changes in regulatory, political and economic conditions

Our Group will be affected should there be any form of regulatory, political, fiscal and economic changes in Malaysia such as the changes in interest rates and the willingness of the financial institutions to grant financing for the purchase of properties, changes in duties, tax laws or rates as well as any adverse effects in political influences. As there is no assurance that we will be able to comply with all of these changes, should they occur, especially those which may be newly introduced by the relevant authorities, this may cause our business and financial performance to be affected. Any changes in the performance of the real estate markets in Pahang may also affect our business and financial performance.

12. FINANCIAL INFORMATION (Cont'd)

(iii) Demand and supply conditions

The oil palm-based industry is highly competitive and includes a large number of producers globally, especially from Malaysia and Indonesia. The primary competitive factor in the oil palm-based industry is price. Therefore, factors affecting price and margins have a significant impact on competition. The oil palm-based industry also faces competition from other edible oils, primarily soyabean oil, rapeseed oil and sunflower oil among others. A decline in the price of these other edible oils may adversely affect our business. In addition, changes in consumer preferences will affect demand for palm oil-based products in general. These preferences are based on, among others, health concerns, sustainability concerns and other factors.

The demand and supply condition for the property development industry is set out in Section 8 of this Prospectus. Whilst the demand for residential properties has significantly increased over the past year in Kuantan particularly the KotaSAS Township due to it being a self-contained township that is equipped with the necessary infrastructures and amenities, there is however no assurance that the demand for property products will continue at its present rate in the future.

(iv) Yields from plantations and palm oil mill

FFB is the primary raw material used in the production of CPO and PK. FFB is sourced from our plantations and third parties. The yields from oil palm plantations depend on a variety of factors, including quality of the oil palm seeds used, soil quality, weather conditions, amount and type of fertilisers used, overall plantation management and harvesting and processing of FFB at the optimal time. The yields are also significantly influenced by the maturity of oil palms. Oil palms normally require approximately four years to mature and typically reach its peak production of FFB nine years after being planted in the nursery. Peak production years for oil palms range from nine to 18 years of age, after which their production of FFB gradually declines. In general, fully mature oil palms produce 18 to 30 mt of FFB per ha per annum. As at the LPD, the oil palms in 34.67% of planted area over the plantable area of our plantation land area are aged between nine to 18 years of age. Our average yield of FFB per ha of our oil palms for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 was above the MPOB benchmark for Pahang and Malaysia. Our average FFB yield of oil palm for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 was 23.76 mt, 22.07 mt, and 20.43 mt per ha, respectively, whereas the MPOB benchmark for Malaysia was 19.69 mt, 18.89 mt and 19.02 mt per ha, respectively.

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12. FINANCIAL INFORMATION (Cont'd)

The extraction rate of CPO and PK is primarily dependent on the age of oil palms, quality and ripeness of the FFB (which is partly related to the quality of our harvesting operations), processing efficiency of our palm oil mill and overall weather conditions. In order to increase extraction rates of CPO and PK to avoid unnecessary wastage and the growth of voluntary oil palm seedlings, loose palm fruits are collected together with all harvested FFB. They are then transported by truck to palm oil mills and are typically processed within 48 hours of harvesting to minimise the build-up of FFA, which reduces the quality of CPO extracted. Our CPO extraction rate for the period commencing from the start of the commercial operation of our palm oil mill until 31 December 2012 was 20.58% and this was above the MPOB benchmark (for the state of Pahang) of 20.32%. Our CPO extraction rate for the year ended 31 December 2013 was 19.98% and this was below the MPOB benchmark (for the state of Pahang) of 20.02%. Our PK recovery rate for the period commencing from the start of the commercial operation of our palm oil mill until 31 December 2012 was 5.14% and this was below the MPOB benchmark (for the state of Pahang) of 5.26%. This was mainly as a result of certain design issues that we faced with the plant during such period which we had successfully rectified by the end of 2012. Our PK extraction rate for the year ended 31 December 2013 was 5.97% and this was above the MPOB benchmark (for the state of Pahang) of 5.44%.

(v) Increase in cost of sales

The cost of sales for our plantation business comprises mainly upkeep and cultivation expenses, harvesting and collection expenses and estate general charges. Manuring expenses constitute a major part of our upkeep and cultivation expenses, whilst labour and transportation costs constitute the key factors that drive our total harvesting and collection expenses. Increase in fertiliser costs and labour costs will naturally have an impact on our overall costs of sales and overall profits. We also experienced an increase in the price of fuel, primarily due to increases in the world price of crude oil and reduction of subsidies on fuel prices by the Malaysian government. Included in the cost of sales for our plantation business is the production costs, consisting primarily the cost of purchasing FFB for our palm oil mill. FFB costs increases are usually due to higher CPO prices, which will usually translate to higher revenue when we sell our CPO. Conversely, lower CPO prices would usually be mitigated by lower FFB prices that will contribute to lower production costs. However, due to this dynamics, our profit margin would remain relatively similar regardless of the fluctuation in the cost of FFB purchased.

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12. FINANCIAL INFORMATION (Cont'd)

The cost of sales for our property development business is primarily the construction costs. Our property development business relies on our building contractors to deliver the products according to the agreed specifications within the agreed period and at the agreed price. In general, property development contractors relies heavily on the continuous supply of raw materials such as cement, concrete products, iron and steel, non-ferrous metals and wood at reasonable prices. If for any reason suppliers of these raw materials curtail, delay or discontinue their delivery of such materials to our projects in the quantities that we need and at competitive prices, our construction schedules could be disrupted and our business and results of operations could be materially and adversely affected. Increasing costs of raw materials is also an inherent risk in the property development industry, which will typically result in a higher contract price for future contracts to be awarded to our building contractors. Any increase in raw material prices, labour, contractor costs may result in lower profit margins resulting in the need to increase prices of our products. Any material increase in the construction costs will have an adverse impact on our profit margins in the event we are not able to pass on the additional costs by increasing the prices of our products. In general, whilst the prices of properties have invariably increased in tandem with the escalation of construction costs, we may also need to maintain an attractive price of our products to maintain our competitive edge.

(vi) Uncontrollable and unforeseen delays in project launching and completion

Timely completions of development projects are crucial. Any delay in project completion would be costly. However, development projects are highly dependent on many unpredictable external factors, which may be beyond the control of our Group, including unfavourable economic conditions, obtaining approvals from various regulatory authorities and satisfactory performance of our contractors to complete the development projects that have been contracted to them. As any delay in the completion of projects may directly impact our Group's profitability and reputation, the Directors and key management personnel of our Group monitor the project schedules closely so that such delays are minimised. Our ability to execute our projects in a timely and cost effective manner is also crucial to attract the appropriate strategic partners, investors and other participants, where necessary.

12.2.3 Critical accounting policies

In preparing our historical consolidated financial statements, we are required to make estimates, assumptions and judgments regarding uncertainties that affect certain reported amounts of revenue and expenses during the reporting period, as well as certain reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the date of the financial statements. We made these estimates based on assumptions and judgments made in light of our historical experience and on various other reasonable factors, which are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected. Our actual results may differ from these estimates, assumptions and judgements under different conditions. We believe our most critical accounting policies that result in the application of estimates, assumptions or judgments are as follows:

12. FINANCIAL INFORMATION (Cont'd)

(i) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(ii) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land has an unlimited useful life and therefore is not depreciated. Land and plantation work-in-progress and palm oil mill construction in progress are also not depreciated as these assets are not available for use. Leasehold land classified as finance lease is amortised in equal instalment over the period of the leases ranging from 66 to 99 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of each asset as follows:

Buildings	10 to 50 years
Plant, machinery and factory equipment	5 to 10 years
Motor vehicles and estate equipment	5 to 10 years
Electrical installation, furniture and fittings, renovation, moulds, office equipment, signboards, air conditioners and nursery site preparation costs	3 to 20 years

12. FINANCIAL INFORMATION (Cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(iii) Biological assets**(a) Plantation development expenditure**

Plantation development expenditure consists of pre-cropping costs incurred from the commencement of development to the date of maturity of the rootstock. Plantation development expenditure is capitalised at cost and amortised over a period of 25 years commencing from the date of the maturity of the rootstock. Subsequent to recognition, plantation development expenditure is stated at cost less accumulated amortisation and any accumulated impairment losses. The plantation development expenditure was reclassified as biological assets on 1 January 2006 and the amortisation of the plantation development expenditure continues to be recognised through profit or loss.

(b) Livestocks

Livestocks are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while the market value is determined on the current net selling prices. On disposal of livestock, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs. Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately. Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value. The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

12. FINANCIAL INFORMATION (Cont'd)**(v) Defined benefit plan**

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(vi) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

12. FINANCIAL INFORMATION (Cont'd)

- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.4 Results of operations

Principal components of our results of operations are as follows.

(i) Revenue

The following table sets forth our revenue analysis by business segments and companies in absolute terms and in percentage:

	Audited					
	For the year ended 31 December					
	2011		2012		2013	
	RM	%	RM	%	RM	%
Business segments/ Companies⁽¹⁾						
Plantation						
Tanah Makmur	168,453,965	59.65	126,379,408	60.86	106,535,462	43.75
Alur Cemerlang	-	-	3,602,018	1.73	4,834,128	1.99
Alur Gemilang	14,999,975	5.31	8,692,730	4.19	9,540,784	3.92
SJ Palm Oil Mill	-	-	5,490,761	2.65	56,002,080	23.00
Alur Lestari	-	-	45,542	0.02	2,601,416	1.07
	<u>183,453,940</u>	<u>64.96</u>	<u>144,210,459</u>	<u>69.45</u>	<u>179,513,870</u>	<u>73.73</u>
Property development						
KotaSAS	9,148,796	3.24	5,943,860	2.86	20,287,008	8.33
Kurnia Setia Trading	17,667,156	6.25	6,381,064	3.07	10,918,912	4.48
Kurnia Setia						
Engineering	6,657,457	2.36	9,005,632	4.34	3,958,822	1.63
KotaSAS OMNI	65,496,382	23.19	42,115,526	20.28	18,764,655	7.71
Tanah Makmur						
KotaSAS	-	-	-	-	10,042,897	4.12
	<u>98,969,791</u>	<u>35.04</u>	<u>63,446,082</u>	<u>30.55</u>	<u>63,972,294</u>	<u>26.27</u>
Total	<u>282,423,731</u>	<u>100.00</u>	<u>207,656,541</u>	<u>100.00</u>	<u>243,486,164</u>	<u>100.00</u>

Note:

- (1) We have excluded Kurnia Setia, Alur Seri, Kreatif Selaras Land, Kreatif Selaras Mining and Kreatif Sinar Gabungan from the above table because there was no revenue contribution from any of these companies for the years under review.

The following table sets forth our revenue analysis by products in absolute terms and in percentage:

	Audited					
	For the year ended 31 December					
	2011		2012		2013	
	RM	%	RM	%	RM	%
Products						
Plantation						
- FFB	183,453,940	64.96	138,674,156	66.78	120,910,374	49.66
- CPO	-	-	4,602,626	2.22	47,052,066	19.32
- PK	-	-	646,410	0.31	8,058,316	3.31
- Compost/ others	-	-	287,267	0.14	3,493,114	1.44
	<u>183,453,940</u>	<u>64.96</u>	<u>144,210,459</u>	<u>69.45</u>	<u>179,513,870</u>	<u>73.73</u>
Property development						
- Precinct 1	72,653,576	25.72	16,846,527	8.11	-	-
- Precinct 2	3,612,486	1.28	31,152,566	15.00	21,944,963	9.01
- Precinct 3	-	-	60,291	0.03	26,765,324	10.99
- Lakeside 1	-	-	-	-	384,273	0.16
- Trading construction						
materials	17,667,156	6.26	6,381,064	3.07	10,918,912	4.48
- Construction services	5,036,573	1.78	9,005,634	4.34	3,958,822	1.63
	<u>98,969,791</u>	<u>35.04</u>	<u>63,446,082</u>	<u>30.55</u>	<u>63,972,294</u>	<u>26.27</u>
Total	<u>282,423,731</u>	<u>100.00</u>	<u>207,656,541</u>	<u>100.00</u>	<u>243,486,164</u>	<u>100.00</u>

12. FINANCIAL INFORMATION (Cont'd)

Our revenue is mostly derived from the sale of FFB, which contributed an average of 60.40%⁽¹⁾ of our total revenues for the three years period ended 31 December 2013. Our plantation business contributed 73.73% to our total revenue for the year ended 31 December 2013 compared to 64.96% and 69.45% for the two years ended 31 December 2011 and 2012 respectively.

Our property development business contributed an average of 30.86%⁽²⁾ of our total revenues for the three years period ended 31 December 2013. We undertake our property development business in the state of Pahang specifically our KotaSAS Township development, which we launched in 2010. In addition, we also carry out trading of construction materials and provide construction services as part of our property development business, which also contribute towards our total revenue. Our property development business contributed 26.27% to our total revenue for the year ended 31 December 2013 compared to 35.04% and 30.55% for the two years ended 31 December 2011 and 2012 respectively.

We conduct our business primarily in the state of Pahang and therefore we do not have segmental revenue analysis by markets/geographical location.

Notes:

- (1) The average 60.40% was derived as a percentage of the aggregate revenue from the sale of FFB for the three years ended 31 December 2011 (RM183,453,940), 2012 (RM138,674,156) and 2013 (RM120,910,374) of RM443,038,470 over the aggregate total revenue for the three years ended 31 December 2011 (RM282,423,731), 2012 (RM207,656,541) and 2013 (RM243,486,164) of RM733,566,436.
- (2) The average 30.86% was derived as a percentage of the aggregate revenue from our property development business for the three years ended 31 December 2011 (RM98,969,791), 2012 (RM63,446,082) and 2013 (RM63,972,294) of RM226,388,167 over the aggregate total revenue for the three years ended 31 December 2011 (RM282,423,731), 2012 (RM207,656,541) and 2013 (RM243,486,164) of RM733,566,436.

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12. FINANCIAL INFORMATION (Cont'd)

(ii) Cost of sales

The following table sets forth our cost of sales analysis by business segments and companies in absolute terms and in percentage:

	Audited					
	For the year ended 31 December					
	2011		2012		2013	
	RM	%	RM	%	RM	%
Business segments/ Companies⁽¹⁾						
Plantation						
Tanah Makmur	50,404,679	37.04	43,089,042	41.77	41,707,910	27.50
Alur Cemerlang	-	-	4,190,125	4.06	6,523,696	4.30
Alur Gemilang	5,172,086	3.80	3,552,537	3.44	4,536,425	2.99
Alur Seri	-	-	131,631	0.13	193,891	0.13
SJ Palm Oil Mill	-	-	2,885,659	2.80	49,348,146	32.56
Alur Lestari	-	-	37,201	0.04	1,155,142	0.76
	<u>55,576,765</u>	<u>40.84</u>	<u>53,886,195</u>	<u>52.24</u>	<u>103,465,210</u>	<u>68.24</u>
Property development						
KotaSAS	-	-	45,872	0.04	12,640,024	8.33
Kurnia Setia Trading	16,557,815	12.17	5,846,986	5.67	10,469,252	6.90
Kurnia Setia Engineering	6,306,099	4.63	8,782,783	8.51	3,363,872	2.22
KotaSAS OMNI	57,653,103	42.36	34,604,953	33.54	15,367,483	10.13
Tanah Makmur KotaSAS	-	-	-	-	6,343,475	4.18
	<u>80,517,017</u>	<u>59.16</u>	<u>49,280,594</u>	<u>47.76</u>	<u>48,184,106</u>	<u>31.76</u>
Total	<u>136,093,782</u>	<u>100.00</u>	<u>103,166,789</u>	<u>100.00</u>	<u>151,649,316</u>	<u>100.00</u>

Note:

- (1) We have excluded Kurnia Setia, Kreatif Selaras Land, Kreatif Selaras Mining and Kreatif Sinar Gabungan from the above table because there was no cost of sales incurred by any of these companies for the years under review.

Our cost of sales consists of construction costs, upkeep and cultivation expenses, harvesting expenses, estate general charges, changes in inventories, production costs, purchase of finished goods, employee benefits expenses, depreciation and amortisation.

Construction costs consists of land costs, infrastructure cost, building construction costs such as earthwork, piling, structural and architectural works cost. Raw materials and direct labour cost are also among the major construction costs. In addition, professional fees such as architects fees, civil and structural engineer fees, mechanical and electrical engineer fees, designer fees, legal fees and marketing expenses and statutory contributions are also part of our construction costs. We engage contractors for our development projects from time to time to carry out certain works such as road works, earthworks, concrete works and roofing and tiling works for our development projects. We have compiled and identified a list of preferred contractors to be invited for our tenders. We also accept recommendations from our consultants but these new contractors will go through pre-qualification interviews and tender interviews with our management first. We select our contractors based on various factors such as pricing, track record, financial strength, workmanship, quality, efficiency, reliability and staff capacity. To ensure timely completion of our project, we constantly evaluate and monitor the performance of our contractors and external professionals working with us.

12. FINANCIAL INFORMATION (Cont'd)

Upkeep and cultivation expenses include the cost of weeding, *lalang* removal, construction of roads/paths/bridges/railways, water management, soil and water conservation, boundaries/survey, census/thinning/supplying, pruning/sanitation, eradication of pests and diseases and manuring. In general, fertiliser is the largest cost element of our upkeep and cultivation expenses. Harvesting expenses includes the cost for harvesting, harvesting tools and internal and external transportation. The cost for harvesting reflects the labour costs for harvesting that comprises mainly wages and other worker-related costs at our plantations. Labour costs are affected by factors such as the number of workers, number of hours worked and wage increment. Estate general charges are mainly the rents, cesses, toll and insurance, office expenses, maintenance of staff quarters and office, medical and welfare, professional fees, security charges, utilities and sundry expenses.

Employee benefits expense consists primarily of salary, transport allowance, sundry travelling allowance, vehicle allowance, housing allowance, bonus, contributions to EPF and SOCSO, cost of living allowance, annual leave and staff retirement benefits.

We conduct our business primarily in the state of Pahang and therefore we do not have segmental cost of sales analysis by markets/geographical location.

12.2.5 Year ended 31 December 2012 compared to year ended 31 December 2013

The following table presents selected statements of comprehensive income data, the percentage such amounts represent of total revenue and their percentage change for the years indicated.

	Audited				
	For the year ended 31 December				
	2012 RM	% of revenue	2013 RM	% of revenue	% change
Revenue	207,656,541	100.00	243,486,164	100.00	17.25
Cost of sales	(103,166,789)	(49.68)	(151,649,316)	(62.28)	46.99
Gross profit	104,489,752	50.32	91,836,848	37.72	(12.11)
Other operating income	5,499,214	2.65	1,817,143	0.75	(66.96)
Other expenses	(22,626,161)	(10.90)	(27,364,283)	(11.24)	20.94
Profit from operations before tax	87,362,805	42.07	66,289,708	27.23	(24.12)
Finance cost	(4,313,963)	(2.08)	(4,607,855)	(1.90)	6.81
Profit before tax	83,048,842	39.99	61,681,853	25.33	(25.73)
Income tax expense	(17,335,139)	(8.34)	(16,990,850)	(6.98)	(1.99)
Profit for the year net of tax	65,713,703	31.65	44,691,003	18.35	(31.99)
Non-recurring income – Gain on disposal of property, plant and equipment	(3,668,526)	(1.77)	-	-	(100.00)
Profit for the year excluding non-recurring income ^(f)	62,045,177	29.88	44,691,003	18.35	(27.97)

12. FINANCIAL INFORMATION (Cont'd)

Note:

- (1) Our profit for the year excluding non-recurring income presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to profit after tax, operating income, or any other performance measures derived in accordance with FRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, profit for the year excluding non-recurring income is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate profit for the year excluding non-recurring income differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of profit for the year excluding non-recurring income facilitates comparison operating performance based on income from recurring activities, from period to period and from company to company.

(i) Revenue

The following table sets forth our revenue analysis by products in absolute amounts and in percentage for the years indicated.

	Audited			
	For the year ended 31 December			
	2012		2013	
	RM	%	RM	%
Products				
<u>Plantation</u>				
- FFB	138,674,156	66.78	120,910,374	49.66
- CPO	4,602,626	2.22	47,052,066	19.32
- PK	646,410	0.31	8,058,316	3.31
- Compost/ others ⁽¹⁾	287,267	0.14	3,493,114	1.44
	<u>144,210,459</u>	<u>69.45</u>	<u>179,513,870</u>	<u>73.73</u>
<u>Property development</u>				
- Precinct 1 ⁽²⁾	16,846,527	8.11	-	-
- Precinct 2 ⁽³⁾	31,152,566	15.00	21,944,963	9.01
- Precinct 3 ⁽⁴⁾	60,291	0.03	26,765,324	10.99
- Lakeside 1 ⁽⁵⁾	-	-	384,273	0.16
- Trading construction materials ⁽⁶⁾	6,381,064	3.07	10,918,912	4.48
- Construction services ⁽⁷⁾	9,005,634	4.34	3,958,822	1.63
	<u>63,446,082</u>	<u>30.55</u>	<u>63,972,294</u>	<u>26.27</u>
Total	<u>207,656,541</u>	<u>100.00</u>	<u>243,486,164</u>	<u>100.00</u>

Notes:

- (1) "Others" includes EFB and sludge oil.
- (2) Precinct 1 of KotaSAS comprises Sinaran (54 units of single storey semi-detached houses), Embun (24 units of double storey semi-detached houses), Bayu (74 units of double storey semi-detached houses), Senja (34 units of double storey link houses), Suria 1 (132 units of double storey link houses) and Suria 2 (7 units of double storey link houses).
- (3) Precinct 2 of KotaSAS comprises Fajar 1 (87 units of single storey link houses), Fajar 2 (94 units of single storey link houses), Bintang (36 units of single storey super-link houses), Cahaya (70 units of single storey link houses), Pancaran (16 units of single storey semi-detached houses) and Senja 2 (16 units of double storey link houses).

12. FINANCIAL INFORMATION (Cont'd)

- (4) Precinct 3 of KotaSAS comprises Ceria (68 units of double storey link houses), Pancaran (40 units of single storey semi-detached houses), Rembulan (94 units of double storey link houses), Ceria 2 (45 units of double storey link houses), Pancaran 2 (16 units of double storey semi-detached houses) and Sinaran 2 (18 units of 2.5 storey semi-detached houses).
- (5) Lakeside 1 comprises Ceria 2 (105 units of double storey link houses), Pancaran 2 (22 units of double storey semi-detached houses) and Sinaran 2 (22 units of 2.5 storey semi-detached houses).
- (6) The construction materials traded by our Group are mainly ready mixed concrete, cement, steel bars, clay bricks, sand bricks, sand and other materials, which we generally sell to our contractors.
- (7) The construction services provided by our Group are mainly earthworks and roadworks in the KotaSAS Township.

Our revenue increased by 17.25% to RM243,486,164 for the year ended 31 December 2013 from RM207,656,541 for the year ended 31 December 2012 primarily due to the increase in the revenue contribution from the sales of CPO and PK from RM5,249,036 for the year ended 31 December 2012 to RM55,110,382 for the year ended 31 December 2013.

The following table sets forth some of the statistics of our plantation business:

	Audited	
	For the year ended 31 December	
	2012	2013
Average CPO selling price (RM/mt)	2,777	2,376
Average FFB selling price (RM/mt)	603	520
FFB production (mt)	229,890	232,605
Our FFB yield per ha (mt/ha)	22.07	20.43

Our revenue from the plantation business increased by 24.48% to RM179,513,870 for the year ended 31 December 2013 compared to RM144,210,459 for the year ended 31 December 2012 primarily as a result of a full year revenue contribution from the sales of CPO and PK in the year ended 31 December 2013. For the year ended 31 December 2012, we only recognised the revenue contribution from the sales of CPO and PK from July to December 2012 due to the fact that we only commenced commercial operation of our palm oil mill from July 2012.

The recognition of a full year revenue contribution from the sales of CPO and PK had reduced the effect of lower revenue from the sales of FFB which had dropped by 12.81% to RM120,910,374 for the year ended 31 December 2013 compared to RM138,674,156 for the year ended 31 December 2012. The lower revenue from the sales of FFB was primarily due to the 13.76% decrease in the average FFB selling price for the year ended 31 December 2013 to RM520 per mt from RM603 per mt for the year ended 31 December 2012, which corresponded with the lower CPO prices during that year. As depicted in the table above, the average CPO selling price for the year ended 31 December 2013 was RM2,376 per mt compared to RM2,777 per mt for the year ended 31 December 2012.

12. FINANCIAL INFORMATION (Cont'd)

Our revenue for the property development business increased by 0.83% to RM63,972,294 for the year ended 31 December 2013 compared to RM63,446,082 for the year ended 31 December 2012. There was no further revenue contribution recognised from Precinct 1 for the year ended 31 December 2013 compared to the revenue contribution of RM16,846,527 for the year ended 31 December 2012, as all the property units (except for one unit) of Precinct 1 had been fully sold in 2011 and 2012. Our revenue from Precinct 2 had decreased by 29.56% to RM21,944,963 for the year ended 31 December 2013 compared to RM31,152,566 for the year ended 31 December 2012 as most of its property units were sold in 2012. Notwithstanding that, our revenue from Precinct 3 increased significantly to RM26,765,324 for the year ended 31 December 2013 compared to RM60,291 for the year ended 31 December 2012.

(ii) Cost of sales

The following table sets forth our cost of sales analysis by products in absolute amounts and in percentage for the years indicated:

Products	Audited			
	For the year ended 31 December			
	2012		2013	
	RM	%	RM	%
Plantation				
- FFB	50,963,335	49.40	52,961,922	34.92
- CPO	1,898,447	1.84	41,647,677	27.47
- PK	987,212	0.96	7,700,469	5.08
- Compost/ Others ⁽¹⁾	37,201	0.04	1,155,142	0.77
	<u>53,886,195</u>	<u>52.24</u>	<u>103,465,210</u>	<u>68.24</u>
Property development				
- Precinct 1 ⁽²⁾	14,149,477	13.72	1,592,497	1.05
- Precinct 2 ⁽³⁾	20,455,475	19.83	13,774,985	9.08
- Precinct 3 ⁽⁴⁾	45,872	0.04	18,723,882	12.35
- Lakeside 1 ⁽⁵⁾	-	-	259,617	0.17
- Trading construction materials ⁽⁶⁾	5,846,986	5.66	10,469,252	6.90
- Construction services ⁽⁷⁾	8,782,784	8.51	3,363,873	2.21
	<u>49,280,594</u>	<u>47.76</u>	<u>48,184,106</u>	<u>31.76</u>
Total	<u>103,166,789</u>	<u>100.00</u>	<u>151,649,316</u>	<u>100.00</u>

Notes:

- (1) "Others" includes EFB and sludge oil.
- (2) Precinct 1 of KotaSAS comprises Sinaran (54 units of single storey semi-detached houses), Embun (24 units of double storey semi-detached houses), Bayu (74 units of double storey semi-detached houses), Senja (34 units of double storey link houses), Suria 1 (132 units of double storey link houses) and Suria 2 (7 units of double storey link houses).
- (3) Precinct 2 of KotaSAS comprises Fajar 1 (87 units of single storey link houses), Fajar 2 (94 units of single storey link houses), Bintang (36 units of single storey super-link houses), Cahaya (70 units of single storey link houses), Pancaran (16 units of single storey semi-detached houses) and Senja 2 (16 units of double storey link houses).

12. FINANCIAL INFORMATION (Cont'd)

- (4) Precinct 3 of KotaSAS comprises Ceria (68 units of double storey link houses), Pancaran (40 units of single storey semi-detached houses), Rembulan (94 units of double storey link houses), Ceria 2 (45 units of double storey link houses), Pancaran 2 (16 units of double storey semi-detached houses) and Sinaran 2 (18 units of 2.5 storey semi-detached houses).
- (5) Lakeside 1 comprises Ceria 2 (105 units of double storey link houses), Pancaran 2 (22 units of double storey semi-detached houses) and Sinaran 2 (22 units of 2.5 storey semi-detached houses).
- (6) The construction materials traded by our Group are mainly ready mixed concrete, cement, steel bars, clay bricks, sand bricks, sand and other materials, which we generally sell to our contractors.
- (7) The construction services provided by our Group are mainly earthworks and roadworks in the KotaSAS Township.

Our cost of sales increased by 46.99% to RM151,649,316 for the year ended 31 December 2013 compared to RM103,166,789 for the year ended 31 December 2012 primarily as a result of the higher cost of sales for the production of CPO and PK during the year ended 31 December 2013.

The cost of sales for our plantation business increased by 92.00% in the year ended 31 December 2013 to RM103,465,210 from RM53,886,195 for the year ended 31 December 2012, mainly due to the increase in our CPO and PK production cost. The higher cost of sales of RM49,348,146 for our CPO and PK production for the year ended 31 December 2013 was mainly due to the fact that we recognised the full year cost of sales incurred by our CPO and PK production for the year ended 31 December 2013 compared to the fact that we only recognised the cost of sales of RM2,885,659 incurred by our CPO and PK production for six months only for the year ended 31 December 2012. Additionally, the higher intake of FFB processed in our palm oil mill that was sourced from third party plantation owners and traders contributed to the higher cost of sales of our CPO and PK production for the year ended 31 December 2013. For the years ended 31 December 2012 and 2013, approximately 16.90% and 50.82% of the FFB processed in our palm oil mill was sourced from third party plantation owners and traders, respectively.

The cost of sales for our property development business decreased by 2.22% in the year ended 31 December 2013 to RM48,184,106 from RM49,280,594 for the year ended 31 December 2012.

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12. FINANCIAL INFORMATION (Cont'd)

(iii) Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin analysis by business segments and companies in absolute terms and in percentage for the years indicated:

	Audited			
	For the year ended 31 December			
	2012		2013	
	RM	%	RM	%
Business segments				
/Companies⁽¹⁾				
Gross profit:				
<u>Plantation</u>				
Tanah Makmur	83,290,366	79.71	64,827,552	70.59
Alur Cemerlang	(588,107) ⁽²⁾	(0.56)	(1,689,568) ⁽²⁾	(1.84)
Alur Gemilang	5,140,193	4.92	5,004,359	5.45
Alur Seri	(131,631)	(0.13)	(193,891)	(0.21)
SJ Palm Oil Mill	2,605,102	2.49	6,653,934	7.25
Alur Lestari	8,341	0.01	1,446,274	1.57
	<u>90,324,264</u>	<u>86.44</u>	<u>76,048,660</u>	<u>82.81</u>
<u>Property development</u>				
KotaSAS	5,897,988	5.64	7,646,984	8.32
Kurnia Setia Trading	534,078	0.51	449,660	0.49
Kurnia Setia Engineering	222,849	0.22	594,950	0.65
KotaSAS OMNI	7,510,573	7.19	3,397,172	3.70
Tanah Makmur KotaSAS	-	-	3,699,422	4.03
	<u>14,165,488</u>	<u>13.56</u>	<u>15,788,188</u>	<u>17.19</u>
Total	<u>104,489,752</u>	<u>100.00</u>	<u>91,836,848</u>	<u>100.00</u>
Gross profit margin:				
<u>Plantation</u>				
Tanah Makmur		62.63		42.36
Alur Cemerlang		65.91		60.85
Alur Gemilang		(16.33) ⁽²⁾		(34.95) ⁽²⁾
Alur Seri		59.13		52.45
SJ Palm Oil Mill		_ ⁽³⁾		_ ⁽³⁾
Alur Lestari		47.45		11.88
		18.31		55.60
<u>Property development</u>				
KotaSAS		22.33		24.68
Kurnia Setia Trading		99.23		37.69
Kurnia Setia Engineering		8.37		4.12
KotaSAS OMNI		2.47		15.03
Tanah Makmur KotaSAS		17.83		18.10
		-		36.84

Notes:

- (1) We have excluded Kurnia Setia, Kreatif Selaras Land, Kreatif Selaras Mining, Kreatif Sinar Gabungan and Tanah Makmur KotaSAS from the above table because there was no gross profit contributed by any of these companies for the years under review.
- (2) Alur Cemerlang achieved a negative 16.33% and negative 34.95% gross profit margin for the years ended 31 December 2012 and 31 December 2013, respectively, against the loss of RM588,107 and RM1,689,568 that it recorded for the years ended 31 December 2012 and 31 December 2013, respectively. In the year ended 31 December 2012, one-third of oil palms in Ladang Sri Telang managed by Alur Cemerlang was aged four years old (first year harvesting), during which they produced low FFB yield. In the year ended 31 December 2013, another one-third of oil palms in Ladang Sri

12. FINANCIAL INFORMATION (Cont'd)

Telang became mature for the first year harvesting. Typically, oil palms aged four to five years old will produce lower FFB yield compared to oil palms in the nine to 18 years old category. Additionally, there were also recurring attacks of wild boars in Ladang Sri Telang in the years under review which destroyed immature oil palms, which required replacing of the affected oil palms.

- (3) Alur Seri recorded a gross loss of RM131,631 and RM193,891 for the years ended 31 December 2012 and 31 December 2013, respectively, primarily due to depreciation cost. There was no revenue generated by Alur Seri for the years under review.

The following table sets forth our gross profit and gross profit margin analysis by products in absolute terms and in percentage for the years indicated:

	Audited			
	For the year ended 31 December			
	2012		2013	
	RM	%	RM	%
Products				
Gross profit:				
<u>Plantation</u>				
- FFB	87,710,821	83.94	67,948,452	73.99
- CPO	2,704,179	2.59	5,404,389	5.88
- PK	(340,802)	(0.33)	357,847	0.39
- Compost/ others ⁽¹⁾	250,066	0.24	2,337,972	2.55
	<u>90,324,264</u>	<u>86.44</u>	<u>76,048,660</u>	<u>82.81</u>
<u>Property development</u>				
- Precinct 1 ⁽²⁾	2,697,050	2.58	(1,592,497) ⁽⁸⁾	(1.73)
- Precinct 2 ⁽³⁾	10,697,092	10.24	8,169,977	8.89
- Precinct 3 ⁽⁴⁾	14,419	0.01	8,041,442	8.75
- Lakeside 1 ⁽⁵⁾	-	-	124,656	0.14
- Trading construction materials ⁽⁶⁾	534,078	0.51	449,660	0.49
- Construction services ⁽⁷⁾	222,849	0.22	594,950	0.65
	<u>14,165,488</u>	<u>13.56</u>	<u>15,788,188</u>	<u>17.19</u>
Total	<u>104,489,752</u>	<u>100.00</u>	<u>91,836,848</u>	<u>100.00</u>
Gross profit margin:				
<u>Plantation</u>		62.63		42.36
- FFB		63.25		56.20
- CPO		58.75		11.49
- PK		(52.72)		4.44
- Compost/ other ⁽¹⁾		87.05		66.93
<u>Property development</u>		22.33		24.68
- Precinct 1 ⁽²⁾		16.01		-
- Precinct 2 ⁽³⁾		34.34		37.23
- Precinct 3 ⁽⁴⁾		23.92		30.04
- Lakeside 1 ⁽⁵⁾		-		32.44
- Trading construction materials ⁽⁶⁾		8.37		4.12
- Construction services ⁽⁷⁾		2.47		15.03

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) "Others" includes EFB and sludge oil.
- (2) Precinct 1 of KotaSAS comprises Sinaran (54 units of single storey semi-detached houses), Embun (24 units of double storey semi-detached houses), Bayu (74 units of double storey semi-detached houses), Senja (34 units of double storey link houses), Suria 1 (132 units of double storey link houses) and Suria 2 (7 units of double storey link houses).
- (3) Precinct 2 of KotaSAS comprises Fajar 1 (87 units of single storey link houses), Fajar 2 (94 units of single storey link houses), Bintang (36 units of single storey super-link houses), Cahaya (70 units of single storey link houses), Pancaran (16 units of single storey semi-detached houses) and Senja 2 (16 units of double storey link houses).
- (4) Precinct 3 of KotaSAS comprises Ceria (68 units of double storey link houses), Pancaran (40 units of single storey semi-detached houses), Rembulan (94 units of double storey link houses), Ceria 2 (45 units of double storey link houses), Pancaran 2 (16 units of double storey semi-detached houses) and Sinaran 2 (18 units of 2.5 storey semi-detached houses).
- (5) Lakeside 1 comprises Ceria 2 (105 units of double storey link houses), Pancaran 2 (22 units of double storey semi-detached houses) and Sinaran 2 (22 units of 2.5 storey semi-detached houses).
- (6) The construction materials traded by our Group are mainly ready mixed concrete, cement, steel bars, clay bricks, sand bricks, sand and other materials, which we generally sell to our contractors.
- (7) The construction services provided by our Group are mainly earthworks and roadworks in the KotaSAS Township.
- (8) We recorded a loss of RM1,592,497 in respect of Precinct 1 for the year ended 31 December 2013 because of amortisation of cost of Precinct 1 that was recognised in the year under review.

We conducted our business primarily in the state of Pahang and therefore we do not have segmental gross profit and gross profit margin analysis by markets/geographical location.

Our gross profit decreased by 12.11% to RM91,836,848 for the year ended 31 December 2013 compared to RM104,489,752 for the year ended 31 December 2012 as a result of factors discussed under revenue and cost of sales. Our gross profit margin decreased to 37.72% for the year ended 31 December 2013 from 50.32% for the year ended 31 December 2012. The decrease in gross profit and gross profit margin in the year ended 31 December 2013 was primarily caused by our plantation business.

Revenue from the sales of FFB is generally affected by the price of CPO. Therefore, revenue from the sales of FFB would trend downwards given the lower average CPO price of RM2,376 per mt recorded for the year ended 31 December 2013 compared to RM2,777 per mt for the year ended 31 December 2012. However, certain costs of FFB production such as upkeep and cultivation expenses and estate general charges are mainly fixed in nature, irrespective of volume of FFB produced. The volume of FFB produced for the two years ended 31 December 2012 and 31 December 2013 had been fairly consistent, at 229,890 mt and 232,605 mt, respectively. Thus, the variable costs of FFB production such as harvesting expenses had not varied much as well. This was demonstrated by insignificant movements to our Group's cost of sales of FFB produced of RM50.96 million and

12. FINANCIAL INFORMATION (Cont'd)

RM52.96 million recorded in the two years ended 31 December 2012 to 31 December 2013, respectively. In view of the above, the decrease in the gross profit and gross profit margin from the sales of FFB contributed to the drop in the overall gross profit and gross profit margin of our plantation business.

Further, the larger percentage increase of 1,610.12% in the cost of sales attributable to the production of CPO and PK compared to the 949.91% increase in the revenue contribution from our sales of CPO and PK for the year ended 31 December 2013, had also contributed to the decrease in the overall gross profit margin of our plantation business. As explained under Section 12.2.5(ii) of this Prospectus, the significant increase in the cost of sales for the production of CPO and PK in year ended 31 December 2013 was due to recognition of the full year cost of sales incurred as well as the higher intake of FFB processed in our palm oil mill that was sourced from third party plantation owners and traders, compared to the year ended 31 December 2012. Moreover, economies of scale is a critical success factor in the production of CPO and PK as it enables us to reduce the fixed production costs per mt of CPO and PK that follow from processing a large volume of FFB. Taking into consideration the advantages of economies of scale, we have earmarked approximately RM5.00 million from the proceeds raised from the Public Issue for the planned expansion of our palm oil mill capacity from the current 30 tph to 45 tph within two years from Listing.

Premised on the above, despite the 24.48% increase in our revenue contribution from our plantation business for the year ended 31 December 2013 as a result of factors discussed under revenue, the said increase was unable to cushion the 46.99% increase in cost of sales of our plantation business for the year ended 31 December 2013. Our gross profit for our plantation business decreased by 15.80% to RM76,048,660 for the year ended 31 December 2013 from RM90,324,264 for the year ended 31 December 2012. Our gross profit margin for our plantation business also decreased to 42.36% for the year ended 31 December 2013 compared to 62.63% for the year ended 31 December 2012.

Our gross profit for our property development business increased by 11.46% to RM15,788,188 for the year ended 31 December 2013 from RM14,165,488 for the year ended 31 December 2012. Our gross profit margin for our property development business also increased to 24.68% for the year ended 31 December 2013 from 22.33% for the year ended 31 December 2012.

(iv) Other income

Our other income decreased by 66.96% to RM1,817,143 for the year ended 31 December 2013 from RM5,499,214 for the ended 31 December 2012. The other income in the year ended 31 December 2012 comprised mainly the one-off compensation received in respect of the compulsory land acquisition from the Government in the year ended 31 December 2012 amounting to RM3,668,526, which was recognised in the year ended 31 December 2012. There was no similar transaction in the year ended 31 December 2013.

12. FINANCIAL INFORMATION (Cont'd)

(v) Other expenses

The breakdown of our other expenses for the years ended 31 December 2012 and 31 December 2013 is set out in the table below.

	Audited			
	For the year ended 31 December			
	2012		2013	
	RM	%	RM	%
Estate general expenses	2,699,646	11.93	2,185,372	7.99
Employee benefits expenses	9,014,572	39.84	10,184,555	37.22
Depreciation	2,967,969	13.12	3,365,346	12.30
Selling and distribution expenses	687,200	3.04	1,392,355	5.09
Miscellaneous expenses	7,256,774	32.07	10,236,655	37.40
Total	22,626,161	100.00	27,364,283	100.00

Our other expenses increased by 20.94% to RM27,364,283 for the year ended 31 December 2013 from RM22,626,161 for the year ended 31 December 2012 primarily due to increase in employee benefits expenses due to the yearly increment of salaries paid to our employees and higher selling and distribution expenses. The increase in the selling and distribution expenses was mainly due to the increase in the expenses incurred by SJ Palm Oil Mill in the year ended 31 December 2013 such as the cost of transportation and despatch of CPO and PK. Increase in the miscellaneous expenses was mainly arising from the increase of our Directors' emoluments, zakat contribution and other administrative expenses such as professional fees incurred in relation to this IPO exercise.

(vi) Finance cost

Our finance cost increased by 6.81% to RM4,607,855 for the year ended 31 December 2013 from RM4,313,963 for the year ended 31 December 2012 primarily due to the drawdown of an aggregate RM9.00 million in borrowings for the development of Ladang Alur Seri and the working capital of our palm oil mill.

(vii) Profit before tax

Our profit before tax decreased by 25.73% to RM61,681,853 for the year ended 31 December 2013 from RM83,048,842 for the year ended 31 December 2012 as a result of factors mentioned above. Our profit before tax margin decreased to 25.33% for the year ended 31 December 2013 from 39.99% for the year ended 31 December 2012.

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12. FINANCIAL INFORMATION (Cont'd)

(viii) Income tax expense

The effective tax rate in the year ended 31 December 2013 of 27.55% was higher than the statutory tax rate of 25% primarily due to the non-deductible expenses for tax purposes and under provision of deferred tax in respect of prior years, after adjusting for deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances. The effective tax rate in the year ended 31 December 2012 was 20.87%, which was significantly lower than the statutory tax rate of 25% primarily due to reversal for provision of deferred taxation in respect of previous years amounting to RM5,815,180 that we made in the year ended 31 December 2012. Notwithstanding the higher effective tax rate for the year ended 31 December 2013, due to a lower profit before tax that we recorded for the year ended 31 December 2013, our income tax expense decreased by 1.99% to RM16,990,850 for the year ended 31 December 2013 from RM17,335,139 for the year ended 31 December 2012.

(ix) Profit net of tax

Principally as a result of the foregoing factors, our profit net of tax for the year ended 31 December 2013 decreased by 31.99% to RM44,691,003 from RM65,713,703 for year ended 31 December 2012. Our profit net of tax margin decreased to 18.35% for the year ended 31 December 2013 from 31.65% for the year ended 31 December 2012.

(x) Profit for the year excluding non-recurring income

There was a one-off compensation received in respect of the compulsory land acquisition from the Government in the year ended 31 December 2012 amounting to RM3,668,526. After excluding the said non-recurring items, our profit from recurring income for the year ended 31 December 2013 decreased by 27.97% to RM44,691,003 from RM62,045,177 for year ended 31 December 2012. Our profit from recurring income net of tax excluding non-recurring income margin decreased to 18.35% for the year ended 31 December 2013 from 29.88% for the year ended 31 December 2012.

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12. FINANCIAL INFORMATION (Cont'd)

12.2.6 Year ended 31 December 2011 compared to year ended 31 December 2012

The following table presents selected statements of comprehensive income data, the percentage such amounts represent of total revenue and their percentage change for the years indicated.

	Audited				
	For the year ended 31 December				
	2011	% of revenue	2012	% of revenue	% change
	RM		RM		
Revenue	282,423,731	100.00	207,656,541	100.00	(26.47)
Cost of sales	<u>(136,093,782)</u>	<u>(48.19)</u>	<u>(103,166,789)</u>	<u>(49.68)</u>	(24.19)
Gross profit	146,329,949	51.81	104,489,752	50.32	(28.59)
Other operating income	2,455,211	0.87	5,499,214	2.65	123.98
Other expenses	<u>(30,845,163)</u>	<u>(10.92)</u>	<u>(22,626,161)</u>	<u>(10.90)</u>	(26.65)
Profit from operations before tax	117,939,997	41.76	87,362,805	42.07	(25.93)
Finance cost	<u>(5,972,741)</u>	<u>(2.11)</u>	<u>(4,313,963)</u>	<u>(2.08)</u>	(27.77)
Profit before tax	111,967,256	39.65	83,048,842	39.99	(25.83)
Income tax expense	<u>(26,588,590)</u>	<u>(9.42)</u>	<u>(17,335,139)</u>	<u>(8.34)</u>	(34.80)
Profit for the year net of tax	<u>85,378,666</u>	<u>30.23</u>	<u>65,713,703</u>	<u>31.65</u>	(23.03)
Non-recurring income – Gain on disposal of property, plant and equipment	(999)	*	(3,668,526)	(1.77)	100.00
Profit for the year excluding non- recurring income⁽¹⁾	<u>85,377,667</u>	<u>30.23</u>	<u>62,045,177</u>	<u>29.88</u>	(27.33)

Notes:

* Negligible.

- (1) Our profit for the year excluding non-recurring income presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with FRS and should not be considered as an alternative to profit after tax, operating income, or any other performance measures derived in accordance with FRS or as an alternative to our cash flows or as a measure of our liquidity. In addition, profit for the year excluding non-recurring income is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate profit for the year excluding non-recurring income differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of profit for the year excluding non-recurring income facilitates comparison operating performance based on income from recurring activities, from period to period and from company to company.

12. FINANCIAL INFORMATION (Cont'd)

(i) Revenue

The following table sets forth our revenue analysis by products in absolute amounts and in percentage for the years indicated.

	Audited			
	For the year ended 31 December			
	2011		2012	
	RM	%	RM	%
Products				
Plantation				
- FFB	183,453,940	64.96	138,674,156	66.78
- CPO	-	-	4,602,626	2.22
- PK	-	-	646,410	0.31
- Compost/ others ⁽¹⁾			287,267	0.14
	<u>183,453,940</u>	<u>64.96</u>	<u>144,210,459</u>	<u>69.45</u>
Property development				
- Precinct 1 ⁽²⁾	72,653,576	25.72	16,846,527	8.11
- Precinct 2 ⁽³⁾	3,612,486	1.28	31,152,566	15.00
- Precinct 3 ⁽⁴⁾	-	-	60,291	0.03
- Trading construction materials ⁽⁵⁾	17,667,156	6.26	6,381,064	3.07
- Construction services ⁽⁶⁾	5,036,573	1.78	9,005,634	4.34
	<u>98,969,791</u>	<u>35.04</u>	<u>63,446,082</u>	<u>30.55</u>
Total	<u>282,423,731</u>	<u>100.00</u>	<u>207,656,541</u>	<u>100.00</u>

Notes:

- (1) "Others" includes EFB. It also includes sludge oil in the year ended 31 December 2012. There was no production of sludge oil by our Group prior to that.
- (2) Precinct 1 of KotaSAS comprises Sinaran (54 units of single storey semi-detached houses), Embun (24 units of double storey semi-detached houses), Bayu (74 units of double storey semi-detached houses), Senja (34 units of double storey link houses), Suria 1 (132 units of double storey link houses) and Suria 2 (7 units of double storey link houses).
- (3) Precinct 2 of KotaSAS comprises Fajar 1 (87 units of single storey link houses), Fajar 2 (94 units of single storey link houses), Bintang (36 units of single storey super-link houses), Cahaya (70 units of single storey link houses), Pancaran (16 units of single storey semi-detached houses) and Senja 2 (16 units of double storey link houses).
- (4) Precinct 3 of KotaSAS comprises Ceria (68 units of double storey link houses), Pancaran (40 units of single storey semi-detached houses), Rembulan (94 units of double storey link houses), Ceria 2 (45 units of double storey link houses), Pancaran 2 (16 units of double storey semi-detached houses) and Sinaran 2 (18 units of 2.5 storey semi-detached houses).
- (5) The construction materials traded by our Group are mainly ready mixed concrete, cement, steel bars, clay bricks, sand bricks, sand and other materials, which we generally sell to our contractors.
- (6) The construction services provided by our Group are mainly earthworks and roadworks in the KotaSAS Township. We also provided construction services relating to the construction of Poliklinik Kg Kurnia in Kuantan, which was completed in the year ended 31 December 2011.

12. FINANCIAL INFORMATION (Cont'd)

Our revenue decreased by 26.47% to RM207,656,541 for the year ended 31 December 2012 from RM282,423,731 for the year ended 31 December 2011 primarily due to decrease in revenue contribution from our plantation and property development businesses for the year ended 31 December 2012 compared to the year ended 31 December 2011.

The following table sets forth some of the statistics of our plantation business:

	Audited	
	For the year ended 31 December	
	2011	2012
Average CPO selling price (RM/mt)	3,230	2,777
Average FFB selling price (RM/mt)	764	603
FFB production (mt)	240,184	229,890
Our FFB yield per ha (mt/ha)	23.76	22.07

Our plantation business was our main revenue generator for the years ended 31 December 2011 and 31 December 2012. However, our revenue for the plantation business decreased by 21.39% to RM144,210,459 for the year ended 31 December 2012 compared to RM183,453,940 for the year ended 31 December 2011 primarily as a result of a 21.07% decrease in the average FFB selling price in the year ended 31 December 2012, which decreased along with the lower CPO price during that year. As depicted in the table above, the average CPO selling price for the year ended 31 December 2012 was RM2,777 per mt compared to RM3,230 per mt for the year ended 31 December 2011. Our Group also recorded a lower FFB yield per ha during the year ended 31 December 2012 amounting to 22.07 mt/ha which translated into 229,890 mt of FFB in total compared to 23.76 mt/ha which translated into 240,184 mt of FFB in total for the year ended 31 December 2011.

Our revenue for the property development business decreased by 35.89% to RM63,446,082 for the year ended 31 December 2012 compared to RM98,969,791 for the year ended 31 December 2011 primarily because of the recognition of sales in respect of the more higher priced property products, which are mainly located in Precinct 1 of our KotaSAS Township, which our Group sold in the year ended 31 December 2011 compared to the year ended 31 December 2012 during which we sold more lower priced property products under Precinct 2.

(ii) Cost of sales

The following table sets forth our cost of sales analysis by products in absolute amounts and in percentage for the years indicated:

Products	Audited			
	For the year ended 31 December			
	2011		2012	
	RM	%	RM	%
<u>Plantation</u>				
- FFB	55,576,765	40.84	50,963,335	49.40
- CPO	-	-	1,898,447	1.84
- PK	-	-	987,212	0.96
- Compost/				
Others ⁽¹⁾	-	-	37,201	0.04
	<u>55,576,765</u>	<u>40.84</u>	<u>53,886,195</u>	<u>52.24</u>

12. FINANCIAL INFORMATION (Cont'd)

	Audited			
	For the year ended 31 December			
	2011		2012	
<u>Property development</u>				
- Precinct 1 ⁽²⁾	54,477,051	40.03	14,149,477	13.72
- Precinct 2 ⁽³⁾	3,176,052	2.33	20,455,475	19.83
- Precinct 3 ⁽⁴⁾	-	-	45,872	0.04
- Trading construction materials ⁽⁵⁾	16,557,815	12.17	5,846,986	5.66
- Construction services ⁽⁶⁾	6,306,099	4.63	8,782,784	8.51
	<u>80,517,017</u>	<u>59.16</u>	<u>49,280,594</u>	<u>47.76</u>
Total	<u>136,093,782</u>	<u>100.00</u>	<u>103,166,789</u>	<u>100.00</u>

Notes:

- (1) "Others" includes EFB. It also includes sludge oil in the year ended 31 December 2012. There was no production of sludge oil by our Group prior to that.
- (2) Precinct 1 of KotaSAS comprises Sinaran (54 units of single storey semi-detached houses), Embun (24 units of double storey semi-detached houses), Bayu (74 units of double storey semi-detached houses), Senja (34 units of double storey link houses), Suria 1 (132 units of double storey link houses) and Suria 2 (7 units of double storey link houses).
- (3) Precinct 2 of KotaSAS comprises Fajar 1 (87 units of single storey link houses), Fajar 2 (94 units of single storey link houses), Bintang (36 units of single storey super-link houses), Cahaya (70 units of single storey link houses), Pancaran (16 units of single storey semi-detached houses) and Senja 2 (16 units of double storey link houses).
- (4) Precinct 3 of KotaSAS comprises Ceria (68 units of double storey link houses), Pancaran (40 units of single storey semi-detached houses) and Rembulan (94 units of double storey link houses), Ceria 2 (45 units of double storey link houses), Pancaran 2 (16 units of double storey semi-detached houses) and Sinaran 2 (18 units of 2.5 storey semi-detached houses).
- (5) The construction materials traded by our Group are mainly ready mixed concrete, cement, steel bars, clay bricks, sand bricks, sand and other materials, which we generally sell to our contractors.
- (6) The construction services provided by our Group are mainly earthworks and roadworks in the KotaSAS Township. We also provided construction services relating to the construction of Poliklinik Kg Kurnia in Kuantan, which was completed in the year ended 31 December 2011.

Our cost of sales decreased by 24.19% to RM103,166,789 for the year ended 31 December 2012 compared to RM136,093,782 for the year ended 31 December 2011 primarily as a result of lower cost of sales in respect of our property development business for the year ended 31 December 2012, which is mainly due to the fact that we incurred lower construction costs for the development of lower priced property products.

The cost of sales for our plantation business decreased by 3.04% in the year ended 31 December 2012 to RM53,886,195 from RM55,576,765 for the year ended 31 December 2011.

12. FINANCIAL INFORMATION (Cont'd)

The cost of sales for our property development business decreased by 38.79% in the year ended 31 December 2012 to RM49,280,594 from RM80,517,017 for the year ended 31 December 2011 mainly because we incurred higher cost for the development of the higher priced property products in Precinct 1 of our KotaSAS Township in the year ended 31 December 2011 compared to the year ended 31 December 2012 during which we incurred lower cost for the development of the lower priced property products.

(iii) Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin analysis by business segments and companies in absolute terms and in percentage for the years indicated:

	Audited			
	For the year ended 31 December			
	2011		2012	
	RM	%	RM	%
Business segments /Companies⁽¹⁾				
Gross profit:				
Plantation				
Tanah Makmur	118,049,286	80.67	83,290,366	79.71
Alur Cemerlang	-	-	(588,107) ⁽²⁾	(0.56)
Alur Gemilang	9,827,889	6.72	5,140,193	4.92
Alur Seri	-	-	(131,631)	(0.13)
SJ Palm Oil Mill	-	-	2,605,102	2.49
Alur Lestari	-	-	8,341	0.01
	<u>127,877,175</u>	<u>87.39</u>	<u>90,324,264</u>	<u>86.44</u>
Property development				
KotaSAS	9,148,796	6.25	5,897,988	5.64
Kurnia Setia Trading	1,109,341	0.76	534,078	0.51
Kurnia Setia Engineering	351,358	0.24	222,849	0.22
KotaSAS OMNI	7,843,279	5.36	7,510,573	7.19
	<u>18,452,774</u>	<u>12.61</u>	<u>14,165,488</u>	<u>13.56</u>
Total	<u>146,329,949</u>	<u>100.00</u>	<u>104,489,752</u>	<u>100.00</u>
Gross profit margin:				
Plantation		69.71		62.63
Tanah Makmur		70.08		65.91
Alur Cemerlang		-		(16.33) ⁽²⁾
Alur Gemilang		65.52		59.13
Alur Seri		-(3)		-(3)
SJ Palm Oil Mill		-		47.45
Alur Lestari		-		18.31
Property development		18.64		22.33
KotaSAS		100.00		99.23
Kurnia Setia Trading		6.28		8.37
Kurnia Setia Engineering		5.28		2.47
KotaSAS OMNI		11.98		17.83

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) We have excluded Kurnia Setia, Kreatif Selaras Land, Kreatif Selaras Mining, Kreatif Sinar Gabungan and Tanah Makmur KotaSAS from the above table because there was no gross profit contributed by any of these companies for the years under review.
- (2) Alur Cemerlang achieved a negative 16.33% gross profit margin against the loss of RM588,107 that it recorded for the year ended 31 December 2012. During this year, one-third of oil palms in Ladang Sri Telang managed by Alur Cemerlang was aged four years old (first year harvesting), during which they produced low FFB yield. Typically, oil palms aged four to five years old will produce lower FFB yield compared to oil palms in the nine to 18 years old category. Additionally, there were also recurring attacks of wild boars in Ladang Sri Telang in the year under review which destroyed immature oil palms, which required replacing of the affected oil palms.
- (3) Alur Seri recorded a gross loss of RM131,630 for the year ended 31 December 2012 primarily due to depreciation cost. There was no revenue generated by Alur Seri for the years under review.

The following table sets forth our gross profit and gross profit margin analysis by products in absolute terms and in percentage for the years indicated:

	Audited			
	For the year ended 31 December			
	2011		2012	
	RM	%	RM	%
Products				
Gross profit:				
Plantation				
- FFB	127,877,175	87.39	87,710,821	83.94
- CPO	-	-	2,704,179	2.59
- PK	-	-	(340,802)	(0.33)
- Compost/others ⁽¹⁾	-	-	250,066	0.24
	<u>127,877,175</u>	<u>87.39</u>	<u>90,324,265</u>	<u>86.44</u>
Property development				
- Precinct 1 ⁽²⁾	18,176,525	12.42	2,697,050	2.58
- Precinct 2 ⁽³⁾	436,434	0.30	10,697,092	10.24
- Precinct 3 ⁽⁴⁾	-	-	14,419	0.01
- Trading construction materials ⁽⁵⁾	1,109,341	0.76	534,078	0.51
- Construction services ⁽⁶⁾	<u>(1,269,526)</u>	<u>(0.87)</u>	<u>222,849</u>	<u>0.22</u>
	<u>18,452,774</u>	<u>12.61</u>	<u>14,165,488</u>	<u>13.56</u>
Total	<u>146,329,949</u>	<u>100.00</u>	<u>104,489,752</u>	<u>100.00</u>
Gross profit margin:				
Plantation				
- FFB		69.71		62.63
- CPO		69.71		63.25
- CPO		-		58.75
- PK		-		(52.72)
- Compost/ other ⁽¹⁾		-		87.05
Property development				
- Precinct 1 ⁽²⁾		18.64		22.33
- Precinct 1 ⁽²⁾		25.02		16.01
- Precinct 2 ⁽³⁾		12.08		34.34
- Precinct 3 ⁽⁴⁾		-		23.92
- Trading construction materials ⁽⁵⁾		6.28		8.37
- Construction services ⁽⁶⁾		(25.21)		2.47

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) "Others" includes EFB. It also includes sludge oil in the year ended 31 December 2012. There was no production of sludge oil by our Group prior to that.
- (2) Precinct 1 of KotaSAS comprises Sinaran (54 units of single storey semi-detached houses), Embun (24 units of double storey semi-detached houses), Bayu (74 units of double storey semi-detached houses), Senja (34 units of double storey link houses), Suria 1 (132 units of double storey link houses) and Suria 2 (7 units of double storey link houses).
- (3) Precinct 2 of KotaSAS comprises Fajar 1 (87 units of single storey link houses), Fajar 2 (94 units of single storey link houses), Bintang (36 units of single storey super-link houses), Cahaya (70 units of single storey link houses), Pancaran (16 units of single storey semi-detached houses) and Senja 2 (16 units of double storey link houses).
- (4) Precinct 3 of KotaSAS comprises Ceria (68 units of double storey link houses), Pancaran (40 units of single storey semi-detached houses), Rembulan (94 units of double storey link houses), Ceria 2 (45 units of double storey link houses), Pancaran 2 (16 units of double storey semi-detached houses) and Sinaran 2 (18 units of 2.5 storey semi-detached houses).
- (5) The construction materials traded by our Group are mainly ready mixed concrete, cement, steel bars, clay bricks, sand bricks, sand and other materials, which we generally sell to our contractors.
- (6) The construction services provided by our Group are mainly earthworks and roadworks in the KotaSAS Township. We also provided construction services relating to the construction of Poliklinik Kg Kurnia in Kuantan, which was completed in the year ended 31 December 2011.

We conducted our business primarily in the state of Pahang and therefore we do not have segmental gross profit and gross profit margin analysis by markets/geographical location.

Our gross profit decreased by 28.59% to RM104,489,752 for the year ended 31 December 2012 compared to RM146,329,949 for the year ended 31 December 2011 as a result of factors discussed under revenue and cost of sales. Our gross profit margin decreased to 50.32% for the year ended 31 December 2012 from 51.81% for the year ended 31 December 2011.

Revenue from the sales of FFB is generally affected by the price of CPO. Therefore, revenue from the sales of FFB would trend downwards given the lower average CPO price of RM2,777 per mt recorded for the year ended 31 December 2012 compared to RM3,230 per mt for the year ended 31 December 2011. Although the cost of sales of FFB produced had decreased from RM55.58 million for the year ended 31 December 2011 to RM50.96 million for the year ended 31 December 2012 as a result of a reduction in volume of FFB produced and higher closing stock, the percentage of decrease in the cost of sales of FFB produced was much smaller than the percentage of decrease in revenue from sales of FFB.

In view of the above, our gross profit for our plantation business decreased by 29.37% to RM90,324,264 for the year ended 31 December 2012 from RM127,877,175 for the year ended 31 December 2011. Our gross profit margin for our plantation business also decreased to 62.63% for the year ended 31 December 2012 compared to 69.71% for the year ended 31 December 2011.

12. FINANCIAL INFORMATION (Cont'd)

Our gross profit for our property development business decreased by 23.23% to RM14,165,488 for the year ended 31 December 2012 from RM18,452,775 for the year ended 31 December 2011. However, our gross profit margin for our property development business increased to 22.33% for the year ended 31 December 2012 from 18.64% for the year ended 31 December 2011. Although we launched Precinct 1 in the year ended 31 December 2010, the bulk of sales revenues from Precinct 1 was recognised in the year ended 31 December 2011. The launch of Precinct 1 of our KotaSAS Township signifies our first foray into the property market. We priced the properties in Precinct 1 lower compared to what we would have priced them if we were an established property developer with a proven track record in the market, resulting in low gross profit margin for our property development business in the year ended 31 December 2011.

(iv) Other income

Our other income increased by 123.98% to RM5,499,214 for the year ended 31 December 2012 from RM2,455,211 for the year ended 31 December 2011 primarily due to gain on disposal of property, plant and equipment by our Group for the amount of RM3,668,526. This amount mainly comprises the compensation that we received following the compulsory acquisition by the Government of Malaysia of certain identified areas of our Ladang Empang Jaleh for the purpose of highway construction, that we recognised in the year ended 31 December 2012 and accounted for 66.71% of our total other income for the year ended 31 December 2012.

(v) Other expenses

The breakdown of our other expenses for the years ended 31 December 2012 and 31 December 2013 is set out in the table below.

	Audited			
	For the year ended 31 December			
	2011		2012	
	RM	%	RM	%
Estate general expenses	3,032,091	9.83	2,699,646	11.93
Employee benefits expenses	8,734,265	28.32	9,014,572	39.84
Depreciation	1,924,699	6.24	2,967,969	13.12
Selling and distribution expenses	-	-	687,200	3.04
Miscellaneous expenses	17,154,108	55.61	7,256,774	32.07
Total	30,845,163	100.00	22,626,161	100.00

Our other expenses decreased by 26.65% to RM22,626,161 for the year ended 31 December 2012 from RM30,845,163 for the year ended 31 December 2011 primarily due to impairment of goodwill of RM8,869,858 arising from the acquisition of the property development companies from Kurnia Setia in the year 2010. As per our assessment of goodwill in 2011 taking into consideration the temporary dip in demand of properties in Kuantan as a consequence of the controversy surrounding the rare earth processing plant known as Lynas Advanced Materials Plant (LAMP) which has been set up in Kuantan, we decided to impair the goodwill in full.

12. FINANCIAL INFORMATION (Cont'd)

(vi) Finance cost

Our finance cost decreased by 27.77% to RM4,313,963 for the year ended 31 December 2012 from RM5,972,741 for the year ended 31 December 2011 primarily due to payment that we made in the year 2011 in respect of our banking facilities granted by CIMB Bank Berhad.

(vii) Profit before tax

Our profit before tax decreased by 25.83% to RM83,048,842 for the year ended 31 December 2012 from RM111,967,256 for the year ended 31 December 2011 primarily due to higher revenue that our Group recognised for the year ended 31 December 2011 which was contributed mainly by our plantation business. Our profit before tax margin increased to 39.99% for the year ended 31 December 2012 from 39.65% for the year ended 31 December 2011.

(viii) Income tax expense

The effective tax rate in the year ended 31 December 2012 of 20.87% was lower than the statutory tax rate of 25% primarily due to the reversal for provision of deferred taxation in respect of previous years amounting to RM5,815,180 that we made in the year 2012. The effective tax rate in the year ended 31 December 2011 of 23.75% was higher than the statutory tax rate of 20% primarily due to the reversal for provision of deferred taxation in respect of previous years amounting to RM3,906,081 that we made in the year 2011. Our income tax expense decreased by 34.80% to RM17,335,139 for the year ended 31 December 2012 from RM26,588,590 for the year ended 31 December 2011 primarily due to the decrease in our profit before income tax for the year ended 31 December 2012 from RM111,967,256 for the year ended 31 December 2011 to RM83,048,842 for the year ended 31 December 2011.

(ix) Profit net of tax

Principally as a result of the foregoing factors, our profit net of tax for the year ended 31 December 2012 decreased by 23.03% to RM65,713,703 from RM85,378,666 for the year ended 31 December 2011. Our profit net of tax margin increased to 31.65% for the year ended 31 December 2012 from 30.23% for the year ended 31 December 2011.

(x) Profit for the year excluding non-recurring income

There was an insignificant amount of gain on disposal of property, plant and equipment of RM999 in the year ended 31 December 2011 and a one-off compensation received in respect of the compulsory land acquisition from the Government in the year ended 31 December 2012 amounting to RM3,668,526. After excluding the said non-recurring items, our profit from recurring income for the year ended 31 December 2012 decreased by 27.33% to RM62,045,177 from RM85,377,667 for year ended 31 December 2011. Our profit from recurring income net of tax excluding non-recurring income margin decreased to 29.88% for the year ended 31 December 2012 from 30.23% for the year ended 31 December 2011.

12. FINANCIAL INFORMATION (Cont'd)

12.3 Liquidity and capital resources

12.3.1 Working capital

For the years under review, we financed the growth of our businesses from cash generated from our operations, credit from suppliers as well as bank borrowings. Our net current assets comprise mainly inventories, trade and other receivables and cash and cash equivalents. The principal use of these funds are for the purchases of raw materials and financing operating activities, capital expenditure, repayment of loans and payment of salaries.

As at 31 December 2013, our Group had cash and cash equivalents of RM44,080,757 (including an amount of RM1,589,950 held under Housing Development Account, an account opened and maintained by a licensed housing developer with a bank or finance company for each housing development undertaken by the licensed housing development, pursuant to section 7A of the HDA and total borrowings of RM56,861,655). Our Group's debt to equity ratio as at 31 December 2013 was 0.18 times and current ratio of 3.16 times. Monies held under the abovementioned Housing Development Account may be withdrawn for certain purposes such as payment of premiums, outgoings and expenses in respect of land on which the housing development is carried out, consultants' fees, cost of carrying out development and building works, applications for utilities supply, payment for land/capital cost and financing costs and administrative expenses under section 7 of the Housing Development (Housing Development Account) Regulations 1991.

Taking into account our funding requirements for our committed capital expenditure, expected funds to be generated from cash flows from operations, as well as our existing level of cash and cash equivalents and credit sources, our Board believes that we will have adequate working capital for at least 12 months from the date of this Prospectus.

12.3.2 Cash flows

We set out below a summary of our consolidated statement of cash flows for the year ended 31 December 2013.

	Audited
	For the year ended 31 December 2013
Net cash from operating activities	49,742,438
Net cash used in investing activities	(25,020,790)
Net cash used in financing activities	(46,776,069)
Net decrease in cash and cash equivalents	(22,054,421)
Cash and cash equivalents at 1 January 2013	66,135,178
Cash and cash equivalents at 31 December 2013	<u>44,080,757</u>

We need cash primarily to fund our working capital needs, expansion, capital expenditure and service our indebtedness. Our ability to expand our business operations has been largely dependent upon, and will continue to depend upon, our ability to finance these activities through cash from operations and bank borrowings. We may also rely on issuance of equity or debt securities to generate cash. We believe that existing cash and cash equivalent balances and credit lines, together with existing bank borrowings and the proceeds of this IPO will be sufficient to fund our anticipated working capital and capital expenditure requirements for 2014 and for a period of 12 months from the date of this Prospectus. However, if adequate funds are not available on satisfactory terms or at all, we may be required to delay our business plans. As at 31 December 2013, our cash and cash equivalents amounted to RM44,080,757.

12. FINANCIAL INFORMATION (Cont'd)

Net cash generated from operating activities

For the year ended 31 December 2013, our total cash flows from operations amounted to RM65,963,757 after taking into account RM240,487,401 being the total amount received from our customers and RM174,523,644 being the total amount paid to our suppliers and employees. Out of the total amount of RM240,487,401 received from our customers, RM93,414,910 was from the sales of FFB, RM58,247,886 was from property development business, and RM88,824,605 was mainly from sales of CPO, PK and compost fertiliser. Out of the total amount of RM174,523,644 paid to our suppliers and employees, RM118,318,320 was in relation to our plantation business and RM56,205,324 was in relation to property development costs for the KotaSAS Township. After deducting RM16,438,269 being the income taxes paid by our Group and RM216,950 being the income taxes refund received by our Group during that year, our net cash flows from operating activities for the year ended 31 December 2013 was RM49,742,438.

Net cash used in investing activities

Net cash used in investing activities for the year ended 31 December 2013 was RM25,020,790 due to the purchase of property, plant and equipment (mainly acquisition of plantation land, construction of staff quarters and purchase of equipment, machineries and vehicles), and purchase of biological assets (mainly the expenditure for new planting and replanting for certain of our plantation lands) amounting to RM13,900,724 and RM12,327,429 respectively. We purchased biological assets as part of our plantation development expenditure. We also purchased livestock during the year under review for RM202,741. These were offset by the proceeds from sale of livestocks, profits on investment in Islamic funds and interest received amounting to RM262,873, RM680,621 and RM466,610 respectively.

Net cash used in financing activities

Net cash used in financing activities for the year ended 31 December 2013 was RM46,776,069, consisting of RM495,587 for the repayment of obligations under finance leases, RM22,845,396 for the repayment of term loans, RM25,951,469 for the dividends paid to the equity holders of our Company, RM3,119,460 for cost of financing paid, RM983,612 for the dividends paid to the non-controlling interests and RM3,500,243 for the repayment of redeemable preference shares. These were offset by the proceeds from issuance of ordinary shares by certain of our Subsidiaries to non-controlling interests amounting to RM943,500 and drawdown of term loans amounting to RM9,176,198.

Save and except for the restrictive covenants under loan documentation entered into by our Group, our Directors are of the opinion that 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, loans or advances and we can reasonably meet our cash obligations.

12. FINANCIAL INFORMATION (Cont'd)

12.3.3 Borrowings and indebtedness

As at the LPD, the total loans and borrowings of our Group in the form of hire purchases, Al-Bai Bithaman Ajil ("BBA") term financing, term loan and Article 2A RPS amounted to approximately RM55,099,570.

Our Group's total loans and borrowings as at 31 December 2013 are set out in the table below:

	As at 31 December 2013 RM
Current loans and borrowings	
Secured:	
Obligations under finance leases	387,023
Term loan as Base Finance Rate ("BFR")+1.75% per annum	140,254
Term loan at BLR+1.25% per annum	5,851,909
BBA term financing – i(1) at BFR+1% per annum	1,779,254
BBA term financing – i(2) at BFR+1% per annum	158,568
BBA term financing – i(3) at BFR+1% per annum	589,200
Non secured:	
Article 2A RPS	3,500,243
	<u>12,406,451</u>
Non-current loans and borrowings	
Secured:	
Obligations under finance leases	653,647
Term loan as BFR+1.75% per annum	9,786,142
Term loan at BLR+1.25% per annum	14,886,794
BBA term financing – i(1) at BFR+1% per annum	12,585,125
BBA term financing – i(2) at BFR+1% per annum	931,520
BBA term financing – i(3) at BFR+1% per annum	4,167,494
Non secured:	
Article 2A RPS	1,444,482
	<u>44,455,204</u>
Total loans and borrowings	
Secured:	
Obligations under finance leases	1,040,670
Term loan as BFR+1.75% per annum	9,926,396
Term loan at BLR+1.25% per annum	20,738,703
BBA term financing – i(1) at BFR+1% per annum	14,364,379
BBA term financing – i(2) at BFR+1% per annum	1,090,088
BBA term financing – i(3) at BFR+1% per annum	4,756,694
Non secured:	
Article 2A RPS	4,944,725
Total loans and borrowings	<u>56,861,655</u>
Gearing ratio (times) ⁽¹⁾	0.18
Pro forma gearing ratio (times) ⁽²⁾	0.15

Notes:

- (1) The gearing ratio is calculated by dividing total loans and borrowings over total equity.
- (2) The pro forma gearing ratio is calculated by dividing total loans and borrowings as shown on our pro forma consolidated statements of financial position as at 31 December 2013 over total equity after the IPO and utilisation of proceeds.

12. FINANCIAL INFORMATION (Cont'd)

As at the LPD, our Group does not have any borrowings in foreign currency.

As at the LPD, there has been no default on payments of either interest, profit or principal for any of our loans and borrowings throughout the years 2011, 2012 and 2013 up to the LPD.

We are not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans or facilities which can materially affect our financial position and results or business operations, or the investment by holders of our securities.

The maturity profile of our loans and borrowings as at 31 December 2013 was as follows:

Maturity of loans and borrowings	(RM)
Within 1 year	12,406,451
More than 1 year and less than 2 years	12,997,765
More than 2 years and less than 5 years	21,377,448
More than 5 years	10,079,991
	<u>56,861,655⁽¹⁾</u>

Note:

(1) Excluding interest/profit payable.

12.3.4 Capital expenditure and divestment

Historical capital expenditure and divestment

Our capital expenditures for the years ended 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

Business segments	Audited		
	For the years ended 31 December		
	2011	2012	2013
	RM	RM	RM
Plantation⁽¹⁾			
Property, plant and equipment	24,868,423	31,301,989	14,008,835
Biological assets	8,863,707	11,113,232	12,327,429
Sub-total	33,732,130	42,415,221	26,336,264
Property development			
Property, plant and equipment	1,142,327	1,091,186	21,889
Total	<u>34,874,457</u>	<u>43,506,407</u>	<u>26,358,153</u>

Note:

(1) Including the capital expenditure in respect of a 101.17 ha piece of land. Kurnia Setia had in 2006 made an application to the State Government of Pahang through Unit Perancang Ekonomi Negeri, Negeri Pahang ("UPEN") to undertake cattle feedlot and planting of dragon fruit ("Projects") in Paya Puchong, Bera, Pahang. Majlis Mesyuarat Kerajaan Negeri Pahang in its first meeting of 2007 on 10 January 2007 had agreed with such application as evidenced in the letter dated 12 February 2007 issued by UPEN to Kurnia Setia. The agreement was subject to certain conditions, among others, for a lease to be granted to Kurnia Setia over the land, to be divided into 200 acres of land for the cattle feedlot project and another 50 acres of land for the planting of dragon fruit project ("State Land"), for a period of 10 years with an option to renew for another 10 years subject to the development of the Projects. It was intended for the State Land to

12. FINANCIAL INFORMATION (Cont'd)

be alienated to Pahang State Secretary Incorporated ("PSK"), who will then grant such lease to Kurnia Setia.

As at the LPD, the State Land has not been alienated to PSK and therefore, the lease has not been granted to our Group yet. However, following an in-depth study that our Group had undertaken, our Group did not proceed with the implementation of the Projects on the State Land because we had determined that the Projects would not be economically viable. Since 2009, our Group has cultivated the State Land with oil palms and also uses it for the integrated cattle rearing scheme instead.

As at the date of this Prospectus, Kurnia Setia is in the process of regularising and formalising the arrangement with UPEN for the cultivation of oil palm trees on the State Land.

The above capital expenditures were financed by bank borrowings and internally generated funds.

The majority of our capital expenditures have primarily been related to plantation expansion and replanting exercise, and for the construction of our palm oil mill that commenced commercial operation from July 2012.

There have not been any material divestments undertaken by us for the years ended 31 December 2011, 2012 and 2013 up to the LPD.

Planned capital expenditure

Our planned capital expenditures are mainly relating to estate development, expansion of our palm oil mill, expansion of our current land bank and building infrastructure work of the KotaSAS Township.

Estate development

Our planned capital expenditures for the purpose of estate development comprising replanting and new planting programmes for the two years period ending 31 December 2015 is approximately RM61.27 million. We intend to utilise approximately RM28.50 million of the proceeds raised from the IPO to fund our estate development which includes (i) new planting programme in Ladang Ulu Lepar and Ladang Alur Seri; and (ii) the replanting of those plantations where the oil palms have surpassed its old maturity stage, which is 25 years and above, specifically Ladang Charuk Puting, Ladang Sungai Sering and Ladang Empang Jaleh.

Expansion of our palm oil mill

For our immediate expansion of our palm oil mill capacity, we are planning to increase the capacity of our palm oil mill from 30 tph to 45 tph by 2016. The expansion plan is estimated to cost about RM5.00 million, which will be funded through the IPO proceeds.

Expansion of our current land bank

We have identified two parcels of state land with a total land size of approximately 2,600 ha in the districts of Temerloh and Kuantan to be acquired to expand our current plantation land bank. It is estimated that the acquisition of these two plantation land banks will cost approximately RM10.00 million.

12. FINANCIAL INFORMATION (Cont'd)

Building infrastructure work of the KotaSAS Township

We intend to utilise approximately RM13.00 million of the IPO proceeds raised for further main infrastructure work of the KotaSAS Township that includes conducting earthwork, construction of drainage and sewage pipe reticulation, roadworks, installation of street lighting, construction of water pipe reticulation and soft and hard landscaping.

Our actual capital expenditures may vary from projected amounts due to various factors, including changes in market conditions, unplanned cost overruns, our ability to generate sufficient cash flows from operations, our ability to obtain adequate financing for the planned capital expenditures, and the state of local and global economies. In addition, our planned capital expenditures do not include any expenditures for acquisitions of potential companies or businesses that we may evaluate from time to time.

Save for such planned capital expenditures that we expect to fund either entirely or partly with the IPO proceeds as described above, we expect to meet our planned capital expenditure requirements through our cash and cash equivalents on hand, cash generated from future operations and financing activities. Our ability to obtain external financing and to make timely repayments of our debt obligations are subject to various uncertainties, including our future results of operations, financial conditions and cash flows, the condition of local and global economies, the cost of financing and the condition of financial markets and the continuing willingness of banks to provide new loans.

12.3.5 Material commitments

As at the LPD, save as disclosed below, our Directors confirm that there are no material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group:

	<u>As at the LPD</u>
	RM
Material commitments	
Biological assets	24,706,820
Property, plant and equipment	10,323,993
Total	<u>35,030,813</u>

The above commitments will be financed through our internally generated funds and/or bank borrowings.

12.3.6 Contingent liabilities and material litigation

As at the LPD, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial conditions.

12. FINANCIAL INFORMATION (Cont'd)

12.3.7 Key financial ratios

Our key financial ratios as of the dates indicated are as follows:

	As at 31 December 2011	As at 31 December 2012	As at 31 December 2013
Trade receivables (RM) ⁽¹⁾	22,479,585	21,506,163	27,074,323
Trade receivables turnover period (days) ⁽²⁾	29	38	41
Trade payables (RM) ⁽³⁾	5,980,927	10,895,491	14,748,648
Trade payables turnover period (days) ⁽⁴⁾	16	39	36
Inventories (RM) ⁽⁵⁾	2,980,816	10,503,609	12,856,954
Inventories turnover period (days) ⁽⁶⁾	6	21	28
Current ratio ⁽⁷⁾	3.44	2.68	3.16
Borrowings ⁽⁸⁾	88,384,374	72,908,288	56,861,655
Gearing ratio ⁽⁹⁾	0.33	0.24	0.18

Notes:

- (1) Trade receivables reflect the outstanding amount receivable from customers for sale of goods and services, before impairment of trade receivables. Excluded in trade receivables are retention sums on construction contract.
- (2) Trade receivables over revenue multiplied by 365 days.
- (3) Trade payables reflect outstanding amount payable to suppliers and vendors for purchase of goods and services. Excluded in trade payables are retention sums on construction contract.
- (4) Trade payables multiplied by 365 days over total cost of sales.
- (5) Our inventories mainly comprised of consumables, CPO, PK and landscaping plants.
- (6) Average inventory multiplied by 365 days over purchases. Purchases reflect inventory closing balance less inventory opening balance plus cost of sales.
- (7) Current assets divided by current liabilities.
- (8) Borrowings comprise hire purchases, term loans, BBA term financing and Tanah Makmur RPS.
- (9) Total borrowings divided by total equity.

Trade receivables turnover period

Our normal credit period given to our trade debtors generally ranges from 10 to 45 days. Our trade receivables turnover period was 29 days in the year ended 31 December 2011, primarily reflecting shorter collection periods and improved collection of our Group's trade receivables against the increase in our Group's total revenue in the year ended 31 December 2011. The year 2011 was a bumper year for the oil palm-based industry in Malaysia resulting in better cash flows. However, our trade receivables turnover period subsequently normalised to 38 days in the year ended 31 December 2012 primarily reflecting longer collection periods against the decrease in our Group's total revenue in the year ended 31 December 2012 as compared to the year ended 31 December 2011. Our trade receivables turnover period increased to 41 days in the year ended 31 December 2013 compared to 38 days in the year ended 31 December 2012. We believe that adequate allowance has been made for doubtful debts based on historical experience and the balance of the trade receivables are recoverable in full.

12. FINANCIAL INFORMATION (Cont'd)

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

	Audited					
	For the years ended 31 December					
	2011		2012		2013	
	RM	%	RM	%	RM	%
Neither past due nor impaired	13,408,139	59.65	12,776,428	59.41	16,533,737	61.06
1 to 30 days past due not impaired	3,630,948	16.15	5,279,718	24.55	6,032,023	22.28
31 to 60 days past due not impaired	392,118	1.74	1,216,622	5.65	873,810	3.23
61 to 90 days past due not impaired	890,128	3.96	556,532	2.59	651,550	2.41
91 to 120 days past due not impaired	3,293,101	14.65	1,416,485	6.59	2,738,601	10.12
More than 121 days past due not impaired	604,773	2.69	-	-	-	-
	<u>22,219,207</u>	<u>98.84</u>	<u>21,245,785</u>	<u>98.79</u>	<u>26,829,721</u>	<u>99.10</u>
Impaired	260,378	1.16	260,378	1.21	244,602	0.90
Total	<u>22,479,585</u>	<u>100.00</u>	<u>21,506,163</u>	<u>100.00</u>	<u>27,074,323</u>	<u>100.00</u>

Trade payables turnover period

The normal trading credit term granted to the Group ranges from 10 to 90 days. Our trade payables primarily consist of payables relating to our production inputs, such as certain raw materials and fertiliser. Our trade payables turnover period was 16 days in the year ended 31 December 2011, primarily reflecting faster payments made to our suppliers. The year 2011 was a bumper year for the oil palm-based industry in Malaysia resulting in better cash flows. However, our trade payables turnover period subsequently normalised to 39 days and 36 days in the year ended 31 December 2012 and year ended 31 December 2013, respectively.

The ageing analysis of our Group's trade payables is as follows:

	Audited					
	For the years ended 31 December					
	2011		2012		2013	
	RM	%	RM	%	RM	%
Payables						
Third parties						
Neither past due nor impaired	2,817,284	47.11	4,731,168	43.42	11,391,098	77.23
1 to 30 days past due not impaired	149,081	2.49	416,174	3.82	430,540	2.91
31 to 60 days past due not impaired	89,324	1.49	1,908,261	17.51	436,313	2.96
61 to 90 days past due not impaired	239,442	4.00	945,752	8.68	416,727	2.83
91 to 120 days past due not impaired	508,678	8.51	192,633	1.77	467,836	3.17
More than 121 days past due	<u>2,177,118</u>	<u>36.40</u>	<u>2,701,503</u>	<u>24.80</u>	<u>1,606,134</u>	<u>10.90</u>
Total	<u>5,980,927</u>	<u>100.00</u>	<u>10,895,491</u>	<u>100.00</u>	<u>14,748,648</u>	<u>100.00</u>

12. FINANCIAL INFORMATION (Cont'd)

Inventory turnover period

Our inventories increased by 252.37% to RM10,503,609 as at 31 December 2012 from RM2,980,816 as at 31 December 2011 mainly due to amount of CPO and PK in the inventories, which were not present in the inventories in the years 2010 and 2011. Other than CPO and PK, our inventories consist of property development, store, nursery and compost. As at 31 December 2013, our inventories increased by 22.41% to RM12,856,954 compared to RM10,503,609 as at 31 December 2012. These increases resulted in high turnover days for the years ended 31 December 2012 and 31 December 2013.

Current ratio

Our current ratio further decreased to 2.68 times in the year ended 31 December 2012 from 3.44 times in the year ended 31 December 2011. Our current ratio for the year ended 31 December 2013 was 3.16 times compared to 2.68 times for the year ended 31 December 2012. The decrease of our current ratio in the year ended 31 December 2012 was primarily due to an increase in current liabilities, particularly in respect of our term loans and BBA term financing. The subsequent increase to 3.16 times for the year ended 31 December 2013 was mainly due to the full repayment of the facility taken by our Company to part finance the Privatisation.

Gearing ratio

Our gearing ratio decreased to 0.24 times in the year ended 31 December 2012 from 0.33 times in the year ended 31 December 2011. Our gearing ratio for the year ended 31 December 2013 was 0.18 times compared to 0.24 times for the year ended 31 December 2012. The decreasing trend of our gearing ratio between the years 2011 to 2012 reflects the enlargement of our share capital over the three years period following the redemption/conversion of our RCPS including the redemption of our RPS during such period up to 31 December 2013, and the gradual decrease of our total liabilities as we pared down our borrowings.

12.3.8 Off-balance sheet arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future material effect on results of operations or our financial condition.

12.3.9 Financial risk management

We are exposed to certain financial risks that arise in our normal course of business, such as credit risk, liquidity risk and market risk. We have implemented risk management policies and guidelines that set out our tolerance for risk and our general risk management philosophy. Accordingly, we have established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner.

12. FINANCIAL INFORMATION (Cont'd)

12.4 Capitalisation and indebtedness

The table below sets out our capitalisation and indebtedness based on the financial statements of our Group as at 31 December 2013 on an actual basis.

The information should be read in conjunction with Section 12.11 of this Prospectus and the notes thereto, and the Accountants' Report set out in Section 13 of this Prospectus.

The total indebtedness of our Group is not guaranteed by any third party.

Pro forma I : Incorporates the effects of the following which had been undertaken and had been completed by our Group prior to the implementation of the IPO and the Listing:

- (i) subdivision of all of its existing 173,009,796 ordinary shares of Tanah Makmur with a par value of RM1.00 each to 346,019,592 ordinary shares with a par value of RM0.50 each on 30 May 2014; and
- (ii) full redemption of all the remaining 7,000,487 RPS with a par value of RM0.10 each in Tanah Makmur held by LKPP in cash at its issue price of RM1.00 each, at a total cash of RM7,000,487 on 30 May 2014.

Pro forma II : Incorporates the effects of Pro forma I, the IPO and the proposed utilisation of proceeds.

	Audited as at 31 December 2013	Pro forma I	Pro forma II After Pro forma I
	RM	RM	RM
Indebtedness			
Current indebtedness			
Secured obligations under finance leases	387,023	387,023	387,023
Secured term loans	5,992,163	5,992,163	5,992,163
Secured term financings	2,527,022	2,527,022	2,527,022
Unsecured Article 2A RPS	3,500,243	-	-
Total current indebtedness	<u>12,406,451</u>	<u>8,906,208</u>	<u>8,906,208</u>
Non-current indebtedness			
Secured obligations under finance leases	653,647	653,647	653,647
Secured term loans	24,672,936	24,672,936	24,672,936
Secured term financing	17,684,139	17,684,139	4,609,139
Unsecured Article 2A RPS	1,444,482	-	-
Total non-current indebtedness	<u>44,455,204</u>	<u>43,010,722</u>	<u>29,935,722</u>
Total indebtedness	<u>56,861,655</u>	<u>51,916,930</u>	<u>38,841,930</u>
Total equity	<u>339,636,196</u>	<u>337,580,434</u>	<u>397,155,434</u>
Total capitalisation⁽¹⁾	<u>384,091,400</u>	<u>380,591,156</u>	<u>427,091,156</u>
Total capitalisation and indebtedness	<u>440,953,055</u>	<u>432,508,086</u>	<u>465,933,086</u>

Note:

- (1) Total capitalisation equals total non-current indebtedness plus total equity.

12. FINANCIAL INFORMATION (Cont'd)

12.5 Treasury policies and objectives

We have been financing our operations through a combination of cash generated from operations, share capital, credit from suppliers. In addition, our external sources of funds comprise mainly secured long term and short term bank borrowings.

We have short term and long term bank borrowings facilities available to our Group. Our short term bank borrowings comprise mainly hire purchases, term loans and BBA term financing which are used mainly to finance working capital, purchases and to defray other expenses such as staff salaries and allowances, sales and marketing expenses, purchase and upkeep of equipment, transportation and travelling expenses. The profit rates for our short term bank borrowings are based on the prevailing base financing rate or cost of fund plus a margin agreed upon by our bankers when the respective loans/financings were granted.

Our long term bank borrowings are mainly hire purchases, term loans and BBA term financing obtained mainly to finance capital expenditure. The profit rates for our long term bank borrowings are based on the prevailing base financing rate or cost of fund plus a margin agreed upon by our bankers when the respective loans/financings 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 rates obtained must be competitive.

Our business operations and customers are primarily within Malaysia and we conduct our operations in RM and as such, our Group is not exposed to foreign exchange risk. Accordingly, we do not have any hedging policies and we have not entered into any forward contracts in respect of any foreign exchange exposure. Our cash and cash equivalents are maintained in RM.

Certain raw materials used by our Group are commodities of which the prices fluctuate according to world prices. In some situations particularly in respect of our property development business, increases in the price of raw materials might not be immediately passed onto the end-users although we may be able to pass on the risk of price variation to our contractors. If costs of raw materials escalate after the sale of the properties to the customer, we may not be able to factor such increase in our selling prices. This may have an impact on the margins of our Group. In order to ensure continuous supply of raw materials and to ensure our purchases are at competitive rates, our Group endeavours to maintain long-term relationship with our suppliers.

12.6 Inflation

Inflation has raised certain of our operating costs, including labour cost. However, we believe that the overall impact of inflation has not been significant relative to the scale of our operations.

12.7 Seasonality

The harvest of FFB in our plantation estates tends to increase in the second half of the year as a result of rainfall patterns in Malaysia, which typically leads to a greater supply of CPO and PK during the second half of the year as FFB is processed following its harvest.

The property development industry in Malaysia is dependent on the country's general economic conditions in Malaysia. It generally moves in tandem with the economy, whereby strong economic growth coupled with fiscal stimulus by the Government would spur the growth of the property development business.

12. FINANCIAL INFORMATION (Cont'd)

12.8 Government/economic/fiscal/monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 5 of this Prospectus. There is no material impact of government, economic, fiscal or monetary policies or factors on our historical profits for the years under review.

12.9 Order book

We do not maintain an order book for our plantation business segment due to the nature of the agri-business as our typical supply contract does not have any specific commitment of quantity of plantation products to be delivered, and is subject to a sale price which is typically benchmarked against the average price published by MPOB.

We do not maintain an order book for our property development business segment as the nature of the business is such that property sales are commonly on a one-off basis. However, repeat business is not uncommon when past customers purchase additional properties.

12.10 Prospects

The results of our operations for the year ending 31 December 2014 are expected to continue to be primarily influenced by the following factors, in addition to the factors included in risk factors and significant factors affecting our results of operations in Sections 5 and 12.2.2 of this Prospectus respectively:

- CPO price and supply of global edible oils;
- our ability to maintain our market share and grow our sales;
- the state of the Malaysian and global economy and expectations on growth; and
- our ability to manage our operating costs.

Except as disclosed above and in risk factors and significant factors affecting our results of operations in Sections 5 and 12.2.2 of this Prospectus respectively, our Board confirms that there are no other known trends, factors, demands, commitments, events or uncertainties that are reasonably likely to have a material effect on our financial condition and results of operations. Subject to the factors described in this section of this Prospectus, our Board expects the results of our operations for the year ending 31 December 2014 to be satisfactory.

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12. FINANCIAL INFORMATION (Cont'd)

12.11 Reporting accountants' letter on the pro forma consolidated statements of financial position (Prepared for inclusion in this Prospectus)



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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INCLUDED IN A PROSPECTUS (Prepared for inclusion in the Prospectus to be dated 26 June 2014)

6 June 2014

The Board of Directors
Tanah Makmur Berhad
(formerly known as Kreatif Selaras Sdn Bhd)
Bangunan Kurnia Setia
No. 1 Jalan Besar
25000 Kuantan
Pahang Darul Makmur

Dear Sirs

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION INITIAL PUBLIC OFFERING AND LISTING OF TANAH MAKMUR BERHAD (FORMERLY KNOWN AS KREATIF SELARAS SDN BHD) ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("IPO AND LISTING")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Tanah Makmur Berhad (formerly known as Kreatif Selaras Sdn Bhd) (the "Company") and its subsidiaries ("Tanah Makmur Group" or "Group") prepared by the Directors. The pro forma consolidated statements of financial position as at 31 December 2013, and the related notes are as set out in Appendix 1 of this letter which is included in Section 12.11 of the Prospectus of the Company ("Prospectus").

The pro forma consolidated statements of financial position are compiled by the Directors of the Company based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia and the related notes as set out in Appendix 1 of this letter which is included in Section 12.11 of the Prospectus.

The pro forma consolidated statements of financial position have been compiled by the Directors of the Company to illustrate the impact of the event or transaction set out in Appendix 1 of this letter which is included in Section 12.11 of the Prospectus as if the event or transaction had taken place as at 31 December 2013.

As part of this process, information about the financial position has been extracted by the Directors of the Company from the relevant financial statements for the financial year ended 31 December 2013, on which audit report has been published.

12. FINANCIAL INFORMATION (Cont'd)

**The Directors' Responsibility for the Pro Forma Financial Information**

The Directors of the Company are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion as required by the Securities Commission, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors of the Company on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For purpose of this engagement, we are not responsible for updating or reissuing any report or opinion on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of the Company in the compilation of pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

12. FINANCIAL INFORMATION (Cont'd)



Our responsibilities (cont'd.)

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

Opinion

In our opinion:

- (i) the pro forma financial information of the Company, which have been prepared by the directors of the Company, have been properly prepared on the basis of the notes set out in Appendix 1 of this letter which is included in Section 12.11 of the Prospectus using financial statements prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Company; and
- (ii) each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purposes of preparing the pro forma financial information.

Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia in connection with the IPO and Listing. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the IPO and Listing.

Yours faithfully

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan
No. 2882/01/15(J)
Chartered Accountant

Kuantan, Pahang Darul Makmur, Malaysia

Building a better
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12. FINANCIAL INFORMATION (Cont'd)

APPENDIX 1

TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)

Pro forma consolidated statements of financial position as at 31 December 2013

Tanah Makmur Group :	Audited 31.12.2013 RM	Pro forma Adjustment I RM	Pro forma I 31.12.2013 RM	Pro forma Adjustment II RM	Pro forma II 31.12.2013 RM
Assets					
Non-current assets					
Property, plant and equipment	148,966,235	-	148,966,235	5,000,000	153,966,235
Biological assets	79,086,745	-	79,086,745	28,500,000	107,586,745
Land use rights	39,896,457	-	39,896,457	-	39,896,457
Land held for property development	28,600,436	-	28,600,436	-	28,600,436
Other investments	5,001	-	5,001	-	5,001
	<u>296,554,874</u>		<u>296,554,874</u>		<u>330,054,874</u>
Current assets					
Property development costs	73,214,335	-	73,214,335	13,000,000	86,214,335
Inventories	12,856,954	-	12,856,954	-	12,856,954
Trade and other receivables	32,838,707	-	32,838,707	-	32,838,707
Other current assets	6,365,090	-	6,365,090	-	6,365,090
Investment securities	4,552,875	-	4,552,875	-	4,552,875
Tax recoverable	623,354	-	623,354	-	623,354
Cash and bank balances	46,930,678	(7,000,487)	39,930,191	-	39,930,191
	<u>177,381,993</u>		<u>170,381,506</u>		<u>183,381,506</u>
Total assets	<u>473,936,867</u>		<u>466,936,380</u>		<u>513,436,380</u>

12. FINANCIAL INFORMATION (Cont'd)

TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)

Pro forma consolidated statements of financial position as at 31 December 2013 (cont'd.)

APPENDIX 1

Tanah Makmur Group :	Audited	Pro forma	Pro forma I	Pro forma	Pro forma II
	31.12.2013 RM	Adjustment I RM	31.12.2013 RM	Adjustment II RM	31.12.2013 RM
Equity and liabilities					
Current liabilities					
Loans and borrowings	12,406,451	(3,500,243)	8,906,208	-	8,906,208
Trade and other payables	33,617,638	-	33,617,638	-	33,617,638
Other current liabilities	7,464,588	-	7,464,588	-	7,464,588
Income tax payable	2,707,434	-	2,707,434	-	2,707,434
	<u>56,196,111</u>		<u>52,695,868</u>		<u>52,695,868</u>
Net current assets	<u>121,185,882</u>		<u>117,685,638</u>		<u>130,685,638</u>
Non-current liabilities					
Loans and borrowings	44,455,204	(1,444,482)	43,010,722	(13,075,000)	29,935,722
Retirement benefit obligations	4,111,382	-	4,111,382	-	4,111,382
Deferred tax liabilities	29,537,974	-	29,537,974	-	29,537,974
	<u>78,104,560</u>		<u>76,660,078</u>		<u>63,585,078</u>
Total liabilities	<u>134,300,671</u>		<u>129,355,946</u>		<u>116,280,946</u>
Net assets	<u>339,636,196</u>		<u>337,580,434</u>		<u>397,155,434</u>

12. FINANCIAL INFORMATION (Cont'd)

TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)

Pro forma consolidated statements of financial position as at 31 December 2013 (cont'd.)

Tanah Makmur Group :	Audited	Pro forma		Pro forma	
	31.12.2013	Adjustment I	31.12.2013	Adjustment II	31.12.2013
	RM	RM	RM	RM	RM
Equity attributable to owners of the parent					
Share capital	173,009,796	-	173,009,796	26,070,000	199,079,796
Share premium	-	-	-	36,642,622	36,642,622
Other reserve	3,544,157	-	3,544,157	-	3,544,157
Capital redemption reserve	1,050,073	700,049	1,750,122	-	1,750,122
Retained earnings	145,881,731	(2,755,811)	143,125,920	(3,137,622)	139,988,298
	<u>323,485,757</u>		<u>321,429,995</u>		<u>381,004,995</u>
Non-controlling interests	16,150,439	-	16,150,439	-	16,150,439
Total equity	<u>339,636,196</u>		<u>337,580,434</u>		<u>397,155,434</u>
Total equity and liabilities	<u>473,936,867</u>		<u>466,936,380</u>		<u>513,436,380</u>
Number of ordinary shares in issue	173,009,796		346,019,592		398,159,592
Net assets (excluding non-controlling interests) per ordinary share (RM)	1.87		0.93		0.96

12. FINANCIAL INFORMATION (Cont'd)



APPENDIX 1

**TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

1. Abbreviations

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

Act	Companies Act, 1965, as amended from time to time
Bursa Securities	Bursa Malaysia Securities Berhad
Institutional Offering	Offering of 75,184,000 IPO Shares, subject to clawback and reallocation provisions, to Malaysian institutional and selected investors
IPO Price	The issue/offer price of RM1.25 per IPO Share
IPO Shares	Collectively, the Offer Shares and the Issue Shares
Issue Share(s)	New Tanah Makmur Share(s) to be issued pursuant to the Public Issue
LKPP	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang
Malaysian Public	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Offer Share(s)	Existing Tanah Makmur Share(s) to be offered by the Selling Shareholders pursuant to the OFS
IPO	Initial public offering of 101,590,000 IPO Shares comprising the OFS and the Public Issue
OFS	Offer for sale by the Selling Shareholders of 49,450,000 Offer Shares at the IPO Price

12. FINANCIAL INFORMATION (Cont'd)



APPENDIX 1

**TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

1. Abbreviations (cont'd.)

Pre-IPO Restructuring	Pre-initial public offering restructuring which had been undertaken and completed by Tanah Makmur as follows: <ul style="list-style-type: none"> (i) subdivision of all its existing 173,009,796 ordinary shares with a par value of RM1.00 each to 346,019,592 ordinary shares with a par value of RM0.50 each on 30 May 2014; and (ii) full redemption of all the RPS in Tanah Makmur held by LKPP on 30 May 2014
Public Issue	Public issue of 52,140,000 Issue Shares by Tanah Makmur
Retail Offering	Offering of 26,406,000 Issue Shares, subject to clawback and reallocation provisions, to the eligible Directors of the Tanah Makmur Group, eligible employees of the Tanah Makmur Group and persons who have contributed to the success of the Tanah Makmur Group, and the Malaysian Public
RPS	Redeemable preference shares
Selling Shareholders	Selling Shareholders of the Offer Shares as described in Section 9 of the Prospectus
Tanah Makmur or Company	Tanah Makmur Berhad (formerly known as Kreatif Selaras Sdn Bhd)
Tanah Makmur Group or Group	Collectively, Tanah Makmur and its subsidiaries
Tanah Makmur Share(s)	Ordinary share(s) of RM0.50 each in Tanah Makmur

12. FINANCIAL INFORMATION (Cont'd)



APPENDIX 1

TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2. Basis of preparation

The pro forma consolidated statements of financial position have been prepared by the directors of Tanah Makmur, in accordance with Financial Reporting Standards in Malaysia, and presented in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Tanah Makmur Group.

The pro forma consolidated statements of financial position as at 31 December 2013 are presented in this report for illustrative purposes only to show the effects of the Pre-IPO restructuring, the IPO, and the proposed utilisation of proceeds as described in Note 3 with the assumption that the Pre-IPO Restructuring, the IPO, and the proposed utilisation of proceeds as described in Note 3 were completed on 31 December 2013. Furthermore, such financial information does not purport to predict the future financial position of Tanah Makmur.

3. The proposals and events

3.1 Pro forma I

Pro forma I includes the effects of the Pre-IPO Restructuring which is described below:

- (i) Sub-division of all of its existing 173,009,796 ordinary shares of Tanah Makmur with a par value of of RM1.00 each to 346,019,592 ordinary shares with a par value of RM0.50 each and the effect on share capital is as follows:

Issued and paid-up share capital:

	Number of shares	Amount RM
Ordinary shares of RM1.00 each	173,009,796	173,009,796
After sub-division of ordinary shares of RM0.50 each	346,019,592	173,009,796

The sub-division of ordinary shares does not have any impact to the pro forma consolidated statements of financial position.

- (ii) Full redemption of all the remaining 7,000,487 RPS with a par value of RM0.10 each in Tanah Makmur held by Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang in cash at its issue price of RM1.00 each, amounting to RM7,000,487.

Pursuant to Section 61 of the Act, upon redemption of RPS, sum equal to the nominal amount of the shares redeemed shall be transferred to a reserve called the 'Capital Redemption Reserve'.

Arising from the above exercise, the difference between the carrying amount of RPS and the consideration paid, amounting to RM2,055,762 is recognised as a loss in the income statements.

12. FINANCIAL INFORMATION (Cont'd)



APPENDIX 1

TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3. The proposals and events (cont'd.)

3.2 Pro forma II

Pro forma II includes the effects of Pro forma I, the IPO and the proposed utilisation of proceeds as described below:

The IPO involving the initial public offering of 101,590,000 IPO Shares, representing 25.51% of the enlarged issued and paid-up share capital of Tanah Makmur comprising the OFS of 49,450,000 Offer Shares and the Public Issue of 52,140,000 Issue Shares by Tanah Makmur. The breakdown of the IPO in terms of offering is set out below:

(i) Institutional Offering

The Institutional Offering involves the offering of 75,184,000 IPO Shares (comprising 49,450,000 Offer Shares and 25,734,000 Issue Shares) at the IPO Price, representing 18.88% of the enlarged issued and paid-up share capital of Tanah Makmur to Malaysian institutional and selected investors.

(ii) Retail Offering

The Retail Offering involves the offering of 26,406,000 Issue Shares at the IPO Price, representing 6.63% of the enlarged issued and paid-up share capital of Tanah Makmur in the following manner:

- 6,406,000 Issue Shares to the eligible Directors and employees, and persons who have contributed to the success of Tanah Makmur Group; and
- 20,000,000 Issue Shares to the Malaysian Public.

12. FINANCIAL INFORMATION (Cont'd)



APPENDIX 1

TANAH MAKMUR BERHAD
(FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)
NOTES TO THE PRO FORMA FINANCIAL INFORMATION

3. The proposals and events (cont'd.)

3.2 Pro forma II (cont'd.)

Pro forma II includes the effects of Pro forma I, the IPO and the proposed utilisation of proceeds as described below: (cont'd.)

The management intends to utilise the estimated proceeds of RM65,175,000 from the Public Issue as follows:

	RM
Estate development	28,500,000
Expansion of palm oil mill	5,000,000
Infrastructure work of the KotaSAS Township *	13,000,000
Repayment of bank borrowing	13,075,000
Listing expenses **	5,600,000
	<u>65,175,000</u>

* For the purpose of this pro forma consolidated statements of financial position, it is assumed that the expenditure from proceed raised is solely for infrastucture work.

** The payment of listing expenses of RM5,600,000 of which RM2,462,378 will be written off against the share premium account pursuant to Section 60 of the Act and the remaining will be charged to profit or loss.

12. FINANCIAL INFORMATION (Cont'd)

12.12 Dividend policy

It will be our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our business. Our Directors will also take into consideration, among others, of the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) the availability of adequate distributable reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) any material impact of tax laws and other regulatory requirements; and
- (v) the prevailing interest rates and yields of the financial market.

Any declaration and payment of dividends in the future will be at the discretion of the Board. There is no assurance on whether the dividend distributions will occur as intended, the amount of dividend payment or timing of such payments. No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future. Kindly refer to Section 5.3.4 of this Prospectus for risks relating to payment of dividends.

It is the present intention of our Board to adopt a dividend payout ratio of at least 30.00% of our profit after tax attributable to shareholders excluding non-recurring income after taking into consideration the abovementioned factors, general financial condition, contractual restrictions and other factors considered relevant by our Board.

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13. ACCOUNTANTS' REPORT



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ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus to be dated 26 June 2014)

6 June 2014

The Board of Directors
Tanah Makmur Berhad
(Formerly known as Kreatif Selaras Sdn Bhd)
Bangunan Kurnia Setia
No. 1, Jalan Besar
25000 Kuantan
Pahang Darul Makmur
Malaysia

Dear Sirs,

TANAH MAKMUR BERHAD (FORMERLY KNOWN AS KREATIF SELARAS SDN BHD) **("TANAH MAKMUR" OR "THE COMPANY")** **ACCOUNTANTS' REPORT**

1.0 Introduction

This report has been prepared by Messrs Ernst & Young, an approved company auditor, for inclusion in the Prospectus to be issued by Tanah Makmur in connection with the initial public offering and the listing of Tanah Makmur on the Main Market of Bursa Malaysia Securities Berhad ("IPO and Listing").

This report is issued for the sole purpose of complying with the Prospectus Guidelines, issued by the Securities Commission Malaysia, in connection with the IPO and Listing and should not be relied upon for any other purposes. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the IPO and Listing.

13. ACCOUNTANTS' REPORT (Cont'd)



2.0 Content of this report

This Report includes the following sections:

No	Description	Section of this Report
(a)	Abbreviations	3.0
(b)	General information	4.0
	- Background information of Tanah Makmur	4.1
	- Details of the Listing	4.2
	- Auditors and audited financial statements	4.3
	- Dividends	4.4
(c)	Audited historical financial information of Tanah Makmur and its subsidiaries ("Tanah Makmur Group")	5.0
	- Basis of preparation of historical financial information	5.1
	- Consolidated financial statements	5.2 and 5.3

The consolidated financial information presented in this report are for the financial years ended 31 December 2011, 2012 and 2013 of the Tanah Makmur Group.

3.0 Abbreviations

Unless the context otherwise requires or the term is defined otherwise, the following abbreviation terms shall bear the same meaning as set out below:

Act	Companies Act, 1965, as amended from time to time
Bursa Securities	Bursa Malaysia Securities Berhad
CPO	Crude palm oil
EY	Messrs Ernst & Young, Malaysia
FRS	Financial Reporting Standards in Malaysia

13. ACCOUNTANTS' REPORT (Cont'd)



3.0 Abbreviations (cont'd.)

Unless the context otherwise requires or the term is defined otherwise, the following abbreviation terms shall bear the same meaning as set out below (cont'd.):

FYE	Financial year ended
IC Interpretations	Issues Committee Interpretations
Institutional Offering	Offering of 75,184,000 IPO Shares, subject to clawback and reallocation provisions, to Malaysian institutional and selected investors
IPO Price	The issue/offer price of RM1.25 per IPO Share
IPO Shares	Collectively, the Offer Shares and the Issue Shares
Issue Share(s)	New Tanah Makmur Share(s) to be issued pursuant to the Public Issue
Kurnia Setia Group	Collectively, Kurnia Setia and its subsidiaries
LKPP	Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang
Malaysian Public	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
NCI	Non-controlling interests
Offer Share(s)	Existing Tanah Makmur Share(s) to be offered by the Selling Shareholders pursuant to the OFS
IPO	Initial public offering of 101,590,000 IPO Shares comprising the OFS and Public Issue
Listing	Listing of and quotation for the entire enlarged issued and paid-up share capital of Tanah Makmur on the Main Market of Bursa Securities
OFS	Offer for sale by the Selling Shareholders of 49,450,000 Offer Shares at the IPO Price
Public Issue	Public issue of 52,140,000 Issue Shares by Tanah Makmur
RCPS	Redeemable convertible preference shares
Report	Accountants' Report

13. ACCOUNTANTS' REPORT (Cont'd)



3.0 Abbreviations (cont'd.)

Unless the context otherwise requires or the term is defined otherwise, the following abbreviation terms shall bear the same meaning as set out below (cont'd.):

Retail Offering	Offering of 26,406,000 Issue Shares at the IPO Price, subject to clawback and reallocation provisions, to the eligible Directors of the Tanah Makmur Group, eligible employees of the Tanah Makmur Group and persons who have contributed to the success of the Tanah Makmur Group, and the Malaysian Public
RPS	Redeemable preference shares
SC	Securities Commission Malaysia
Selling Shareholders	Selling Shareholders of the Offer Shares as described in Section 9 of the Prospectus
Tanah Makmur or Company	Tanah Makmur Berhad (formerly known as Kreatif Selaras Sdn Bhd)
Tanah Makmur Group or Group	Collectively, Tanah Makmur and its subsidiaries
Currency	
RM and Sen	Ringgit Malaysia and Sen

Subsidiaries of Tanah Makmur as at 31 December 2013

Alur Cemerlang	Alur Cemerlang Sdn Bhd
Alur Gemilang	Alur Gemilang Sdn Bhd
Alur Lestari	Alur Lestari Sdn Bhd
Alur Seri	Alur Seri Sdn Bhd
KotaSAS	KotaSAS Sdn Bhd
KotaSAS OMNI	KotaSAS OMNI Sdn Bhd
Kreatif Selaras Land	Kreatif Selaras Land Sdn Bhd
Kreatif Selaras Mining	Kreatif Selaras Mining Sdn Bhd
Kreatif Sinar Gabungan	Kreatif Sinar Gabungan Sdn Bhd
Kurnia Setia	Kurnia Setia Berhad
Kurnia Setia Engineering	Kurnia Setia Engineering Sdn Bhd
Kurnia Setia Trading	Kurnia Setia Trading Sdn Bhd
SJ Palm Oil Mill	Sri Jelutung Palm Oil Mill Sdn Bhd
Tanah Makmur KotaSAS	Tanah Makmur KotaSAS Sdn Bhd

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information

4.1 Background information of Tanah Makmur

4.1.1 Corporate information

Tanah Makmur was incorporated in Malaysia on 18 December 2008 under the Act as a special purpose private company. On 3 July 2009, the Company entered into a sale of business agreement with Kurnia Setia to acquire the entire business and undertaking including all assets and liabilities of Kurnia Setia, previously a listed company on the Main Board of Bursa Securities, at an aggregate purchase consideration equivalent to: (i) RM2.70 per Kurnia Setia share multiplied by the total outstanding Kurnia Setia shares, and (ii) RM1.20 per Kurnia Setia warrant multiplied by the total outstanding Kurnia Setia warrants.

On 30 November 2010, the Company completed the acquisition which resulted in the transfer of the entire assets and liabilities of Kurnia Setia including all the shares held by Kurnia Setia in all its subsidiaries to the Company. As a result of the acquisition, Kurnia Setia became a wholly-owned subsidiary of the Company and Kurnia Setia was officially delisted from the Main Board of Bursa Securities effective 21 December 2010 and all the previous shareholders and warrant holders of Kurnia Setia have received their respective cash entitlements from the capital reduction exercise and warrant scheme exercise which were undertaken by Kurnia Setia to repay and distribute the purchase consideration paid by the Company to Kurnia Setia pursuant to the acquisition.

As at 31 December 2013, the holding company of the Company is Transaksi Madani Sdn Bhd, which is incorporated and domiciled in Malaysia.

The registered office of the Company is located at Bangunan Kurnia Setia, No. 1, Jalan Besar, 25000 Kuantan, Pahang Darul Makmur.

4.1.2 Principal activities of the Company and subsidiaries

The principal activities of the Company are the cultivation of oil palms, sale of fresh fruit bunches and other related products.

The principal activities of subsidiaries as at 31 December 2013 are as follows:

Name	Country of incorporation	Date of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Subsidiaries of Tanah Makmur					
KotaSAS	Malaysia	6 July 1983	49,697,046.00	100.00	Construction and property development
Kreatif Selaras Land	Malaysia	12 October 2011	2.00	100.00	Dormant
SJ Palm Oil Mill	Malaysia	5 September 2007	5,000,000.00	100.00	Production of CPO and cultivation of oil palms

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information (cont'd.)

4.1 Background information of Tanah Makmur (cont'd.)

4.1.2 Principal activities of the Company and subsidiaries (cont'd.)

Name	Country of incorporation	Date of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Subsidiaries of Tanah Makmur (cont'd.)					
Kurnia Setia	Malaysia	7 May 1968	2.00	100.00	Dormant
Alur Cemerlang	Malaysia	19 December 2007	1,000,000.00	100.00	Cultivation of oil palms
Kreatif Sinar Gabungan	Malaysia	9 January 2013	10,000.00	65.00	Construction and property development
Kreatif Selaras Mining	Malaysia	4 April 2011	800,000.00	60.00	Mining of mineral deposits
Alur Gemilang	Malaysia	22 March 2000	100,000.00	60.00	Cultivation of oil palms
Alur Seri	Malaysia	11 March 2011	15,000,000.00	60.00	Cultivation of oil palms
Alur Lestari	Malaysia	19 May 2011	1,000,000.00	70.00	Production of compost fertiliser
Subsidiaries of KotaSAS					
Kurnia Setia Engineering	Malaysia	23 November 1995	400,100.00	100.00	Construction, services and leasing of machineries and vehicles
Kurnia Setia Trading	Malaysia	29 June 1993	656,707.00	100.00	Trading of construction materials
KotaSAS OMNI	Malaysia	8 June 2009	342,860.00	65.00	Construction and property development

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information (cont'd.)

4.1 Background information of Tanah Makmur (cont'd.)

4.1.2 Principal activities of the Company and subsidiaries (cont'd.)

Name	Country of incorporation	Date of incorporation	Issued and paid-up share capital RM	Effective equity interest %	Principal activities
Subsidiaries of KotaSAS (cont'd.)					
Tanah Makmur KotaSAS	Malaysia	1 March 2013	1,000,000.00	60.00	Construction and property development

4.1.3 Share capital

As at the date of this report, the authorised and issued and paid-up share capital of Tanah Makmur since its incorporation are as follows:

a) Authorised

	Par value RM	Number of shares/RPS/ RCPS	Cumulative authorised share capital RM
Ordinary shares	0.50	980,000,000	490,000,000
RPS	0.10	30,000,000	3,000,000
RCPS	0.10	70,000,000	7,000,000

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information (cont'd.)

4.1 Background information of Tanah Makmur (cont'd.)

4.1.3 Share capital (cont'd.)

b) Issued and paid-up

Date of allotment	Par value RM	Number of shares/RPS/ RCPS	Consideration RM	Cumulative issued and paid-up share capital RM
<i>Ordinary shares</i>				
18 December 2008	1.00	2	Cash	2.00
9 November 2010	1.00	93,803,523	(i) Cash; (ii) Other than cash ⁽¹⁾	93,803,525.00
15 November 2010	1.00	9,244,000	Cash	103,047,525.00
30 November 2010	1.00	51,902,939	Cash	154,950,464.00
30 November 2010	1.00	15,083,836	Cash	170,034,300.00
8 May 2012	1.00	2,975,496	Conversion of 2,975,496 RCPS into ordinary shares	173,009,796.00
15 May 2014	1.00	173,009,796	Other than cash ⁽²⁾	173,009,796.00
30 May 2014	0.50	346,019,592	Subdivision of the par value from RM1.00 to RM0.50	173,009,796.00

(1) Out of the 93,803,523 ordinary shares allotted and issued, one ordinary share was allotted and issued for cash consideration and the remaining 93,803,522 ordinary shares were allotted and issued for consideration other than cash. The allotment of shares were made pursuant to the sale of securities agreement dated 23 June 2009 entered into between Tanah Makmur and certain shareholders of Kurnia Setia before the completion of the Privatisation whereby these shareholders had acquired an aggregate of 30,941,769 ordinary shares of RM1.00 each in Kurnia Setia and an aggregate of 8,550,622 warrants of Kurnia Setia for the total purchase price of RM93,803,523.00. The purchase price was a debt due to these shareholders and shall be satisfied through the allotment and issuance by the Company of 93,803,523 ordinary shares of RM1.00 each in Tanah Makmur.

(2) Pursuant to the order of the High Court of Malaya relating to the reduction in all the issued and paid-up share capital of Tanah Makmur, we have cancelled all the 173,009,796 ordinary shares of RM1.00 each in Tanah Makmur on 15 May 2014. In return our shareholders had received the rights of allotment of new shares in Tanah Makmur. Subsequently, 173,009,796 new ordinary shares of RM1.00 each in Tanah Makmur were issued following the exercise of the rights of allotment on the same day.

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information (cont'd.)

4.1 Background information of Tanah Makmur (cont'd.)

4.1.3 Share capital (cont'd.)

b) Issued and paid-up (cont'd.)

Date of allotment	Par value RM	Number of shares/RPS/ RCPS	Consideration RM	Cumulative issued and paid-up share capital RM
RPS				
30 November 2010	0.10	17,501,216	Cash	1,750,121.60
30 November 2011	0.10	Nil	First redemption of 3,500,243 RPS	1,400,097.30
30 November 2012	0.10	Nil	Second redemption of 3,500,243 RPS	1,050,073.00
30 November 2013	0.10	Nil	Third redemption of 3,500,243 RPS	700,048.70
30 May 2014	0.10	Nil	Fourth redemption of 7,000,487 RPS	Nil
RCPS				
15 November 2010	0.10	2,975,496	Cash	297,549.60
8 May 2012	0.10	Nil	Redemption of 2,975,496 RCPS	Nil

RCPS and RPS are classified as financial liability as the Company does not have the unconditional right to avoid delivering cash. The main features of RCPS and RPS are as described in Note 5.3.20.

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information (cont'd.)

4.2 Details of the Listing

The details of the Listing are as follows:

- (a) Prior to the implementation of the IPO and the Listing, Tanah Makmur had undertaken and completed the following:
- (i) subdivision of all its existing 173,009,796 ordinary shares with a par value of RM1.00 each to 346,019,592 ordinary shares with a par value of RM0.50 each on 30 May 2014; and
 - (ii) full redemption of all its 7,000,487 RPS with a par value of RM0.10 each at its issue price of RM1.00 each, for a total redemption amount of RM7,000,487 in cash on 30 May 2014, from LKPP.

- (b) Initial public offering and offer for sale of Tanah Makmur's shares:

The IPO involving the initial public offering of 101,590,000 IPO Shares, representing 25.51% of the enlarged issued and paid-up share capital of Tanah Makmur comprising the OFS of 49,450,000 Offer Shares and the Public Issue of 52,140,000 Issue Shares by Tanah Makmur. The breakdown of the IPO in terms of offering is set out below:

- (i) Institutional Offering

The Institutional Offering involves the offering of 75,184,000 IPO Shares (comprising 49,450,000 Offer Shares and 25,734,000 Issue Shares) at the IPO Price, representing 18.88% of the enlarged issued and paid-up share capital of Tanah Makmur to Malaysian institutional and selected investors.

- (ii) Retail Offering

The Retail Offering involves the offering of 26,406,000 Issue Shares at the IPO Price, representing 6.63% of the enlarged issued and paid-up share capital of Tanah Makmur in the following manner:

- 6,406,000 Issue Shares to the eligible Directors and employees, and persons who have contributed to the success of Tanah Makmur Group; and
- 20,000,000 Issue Shares to the Malaysian Public.

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 General information (cont'd.)

4.3 Auditors and audited financial statements

The financial year end of Tanah Makmur Group is 31 December. The financial statements of Tanah Makmur Group were audited by EY for the relevant financial years under review.

The auditors' reports in respect of the abovementioned audited financial statements for the financial years under review were not subject to any qualification.

4.4 Dividends

Dividends paid by the Company in respect of relevant FYE are set out in Note 5.3.30.

5.0 Audited historical financial information of Tanah Makmur Group

5.1 Basis of preparation of historical financial information

This report presents the historical financial information which have been prepared from the following sources:

Entity	Audited	Note	Section of this report
Tanah Makmur Group	Consolidated financial statements	5.1.1	5.2 and 5.3

5.1.1 We have audited the financial statements of Tanah Makmur Group, which comprise the statements of financial position as at 31 December 2011, 31 December 2012 and 31 December 2013 of the Group, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended 31 December 2011, 31 December 2012 and 31 December 2013, and a summary of significant accounting policies and other explanatory notes, as set out on Note 5.2 and 5.3 in the report.

The consolidated financial statements of Tanah Makmur Group for FYE 31 December 2011, 31 December 2012 and 31 December 2013 have been drawn up by the directors of Tanah Makmur Berhad so as to give a true and fair view of the financial position of Tanah Makmur Group and of their financial performance and cash flows for the financial years then ended, and were reported on by us without qualification.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 The consolidated financial information for the FYE 31 December 2011 and 31 December 2012 have been restated and applied retrospectively. The audited financial statements for the FYE 31 December 2013 have reflected those restatements. The details of the restatements are disclosed below:

Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations

An explanation of how the adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations have affected the Group's statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows are set out as follows:

A. Reassessment of investment in joint venture

The Group's directors critically reassessed the investment in KotaSAS OMNI which was classified as investment in joint venture in prior years. The directors concluded that the investment shall be classified as investment in a subsidiary. The basis for conclusion is that the "control" existed as the Group fulfilled all of the following elements:

- Power over KotaSAS OMNI;
- Exposure or rights to variable returns from its involvement with the KotaSAS OMNI; and
- Ability to use its power over KotaSAS OMNI to affect the amount of the Group's returns.

The effects of reassessment of investment in joint venture are disclosed in Note 5.1.2(i) to 5.1.2(viii).

B. Reassessment of RPS

During the FYE 31 December 2013, the Group's directors critically reassessed the RPS which was classified as equity in prior years. The directors concluded that the RPS shall be classified as financial liability. The basis for conclusion is that the Group does not have the unconditional right to avoid delivering cash. The main features of RPS is as described in Note 5.3.20.

The effects of reassessment of RPS for the FYE 31 December 2012, 31 December 2011 and 1 January 2011 are disclosed in Note 5.1.2(i) to 5.1.2(viii).

C. Reclassification

During the FYE 31 December 2013, certain comparative amounts as at 31 December 2012 and 31 December 2011 have been reclassified to conform with current year's presentation as disclosed in Note 5.1.2(i) to 5.1.2(viii).

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

D. Adoption revised FRS 119 Employee Benefits

FRS 119 (2011) Employee Benefits

On 1 January 2013, the Group adopted FRS 119 (2011) Employee Benefits.

For defined benefit plans, FRS 119 (2011) requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs previously recognised over the average vesting period to be recognised immediately in profit or loss when incurred.

Prior to adoption of FRS 119 (2011), the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of FRS 119 (2011), the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

FRS 119 (2011) replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

Impact on statements of financial position

	2013 RM
Increase/(decrease):	
Retirement benefit obligations	1,328,545
Retained earnings	(1,272,326)
Non-controlling interests	<u>(56,219)</u>

The effects of adoption revised FRS 119 Employee Benefits for the FYE 31 December 2012, 31 December 2011 and 1 January 2011 are disclosed in Note 5.1.2(i) to 5.1.2(viii).

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(i) Reconciliation adjustments to the consolidated statement of financial position as at 31 December 2012

	2012		2012	
	As previously stated	Note 5.1.2A	Note 5.1.2B	Note 5.1.2D
	RM	RM	RM	RM
Group				
Statement of financial position				
Assets				
Non-current assets				
Property, plant and equipment	140,721,484	134,264	-	-
Biological assets	69,757,702	-	-	-
Land use rights	40,470,714	-	-	-
Land held for property development	29,229,423	-	-	-
Investment in joint venture	7,953,946	(7,953,946)	-	-
Other investments	5,001	-	-	-
	<u>288,138,270</u>			<u>280,318,588</u>
				As restated
				RM

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)



5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(i) Reconciliation adjustments to the consolidated statement of financial position as at 31 December 2012 (cont'd.)

Group	2012		Note 5.1.2A	Note 5.1.2B	Note 5.1.2C	Note 5.1.2D	As restated
	As previously stated	RM					
Statement of financial position (cont'd.)							
Current assets							
Property development costs	66,058,384		1,745,601	-	-	-	67,803,985
Inventories	10,302,317		201,292	-	-	-	10,503,609
Trade and other receivables	29,526,479		(1,014,315)	-	-	-	28,512,164
Other current assets	144,793		3,637,646	2,093,288	-	-	5,875,727
Investment securities	4,552,875		-	-	-	-	4,552,875
Tax recoverable	433,620		-	-	-	-	433,620
Cash and bank balances	68,055,844		929,255	-	-	-	68,985,099
Total assets	<u>179,074,312</u>						<u>186,667,079</u>
	<u>467,212,582</u>						<u>466,985,667</u>
Equity and liabilities							
Current liabilities							
Loans and borrowings	25,615,839		18,621	3,500,243	-	-	29,134,703
Trade and other payables	40,545,522		(7,126,874)	-	-	-	33,418,648
Other current liabilities	2,404,864		-	2,093,288	-	-	4,498,152
Income tax payable	2,134,062		389,668	-	-	-	2,523,730
Net current assets	<u>70,700,287</u>						<u>69,575,233</u>
	<u>108,374,025</u>						<u>117,091,846</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(i) Reconciliation adjustments to the consolidated statement of financial position as at 31 December 2012 (cont'd.)

Group	2012					2012 As restated RM
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	
Statement of financial position (cont'd.)						
Non-current liabilities						
Loans and borrowings	40,244,832	72,424	3,456,329	-	-	43,773,585
Retirement benefit obligations	2,546,013	-	-	-	1,328,545	3,874,558
Deferred tax liabilities	28,807,701	17,816	-	-	-	28,825,517
	<u>71,598,546</u>					<u>76,473,660</u>
Total liabilities	<u>142,298,833</u>					<u>146,048,893</u>
Net assets	<u>324,913,749</u>					<u>320,936,774</u>
Equity attributable to owners of the parent						
Share capital	174,059,869	-	(1,050,073)	-	-	173,009,796
Share premium	9,450,656	-	(9,450,656)	-	-	-
Other reserve	-	-	3,544,157	-	-	3,544,157
Capital redemption reserve	7,000,490	-	(6,300,441)	-	-	700,049
Retained earnings	124,488,127	16,412	6,300,441	-	(1,272,326)	129,532,654
	<u>314,999,142</u>					<u>306,786,656</u>
Non-controlling interests	9,914,607	4,291,730	-	-	(56,219)	14,150,118
Total equity	<u>324,913,749</u>					<u>320,936,774</u>
Total equity and liabilities	<u>467,212,582</u>					<u>466,985,667</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(ii) Reconciliation adjustments to the consolidated statement of comprehensive income for the year ended 31 December 2012

Group	2012		2012		2012	
	As previously stated	Note 5.1.2A	Note 5.1.2B	Note 5.1.2C	Note 5.1.2D	As restated
	RM	RM	RM	RM	RM	RM
Statement of comprehensive income						
Revenue	167,431,378	40,225,163	-	-	-	207,656,541
Other income	5,403,414	95,800	-	-	-	5,499,214
Other items of expense:						
Construction costs	(10,718,980)	(32,714,591)	-	-	-	(43,433,571)
Upkeep and cultivation expenses	(22,540,430)	-	-	-	-	(22,540,430)
Harvesting expenses	(15,079,741)	-	-	-	-	(15,079,741)
Estate general charges	(13,387,203)	-	-	-	-	(13,387,203)
Changes in inventories	6,668,310	-	-	-	-	6,668,310
Production costs	(3,078,548)	-	-	-	-	(3,078,548)
Purchase of finished goods	(5,884,225)	-	-	-	-	(5,884,225)
Employee benefits expense	(9,279,439)	(38,460)	-	-	-	(9,317,899)
Depreciation	(4,183,518)	-	-	-	-	(4,183,518)
Amortisation	(3,198,829)	-	-	-	-	(3,198,829)
Finance costs	(3,613,914)	-	(700,049)	-	-	(4,313,963)
Other expenses	(12,334,282)	(23,014)	-	-	-	(12,357,296)
Share of results of joint venture	3,659,947	(3,659,947)	-	-	-	-
Profit before tax	79,863,940	(1,914,210)	-	-	-	83,048,842
Income tax expense	(15,420,929)	-	-	-	-	(17,335,139)
Profit for the year	64,443,011	-	-	-	-	65,713,703

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(ii) Reconciliation adjustments to the consolidated statement of comprehensive income for the year ended 31 December 2012 (cont'd.)

Group	2012					2012 As restated RM
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	
Statement of comprehensive income (cont'd.)						
Other comprehensive income:						
Net loss on remeasurement of defined benefit liability	-	-	-	-	(1,350,844)	(1,350,844)
Total comprehensive income for the year	64,443,011					64,362,859
Profit attributable to:						
Owners of the parent	63,177,308	-	(700,049)	-	-	62,477,259
Non-controlling interests	1,265,703	1,970,741	-	-	-	3,236,444
	64,443,011					65,713,703
Total comprehensive income attributable to:						
Owners of the parent	63,177,308	-	(700,049)	-	(1,297,406)	61,179,853
Non-controlling interests	1,265,703	1,970,741	-	-	(53,438)	3,183,006
	64,443,011					64,362,859

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)



5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(iii) impact on consolidated statement of cash flows for the year ended 31 December 2012

Group	2012		Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	Placement of restricted cash* RM	2012	
	As previously stated RM	As restated RM							
Statement of cash flows									
Operating activities									
Profit before tax	79,863,940		3,884,951	(700,049)	-	-	-	-	83,048,842
<u>Adjustments for:</u>									
Depreciation of property, plant and equipment	4,183,518		-	-	-	-	-	-	4,183,518
Amortisation of plantation development expenditure	2,624,575		-	-	-	-	-	-	2,624,575
Amortisation of land use rights	574,254		-	-	-	-	-	-	574,254
Property, plant and equipment written off	298,076		-	-	-	-	-	-	298,076
Inventories written down	912,452		-	-	-	-	-	-	912,452
Gain on sale of livestock	(65,060)		-	-	-	-	-	-	(65,060)
Bad debt written off	554,927		-	-	-	-	-	-	554,927
Pension costs - defined benefit plan	304,729		-	-	-	-	-	-	304,729
Gain on disposal of property, plant and equipment	(3,668,526)		-	-	-	-	-	-	(3,668,526)
Gain on disposal of land held for property development	(5,883,569)		-	-	5,883,569	-	-	-	-
Reversal of loss on issuance of RCPS	(93,521)		-	-	93,521	-	-	-	-
Interest expense	3,613,914		-	700,049	-	-	-	-	4,313,963
Profit on investments in Islamic funds	(893,836)		-	-	-	-	-	-	(893,836)
Interest income	(457,490)		31,088	-	-	-	-	-	(426,402)
Share of results of joint venture	(3,659,947)		3,659,947	-	-	-	-	-	-
Total adjustments	(1,655,504)								8,712,670
Operating cash flows before changes in working capital carried forward	78,208,436								91,761,512

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(iii) Impact on consolidated statement of cash flows for the year ended 31 December 2012 (cont'd.)

Group Statement of cash flows (cont'd.)	2012				Placement of restricted cash* RM	2012 As restated RM
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM		
Operating activities (cont'd.)						
Operating cash flows before changes in working capital brought forward	78,208,436					91,761,512
<u>Changes in working capital:</u>						
Decrease in trade and other receivables	20,790,974	(2,138,941)	-	-	-	18,652,033
Increase in property development costs and land held for development	(10,246,007)	6,221,584	-	498,842	-	(3,525,581)
Increase in inventories	(8,496,990)	222,490	-	-	-	(8,274,500)
Increase in trade and other payables	18,053,883	(8,617,900)	-	(93,521)	-	9,342,462
Total changes in working capital	20,101,860					16,194,414
Cash flows from operations	98,310,296					107,955,926
Income taxes paid	(19,662,705)	(2,557,218)	-	-	-	(22,219,923)
Net cash flows from operating activities	78,647,591					85,736,003

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(iii) Impact on consolidated statement of cash flows for the year ended 31 December 2012 (cont'd.)

Group	2012		Note 5.1.2A		Note 5.1.2B		Note 5.1.2C		Note 5.1.2D		Placement of restricted cash*	
	As previously stated	RM	RM	RM	RM	RM	RM	RM	RM	RM	As restated	2012
Statement of cash flows (cont'd.)												
Investing activities												
Proceeds from sales of livestock	308,336		-		-		-		-		-	308,336
Proceeds from disposal of land held for property development	6,382,411		-		-		(6,382,411)		-		-	-
Proceeds from disposal of property, plant and equipment	4,027,896		-		-		-		-		-	4,027,896
Purchase of property, plant and equipment	(27,611,672)		(7,871)		-		-		-		-	(27,619,543)
Purchase of biological assets	(11,113,232)		-		-		-		-		-	(11,113,232)
Purchase of livestock	(181,502)		-		-		-		-		-	(181,502)
Purchase of investment in marketable securities	(4,550,000)		-		-		-		-		-	(4,550,000)
Net cash outflow on acquisition of an estate	(4,026,866)		-		-		-		-		-	(4,026,866)
Profit on investments in Islamic funds	893,836		-		-		-		-		-	893,836
Interest received	457,490		(31,088)		-		-		-		-	426,402
Net cash flows used in investing activities	<u>(35,413,303)</u>											<u>(41,834,673)</u>

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(iii) Impact on consolidated statement of cash flows for the year ended 31 December 2012 (cont'd.)

Group	2012				Placement of restricted cash* RM	2012 As restated RM
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM		
Statement of cash flows (cont'd.)						
Financing activities						
Repayment of obligations under finance leases	(416,688)	(17,445)	-	-	-	(434,133)
Repayment of term loans	(18,146,647)	-	-	-	-	(18,146,647)
Drawdown of term loans	8,780,933	-	-	-	-	8,780,933
Cost of financing paid	(3,613,914)	-	(700,049)	-	-	(4,313,963)
Dividends paid to equity holders of the Company	(18,001,029)	-	700,049	-	-	(17,300,980)
Dividend paid to non-controlling interests	(1,919,060)	-	-	-	-	(1,919,060)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	540,000	-	-	-	-	540,000
Repayment of RPS	(3,500,243)	-	-	-	-	(3,500,243)
Net cash flows used in financing activities	<u>(36,276,648)</u>					<u>(36,294,093)</u>
Net increase in cash and cash equivalents	6,957,640	649,597	-	-	-	7,607,237
Cash and cash equivalents at 1 January	61,098,204	279,658	-	-	-	58,527,941
Cash and cash equivalents at 31 December	<u>68,055,844</u>				<u>(2,849,921)</u>	<u>66,135,178</u>

* Cash and bank balances that are not available for immediate and general used by the Group due to pledge as security for banking facilities.

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(v) Reconciliation adjustments to the consolidated statement of financial position as at 31 December 2011

Group Statement of financial position	31.12.2011		31.12.2011	
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM
Assets				
Non-current assets				
Property, plant and equipment	116,949,264	174,733	-	-
Biological assets	57,636,340	-	-	-
Land use rights	41,044,968	-	-	-
Land held for property development	29,728,265	-	-	-
Investment in joint venture	4,293,999	(4,293,999)	-	-
Other investments	5,001	-	-	-
	<u>249,657,837</u>			<u>245,538,571</u>
Current assets				
Property development costs	55,783,611	7,918,845	-	-
Inventories	2,557,034	423,782	-	-
Trade and other receivables	50,445,542	(12,126,674)	-	-
Other current assets	554,477	13,974,824	-	729,528
Investment securities	2,875	-	-	-
Cash and bank balances	61,098,204	279,658	-	-
	<u>170,441,743</u>			<u>61,377,862</u>
Total assets	<u>420,099,580</u>			<u>181,641,706</u>
				<u>427,180,277</u>
				As restated RM

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(v) Reconciliation adjustments to the consolidated statement of financial position as at 31 December 2011 (cont'd.)

Group	31.12.2011		31.12.2011		31.12.2011	
	As previously stated	RM	Note 5.1.2A	Note 5.1.2B	Note 5.1.2C	Note 5.1.2D
	RM	RM	RM	RM	RM	RM
Statement of financial position (cont'd.)						
Equity and liabilities						
Current liabilities						
Loans and borrowings	19,555,203		15,497	3,500,243	-	23,070,943
Trade and other payables	24,256,605		2,854,786	-	93,521	27,204,912
Other current liabilities	211,227		-	-	729,528	940,755
Income tax payable	511,587		1,029,176	-	-	1,540,763
	<u>44,534,622</u>					<u>52,757,373</u>
	<u>125,907,121</u>					<u>128,884,333</u>
Net current assets						
Non-current liabilities						
Loans and borrowings	58,357,387		92,993	6,769,530	93,521	65,313,431
Retirement benefit obligations	2,556,083		-	-	-	2,533,784
Deferred tax liabilities	34,238,332		21,316	-	-	34,259,648
	<u>95,151,802</u>					<u>102,106,863</u>
Total liabilities	<u>139,686,424</u>					<u>154,864,236</u>
Net assets	<u>280,413,156</u>					<u>272,316,041</u>
Equity attributable to owners of the parent						
Share capital	171,434,397		-	(1,400,097)	-	170,034,300
Share premium	12,600,875		-	(12,600,875)	-	-
Other reserve	-		-	3,544,157	-	3,544,157
Capital redemption reserve	3,500,243		-	(3,150,219)	-	350,024
Retained earnings	88,275,161		16,411	3,150,219	-	91,466,871
	<u>275,810,676</u>					<u>265,395,352</u>
Non-controlling interests	4,602,480		2,320,990	-	-	6,920,689
Total equity	<u>280,413,156</u>					<u>272,316,041</u>
Total equity and liabilities	<u>420,099,580</u>					<u>427,180,277</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(vi) Reconciliation adjustments to the consolidated statement of comprehensive income for the year ended 31 December 2011

Group	2011					2011 As restated RM
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	
Statement of comprehensive income						
Revenue	220,037,530	62,386,201	-	-	-	282,423,731
Other income	2,034,685	420,526	-	-	-	2,455,211
Other items of expense:						
Construction costs	(9,390,515)	(54,542,921)	-	-	-	(63,933,436)
Upkeep and cultivation expenses	(20,917,519)	-	-	-	-	(20,917,519)
Harvesting expenses	(15,147,945)	-	-	-	-	(15,147,945)
Estate general charges	(13,329,383)	-	-	-	-	(13,329,383)
Purchase of finished goods	(16,583,580)	-	-	-	-	(16,583,580)
Employee benefits expense	(8,680,597)	-	-	-	-	(8,680,597)
Depreciation	(2,345,078)	-	-	-	-	(2,345,078)
Amortisation	(2,625,079)	-	-	-	-	(2,625,079)
Finance costs	(5,097,681)	-	(875,060)	-	-	(5,972,741)
Other expenses	(23,076,200)	(300,128)	-	-	-	(23,376,328)
Share of results of joint venture	3,874,197	(3,874,197)	-	-	-	-
Profit before tax	108,752,835					111,967,256
Income tax expense	(24,585,215)	(2,003,375)	-	-	-	(26,588,590)
Profit net of tax, representing total comprehensive income for the year	84,167,620					85,378,666

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(vi) Reconciliation adjustments to the consolidated statement of comprehensive income for the year ended 31 December 2011 (cont'd.)

Group	2011		Note 5.1.2C RM	Note 5.1.2D RM	As restated RM
	As previously stated RM	Note 5.1.2A RM			
Statement of comprehensive income (cont'd.)					
Profit attributable to:					
Owners of the parent	81,474,336	-	(875,060)	-	80,599,276
Non-controlling interests	2,693,284	2,086,106	-	-	4,779,390
	<u>84,167,620</u>				<u>85,378,666</u>
Total comprehensive income attributable to:					
Owners of the parent	81,474,336	-	(875,060)	-	80,599,276
Non-controlling interests	2,693,284	2,086,106	-	-	4,779,390
	<u>84,167,620</u>				<u>85,378,666</u>

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(vii) Impact on consolidated statement of cash flows for the year ended 31 December 2011

Group	2011 As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	Release/ (placement) of restricted cash* RM	2011 As restated RM
Statement of cash flows							
Operating activities							
Profit before tax	108,752,835	4,089,481	(875,060)	-	-	-	111,967,256
<u>Adjustments for:</u>							
Depreciation of property, plant and equipment	2,345,078	-	-	-	-	-	2,345,078
Amortisation of plantation development expenditure	2,050,824	-	-	-	-	-	2,050,824
Amortisation of land use rights	574,255	-	-	-	-	-	574,255
Property, plant and equipment written off	284	-	-	-	-	-	284
Loss on sale of livestocks	100,556	-	-	-	-	-	100,556
Bad debt written off	479,332	-	-	-	-	-	479,332
Pension costs - defined benefit plan	304,729	-	-	-	-	-	304,729
Gain on disposal of property, plant and equipment	(999)	-	-	-	-	-	(999)
Gain on disposal of land held for property development	(10,769,679)	-	-	10,769,679	-	-	-
Loss on issuance of RCPS	112,714	-	-	(112,714)	-	-	-
Interest expense	5,097,681	-	875,060	-	-	-	5,972,741
Profit on investments in Islamic funds	(1,266,824)	-	-	-	-	-	(1,266,824)
Interest income	(422,984)	(210,724)	-	-	-	-	(633,708)
Impairment on goodwill	8,869,858	-	-	-	-	-	8,869,858
Share of results of joint venture	(3,874,197)	3,874,197	-	-	-	-	-
Total adjustments	3,600,628						18,796,126
Operating cash flows before changes in working capital carried forward	112,353,463						130,763,382



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(vii) Impact on consolidated statement of cash flows for the year ended 31 December 2011 (cont'd.)

Group Statement of cash flows (cont'd.)	2011 As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	Release/ (placement) of restricted cash* RM	2011	
							As restated RM	As restated RM
Operating activities (cont'd.)								
Operating cash flows before changes in working capital brought forward	112,353,463							130,763,382
<u>Changes in working capital:</u>								
Increase in trade and other receivables	(24,767,153)	(1,822,362)	-	-	-	-	-	(26,589,515)
Increase in property development costs and land held for development	(13,796,026)	11,658,069	-	913,113	-	-	-	(1,224,844)
Increase in inventories	(455,329)	(423,782)	-	-	-	-	-	(879,111)
Increase/(decrease) in trade and other payables	7,815,002	(16,060,508)	-	112,714	-	-	-	(8,132,792)
Total changes in working capital	(31,203,506)							(36,826,262)
Cash flows from operations	81,149,957							93,937,120
Income taxes paid	(27,702,429)	(1,067,838)	-	-	-	-	-	(28,770,267)
Net cash flows from operating activities	53,447,528							65,166,853

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(vii) Impact on consolidated statement of cash flows for the year ended 31 December 2011 (cont'd.)

Group	2011	2011			Release/ (placement) of restricted cash*	2011
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM		Note 5.1.2D RM
Statement of cash flows (cont'd.)						
Investing activities						
Proceeds from sales of livestock	258,335	-	-	-	-	258,335
Proceeds from disposal of land held for property development	11,682,792	-	-	(11,682,792)	-	-
Proceeds from disposal of property, plant and equipment	1,000	-	-	-	-	1,000
Purchase of property, plant and equipment	(25,753,161)	(19,889)	-	-	-	(25,773,050)
Purchase of biological assets	(8,863,707)	-	-	-	-	(8,863,707)
Purchase of livestock	(267,795)	-	-	-	-	(267,795)
Additional investment in joint venture	(42,860)	42,860	-	-	-	-
Profit on investments in Islamic funds	1,266,824	-	-	-	-	1,266,824
Interest received	422,984	210,724	-	-	-	633,708
Net cash flows used in investing activities	(21,295,588)					(32,744,685)

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(vii) Impact on consolidated statement of cash flows for the year ended 31 December 2011 (cont'd.)

	2011		Release/ (placement) of restricted cash*	2011			
	As previously stated RM	Note 5.1.2A RM		Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	As restated RM
Group							
Statement of cash flows (cont'd.)							
Financing activities							
Repayment of obligations under finance leases	(271,809)	(16,269)	-	-	-	(288,078)	
Repayment of term loans	(60,879,166)	-	-	-	-	(60,879,166)	
Drawdown of term loans	26,490,338	-	-	-	-	26,490,338	
Cost of financing paid	(5,097,681)	-	(875,060)	-	-	(5,972,741)	
Dividends paid to equity holders of the Company	(17,878,490)	-	875,060	-	-	(17,003,430)	
Dividend paid to non-controlling interests	(4,020,000)	-	-	-	-	(4,020,000)	
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	40,000	-	-	-	-	40,000	
Repayment of RPS	(3,500,244)	-	-	-	-	(3,500,244)	
Release of restricted cash	-	-	-	-	363,804	363,804	
Net cash flows used in financing activities	(65,117,052)					(64,769,517)	
Net decrease in cash and cash equivalents	(32,965,112)	253,959	-	-	363,804	(32,347,349)	
Cash and cash equivalents at 1 January	94,063,316	(338,105)	-	-	(2,849,921)	90,875,290	
Cash and cash equivalents at 31 December	61,098,204					58,527,941	

* Cash and bank balances that are not available for immediate and general used by the Group due to pledge as security for banking facilities.



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(viii) Reconciliation adjustments to the consolidated statement of financial position as at 1 January 2011

Group	1.1.2011					
	As previously stated RM	Note 5.1.2A RM	Note 5.1.2B RM	Note 5.1.2C RM	Note 5.1.2D RM	1.1.2011 As restated RM
Statement of financial position						
Assets						
Non-current assets						
Property, plant and equipment	93,340,301	201,431	-	-	-	93,541,732
Biological assets	50,914,553	-	-	-	-	50,914,553
Goodwill	8,869,858	-	-	-	-	8,869,858
Land use rights	41,619,223	-	-	-	-	41,619,223
Land held for property development	30,641,378	-	-	-	-	30,641,378
Investment in joint venture	376,942	(376,942)	-	-	-	-
Other investments	5,001	-	-	-	-	5,001
	<u>225,767,256</u>					<u>225,591,745</u>
Current assets						
Property development costs	41,951,050	19,852,534	-	-	-	61,803,584
Inventories	2,101,705	-	-	-	-	2,101,705
Trade and other receivables	26,199,224	433,109	-	-	-	26,632,333
Other current assets	512,974	-	-	-	-	512,974
Investment securities	2,875	-	-	-	-	2,875
Cash and bank balances	94,063,316	25,699	-	-	-	94,089,015
	<u>164,831,144</u>					<u>185,142,486</u>
Total assets	<u>390,598,400</u>					<u>410,734,231</u>

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.1 Basis of preparation of historical financial information (cont'd.)

5.1.2 Application and reassessment of existing standards and adoption of new FRS, revised FRS, Amendments to FRS and IC Interpretations (cont'd.)

(viii) Reconciliation adjustments to the consolidated statement of financial position as at 1 January 2011 (cont'd.)

Group	1.1.2011		1.1.2011		1.1.2011	
	As previously stated	RM	Note 5.1.2A	Note 5.1.2B	Note 5.1.2C	Note 5.1.2D
	RM	RM	RM	RM	RM	RM
Statement of financial position (cont'd.)						
Equity and liabilities						
Current liabilities						
Loans and borrowings	7,360,399		14,321	3,500,243	-	10,874,963
Trade and other payables	16,466,041		9,851,910	-	-	26,317,951
Other current liabilities	-		9,792,912	-	-	9,792,912
Income tax payable	1,033,639		103,945	-	-	1,137,584
	<u>24,860,079</u>					<u>48,123,410</u>
Net current assets	<u>139,971,065</u>					<u>137,019,076</u>
Non-current liabilities						
Loans and borrowings	104,881,607		110,438	10,456,816	-	115,448,861
Retirement benefit obligations	2,418,950		-	-	(22,299)	2,396,651
Deferred tax liabilities	36,833,494		11,010	-	-	36,844,504
	<u>144,134,051</u>					<u>154,690,016</u>
Total liabilities	<u>168,994,130</u>					<u>202,813,426</u>
Net assets	<u>221,604,270</u>					<u>207,920,805</u>
Equity attributable to owners of the parent						
Share capital	171,784,421		-	(1,750,121)	-	170,034,300
Share premium	15,751,095		-	(15,751,095)	-	-
Other reserve	-		-	3,544,157	-	3,544,157
Retained earnings	28,179,558		-	-	25,080	28,204,638
	<u>215,715,074</u>					<u>201,783,095</u>
Non-controlling interests	5,889,196		251,295	-	-	6,137,710
Total equity	<u>221,604,270</u>				(2,781)	<u>207,920,805</u>
Total equity and liabilities	<u>390,598,400</u>					<u>410,734,231</u>

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13. ACCOUNTANTS' REPORT (Cont'd)



AUDITED HISTORICAL FINANCIAL INFORMATION OF TANAH MAKMUR GROUP

13. ACCOUNTANTS' REPORT (Cont'd)



CONSOLIDATED FINANCIAL STATEMENTS OF TANAH MAKMUR GROUP

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group

Audited Consolidated Statements of Comprehensive Income

The audited consolidated statements of comprehensive income of the Group based on its audited consolidated financial statements for the FYE 31 December 2011, 2012 and 2013 are as follows:

	Note	2013 RM	2012 RM *Restated	2011 RM *Restated
Revenue	5.3.2	243,486,164	207,656,541	282,423,731
Other income	5.3.3	1,817,143	5,499,214	2,455,211
Other items of expense:				
Construction costs		(37,697,715)	(43,433,571)	(63,933,436)
Upkeep and cultivation expenses		(21,258,752)	(22,540,430)	(20,917,519)
Harvesting expenses		(15,787,881)	(15,079,741)	(15,147,945)
Estate general charges		(13,685,356)	(13,387,203)	(13,329,383)
Changes in inventories		488,563	6,668,310	-
Production costs		(45,848,195)	(3,078,548)	-
Purchase of finished goods		(11,410,112)	(5,884,225)	(16,583,580)
Employee benefits expense	5.3.4	(10,471,380)	(9,317,899)	(8,680,597)
Depreciation	5.3.9	(5,848,028)	(4,183,518)	(2,345,078)
Amortisation		(3,501,660)	(3,198,829)	(2,625,079)
Finance costs	5.3.5	(4,607,855)	(4,313,963)	(5,972,741)
Other expenses	5.3.6	(13,993,083)	(12,357,296)	(23,376,328)
Profit before tax		61,681,853	83,048,842	111,967,256
Income tax expense	5.3.8	(16,990,850)	(17,335,139)	(26,588,590)
Profit for the year		44,691,003	65,713,703	85,378,666
Other comprehensive income:				
Net loss on remeasurement of defined benefit liability		-	(1,350,844)	-
Total comprehensive income for the year		44,691,003	64,362,859	85,378,666
Profit attributable to:				
Owners of the parent		42,890,850	62,477,259	80,599,276
Non-controlling interests		1,800,153	3,236,444	4,779,390
		44,691,003	65,713,703	85,378,666
Total comprehensive income attributable to:				
Owners of the parent		42,890,850	61,179,853	80,599,276
Non-controlling interests		1,800,153	3,183,006	4,779,390
		44,691,003	64,362,859	85,378,666

* The information on the restatements are disclosed in Note 5.1.2.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Financial Position

The audited consolidated statements of financial position of the Group based on its audited consolidated financial statements for the FYE 31 December 2011, 2012 and 2013 are as follows:

	Note	2013 RM	2012 RM *Restated	2011 RM *Restated
Assets				
Non-current assets				
Property, plant and equipment	5.3.9	148,966,235	140,855,748	117,123,997
Biological assets	5.3.10	79,086,745	69,757,702	57,636,340
Goodwill	5.3.11	-	-	-
Land use rights	5.3.12	39,896,457	40,470,714	41,044,968
Land held for property development	5.3.14(a)	28,600,436	29,229,423	29,728,265
Other investments	5.3.13	5,001	5,001	5,001
		<u>296,554,874</u>	<u>280,318,588</u>	<u>245,538,571</u>
Current assets				
Property development costs	5.3.14(b)	73,214,335	67,803,985	63,702,456
Inventories	5.3.15	12,856,954	10,503,609	2,980,816
Trade and other receivables	5.3.16	32,838,707	28,512,164	38,318,868
Other current assets	5.3.17	6,365,090	5,875,727	15,258,829
Investment securities	5.3.18	4,552,875	4,552,875	2,875
Tax recoverable		623,354	433,620	-
Cash and bank balances	5.3.19	46,930,678	68,985,099	61,377,862
		<u>177,381,993</u>	<u>186,667,079</u>	<u>181,641,706</u>
Total assets		<u>473,936,867</u>	<u>466,985,667</u>	<u>427,180,277</u>
Equity and liabilities				
Current liabilities				
Loans and borrowings	5.3.20	12,406,451	29,134,703	23,070,943
Trade and other payables	5.3.21	33,617,638	33,418,648	27,204,912
Other current liabilities	5.3.22	7,464,588	4,498,152	940,755
Tax payable		2,707,434	2,523,730	1,540,763
		<u>56,196,111</u>	<u>69,575,233</u>	<u>52,757,373</u>
Net current assets		<u>121,185,882</u>	<u>117,091,846</u>	<u>128,884,333</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Financial Position (cont'd.)

	Note	2013 RM	2012 RM *Restated	2011 RM *Restated
Non-current liabilities				
Loans and borrowings	5.3.20	44,455,204	43,773,585	65,313,431
Retirement benefit obligations	5.3.24	4,111,382	3,874,558	2,533,784
Deferred tax liabilities	5.3.25	29,537,974	28,825,517	34,259,648
		<u>78,104,560</u>	<u>76,473,660</u>	<u>102,106,863</u>
Total liabilities		<u>134,300,671</u>	<u>146,048,893</u>	<u>154,864,236</u>
Net assets		<u>339,636,196</u>	<u>320,936,774</u>	<u>272,316,041</u>
Equity attributable to owners of the parent				
Share capital	5.3.26	173,009,796	173,009,796	170,034,300
Other reserve	5.3.27	3,544,157	3,544,157	3,544,157
Capital redemption reserve	5.3.28	1,050,073	700,049	350,024
Retained earnings	5.3.29	145,881,731	129,532,654	91,466,871
		<u>323,485,757</u>	<u>306,786,656</u>	<u>265,395,352</u>
Non-controlling interests		<u>16,150,439</u>	<u>14,150,118</u>	<u>6,920,689</u>
Total equity		<u>339,636,196</u>	<u>320,936,774</u>	<u>272,316,041</u>
Total equity and liabilities		<u>473,936,867</u>	<u>466,985,667</u>	<u>427,180,277</u>

* The information on the restatements are disclosed in Note 5.1.2.

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Changes in Equity for the FYE 31 December 2011, 2012 and 2013



The audited consolidated statements of changes in equity of the Group based on its audited consolidated financial statements for the FYE 31 December 2011, 2012 and 2013 are as follows:

	Attributable to owners of the parent					Total equity
	Non-distributable			Distributable		
Note	Share capital (Note 5.3.26)	Share premium (Note 5.3.27)	Other reserve (Note 5.3.28)	Capital redemption reserve (Note 5.3.29)	Retained earnings (Note 5.3.29)	Total equity
	RM	RM	RM	RM	RM	RM
Opening balance at 1 January 2013	173,009,796	-	3,544,157	700,049	129,532,654	306,786,656
Total comprehensive income	-	-	-	-	42,890,850	42,890,850
Transactions with owners						
Transfer to capital redemption reserve	-	-	-	350,024	(350,024)	-
Issue of ordinary shares by subsidiaries (Dilution)/accretion on change in stake	-	-	-	-	-	943,500
Dividend paid to non-controlling interests	-	-	-	-	(240,280)	(240,280)
Dividend	-	-	-	-	(25,951,469)	(25,951,469)
Total transactions with owners	-	-	-	350,024	(26,541,773)	200,168
Closing balance at 31 December 2013	173,009,796	-	3,544,157	1,050,073	145,881,731	323,485,757

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Changes in Equity for the FYE 31 December 2011, 2012 and 2013 (cont'd.)

	Attributable to owners of the parent				Total equity
	Non-distributable		Distributable		
	Share capital (Note 5.3.26)	Share premium (Note 5.3.27)	Other reserve (Note 5.3.28)	Retained earnings (Note 5.3.29)	
	RM	RM	RM	RM	RM
Opening balance at 1 January 2012 (as previously stated)	171,434,397	12,600,875	-	88,275,161	275,810,676
Adjustments	(1,400,097)	(12,600,875)	3,544,157	3,191,710	(10,415,324)
Opening balance at 1 January 2012 (restated)	170,034,300	-	3,544,157	91,466,871	265,395,352
Total comprehensive income	-	-	-	61,179,853	61,179,853
Transactions with owners					
Conversion of ordinary shares	2,975,496	-	-	-	2,975,496
Transfer to capital redemption reserve	-	-	350,025	(350,025)	-
Effect arising from acquisition of an estate	-	-	-	(37,582)	(37,582)
Issue of ordinary shares by subsidiaries	-	-	-	-	-
Dilution on change in stake	-	-	-	(5,425,483)	(5,425,483)
Dividend paid to non-controlling interests	-	-	-	-	-
Dividend	-	-	-	(17,300,980)	(17,300,980)
Total transactions with owners	2,975,496	-	350,025	(23,114,070)	(19,788,549)
Closing balance at 31 December 2012 (restated)	173,009,796	-	3,544,157	129,532,654	306,786,656
				14,150,118	320,936,774

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Changes in Equity for the FYE 31 December 2011, 2012 and 2013 (cont'd.)

	Attributable to owners of the parent						Total equity
	Non-distributable			Distributable			
	Share capital (Note 5.3.26)	Share premium (Note 5.3.27)	Other reserve (Note 5.3.27)	Capital redemption reserve (Note 5.3.28)	Retained earnings (Note 5.3.29)	Non-controlling interests	Total equity
Note	RM	RM	RM	RM	RM	RM	RM
Opening balance at 1 January 2011 (as previously stated)	171,434,397	12,600,875	-	3,500,243	88,275,161	4,602,480	280,413,156
Adjustments	(1,400,097)	(12,600,875)	3,544,157	(3,500,243)	(60,070,523)	1,535,230	(72,492,351)
5.1.2							
Opening balance at 1 January 2011 (restated)	170,034,300	-	3,544,157	-	28,204,638	6,137,710	207,920,805
Total comprehensive income	-	-	-	-	80,599,276	4,779,390	85,378,666
Transactions with owners							
Transfer to capital redemption reserve	-	-	-	350,024	(350,024)	-	-
Issue of ordinary shares by subsidiaries	-	-	-	-	-	40,000	40,000
Accretion/(dilution) on change in stake	-	-	-	-	16,411	(16,411)	-
Dividend paid to non-controlling interests	-	-	-	-	-	(4,020,000)	(4,020,000)
Dividend	-	-	-	-	(17,003,430)	-	(17,003,430)
5.3.30							
Total transactions with owners	-	-	-	350,024	(17,337,043)	(3,996,411)	(20,983,430)
Closing balance at 31 December 2011 (restated)	170,034,300	-	3,544,157	350,024	91,466,871	6,920,689	272,316,041

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Cash Flows

The audited consolidated statements of cash flows of the Group based on its audited consolidated financial statements for the FYE 31 December 2011, 2012 and 2013 are as follows:

	Note	2013 RM	2012 RM *Restated	2011 RM *Restated
Operating activities				
Profit before tax		61,681,853	83,048,842	111,967,256
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	5.3.9	5,848,028	4,183,518	2,345,078
Amortisation of plantation development expenditure	5.3.10(b)	2,927,403	2,624,575	2,050,824
Amortisation of land use rights	5.3.12	574,257	574,254	574,255
Property, plant and equipment written off	5.3.6	181	298,076	284
Inventories written down	5.3.6	151,053	912,452	-
Loss on sale of livestock	5.3.6	10,851	-	100,556
Gain on sale of livestock	5.3.3	-	(65,060)	-
Bad debts written off	5.3.6	-	554,927	479,332
Pension costs - defined benefit plan	5.3.4	469,209	304,729	304,729
Gain on disposal of property, plant and equipment	5.3.3	-	(3,668,526)	(999)
Interest expense	5.3.5	3,119,460	4,313,963	5,972,741
Profit on investments in Islamic funds	5.3.3	(680,621)	(893,836)	(1,266,824)
Interest income	5.3.3	(466,610)	(426,402)	(633,708)
Impairment of goodwill	5.3.6	-	-	8,869,858
Reversal of provision for tax penalty		(63,104)	-	-
Unwinding discounts of the RPS	5.3.5	1,488,395	-	-
Total adjustments		13,378,502	8,712,670	18,796,126
Operating cash flows before changes in working capital carried forward		75,060,355	91,761,512	130,763,382

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Cash Flows (cont'd.)

	Note	2013 RM	2012 RM *Restated	2011 RM *Restated
Operating cash flows before changes in working capital brought forward		75,060,355	91,761,512	130,763,382
Changes in working capital:				
(Increase)/decrease in trade and other receivables		(4,815,906)	18,652,033	(26,589,515)
Increase in property development costs and land held for development		(4,721,183)	(3,525,581)	(1,224,844)
Increase in inventories		(2,504,398)	(8,274,500)	(879,111)
Increase/(decrease) in trade and other payables		2,944,889	9,342,462	(8,132,792)
Total changes in working capital		(9,096,598)	16,194,414	(36,826,262)
Cash flows from operations		65,963,757	107,955,926	93,937,120
Income taxes refund		216,950	-	-
Income taxes paid		(16,438,269)	(22,219,923)	(28,770,267)
Net cash flows from operating activities		49,742,438	85,736,003	65,166,853
Investing activities				
Proceeds from sales of livestock		262,873	308,336	258,335
Proceeds from disposal of property, plant and equipment		-	4,027,896	1,000
Purchase of property, plant and equipment	5.3.9	(13,900,724)	(27,619,543)	(25,773,050)
Purchase of biological assets	5.3.10(b)	(12,327,429)	(11,113,232)	(8,863,707)
Purchase of livestock		(202,741)	(181,502)	(267,795)
Purchase of investment in marketable securities		-	(4,550,000)	-
Net cash outflow on acquisition of an estate		-	(4,026,866)	-
Profit on investments in Islamic funds		680,621	893,836	1,266,824
Interest received		466,610	426,402	633,708
Net cash flows used in investing activities		(25,020,790)	(41,834,673)	(32,744,685)

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.2 Consolidated financial statements of Tanah Makmur Group (cont'd.)

Audited Consolidated Statements of Cash Flows (cont'd.)

	Note	2013 RM	2012 RM *Restated	2011 RM *Restated
Financing activities				
Repayment of obligations under finance leases		(495,587)	(434,133)	(288,078)
Repayment of term loans		(22,845,396)	(18,146,647)	(60,879,166)
Drawdown of term loans		9,176,198	8,780,933	26,490,338
Cost of financing paid		(3,119,460)	(4,313,963)	(5,972,741)
Dividends paid to equity holders of the Company		(25,951,469)	(17,300,980)	(17,003,430)
Dividend paid to non-controlling interests		(983,612)	(1,919,060)	(4,020,000)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		943,500	540,000	40,000
Repayment of RPS		(3,500,243)	(3,500,243)	(3,500,244)
Release of restricted cash		-	-	363,804
Net cash flows used in financing activities		(46,776,069)	(36,294,093)	(64,769,517)
Net (decrease)/increase in cash and cash equivalents				
		(22,054,421)	7,607,237	(32,347,349)
Cash and cash equivalents at 1 January		66,135,178	58,527,941	90,875,290
Cash and cash equivalents at 31 December	5.3.19	44,080,757	66,135,178	58,527,941

* The information on the restatements are disclosed in Note 5.1.2.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group

5.3.1 Significant accounting policies

5.3.1.1 Basis of preparation

The audited financial statements of the Group for FYE 31 December 2011, 2012 and 2013 have been prepared in accordance with FRS.

The audited financial statements of the Group have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The audited financial statements of the Group are presented in Ringgit Malaysia ("RM").

5.3.1.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group for the FYE 31 December 2011, 31 December 2012 and 31 December 2013, except for the changes in accounting policies arising from the new and revised FRS, Amendments to FRS and IC Interpretations which are mandatory for financial period beginning on or after 1 July 2010, 1 January 2011, 1 January 2012, 1 July 2012 and 1 January 2013 that the Group has adopted at the beginning of FYE 31 December 2011, 31 December 2012 and 31 December 2013.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except as discussed in Note 5.1.2D.

5.3.1.3 Standards issued but not yet effective

New FRS, Amendments to FRS and IC Interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Description</i>	Effective for annual periods beginning on or after
Amendments to FRS 132: <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: <i>Investment Entities</i>	1 January 2014
Amendments to FRS136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS139: <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
Amendments to FRS 2: <i>(Annual Improvements to FRS 2010-2012 Cycle)</i>	1 July 2014
Amendments to FRS 3: <i>(Annual Improvements to FRS 2011-2013 Cycle)</i>	1 July 2014
Amendments to FRS 13: <i>(Annual Improvements to FRS 2011-2013 Cycle)</i>	1 July 2014

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.3 Standards issued but not yet effective (cont'd.)

<i>Description</i>	Effective for annual periods beginning on or after
Amendments to FRS 116: <i>(Annual Improvements to FRS 2010-2012 Cycle)</i>	1 July 2014
Amendments to FRS 124: <i>(Annual Improvements to FRS 2010-2012 Cycle)</i>	1 July 2014
Amendments to FRS 140: <i>(Annual Improvements to FRS 2011-2013 Cycle)</i>	1 July 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
FRS 9 <i>Financial Instruments</i>	1 January 2015

The directors expect that the adoption of New FRS, Amendments to FRS and IC Interpretation above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The Amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework") to be adopted by non-private entities for annual periods beginning on or after 1 January 2012. However, adoption of the MFRS Framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2015.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.3 Standards issued but not yet effective (cont'd.)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively.

The major differences between FRS framework and MFRS framework are as follow:

A. Agreement for the Construction of Real Estates(i) Revenue recognition for property under development

Under the FRS framework, under FRS 201, when the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised using the stage of completion method.

Under the MFRS framework, in accordance to IC Interpretation 15: Agreements for the Construction of Real Estate ("IC 15"), property development revenue and expenses from development of real estate units are recognized upon completion. This change in accounting policy, including the related deferred tax impact, shall be accounted for retrospectively.

(ii) Land held for development

Under the FRS framework, land held for future development are stated at cost. Under MFRS, land held for future development are to be stated at the lower of cost and net realisable value.

B. Agriculture

Under the FRS framework, the Group's accounting policy for biological assets are as disclosed in Note 5.3.1.4 (f). Under the MFRS framework, MFRS 141 Agriculture (MFRS 141), requires biological assets to be measured at fair value less costs to sell unless it is not possible to measure fair value reliable, in which case they are measured at cost. Gains and losses from changes in fair value less costs to sell are recognised in profit or loss. Agricultural produce harvested from a biological asset are measured at fair value less costs to sell at the point of harvest. Thereafter, the standard on inventories generally applies.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.3 Standards issued but not yet effective (cont'd.)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd.)

At the date of these financial statements, the Group has not completed its quantification of the financial effects on the financial statements of the differences arising from the change from FRS to MFRS. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 could be different if prepared under the MFRS Framework.

5.3.1.4 Summary of significant accounting policies

(a) Basis of consolidation

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

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

Subsidiaries are 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(a) Basis of consolidation (cont'd.)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income ("OCI") to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

(b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

13. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)****5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)****5.3.1 Significant accounting policies (cont'd.)****5.3.1.4 Summary of significant accounting policies (cont'd.)****(b) Business combinations (cont'd.)**

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

(c) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(d) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Land and plantation work-in-progress and palm oil mill construction in progress are also not depreciated as these assets are not available for use.

Leasehold land classified as finance lease is amortised in equal instalment over the period of the leases ranging from 66 to 99 years.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives of each asset as follows:

Buildings	10 to 50 years
Plant, machinery and factory equipment	5 to 10 years
Motor vehicles and estate equipment	5 to 10 years
Electrical installation, furniture and fittings, renovation, moulds, office equipment, signboards, air conditioners and nursery site preparation costs	3 to 20 years

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(e) Property, plant and equipment (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(f) Biological assets

(i) Plantation development expenditure

Plantation development expenditure consists of pre-cropping costs incurred from the commencement of development to the date of maturity of the rootstock. Plantation development expenditure is capitalised at cost and amortised over a period of 25 years commencing from the date of the maturity of the rootstock.

Subsequent to recognition, plantation development expenditure is stated at cost less accumulated amortisation and any accumulated impairment losses.

The plantation development expenditure was reclassified as biological assets on 1 January 2006 and the amortisation of the plantation development expenditure continues to be recognised through profit or loss.

(ii) Livestocks

Livestocks are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while the market value is determined on the current net selling prices. On disposal of livestock, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(g) Intangible asset

Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

(h) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over their lease terms.

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(j) Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets

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

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

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

The Group does not have any held-to-maturity and available-for-sale financial assets.

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)****5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)****5.3.1 Significant accounting policies (cont'd.)****5.3.1.4 Summary of significant accounting policies (cont'd.)****(k) Financial assets (cont'd.)****(ii) Loans and receivables**

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

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

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

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

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

(l) Impairment of financial assets

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

13. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)****5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)****5.3.1 Significant accounting policies (cont'd.)****5.3.1.4 Summary of significant accounting policies (cont'd.)****(I) Impairment of financial assets (cont'd.)****(i) Trade and other receivables and other financial assets carried at amortised cost**

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(l) Impairment of financial assets (cont'd.)

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(n) Construction contracts

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(n) Construction contracts (cont'd.)

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

(o) Land held for property development and property development costs

(i) Land held for property development

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

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

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(o) Land held for property development and property development costs (cont'd.)

(ii) Property development costs (cont'd.)

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

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

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

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: purchase costs on a first-in first-out basis.
- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average method.

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

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(q) Provisions (cont'd.)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(r) Financial liabilities

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

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

The Group has not designated any financial liabilities as at fair value through profit or loss.

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

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(r) Financial liabilities (cont'd.)

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

(s) Borrowing costs

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

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

(t) Redeemable convertible preference shares and redeemable preference shares

Redeemable convertible preference shares and redeemable preference shares are recorded at the amount of proceeds received, net of transaction costs.

Redeemable convertible preference shares and redeemable preference shares are recognised as a financial liability and classified as non-current liabilities in the statement of financial position and the preferential dividends are recognised in profit or loss as finance costs in the period in which they are incurred.

(u) Employee benefits

(i) Defined contribution plans

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(u) Employee benefits (cont'd.)

(ii) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(u) Employee benefits (cont'd.)

(ii) Defined benefit plans (cont'd.)

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(v) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(w) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

(ii) Sales of properties

Revenue from sale of properties is accounted for by the stage of completion method.

(iii) Sale of goods

Revenue relating to sale of fresh fruit bunches, crude palm oil, palm kernel, construction materials and landscaping are recognised net of discounts upon the transfer of significant risks and rewards of the fresh fruit bunches, crude palm oil, palm kernel, construction materials and landscaping to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due or associated costs.

(iv) Income from leasing heavy vehicles

Income from leasing heavy vehicles are recognised on an accrual basis.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(x) Income taxes**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(x) Income taxes (cont'd.)

(i) Current tax (cont'd.)

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(x) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(y) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 5.3.37, including the factors used to identify the reportable segments and the measurement basis of segment information.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.4 Summary of significant accounting policies (cont'd.)

(z) Share capital and share issuance expenses

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

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

(aa) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

5.3.1.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements made in applying accounting policies

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(i) Amortisation of biological assets

The cost for plantation development expenditure is amortised on a straight line basis over its useful life. The management estimates the useful life of plantation development expenditure to be 25 years. This is a common life expectancy in the plantation industry. Changes in the maturity dates could impact the economic useful life of these assets. Therefore, the future amortisation charges could be revised.

The carrying value of the Group's amortisation charges at the reporting date is disclosed in Note 5.3.10 (b).

(ii) Depreciation of plant, machinery and factory equipment

The cost of plant, machinery and factory equipment is depreciated on a straight-line basis over the assets' useful life. Management estimates the useful life of these plant, machinery and factory equipment to be within 5 to 10 years. These are common life expectancies applied in the plantation industry and there is no technological development expected that could impact the economic useful life and the residual values of these assets. However, the management reviews the estimated useful life and residual values of plant, machinery and factory equipment at each financial year-end. Therefore, future depreciation charges could be revised.

The carrying value of the Group's depreciation charges at the reporting date is disclosed in Note 5.3.9.

(iii) Property development

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

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

The carrying amounts of the Group's development properties and property development in progress are disclosed in Note 5.3.14.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.1 Significant accounting policies (cont'd.)

5.3.1.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iv) Construction contracts

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

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

(v) Deferred tax assets

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

(vi) Defined benefit plans

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting dates. The carrying amounts of the Group's defined benefit plan at the reporting date and related assumptions are disclosed in Note 5.3.24.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables in Malaysia and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

Further details about the assumptions used are provided in Note 5.3.24.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.2 Revenue

	2013 RM	2012 RM Restated	2011 RM Restated
Sale of goods, net of discounts	188,339,708	148,532,133	196,575,505
Construction contracts	54,872,051	58,934,947	85,556,125
Income from leasing heavy vehicles	274,405	189,461	292,101
	<u>243,486,164</u>	<u>207,656,541</u>	<u>282,423,731</u>

5.3.3 Other income

	2013 RM	2012 RM Restated	2011 RM Restated
Interest income	466,610	426,402	633,708
Profit on investments in Islamic funds	680,621	893,836	1,266,824
Gain on sale of livestock	-	65,060	-
Gain on disposal of property, plant and equipment	-	3,668,526	999
Reversal of overprovision in cost in prior years	224,697	-	-
Rental income	130,200	152,113	147,213
Miscellaneous	315,015	293,277	406,467
	<u>1,817,143</u>	<u>5,499,214</u>	<u>2,455,211</u>

5.3.4 Employee benefits expense

	2013 RM	2012 RM Restated	2011 RM Restated
Salaries and wages	6,401,157	5,815,688	4,603,071
Social security costs	72,020	72,431	56,928
Short term accumulating compensated absences	-	-	44,611
Contributions to defined contribution plan	1,102,156	862,281	932,050
Pension costs – defined benefit plan (Note 5.3.24)	469,209	304,729	304,729
Bonus	1,781,490	1,592,256	2,246,689
Other staff related expenses	645,348	670,514	492,519
	<u>10,471,380</u>	<u>9,317,899</u>	<u>8,680,597</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.5 Finance costs

	2013 RM	2012 RM Restated	2011 RM Restated
Interest expense on:			
Bank overdrafts	-	-	4,444
Obligations under finance leases	56,322	60,991	44,088
Term loans and Al-Bai Bithaman Ajil ("BBA") term financing	3,063,138	3,552,923	4,800,548
RPS dividend	-	700,049	875,060
RCPS dividend	-	-	248,601
Unwinding discounts of the RPS	1,488,395	-	-
Total finance costs	<u>4,607,855</u>	<u>4,313,963</u>	<u>5,972,741</u>

5.3.6 Other expenses

Included in other expenses are:

	2013 RM	2012 RM Restated	2011 RM Restated
Auditors' remuneration			
- statutory audit	194,000	128,000	91,750
- special audit	89,500	-	-
Bad debts written off	-	554,927	479,332
Directors' remuneration (Note 5.3.7):			
- executive	2,467,503	1,872,237	2,013,497
- non-executive	202,500	15,000	208,000
Impairment of goodwill	-	-	8,869,858
Loss on sale of livestocks	10,851	-	100,556
Inventories written down	151,053	912,452	-
Property, plant and equipment written off	181	298,076	284

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.7 Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
Executive directors'			
remuneration (Note 5.3.6):			
Salaries and other emoluments	2,467,503	1,872,237	1,618,502
Fees	-	-	394,995
	<u>2,467,503</u>	<u>1,872,237</u>	<u>2,013,497</u>
Non-executive directors'			
remuneration (Note 5.3.6):			
Fees	187,500	-	190,000
Other emoluments	15,000	15,000	18,000
	<u>202,500</u>	<u>15,000</u>	<u>208,000</u>
Total directors' remuneration	<u>2,670,003</u>	<u>1,887,237</u>	<u>2,221,497</u>

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors		
	2013	2012 Restated	2011 Restated
Executive directors:			
Below RM100,000	1	-	-
RM200,001 - RM250,000	-	1	1
RM250,001 - RM300,000	2	-	-
RM300,001 - RM350,000	1	1	1
RM700,001 - RM750,000	-	-	1
Above RM750,001	1	1	-
Non-executive directors:			
Below RM50,000	2	-	1
RM50,001 - RM100,000	3	5	4
RM300,001 - RM350,000	-	1	1

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.8 Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013, 2012 and 2011 are:

	2013 RM	2012 RM Restated	2011 RM Restated
Statement of comprehensive income:			
Current income tax:			
Malaysian income tax	17,384,994	22,509,358	28,747,811
(Over)/under provision in respect of previous years	(1,106,601)	259,912	425,635
	<u>16,278,393</u>	<u>22,769,270</u>	<u>29,173,446</u>
Deferred income tax (Note 5.3.25):			
Origination and reversal of temporary differences	211,562	381,049	1,321,225
Effect on changes in tax rates	(1,230,750)	-	-
Under/(over) provision in respect of previous years	1,731,645	(5,815,180)	(3,906,081)
	<u>712,457</u>	<u>(5,434,131)</u>	<u>(2,584,856)</u>
Income tax expense recognised in profit or loss	<u>16,990,850</u>	<u>17,335,139</u>	<u>26,588,590</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.8 Income tax expense (cont'd.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013, 2012 and 2011 are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
Profit before tax	61,681,853	83,048,842	111,967,256
Tax at Malaysian statutory tax rate of 25% (2012: 25%; 2011: 25%)	15,420,463	20,762,211	27,991,814
Adjustments:			
Income not subject to taxation	(123,068)	(522,133)	-
Non-deductible expenses	1,390,973	1,380,324	3,633,743
Effect on changes in tax rates	(1,230,750)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(17,088)	-	(1,822,650)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	925,276	1,270,005	266,129
Under/(over) provision of deferred tax in respect of prior years	1,731,645	(5,815,180)	(3,906,081)
(Over)/under provision of income tax in respect of prior years	(1,106,601)	259,912	425,635
Income tax expense recognised in profit or loss	16,990,850	17,335,139	26,588,590

Domestic income tax is calculated at statutory tax rate of 25% (2012: 25%; 2011: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

Tax savings during the financial year arising from:

	2013 RM	2012 RM	2011 RM
Utilisation of tax losses brought forward from previous years	-	-	1,822,650

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.9 Property, plant and equipment

Cost	Freehold land RM	Buildings RM	Leasehold land RM	Plant and machinery RM	*Other assets RM	Total RM
At 1 January 2013	5,751,450	26,717,881	82,013,501	14,735,454	19,203,294	148,421,580
Additions	-	731,341	2,546,994	1,990,520	8,761,869	14,030,724
Written off	-	(8,403)	-	(7,460)	(24,050)	(39,913)
At 31 December 2013	5,751,450	27,440,819	84,560,495	16,718,514	27,941,113	162,412,391
Accumulated depreciation						
At 1 January 2013	-	1,305,294	1,762,883	2,024,448	2,473,207	7,565,832
Depreciation charge for the year	-	-	-	-	-	-
Recognised in profit or loss	-	1,615,230	953,114	2,159,084	1,120,600	5,848,028
Capitalised in construction cost (Note 5.3.23)	-	-	-	11,013	835	11,848
Capitalised in property development costs (Note 5.3.14(b))	-	-	-	-	60,180	60,180
Written off	-	(8,402)	-	(7,291)	(24,039)	(39,732)
At 31 December 2013	-	2,912,122	2,715,997	4,187,254	3,630,783	13,446,156
Net carrying amount						
At 31 December 2013	5,751,450	24,528,697	81,844,498	12,531,260	24,310,330	148,966,235

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.9 Property, plant and equipment (cont'd.)

	Freehold land RM	Buildings RM	Leasehold land RM	Plant and machinery RM	*Other assets RM	Total RM
					Restated	Restated
Cost						
At 1 January 2012 (as previously stated)	5,751,450	5,233,179	74,082,676	2,560,917	32,667,736	120,295,958
Adjustments (Note 5.1.2)	-	-	-	-	244,811	244,811
At 1 January 2012 (restated)	5,751,450	5,233,179	74,082,676	2,560,917	32,912,547	120,540,769
Additions	-	295,043	8,124,000	1,704,945	18,295,055	28,419,043
Disposals	-	-	(193,175)	-	(247,898)	(441,073)
Written off	-	(26,368)	-	(8,250)	(342,194)	(376,812)
Reclassification	-	21,068,027	-	10,468,342	(31,536,369)	-
Effect arising from acquisition of an estate	-	148,000	-	9,500	122,153	279,653
At 31 December 2012	5,751,450	26,717,881	82,013,501	14,735,454	19,203,294	148,421,580
Accumulated depreciation						
At 1 January 2012 (as previously stated)	-	561,468	870,870	652,000	1,262,356	3,346,694
Adjustments (Note 5.1.2)	-	-	-	-	70,078	70,078
At 1 January 2012 (restated)	-	561,468	870,870	652,000	1,332,434	3,416,772
Depreciation charge for the year	-	-	-	-	-	-
Recognised in profit or loss	-	755,558	908,522	1,366,021	1,153,417	4,183,518
Capitalised in construction cost (Note 5.3.23)	-	-	-	2,588	26,178	28,766
Capitalised in property development costs (Note 5.3.14(b))	-	-	-	11,292	48,340	59,632
Disposals	-	-	(16,509)	-	(65,194)	(81,703)
Written off	-	(26,362)	-	(8,245)	(44,129)	(78,736)
Effect arising from acquisition of an estate	-	14,630	-	792	22,161	37,583
At 31 December 2012	-	1,305,294	1,762,883	2,024,448	2,473,207	7,565,832
Net carrying amount						
At 31 December 2012	5,751,450	25,412,587	80,250,618	12,711,006	16,730,087	140,855,748

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.9 Property, plant and equipment (cont'd.)



Cost	Freehold land RM	Buildings RM	Leasehold land RM	Plant and machinery RM	*Other assets RM	Total RM
At 1 January 2011 (as previously stated)	5,751,450	4,605,029	71,059,675	1,615,577	11,273,988	94,305,719
Adjustments (Note 5.1.2)	-	-	-	-	224,922	224,922
At 1 January 2011 (restated)	5,751,450	4,605,029	71,059,675	1,615,577	11,498,910	94,530,641
Additions	-	628,150	3,023,001	945,341	21,414,258	26,010,750
Disposal	-	-	-	-	(1)	(1)
Written off	-	-	-	(1)	(620)	(621)
At 31 December 2011	5,751,450	5,233,179	74,082,676	2,560,917	32,912,547	120,540,769
Accumulated depreciation						
At 1 January 2011 (as previously stated)	-	164,053	74,608	231,976	494,781	965,418
Adjustments (Note 5.1.2)	-	-	-	-	23,491	23,491
At 1 January 2011 (restated)	-	164,053	74,608	231,976	518,272	988,909
Depreciation charge for the year	-	397,415	796,262	416,557	734,844	2,345,078
Recognised in profit or loss	-	-	-	3,467	33,068	36,535
Capitalised in construction cost (Note 5.3.23)	-	-	-	-	-	-
Capitalised in property development costs (Note 5.3.14(b))	-	-	-	-	46,587	46,587
Written off	-	-	-	-	(337)	(337)
At 31 December 2011	-	561,468	870,870	652,000	1,332,434	3,416,772
Net carrying amount						
At 31 December 2011	5,751,450	4,671,711	73,211,806	1,908,917	31,580,113	117,123,997

*Other assets consist of motor vehicles, estate equipment, electrical installation, furniture and fittings, renovation, factory equipment, moulds, office equipment, signboards, air conditioners, palm oil mill construction in progress, nursery site preparation costs and land and plantation work-in-progress.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.9 Property, plant and equipment (cont'd.)

- (a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM130,000 (2012: RM799,500; 2011: RM237,700) by means of hire purchase. The cash outflow on acquisition of property, plant and equipment of the Group amounted to RM13,900,724 (2012: RM27,619,543; 2011: RM25,773,050).
- (b) The carrying amount of motor vehicles held under hire purchase arrangements for the Group is RM1,007,296 (2012: RM1,274,417; 2011: RM840,574) respectively.
- (c) All property, plant and equipment of the Company are pledged as securities for bank borrowings (Note 5.3.20).

5.3.10 Biological assets

(a) Livestocks

	2013 RM	2012 RM	2011 RM
At cost	683,150	754,133	815,907

(b) Plantation development expenditure

	2013 RM	2012 RM	2011 RM
Cost			
At 1 January	74,249,986	59,529,756	50,666,049
Effect arising from acquisition of an estate	-	3,694,479	-
Additions	12,327,429	11,113,232	8,863,707
Disposal	-	(87,481)	-
At 31 December	86,577,415	74,249,986	59,529,756
Accumulated amortisation			
At 1 January	5,246,417	2,709,323	658,499
Amortisation recognised in profit or loss	2,927,403	2,624,575	2,050,824
Disposal	-	(87,481)	-
At 31 December	8,173,820	5,246,417	2,709,323

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.10 Biological assets (cont'd.)

(b) Plantation development expenditure

	2013 RM	2012 RM	2011 RM
Net carrying amount			
At 31 December	78,403,595	69,003,569	56,820,433
Total biological assets	79,086,745	69,757,702	57,636,340

All plantation development expenditure of the Company are pledged as securities for bank borrowings (Note 5.3.20).

5.3.11 Goodwill

	2013 RM	2012 RM	2011 RM
Cost:			
At 1 January/31 December	8,869,858	8,869,858	8,869,858
Accumulated impairment:			
At 1 January	8,869,858	8,869,858	-
Charge to profit or loss	-	-	8,869,858
At 31 December	8,869,858	8,869,858	8,869,858
Net carrying amount	-	-	-

5.3.12 Land use rights

	2013 RM	2012 RM	2011 RM
At 1 January	40,470,714	41,044,968	41,619,223
Amortisation for the year	(574,257)	(574,254)	(574,255)
At 31 December	39,896,457	40,470,714	41,044,968

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.12 Land use rights (cont'd.)

Title deeds of long term leasehold land with carrying value of RM39,896,457 (2012: RM40,470,714; 2011: RM41,044,968) are registered under the name of a corporate shareholder, Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang.

All leasehold land of the Group are pledged as securities for bank borrowings (Note 5.3.20).

5.3.13 Other investments

	2013 RM	2012 RM	2011 RM
Unquoted shares at cost	5,001	5,001	5,001

5.3.14 Land held for property development and property development costs

(a) Land held for property development

	2013 RM	2012 RM	2011 RM
Leasehold land			
Cost			
At 1 January	29,229,423	29,728,265	30,641,378
Disposals	(628,987)	(498,842)	(913,113)
At 31 December	28,600,436	29,229,423	29,728,265

(b) Property development costs

	Freehold land RM	Development costs RM	Total RM
At 31 December 2013			
Cumulative property development costs			
At 1 January 2013	2,432,085	197,340,939	199,773,024
Costs incurred during the year	-	45,621,030	45,621,030
Reversal of completed project	-	(17,860)	(17,860)
At 31 December 2013	2,432,085	242,944,109	245,376,194

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.14 Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Freehold land RM	Development costs RM	Total RM
At 31 December 2013 (cont'd.)			
Cumulative costs recognised in profit or loss			
At 1 January 2013	-	(131,969,039)	(131,969,039)
Recognised during the year	-	(39,898,646)	(39,898,646)
At 31 December 2013	-	(171,867,685)	(171,867,685)
Unsold unit transferred to inventories	-	(294,174)	(294,174)
Property development costs as at 31 December 2013	2,432,085	70,782,250	73,214,335
At 31 December 2012 (restated)			
Cumulative property development costs			
At 1 January 2012 (as previously stated)	2,432,085	68,301,575	70,733,660
Adjustments (Note 5.1.2)	-	83,017,397	83,017,397
At 1 January 2012 (restated)	2,432,085	151,318,972	153,751,057
Costs incurred during the year	-	46,021,967	46,021,967
At 31 December 2012	2,432,085	197,340,939	199,773,024
Cumulative costs recognised in profit or loss			
At 1 January 2012 (as previously stated)	-	(14,950,049)	(14,950,049)
Adjustments (Note 5.1.2)	-	(75,098,552)	(75,098,552)
At 1 January 2012 (restated)	-	(90,048,601)	(90,048,601)
Recognised during the year	-	(41,920,438)	(41,920,438)
At 31 December 2012	-	(131,969,039)	(131,969,039)
Property development costs as at 31 December 2012	2,432,085	65,371,900	67,803,985
At 31 December 2011 (restated)			
Cumulative property development costs			
At 1 January 2011 (as previously stated)	2,432,085	51,384,598	53,816,683
Adjustments (Note 5.1.2)	-	24,184,797	24,184,797
At 1 January 2011 (restated)	2,432,085	75,569,395	78,001,480
Costs incurred during the year	-	75,749,577	75,749,577
At 31 December 2011	2,432,085	151,318,972	153,751,057

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.14 Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Freehold land RM	Development costs RM	Total RM
At 31 December 2011 (restated) (cont'd.)			
Cumulative costs recognised in profit or loss			
At 1 January 2011 (as previously stated)	-	(11,865,633)	(11,865,633)
Adjustments (Note 5.1.2)	-	(4,332,263)	(4,332,263)
At 1 January 2011 (restated)	-	(16,197,896)	(16,197,896)
Recognised during the year	-	(73,850,705)	(73,850,705)
At 31 December 2011	-	(90,048,601)	(90,048,601)
Property development costs as at 31 December 2011	2,432,085	61,270,371	63,702,456

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

	2013 RM	2012 RM	2011 RM
Interest expense	7,413,986	3,775,392	1,590,871
Depreciation (Note 5.3.9)	60,180	59,632	46,587

Leasehold land of the Group with carrying value of RM28,600,436 (2012: RM29,229,423; 2011: RM29,728,265) is pledged as security for borrowings (Note 5.3.20).

5.3.15 Inventories

	2013 RM	2012 RM Restated	2011 RM Restated
Cost			
Consumables	3,062,710	1,841,731	1,335,991
Nursery and landscaping plants	3,095,909	2,787,363	1,221,043
Crude palm oil	5,923,681	-	-
Palm kernel	320,740	-	-
Others	453,914	118,657	423,782
	12,856,954	4,747,751	2,980,816
Net realisable value			
Crude palm oil	-	5,410,197	-
Palm kernel	-	345,661	-
	-	5,755,858	-
	12,856,954	10,503,609	2,980,816

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.16 Trade and other receivables

	2013 RM	2012 RM Restated	2011 RM Restated
Trade receivables			
Third parties	27,074,323	21,506,163	22,479,585
Less: Allowance for impairment			
Third parties	(244,602)	(260,378)	(260,378)
	26,829,721	21,245,785	22,219,207
Retention sums on construction contracts (Note 5.3.23)	828,262	1,101,257	985,326
Trade receivables, net	<u>27,657,983</u>	<u>22,347,042</u>	<u>23,204,533</u>
Other receivables			
Sundry receivables	4,376,813	5,484,000	14,539,236
Deposits	803,911	681,122	575,099
	<u>5,180,724</u>	<u>6,165,122</u>	<u>15,114,335</u>
Total trade and other receivables	32,838,707	28,512,164	38,318,868
Add: Cash and bank balances (Note 5.3.19)	46,930,678	68,985,099	61,377,862
Total loans and receivables	<u>79,769,385</u>	<u>97,497,263</u>	<u>99,696,730</u>

a) Trade receivables

The Group's normal trade credit term ranges from 10 to 45 days (2012: 10 to 45 days, 2011: 10 to 45 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables are amounts due from directors amounting to RM1,502,855 (2012: RM1,502,855 ; 2011: RM417). These amounts are unsecured, non-interest bearing and have repayment terms of 21 days (2012: 21 days, 2011: 21 days).

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.16 Trade and other receivables (cont'd.)

a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the trade receivables are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
Neither past due nor impaired	16,533,737	12,776,428	13,408,139
1 to 30 days past due not impaired	6,032,023	5,279,718	3,630,948
31 to 60 days past due not impaired	873,810	1,216,622	392,118
61 to 90 days past due not impaired	651,550	556,532	890,128
91 to 120 days past due not impaired	2,738,601	1,416,485	3,293,101
More than 120 days past due not impaired	-	-	604,773
	10,295,984	8,469,357	8,811,068
Impaired	244,602	260,378	260,378
	<u>27,074,323</u>	<u>21,506,163</u>	<u>22,479,585</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM10,295,984 (2012: RM8,469,357; 2011: RM8,811,068) respectively that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.16 Trade and other receivables (cont'd.)

a) Trade receivables (cont'd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
Trade receivables - nominal amounts	244,602	260,378	260,378
Less: Allowance for impairment	(244,602)	(260,378)	(260,378)
	<u>-</u>	<u>-</u>	<u>-</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

There has been no movement in the allowance account for the financial years ended 31 December 2012 and 31 December 2013.

b) Other receivables

Included in sundry receivables are amounts due from related parties in which a director has an interest amounting to nil (2012: RM2,500,000; 2011: RM1,000,000).

These amounts are unsecured, non-interest bearing and repayable on demand.

5.3.17 Other current assets

	2013 RM	2012 RM Restated	2011 RM Restated
Prepayments	251,610	149,913	73,357
Due from customers on contract (Note 5.3.23)	673,909	2,093,288	729,528
Accrued billings in respect of property development costs	5,439,571	3,632,526	14,455,944
	<u>6,365,090</u>	<u>5,875,727</u>	<u>15,258,829</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.18 Investment securities

	2013 RM	2012 RM	2011 RM
Current			
Fair value through profit or loss:			
Shares quoted in Malaysia	4,552,875	4,552,875	2,875

5.3.19 Cash and bank balances

	2013 RM	2012 RM Restated	2011 RM Restated
Cash in hand and at banks	32,449,305	34,949,919	22,660,801
Short term deposits with:			
Licensed banks	5,481,373	12,909,900	17,100,000
Licensed finance companies	9,000,000	21,125,280	21,617,061
Total cash and bank balances	46,930,678	68,985,099	61,377,862
Less: Bank balances which are restricted in use	(2,849,921)	(2,849,921)	(2,849,921)
Total cash and cash equivalents	44,080,757	66,135,178	58,527,941

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2013 for the Group were 3.35% (2012: 3.30%, 2011: 3.23%) per annum.

Deposits with licensed banks of the Group amounting to RM2,849,921 (2012: RM2,849,921; 2011: RM2,849,921) are pledged as securities for borrowing (Note 5.3.20).

Included in the deposits with licensed banks of the Group is an amount of RM1,589,950 (2012: RM909,000; 2011: RM600,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Included in cash at bank of the Group is an amount of RM16,645,090 (2012: RM16,511,656; 2011: RM7,345,482) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings

	Maturity	2013 RM	2012 RM Restated	2011 RM Restated
Current				
Secured:				
Obligations under finance leases (Note 5.3.31 (c))	2014	387,023	492,366	322,868
Term loan at Base Finance Rate ("BFR") + 1.75% per annum	2014	140,254	17,250,000	14,200,000
Term loan at Base Lending Rate ("BLR") + 1.25% per annum	2014	5,851,909	7,309,248	4,872,832
Al-Bai Bithaman Ajil ("BBA") term financing - i (1) at BFR + 1% per annum	2014	1,779,254	320,323	-
BBA term financing - i (2) at BFR + 1% per annum	2014	158,568	148,511	175,000
BBA term financing - i (3) at BFR + 1% per annum	2014	589,200	114,012	-
Unsecured:				
Article 2A RPS	2014	3,500,243	3,500,243	3,500,243
		<u>12,406,451</u>	<u>29,134,703</u>	<u>23,070,943</u>
Non-current				
Secured:				
Obligations under finance leases (Note 5.3.31 (c))	2015-2020	653,647	913,892	718,023
Term loan at BFR + 1.75% per annum	2019	9,786,142	1,750,198	17,250,000
Term loan at BLR + 1.25% per annum	2017	14,886,794	18,876,340	23,127,168
BBA term financing - i (1) at BFR + 1% per annum	2021	12,585,125	13,044,056	9,369,462
BBA term financing - i (2) at BFR + 1% per annum	2019	931,520	1,090,087	1,195,833
BBA term financing - i (3) at BFR + 1% per annum	2021	4,167,494	4,642,683	3,720,877
Unsecured:				
Article 2A RPS	2015	1,444,482	3,456,329	6,956,572
Article 2B RCPS	2012	-	-	2,975,496
		<u>44,455,204</u>	<u>43,773,585</u>	<u>65,313,431</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings (cont'd.)

	Maturity	2013 RM	2012 RM Restated	2011 RM Restated
Total				
Secured:				
Obligations under finance leases (Note 5.3.31 (c))	2014-2020	1,040,670	1,406,258	1,040,891
Term loan at BFR + 1.75% per annum	2019	9,926,396	19,000,198	31,450,000
Term loan at BLR + 1.25% per annum	2017	20,738,703	26,185,588	28,000,000
BBA term financing - i (1) at BFR + 1% per annum	2021	14,364,379	13,364,379	9,369,462
BBA term financing - i (2) at BFR + 1% per annum	2019	1,090,088	1,238,598	1,370,833
BBA term financing - i (3) at BFR + 1% per annum	2021	4,756,694	4,756,695	3,720,877
Unsecured:				
Article 2A RPS	2015	4,944,725	6,956,572	10,456,815
Article 2B RCPS	2012	-	-	2,975,496
Total loans and borrowings		56,861,655	72,908,288	88,384,374

The remaining maturities of the loans and borrowings as at 31 December 2011, 2012 and 2013 are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
Maturity of loans and borrowings:			
borrowings:			
Within 1 year	12,406,451	29,134,703	23,070,943
More than 1 year and less than 2 years	12,997,765	13,273,563	28,994,456
More than 2 years and less than 5 years	21,377,448	20,406,888	31,347,471
More than 5 years	10,079,991	10,093,134	4,971,504
	56,861,655	72,908,288	88,384,374

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings (cont'd.)

Term loan at Base Financing Rate ("BFR") +1.75% per annum

The term loan is secured by the following:

- (i) first priority security charge over the all leasehold lands of the Company.
- (ii) debenture of fixed and floating charge over all present and future assets of the Company.
- (iii) memorandum of deposits over securities as a charge over cash deposit equivalent to 3 months profit payment for the term financing-i facility.
- (iv) memorandum of deposits over securities as a charge over cash deposit equivalent to 35% of the term financing-i facility limit.
- (v) first party first legal assignment over the leasehold land and land use rights of a subsidiary as disclosed in Note 5.3.9 and 5.3.12 and Power of Attorney and such other documents or security documents as the bank's solicitors may advise; and

The term loan is repayable by 21 instalments on quarterly basis and repayment amount ranges from RM1,775,000 to RM7,100,000, commencing on 17 December 2010.

The term loan of the Group bore interest rate at 8.35% (2012: 8.35%; 2011: 8.05% to 8.35%) per annum.

Term loan at Base Lending Rate ("BLR") +1.25% per annum

The term loan is secured by the following:

- (i) Asset Purchase Agreement over the leasehold land of the Group as disclosed in Note 5.3.14;
- (ii) First party first legal assignment over the leasehold land of the Group as disclosed in Note 5.3.14 and Power of Attorney and such other documents or security documents as the Bank's solicitors may advise; and
- (iii) Corporate guarantee by the Company.

The term loan is repayable by 60 monthly instalments on RM609,104 each, commencing on 1 November 2011.

The term loan of the Group bore interest rate at 7.85% (2012: 7.85%; 2011: 7.85%) per annum.

Al-Bai Bithaman Ajil ("BBA") term financing - i (1) at BFR + 1% per annum

The term loan is secured by the following:

- (i) Asset purchase agreement for RM16,700,000 over 50% on 500 acres of land in Mukim of Bebar, District of Pekan, state of Pahang;
- (ii) Asset sale agreement for RM27,692,604 over 50% on 500 acres of land in Mukim of Bebar, District of Pekan, state of Pahang;
- (iii) Fresh 1st party 1st legal charge for RM27,692,604 over the agriculture land at KM45 of Kuantan - Muadzam Shah trunk road held under title no. H.S. (D) 4556, PT 8080 in Mukim of Bebar, District of Pekan, State of Pahang;

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings (cont'd.)

Al-Bai Bithaman Ajil ("BBA") term financing - i (1) at BFR + 1% per annum (cont'd.)

- (iv) Corporate guarantee by the Company for RM27,692,604; and
- (v) First debenture jointly between BBA term financing - i (2) and BBA term financing - i (3) against Sri Jelutung Palm Oil Mill Sdn Bhd fixed and floating assets for RM39,797,794 both present and future.

This loan is repayable by 96 monthly instalments of RM224,115 until full settlement.

The BBA term financing - i (1) of the Group bore interest rate at 7.60% (2012: 7.60%; 2011: 7.60%) per annum.

BBA term financing - i (2) at BFR + 1% per annum

The term loan is secured by the following:

- (i) Asset purchase agreement for RM1,400,000 over 4% on 500 acres of land in Mukim of Bebar, District of Pekan, state of Pahang;
- (ii) Asset sale agreement for RM2,321,548 over 4% on 500 acres of land in Mukim of Bebar, District of Pekan, State of Pahang;
- (iii) Fresh 1st party 1st legal charge for RM2,321,548 over the agriculture land at KM45 of Kuantan - Muadzam Shah trunk road held under title no. H.S. (D) 4556, PT 8080 in Mukim of Bebar, District of Pekan, State of Pahang; and
- (iv) Corporate guarantee by the Company for RM2,321,548.

This loan is repayable by 96 monthly instalments of RM18,789 until full settlement.

The BBA term financing - i (2) of the Group bore interest rate at 7.60% (2012: 7.60%; 2011: 7.60%) per annum.

BBA term financing - i (3) at BFR + 1% per annum

The term loan is secured by the following:

- (i) Asset purchase agreement for RM5,900,000 over 15% on 500 acres of land in Mukim of Bebar, District of Pekan, state of Pahang;
- (ii) Asset sale agreement for RM9,783,640 over 15% on 500 acres of land in Mukim of Bebar, District of Pekan, State of Pahang;
- (iii) Fresh 1st party 1st legal charge for RM9,783,640 over the agriculture land at KM45 of Kuantan - Muadzam Shah trunk road held under title no. H.S. (D) 4556, PT 8080 in Mukim of Bebar, District of Pekan, State of Pahang; and
- (iv) Corporate guarantee by the Company for RM9,783,640.

This loan is repayable by 96 monthly instalments of RM79,179 until full settlement.

The BBA term financing - i (3) of the Group bore interest rate at 7.60% (2012: 7.60%; 2011: 7.60%) per annum.



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings (cont'd.)

Article 2A RPS:

	Number of RPS of RM0.10 each			Amount	
	2013	2012	2011	2013	2012
				RM	RM
Authorised					
At 1 January/31 December	30,000,000	30,000,000	30,000,000	3,000,000	3,000,000
Issued and fully paid					
At 1 January	10,500,730	14,000,970	17,501,210	1,050,073	1,400,097
Redeemed during the year	(3,500,240)	(3,500,240)	(3,500,240)	(350,024)	(350,024)
At 31 December	7,000,490	10,500,730	14,000,970	700,049	1,050,073
Share premium					
At 1 January				9,450,656	12,600,875
Redeemed during the year				(3,150,218)	(3,150,219)
At 31 December				6,300,438	9,450,656
RPS carried at amortised cost					
At 1 January				6,956,572	10,456,815
Redemption of preference shares				(3,500,242)	(3,500,243)
Unwinding discounts of the RPS				1,488,395	-
At 31 December				4,944,725	6,956,572
					10,456,815

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings (cont'd.)

Article 2A RPS (cont'd.):

The main features of the Article 2A RPS are as follows:

- (i) The RPS holder is entitled to a cumulative preference dividend rate of 5% per annum on the issue price of RPS.
- (ii) The RPS holder shall not be entitled to any voting rights except where there is a proposal to reduce the share capital of the Company, or a proposal that affects the rights attached to the RPS, or a proposal for the winding up of the Company, or during a winding up.
- (iii) The RPS is redeemable at the option of the Company at its issue price, according to the redemption schedule.

The aforesaid redemption schedule will also be linked to the crude palm oil prices. The RPS will only be redeemed:-

- Provided the settlement of the quarterly principal repayments and interest payments of the banking facility provided by CIMB Islamic Bank Berhad amounting up to RM142,000,000 undertaken by the Company, is up to date; and
- Only if the crude palm oil price is above RM2,150 per metric tonne (based on monthly average price quoted by Malaysian Palm Oil Board). In the event the Company is unable to redeem the RPS according to the Redemption Schedule set out, such amount of RPS not redeemed shall be entitled to a higher cumulative preference dividend of 7.0% per annum until such date that it is redeemed at option of the Company and for the avoidance of doubt, such deferred redemption can take place at any time upon prior written notification by the Company to the holder of the RPS.

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.20 Loans and borrowings (cont'd.)

Article 2B RCPS:

	Number of RPS of RM0.10 each			Amount	
	2013	2012	2011	2013	2012
				RM	RM
Authorised:					
At 1 January/31 December	70,000,000	70,000,000	70,000,000	7,000,000	7,000,000
Issued and fully paid					
At 1 January	-	2,975,496	2,975,496	-	297,550
Converted during the year (Note 5.3.26)	-	(2,975,496)	-	-	(297,550)
At 31 December	-	-	2,975,496	-	-
Share premium					
At 1 January				-	2,677,946
Converted during the year (Note 5.3.26)				-	(2,677,946)
At 31 December				-	-
At 31 December				-	-
				-	2,975,496

13. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)****5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)****5.3.20 Loans and borrowings (cont'd.)**

The main features of the Article 2B RCPS are as follows:

- (i) The RCPS holder is entitled to cumulative preference dividend rate of 9% per annum on the issues price of RCPS shall be payable. The annual dividend payment, however, will only be made on the maturity Date, and provided upon the full settlement of the banking facility provided by CIMB Islamic Bank Berhad amounting to RM142,000,000 undertaken by the Company, and the full redemption of the subscription RPS at its issue price.
- (ii) The RCPS does not entitle the holder to have voting rights, except where there is a proposal to reduce the share capital of the Company, or a proposal that affects the rights attached to the RCPS, or a proposal for the winding up of the Company, or during a winding up.
- (iii) Any RCPS not redeemed as at maturity date shall be mandatorily converted. Each RCPS shall be convertible into one ordinary share of RM1.00 each in the Company. The Company shall apply the par value of the RCPS together with the premium arising on subscription of the RCPS towards the conversion of the RCPS into ordinary shares of RM1.00 each in the Company. The conversion of the RCPS will not require any cash payment by RCPS holder.
- (iv) The RCPS is redeemable at the option of the holder at the issue price, but only upon the full settlement of the banking facility provided by CIMB Islamic Bank Berhad amounting up to RM142,000,000 undertaken by the Company, and the full redemption of subscription RPS at its issue price.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.21 Trade and other payables

	2013 RM	2012 RM Restated	2011 RM Restated
Trade payables			
Third parties	14,748,648	10,895,491	5,980,927
Retention sum payables	3,208,299	2,509,850	3,206,464
	<u>17,956,947</u>	<u>13,405,341</u>	<u>9,187,391</u>
Other payables			
Accruals	4,067,998	4,387,972	5,430,386
Sundry payables	10,830,593	9,911,069	5,326,509
Deposits payable	9,247	130,613	176,973
Amounts due to directors	503,653	503,653	1,003,653
Amount due to a corporate shareholder	249,200	5,080,000	6,080,000
	<u>15,660,691</u>	<u>20,013,307</u>	<u>18,017,521</u>
Total trade and other payables	33,617,638	33,418,648	27,204,912
Add: Loans and borrowings (Note 5.3.20)	56,861,655	72,908,288	88,384,374
Total financial liabilities carried at amortised cost	<u>90,479,293</u>	<u>106,326,936</u>	<u>115,589,286</u>

a) Trade payables

These amounts are non-interest bearing. The normal trading credit term granted to the Group ranges from 10 to 90 days (2012: 10 to 90 days, 2011: 10 to 90 days).

b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2012: average term of six months; 2011: average term of six months).

c) Amounts due to directors

Amounts due to directors are unsecured, non-interest bearing and repayable on demand.

d) Amount due to a corporate shareholder

Amount due to a corporate shareholder is unsecured, non-interest bearing and repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.22 Other current liabilities

	2013 RM	2012 RM Restated	2011 RM Restated
Progress billings in respect of property development costs	4,269,027	2,059,674	-
Amount due to customers for contract work (Note 5.3.23)	3,195,561	2,438,478	940,755
	<u>7,464,588</u>	<u>4,498,152</u>	<u>940,755</u>

5.3.23 Due from/(to) customers on contract

	2013 RM	2012 RM Restated	2011 RM Restated
Construction contract costs incurred to date	17,840,954	16,140,017	6,809,045
Attributable profits	2,048,963	1,441,936	547,263
	<u>19,889,917</u>	<u>17,581,953</u>	<u>7,356,308</u>
Less: Progress billings	(22,411,569)	(17,927,143)	(7,567,535)
	<u>(2,521,652)</u>	<u>(345,190)</u>	<u>(211,227)</u>
Presented as:			
Gross amount due from customers for contract work (Note 5.3.17)	673,909	2,093,288	729,528
Gross amount due to customers for contract work (Note 5.3.22)	(3,195,561)	(2,438,478)	(940,755)
	<u>(2,521,652)</u>	<u>(345,190)</u>	<u>(211,227)</u>
Retention sums on construction contracts, included within trade receivables (Note 5.3.16)	<u>828,262</u>	<u>1,101,257</u>	<u>985,326</u>

The costs incurred to date on construction contracts include the depreciation of property, plant and equipment charges made during the financial year of RM11,848 (2012: RM28,766; 2011: RM36,535).

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.24 Retirement benefit obligations

Defined benefit plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees.

The following tables summarise the components of net benefit expense recognised in profit or loss and the unfunded status and amounts recognised in the statements of financial position for the plans:

	2013 RM	2012 RM	2011 RM
Net benefit expense			
Current service costs	286,818	154,896	154,896
Interest cost on benefit obligation	182,391	149,833	149,833
Net benefit expense, included in employee benefits expense (Note 5.3.4)	<u>469,209</u>	<u>304,729</u>	<u>304,729</u>

The Group's net benefit expense, RM469,209 (2012: RM304,729; 2011: RM304,729) has been included in administrative expenses.

Benefit liability

	2013 RM	2012 RM Restated	2011 RM Restated
Present value of unfunded defined benefit obligation	<u>4,111,382</u>	<u>3,874,558</u>	<u>2,533,784</u>

Changes in present value of defined benefit obligations are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
At 1 January	3,874,558	2,533,784	2,396,651
Current service costs	286,818	154,896	154,896
Remeasurement loss			
Actuarial losses arising from changes in plan experience	-	828,502	-
Actuarial losses arising from changes in financial assumption changes	-	522,342	-
Interest cost	182,391	149,833	149,833
Benefit paid	(232,385)	(314,799)	(167,596)
At 31 December	<u>4,111,382</u>	<u>3,874,558</u>	<u>2,533,784</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.24 Retirement benefit obligations (cont'd.)

Defined benefit plan (cont'd.)

Benefit liability (cont'd.)

The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2013 %	2012 %	2011 %
Discount rate	4.70	6.50	6.50
Future salary increases	6.00	6.00	6.00

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at age of 56 is 14 for males and 20 for females.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease) %	2013 RM
Discount rate	1	(315,547)
Discount rate	(1)	364,547
Future salary	1	399,259
Future salary	(1)	(351,493)

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.25 Deferred tax

	As at 1 January 2011		As at 1 January 2011		Recognised in profit or loss		As at 31 December 2011		Recognised in profit or loss		As at 31 December 2012		Recognised in profit or loss		As at 31 December 2013	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
As previously stated																
Adjustments (Note 5.1.2)																
Property, plant and equipment	14,335,502	11,010	14,346,512	(3,715,056)	10,631,456	(5,436,892)	5,194,564	3,641,805	8,836,369							
Land use rights	24,285,237	-	24,285,237	-	24,285,237	-	24,285,237	(971,409)	23,313,828							
	38,620,739	11,010	38,631,749	(3,715,056)	34,916,693	(5,436,892)	29,479,801	2,670,396	32,150,197							
Deferred tax liabilities:																
Property, plant and equipment	(18,294)	-	(18,294)	(17)	(18,311)	243	(18,068)	(362,438)	(380,506)							
Unutilised tax losses	-	-	-	-	-	-	-	-	(3,342)							
Unabsorbed capital allowances	(1,164,500)	-	(1,164,500)	1,164,500	-	-	-	-	(1,241,930)							
Retirement benefit obligations	(604,451)	-	(604,451)	(34,283)	(638,734)	2,518	(636,216)	(350,229)	(986,445)							
	(1,787,245)	-	(1,787,245)	1,130,200	(657,045)	2,761	(654,284)	(1,957,939)	(2,612,223)							
	36,833,494	11,010	36,844,504	(2,584,856)	34,259,648	(5,434,131)	28,825,517	712,457	29,537,974							

Deferred tax assets have not been recognised in respect of the following items:

	2013	2012	2011
	RM	RM	RM
Unutilised tax losses	4,980,553	3,336,616	3,442,811
Unabsorbed capital allowances	7,242,345	5,253,530	67,313
	<u>12,222,898</u>	<u>8,590,146</u>	<u>3,510,124</u>

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.26 Share capital



	Number of shares of RM1 each			Amount		
	2013	2012	2011	2013	2012	2011
				RM	RM	RM
<u>Company</u>						
Authorized Ordinary shares						
At 1 January/31 December	490,000,000	490,000,000	490,000,000	490,000,000	490,000,000	490,000,000
Issued and fully paid Ordinary shares						
At 1 January	173,009,796	170,034,300	170,034,300	173,009,796	170,034,300	170,034,300
Converted during the year (Note 5.3.20)	-	2,975,496	-	-	2,975,496	-
At 31 December	173,009,796	173,009,796	170,034,300	173,009,796	173,009,796	170,034,300

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13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.27 Other reserve

This represents the difference between book value and fair value of RPS on initial recognition in accordance with FRS 139.

5.3.28 Capital redemption reserve

This represents capital redemption reserve arising from redemption of RPS.

Pursuant to Section 61 of the Act, upon redemption of RPS, sum equal to the nominal amount of the shares redeemed shall be transferred to a reserve called the 'Capital Redemption Reserve'.

5.3.29 Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2013, 31 December 2012 and 31 December 2011 under the single tier system.

5.3.30 Dividends

	2013 RM	2012 RM	2011 RM
Recognised during the financial year:			
Dividends on ordinary shares:			
First interim tax exempt (single tier) dividend of 5 sen per share for year 2011	-	-	8,501,715
Second interim tax exempt (single tier) dividend of 5 sen per share for year 2011	-	-	8,501,715
Interim tax exempt (single tier) dividend of 10 sen per share for year 2012	-	17,300,980	-
Final tax exempt (single tier) dividend of 5 sen per share for year 2012	8,650,490	-	-
Interim tax exempt (single tier) dividend of 10 sen per share for year 2013	17,300,979	-	-
	<u>25,951,469</u>	<u>17,300,980</u>	<u>17,003,430</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.31 Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	2013 RM	2012 RM	2011 RM
Approved but not contracted for:			
Property, plant and equipment	-	-	9,772,753

(b) Operating lease commitments – as lessee

The Group has entered into non-cancellable operating lease agreements for the use of leasehold land. These leases have an average life of between 66 and 99 years with no renewal or purchase options included in the contracts. There are no restrictions placed upon the Group by these leases.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the statements of financial position date but not recognised as liabilities are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
Future minimum rental payments:			
Not later than 1 year	786,881	786,881	786,881
Later than 1 year and not later than 5 years	3,147,525	3,147,525	3,147,525
Later than 5 years	29,264,748	30,051,629	30,838,510
	<u>33,199,154</u>	<u>33,986,035</u>	<u>34,772,916</u>

(c) Obligations under finance leases

Minimum lease payments:

Not later than 1 year	436,163	565,560	376,524
Later than 1 year and not later than 2 years	327,650	445,448	360,310
Later than 2 years and not later than 5 years	357,169	520,730	338,560
Later than 5 years	14,329	28,541	79,419
Total minimum lease payments	<u>1,135,311</u>	<u>1,560,279</u>	<u>1,154,813</u>
Less: Future finance charges	(94,641)	(154,021)	(113,922)
Present value of minimum lease payments (Note 5.3.20)	<u>1,040,670</u>	<u>1,406,258</u>	<u>1,040,891</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.31 Commitments (cont'd.)

(c) Obligations under finance leases (cont'd.)

	2013 RM	2012 RM Restated	2011 RM Restated
Present value of payments:			
Not later than 1 year	387,023	492,366	322,868
Later than 1 year and not later than 2 years	298,568	539,164	329,424
Later than 2 years and not later than 5 years	341,164	346,628	310,924
Later than 5 years	13,915	28,100	77,675
Present value of minimum lease payments (Note 5.3.20)	1,040,670	1,406,258	1,040,891
Less: Amount due within 12 months (Note 5.3.20)	(387,023)	(492,366)	(322,868)
Amount due after 12 months (Note 5.3.20)	<u>653,647</u>	<u>913,892</u>	<u>718,023</u>

The obligations under finance leases of the Group bore interest at the reporting date at rates between 2.34% to 5.00% (2012: 2.34% to 5.00%; 2011: 2.34% to 5.00%) per annum.

5.3.32 Financial guarantees

	2013 RM	2012 RM	2011 RM
Unsecured:			
Corporate guarantee for bank facilities granted to subsidiaries	<u>84,797,794</u>	<u>84,797,794</u>	<u>84,797,794</u>

As at reporting date, no values are ascribed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loan and banking facilities are fully collateralised by chargers over the property, plant and equipment of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.33 Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2013 RM	2012 RM Restated	2011 RM Restated
Acquisition of an estate from Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang, a corporate shareholder of the Company	-	4,026,866	-

(b) Compensation of key management personnel

	2013 RM	2012 RM	2011 RM
Short term employee benefits	1,365,960	1,731,280	1,888,422
Post-employment benefits			
- Defined contribution plan	179,713	102,497	85,400
	<u>1,545,673</u>	<u>1,833,777</u>	<u>1,973,822</u>

Included in the total key management personnel is:

	2013 RM	2012 RM Restated	2011 RM Restated
Directors' remuneration	1,067,116	1,352,799	1,440,799

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.34 Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:-

	Note	2013 Carrying amount RM	Fair value RM
Financial asset:			
<u>Non-current:</u>			
Other investments	5.3.13	5,001	*
Financial liabilities:			
<u>Non-current:</u>			
<u>Loans and borrowings</u>			
Obligations under finance leases	5.3.20	653,647	551,209
Article 2A RPS	5.3.20	1,444,482	2,376,700
Term loan at BFR + 1.75% per annum	5.3.20	9,786,142	6,429,982
Term loan at BLR + 1.25% per annum	5.3.20	14,886,794	6,653,667
BBA term financing - i (1) at BFR + 1% per annum	5.3.20	12,585,125	9,737,643
BBA term financing - i (2) at BFR + 1% per annum	5.3.20	931,520	769,300
BBA term financing - i (3) at BFR + 1% per annum	5.3.20	4,167,494	3,224,576

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.34 Fair value of financial instruments (cont'd.)

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.):-

	Note	2012	
		Carrying amount RM Restated	Fair value RM Restated
Financial asset:			
<u>Non-current</u>			
Other investments	5.3.13	5,001	*
Financial liabilities:			
<u>Non-current</u>			
<u>Loans and borrowings</u>			
Obligations under finance leases	5.3.20	913,892	980,147
Article 2A RPS	5.3.20	3,456,329	4,944,724
Term loan at BFR + 1.75% per annum	5.3.20	1,750,198	1,294,282
Term loan at BLR + 1.25% per annum	5.3.20	18,876,340	15,746,670
BBA term financing - i (1) at BFR + 1% per annum	5.3.20	13,044,056	9,447,981
BBA term financing - i (2) at BFR + 1% per annum	5.3.20	1,090,087	955,845
BBA term financing - i (3) at BFR + 1% per annum	5.3.20	4,642,683	3,362,767

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.34 Fair value of financial instruments (cont'd.)

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.):-

		2011	
	Note	Carrying amount RM Restated	Fair value RM Restated
Financial asset:			
<u>Non-current</u>			
Other investments	5.3.13	5,001	*
Financial liabilities:			
<u>Non-current</u>			
<u>Loans and borrowings</u>			
Obligations under finance leases	5.3.20	718,023	687,410
Article 2A RPS	5.3.20	6,956,572	7,719,474
Term loan at BFR + 1.75% per annum	5.3.20	17,250,000	14,300,298
Term loan at BLR + 1.25% per annum	5.3.20	23,127,168	16,156,942
BBA term financing - i (1) at BFR + 1% per annum	5.3.20	9,369,462	7,010,733
BBA term financing - i (2) at BFR + 1% per annum	5.3.20	1,195,833	874,652
BBA term financing - i (3) at BFR + 1% per annum	5.3.20	3,720,877	2,713,210

* Investment in equity instruments carried at cost (Note 5.3.13)

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in construction companies that are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is insignificant. The Group does not intend to dispose of this investment in the foreseeable future.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.34 Fair value of financial instruments (cont'd.)

B. Determination of fair value

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

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

	Note
Trade and other receivables (current)	5.3.16
<u>Loans and borrowings</u>	
Term loan at BFR + 1.75% per annum (current)	5.3.20
Term loan at BLR + 1.25% per annum (current)	5.3.20
BBA term financing - i (1) at BFR + 1% per annum (current)	5.3.20
BBA term financing - i (2) at BFR + 1% per annum (current)	5.3.20
BBA term financing - i (3) at BFR + 1% per annum (current)	5.3.20
Article 2A RPS (current)	5.3.20
Trade and other payables (current)	5.3.21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

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

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

- (ii) Quoted equity instruments

The fair value of investment securities is determined directly by reference to their published market bid price at the reporting date.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.34 Fair value of financial instruments (cont'd.)

B. Determination of fair value (cont'd.)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- | | |
|-------------|---|
| (a) Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| (b) Level 2 | Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| (c) Level 3 | Input for the asset or liability that are not based on observable market data (unobservable input). |

	Level	Note	RM
Financial assets:			
At 31 December 2013			
Shares quoted in Malaysia	1	5.3.18	<u>4,552,875</u>
At 31 December 2012			
Shares quoted in Malaysia	1	5.3.18	<u>4,552,875</u>
At 31 December 2011			
Shares quoted in Malaysia	1	5.3.18	<u>2,875</u>

5.3.35 Financial risk management objective and policies

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

The Board of Directors of the Company reviews and agrees policies and procedures for the management of these risks, which are executed by Group's Senior Finance Manager and the Finance Manager of each subsidiary.

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.35 Financial risk management objective and policies (cont'd.)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

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

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2013 RM	2012 RM Restated	2011 RM Restated
By industry sectors:			
Plantation	4,365,740	3,921,885	12,081,154
Construction and property development	16,107,842	11,955,929	10,138,053
Milling	6,356,139	5,367,971	-
	<u>26,829,721</u>	<u>21,245,785</u>	<u>22,219,207</u>
	2013	2012	2011
By industry sectors:			
Plantation	16%	19%	54%
Construction and property development	60%	56%	46%
Milling	24%	25%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.35 Financial risk management objective and policies (cont'd.)

(a) Credit risk (cont'd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 5.3.16. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 5.3.16.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met.

At the reporting date, approximately 21.8% (2012: 40.0%; 2011: 26.1%) of the Group's loans and borrowings (Note 5.3.20) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	2013 (RM)			Total
	On demand or within one year	One to five years	Over five years	
Financial liabilities:				
Trade and other payables	33,617,638	-	-	33,617,638
Loans and borrowings	14,237,856	39,350,346	10,825,779	64,413,981
Total undiscounted financial liabilities	47,855,494	39,350,346	10,825,779	98,031,619

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.35 Financial risk management objective and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2012 (RM) (Restated)			Total
	On demand or within one year	One to five years	Over five years	
Financial liabilities:				
Trade and other payables	33,418,648	-	-	33,418,648
Loans and borrowings	32,391,570	37,804,164	11,455,214	81,650,948
Total undiscounted financial liabilities	65,810,218	37,804,164	11,455,214	115,069,596
	2011 (RM) (Restated)			
	On demand or within one year	One to five years	Over five years	Total
Financial liabilities:				
Trade and other payables	27,204,912	-	-	27,204,912
Loans and borrowings	25,799,194	63,885,926	5,117,253	94,802,373
Total undiscounted financial liabilities	53,004,106	63,885,926	5,117,253	122,007,285

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.35 Financial risk management objective and policies (cont'd.)

(c) Interest rate risk (cont'd.)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM44,058 (2012: RM56,943; 2011: RM67,963) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest rate).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia. These instruments are classified as fair value through profit and loss. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the reporting date, if the market price of quoted investment had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM227,644 (2012: 227,644; 2011: nil) higher/lower, arising as a result of higher/lower fair value gains on the quoted investment.

5.3.36 Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at a reasonable level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the Company.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.36 Capital management (cont'd.)

	Note	2013 RM	2012 RM Restated	2011 RM Restated
Loans and borrowings	5.3.20	56,861,655	72,908,288	88,384,374
Trade and other payables	5.3.21	33,617,638	33,418,648	27,204,912
Less: Cash and bank balances	5.3.19	(46,930,678)	(68,985,099)	(61,377,862)
Net debt		<u>43,548,615</u>	<u>37,341,837</u>	<u>54,211,424</u>
Equity attributable to the owner of the parent, represent total capital		<u>323,485,757</u>	<u>306,786,656</u>	<u>265,395,352</u>
Capital and net debt		<u>367,034,372</u>	<u>344,128,493</u>	<u>319,606,776</u>
Gearing ratio		12%	11%	17%

5.3.37 Segment information

The Group is organised into three major reportable operating segments:

- (i) Plantation
Cultivation of oil palms, sale of fresh fruit bunches and other related products.
- (ii) Property development
Building construction, general construction and property development.
- (iii) Milling
Production of crude palm oil and composed fertiliser.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.37 Segment information (cont'd.)

	Plantation		Property development		Milling	Others	Eliminations	Consolidated
	RM	RM	RM	RM				
For the year ended								
31 December 2013								
Revenue								
External sales	89,609,856	63,972,294	89,904,014	-	-	-	243,486,164	
Inter-segment	37,609,195	9,184,924	-	-	-	(46,794,119)	-	
Total revenue	127,219,051	73,157,218	89,904,014	-	-	(46,794,119)	243,486,164	
Results								
Interest income	82,767	383,231	-	612	-	-	466,610	
Depreciation	2,700,284	530,712	2,617,032	-	-	-	5,848,028	
Amortisation	3,501,660	-	-	-	-	-	3,501,660	
Other non-cash expenses	1,968,636	87,949	-	-	-	-	2,056,585	
Segment profit/(loss)	11,364,876	15,100,430	37,641,777	(939,313)	-	(1,485,917)	61,681,853	
Assets								
Additions to non-current assets	23,961,172	21,889	2,375,092	-	-	-	26,358,153	
Segment assets	264,036,841	150,096,331	59,539,916	263,779	-	-	473,936,867	
Liabilities								
Segment liabilities	113,010,320	59,679,862	50,716,052	1,500	-	89,107,063	134,300,671	

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.37 Segment information (cont'd.)

	Plantation		Property development		Milling		Others		Note	Eliminations		Consolidated	
	RM Restated	RM Restated	RM Restated	RM Restated	RM Restated	RM Restated	RM Restated	RM Restated		RM Restated	RM Restated	RM Restated	
For the year ended													
31 December 2012													
Revenue													
External sales	111,235,776	63,446,082	32,974,683	-	-	-	-	-	A	-	-	207,656,541	-
Inter-segment	35,242,101	9,159,975	-	-	-	-	-	-	A	(44,402,076)	-	-	-
Total revenue	146,477,877	72,606,057	32,974,683	-	-	-	-	-		(44,402,076)	207,656,541	-	-
Results													
Interest income	183,307	243,095	-	-	-	-	-	-		-	-	426,402	-
Depreciation	2,564,121	462,671	1,156,726	-	-	-	-	-		-	-	4,183,518	-
Amortisation	3,198,829	-	-	-	-	-	-	-		-	-	3,198,829	-
Other non-cash expenses	(2,873,871)	-	1,210,469	-	-	-	-	-	B	-	-	(1,663,402)	-
Segment profit/(loss)	39,964,375	12,914,735	34,126,873	(343,227)	-	-	-	-	C	(3,613,914)	83,048,842	-	-
Assets													
Additions to non-current assets	23,066,671	1,091,186	15,374,418	-	-	-	-	-	D	-	-	39,532,275	-
Segment assets	264,285,175	145,210,526	57,461,400	28,566	-	-	-	-		-	-	466,985,667	-
Liabilities													
Segment liabilities	130,817,401	71,469,242	48,016,755	3,030	-	-	-	-	E	104,257,535	146,048,893	-	-

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.37 Segment information (cont'd.)

For the year ended 31 December 2011	Revenue	Plantation		Property development		Milling RM Restated	Others RM Restated	Note	Eliminations		Consolidated	
		RM Restated	RM Restated	RM Restated	RM Restated				RM Restated	RM Restated		
	183,453,940	183,453,940	98,969,791	-	-	-	-	A	-	-	-	282,423,731
	Inter-segment	-	20,254,736	-	-	-	-		(20,254,736)	-	-	-
	External sales	183,453,940	119,224,527	-	-	-	-		(20,254,736)	-	-	282,423,731
	Results											
	Interest income	243,183	390,375	-	150	-	-		-	-	-	633,708
	Depreciation	2,113,659	228,042	3,377	-	-	-		-	-	-	2,345,078
	Amortisation	2,625,079	-	-	-	-	-		-	-	-	2,625,079
	Other non-cash expenses	404,570	9,349,190	-	-	-	-	B	-	-	-	9,753,760
	Segment profit/(loss)	101,096,802	16,721,000	(632,654)	(120,211)	-	-	C	(5,097,681)	-	-	111,967,256
	Assets											
	Additions to non-current assets	13,634,809	1,142,327	20,097,321	-	-	-	D	-	-	-	34,874,457
	Segment assets	259,397,895	134,527,962	33,214,511	39,909	-	-		-	-	-	427,180,277
	Liabilities											
	Segment liabilities	172,068,803	76,365,406	30,613,312	1,500	-	-	E	124,184,785	-	-	154,864,236

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.37 Segment information (cont'd.)

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

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2013 RM	2012 RM Restated	2011 RM Restated
Property, plant and equipment written off	5.3.6	181	298,076	284
Inventories written down	5.3.6	151,053	912,452	-
Loss on sale of livestock	5.3.6	10,851	-	100,556
Gain on sale of livestock	5.3.3	-	(65,060)	-
Bad debts written off	5.3.6	-	554,927	479,332
Pension costs - defined benefit plan	5.3.4	469,209	304,729	304,729
Gain on disposal of property, plant and equipment	5.3.3	-	(3,668,526)	(999)
Reversal of provision for tax penalty		(63,104)	-	-
Impairment on goodwill		-	-	8,869,858
Unwinding discounts of the RPS	5.3.5	1,488,395	-	-
		<u>2,056,585</u>	<u>(1,663,402)</u>	<u>9,753,760</u>

C The following items are deducted from segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statements of comprehensive income:

	2013 RM	2012 RM Restated	2011 RM Restated
Finance costs	<u>(1,485,917)</u>	<u>(3,613,914)</u>	<u>(5,097,681)</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information of Tanah Makmur Group (cont'd.)

5.3 Notes to the financial statements of Tanah Makmur Group (cont'd.)

5.3.37 Segment information (cont'd.)

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

D Additions to non-current assets consist of:

	Note	2013 RM	2012 RM	2011 RM
Property, plant and equipment	5.3.9	14,030,724	28,419,043	26,010,750
Biological assets	5.3.10(b)	12,327,429	11,113,232	8,863,707
		<u>26,358,153</u>	<u>39,532,275</u>	<u>34,874,457</u>

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2013 RM	2012 RM Restated	2011 RM Restated
Deferred tax liabilities	29,537,974	28,825,517	34,259,648
Tax payable	2,707,434	2,523,730	1,540,763
Loans and borrowings	56,861,655	72,908,288	88,384,374
	<u>89,107,063</u>	<u>104,257,535</u>	<u>124,184,785</u>

5.3.38 Change of name

On 17 October 2013, the Company changed its name from Kreatif Selaras Sdn Bhd to Tanah Makmur Sdn Bhd. On 29 November 2013, the Company was subsequently converted into a public limited company and it assumed its present name of Tanah Makmur Berhad.

5.3.39 Comparatives

Certain comparative amounts as at 31 December 2012 and 2011 have been reclassified and restated to conform with current year's presentation (Note 5.1.2).

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan
No. 2882/01/15(J)
Chartered Accountant

14. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

Tanah Makmur Berhad (841938-U)
Formerly known as Kreatif Selaras Sdn Bhd

Bangunan Kurnia Setia
 No.1, Jalan Besar
 25000 Kuantan
 Pahang Darul Makmur
 Tel : 09-514 8866/5148871/5148872
 Faks : 09-514 8822/5147733/5158900
 E-mail : tm@tanahmakmur.com

Date: 12 JUN 2014

The Shareholders
Tanah Makmur Berhad (formerly known as Kreatif Selaras Sdn Bhd)

Dear Sir/Madam,

On behalf of the Directors of Tanah Makmur Berhad (formerly known as Kreatif Selaras Sdn Bhd) ("**Tanah Makmur**"), we wish to report after due inquiry that during the period from 31 December 2013 (being the date to which the last audited financial statements of Tanah Makmur and its subsidiaries ("**Tanah Makmur Group**") have been made up) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (i) the business of the Tanah Makmur Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Tanah Makmur Group which have adversely affected the trading or the values of the assets of the Tanah Makmur Group;
- (iii) the current assets of the Tanah Makmur Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Tanah Makmur Group;
- (v) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited financial statements of the Tanah Makmur Group; and
- (vi) save as disclosed in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of the Tanah Makmur Group.

Yours faithfully

For and on behalf of the Board of Directors

TANAH MAKMUR BERHAD (FORMERLY KNOWN AS KREATIF SELARAS SDN BHD)


Y.M. Tengku Dato' Zubir bin Tengku Dato' Ubaidillah
 Managing Director

15. STATUTORY AND OTHER GENERAL INFORMATION

15.1 Share capital

- (i) Save for the Issue Shares, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) There is no founder, management or deferred share in our Company. As at the date of this Prospectus, our authorised share capital is RM500,000,000.00 comprising 980,000,000 Shares, 30,000,000 RPS of RM0.10 each and 70,000,000 RCPS of RM0.10 each, out of which RM173,009,796.00 comprising 346,019,592 Shares have been issued and credited as fully paid-up.
- (iii) Save as disclosed in this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two preceding years from the LPD.
- (iv) Except for our IPO, no person has been or is entitled to be given an option to subscribe for any of our Shares, stocks or debentures and we do not have and we have not agreed conditionally and unconditionally to put any of our share capital under option.
- (v) Other than the Shares under the IPO reserved for the eligible Directors and employees of our Group as disclosed in Section 4.3.2 (i) of this Prospectus, there is currently no other scheme involving our employees in our Group.
- (vi) Save as disclosed in this Prospectus, and save as provided under our Articles of Association and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or in the interests in any of our Company or our Subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

15.2 Articles of Association

The following is extracted from our Company's Articles of Association and is qualified in its entirety by the remainder of the provisions of our Company's Articles of Association and by applicable law.

Transfer of securities

"29. Transfer of non-deposited accounts and form transfer

Every instrument of transfer of securities in the Company other than Deposited Securities shall be in writing and in the usual or common form or in any other form that the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof."

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

“29(i). Transfer of Deposited Securities

Subject to the restriction imposed by these Articles, Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.”

“30. Transfer of Deposited Security subject to Central Depositories Act and the Rules

Any transfer of Deposited Security shall be subject to the Central Depositories Act and the Rules.”

“31. Directors may refuse registration of transfer

- (i) *The Directors may in their absolute discretion decline to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure of the Company to observe the provisions of any laws in Malaysia or the transfer is in respect of a partly paid shares in respect of which a call has been made and is unpaid.*
- (ii) *If in the exercise of its rights under this Article, the Directors refuse to register a transfer of a share that is not a Deposited Security, they shall despatch to the lodging broker (if any) and the transferee written notice of the refusal within one (1) month after the date of which the transfer was lodged with the Company.”*

“32. No restriction on fully paid shares

Subject to the provisions of the Act, the Central Depositories Act, Rules and Listing Requirements, there shall be no restriction on the transfer of fully paid securities except where required by law or the transfer is in respect of a partly paid share in respect of which a call has been made and is unpaid.”

“36. Suspension of registration of transfers

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by the Exchange.”

Remuneration of Directors**“108. Remuneration of Directors**

- (i) *The fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fees.*

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (ii) *Any Director who is appointed to any executive office including Chairman or who serves on any committee shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine, provided however that their salary shall not include a commission on or a percentage of turnover of the Company.*
- (iii) *Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on, or percentage of, profits or turnover of the Company.*
- (iv) *Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the Director nominating him."*

"109(i). Reimbursement of expenses

The Directors shall be paid all their travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company or which they may otherwise incur in connection with the business of the Company."

"109(ii). Special remuneration of Directors

Subject to Article 108, if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company, he shall be entitled to receive such sum as the Directors may think fit either as a fixed sum by way of salary, allowances or as percentage of profits or otherwise but not a commission on or percentage of turnover and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company."

Voting and borrowing powers of the Directors**"112. Directors' borrowing powers**

- (i) *The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property and any uncalled capital as the case may be, or any part thereof, and to issue debentures, guarantees, indemnities and other securities whether outright or as security for any debt, liability or obligation subject to such restrictions as may be set out in the Act or the Listing Requirements.*
- (ii) *The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures or other Securities whether outright or as security (principal or collateral) for any debt, liability or obligation of an unrelated third party.*
- (iii) *Any bonds, notes, debentures, debentures stock or other securities may be issued at a discount, premium or otherwise and with special privileges as to redemption, surrender, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise."*

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

"131. Restriction on Directors' voting

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, interest and if he does so vote, his vote shall not be counted. Subject to the Act, the Listing Requirements and these Articles, he shall not be counted in the quorum present at any meeting, but neither of these prohibitions shall apply to:

- (i) any contract or proposed contract of indemnity against any loss which any Director may suffer by reason of becoming or being a surety for the Company; or*
- (ii) any contract or proposed contract entered into by the Company or a subsidiary of the Company which is a private company with another company in which the interest of the Director consist solely in him having an interest of not more than 5% of the issued and paid-up share capital of the Company."*

Changes in capital and modification of class rights

"5. Power to issue shares with special rights

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, the Listing Requirements, the Central Depositories Act, and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

- (i) No shares shall be issued at a discount except in compliance with the provisions of the Act.*
- (ii) In the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share.*
- (iii) The rights attaching to shares of a class other than ordinary shares shall be expressed in these Articles.*
- (iv) No issue of shares shall be made without the prior approval of the members of the Company in general meeting.*
- (v) No Director shall participate in a share scheme for employees unless the members in general meeting have approved of the specific allotment to be made to such Director and he holds office in the Company in an executive capacity.*
- (vi) Subject to the provisions of the Listing Requirements, non-executive Directors may participate in an issue of shares of the Company pursuant to a public issue or public offer."*

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

"11. Modification of class rights

If at any time the share capital of the Company by reason of the issue of preference shares or otherwise is divided into different classes of shares:

- (i) the repayment of preference capital other than redeemable preference capital; or*
- (ii) the alteration of any of the rights and privileges attached to the preference shares (unless otherwise provided by the terms of issue of the shares of that class)*

may only be made, subject to the Act, whether or not the Company is being wound up, pursuant to a Special Resolution of the preference shareholders concerned, provided however that in the event of the necessary majority for such special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of not less than three-fourths (3/4) of the nominal value of the preference capital concerned within two (2) months from the date of the meeting, shall be valid and effective as a special resolution carried at the meeting.

To every such separate general meetings, the provision of these Articles relating to general meetings of the Company and to proceedings thereat shall apply mutatis mutandis apply but so that:

- (i) the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) in nominal amount of the issued share of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two (2) holders of shares of the class present in person or by proxy shall be a quorum);*
- (ii) that any holder of the shares of the class present in person or by proxy may demand a poll, and*
- (iii) that every such holder shall on a poll have one (1) vote for every share of the class held by him.*
- (a) Subject to the terms on which any issue of shares is made, the Company shall not, unless with the consent of existing preference shareholders at a class meeting, issue further shares ranking in priority to the preference shares already issued but may further issue preference shares ranking pari passu in all respects with or subsequent to those already issued.*
- (b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith or subsequent thereto."*

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

15.3 Limitation on the right to hold securities and/or exercise voting rights

As our Shares are proposed for quotation on the Official List of the Main Market of Bursa Securities, such Shares must be prescribed as Shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to Minister of Finance, Incorporated and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of the Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers, and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15.4 General

- (i) Save as disclosed in Section 4.9 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Group within the two years immediately preceding the LPD for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any share in or debenture of our Group and in connection with the issue or sale of any capital of our Group and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.
- (ii) During the last financial year and the current financial period up to the LPD, there were no:
 - (a) public take-over offers by third parties in respect of our Company's securities; and
 - (b) public take-over offers by our Company in respect of any other company's securities.

15.5 Material contracts

Save as disclosed below, our Company and our Subsidiaries have not entered into any contract with parties outside of our Group which is not in the ordinary course of our Group's business during the two years preceding the LPD.

- (i) Shareholders' agreement dated 1 April 2013 which was subsequently substituted by the amended restated shareholders' agreement dated 12 May 2014, between KotaSAS and Tanah Makmur Perkasa Sdn Bhd for the subscription of shares by KotaSAS and Tanah Makmur Perkasa Sdn Bhd in Tanah Makmur KotaSAS in the 60:40 proportion respectively and to provide for the combination of effort of the shareholders of Tanah Makmur KotaSAS to carry out the development project on certain portion of all those parcels of 99-year leasehold land located in Bukit Goh, Kuantan, Pahang (previously held under two master titles under Title No. H.S.(D) 301, PT 3971 and Title No. H.S.(D) 70, PT 2070, both in Mukim Kuala Kuantan, District of Kuantan, Pahang) measuring in total approximately 1,500 acres that has yet to be developed. The parties agree that the development project shall be the business plan attached in Appendix 2 of the shareholders' agreement ("**Development Project**");

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (ii) Development agreement dated 8 January 2014 which was subsequently substituted by the amended restated development agreement dated 12 May 2014 ("**Development Agreement**") between KotaSAS and Tanah Makmur KotaSAS, whereby both parties shall jointly undertake, develop and complete the Development Project, with Tanah Makmur KotaSAS being the master developer. Pursuant to the Development Agreement, Tanah Makmur KotaSAS shall also procure Tanah Makmur Perkasa Sdn Bhd to provide guarantee to KotaSAS that the aggregate of the cost of the development land and 60% of the development profit that shall be attributable to KotaSAS for five financial years commencing from 1 January 2013 until 31 December 2017 shall not be less than RM110,000,000.00;
- (iii) Letter dated 8 January 2014 issued by KotaSAS to Kreatif Selaras Mining whereby KotaSAS has granted the exclusive rights to operate the mining, extraction and production of bauxite on certain parcels of land located in Bukit Goh, Kuantan, Pahang for a period of 36 months commencing from the date of delivery of vacant possession of the land in consideration of the payment of tribute by Kreatif Selaras Mining to KotaSAS at the rate of two percent of the revenue from the sales of washed bauxite payable on monthly basis in arrears by the seventh day of each subsequent month for the duration of the contract;
- (iv) Bauxite mining works agreement dated 10 January 2014 between Kreatif Selaras Mining and SE Satu Sdn Bhd whereby Kreatif Selaras Mining has appointed SE Satu Sdn Bhd as the exclusive operator for the mining and extraction of bauxite on parcels of land identified in the agreement, and to carry out processes for the production of bauxite for sale and all operations and activities related or incidental, at a transaction value of RM80,437,500.00 ("**Provisional Aggregate Sum**") payable to SE Satu Sdn Bhd. The Provisional Aggregate Sum is provisional only and subject to the following assumptions: (i) the relevant consents for the purpose of mining the bauxite are obtained and remain valid for the duration of the contract, which is for a period of 36 months; (ii) SE Satu Sdn Bhd will extract 50,000 mt (minimum) of bauxite ore per month for the duration of the contract, provided always that the bauxite reserves shall remain available on the parcels of land identified in the agreement throughout the duration of the contract, and has not been exhausted in full at anytime prior to the expiry of the duration of the contract; (iii) SE Satu Sdn Bhd shall receive USD13.75 (or its equivalent in RM) per mt based on the actual tonnage of washed bauxite that has been successfully sold and paid for in full by the buyers in each month subject to and conditional upon the bauxite being sold at the pegged price stipulated in the agreement; and (iv) the currency exchange rate of USD1:RM3.25; and
- (v) Retail Underwriting Agreement dated 10 June 2014 entered into between our Company, the Managing Underwriter and the Joint Underwriters to underwrite 26,406,000 Issue Shares at a managing underwriting commission of 0.50% and an underwriting commission of 1.60% of the IPO Price multiplied by the number of Issue Shares underwritten pursuant to the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

15.6 Material litigation

As at the LPD, neither our Company nor our Subsidiaries were involved in any litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of our Group, and our Directors are not aware of any legal proceedings, pending or threatened, or of any fact likely to give rise to any legal proceeding which may have a material adverse effect on the business or financial position of our Group.

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

15.7 Consents

The written consents of our Principal Adviser, Sole Placement Agent, Managing Underwriter and Joint Underwriters, Legal Advisers, Share Registrar, Principal Bankers, Company Secretary and Issuing House as set out in the Corporate Directory of this Prospectus to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report, and Reporting Accountants' letter on our consolidated financial information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Infobusiness Research & Consulting Sdn Bhd to the inclusion of its name and the Executive Summary of the Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of Aycel Geoservices Sdn Bhd to the inclusion of its name and the Executive Summary of the evaluation report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15.8 Documents available for inspection

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) Reporting Accountants' letter on the pro forma consolidated statements of financial position as included in Section 12.11 of this Prospectus;
- (iii) Accountants' Report as included in Section 13 of this Prospectus;
- (iv) Directors' Report as included in Section 14 of this Prospectus;
- (v) letters of consent referred to in Section 15.7 of this Prospectus;
- (vi) material contracts referred to in Section 15.5 of this Prospectus and agreements which our Group is dependent on referred to in Section 7.2.17 of this Prospectus;
- (vii) audited financial statements of our Group for the last three years ended 31 December 2011, 31 December 2012 and 31 December 2013;
- (viii) Independent Market Researchers' Report and the Executive Summary of the Independent Market Researchers' Report as included in Section 8 of this Prospectus; and
- (ix) the evaluation report by Aycel Geoservices Sdn Bhd and the Executive Summary of the evaluation report as included in Section 7.2.6.2 of this Prospectus.

15. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

15.9 Responsibility statements

Our Directors, the Promoters and the Selling Shareholders have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after making all reasonable enquiries and, to the best of their knowledge and belief, there is no false or misleading statement or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

CIMB as our Principal Adviser acknowledges that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 Opening and closing of application

The application for our Issue Shares under the Retail Offering will be opened at 10.00 a.m. on 26 June 2014 and will remain open until at 5.00 p.m. on 3 July 2014 or such other date or dates as our Directors and our Managing Underwriter may in their absolute discretion decide. Any extension will be announced in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our Issue Shares offered under the Retail Offering, allotment of our Issue Shares to successful applicants and Listing would be extended accordingly. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

16.2 Methods of application

16.2.1 Application for our Issue Shares under the Retail Offering

Applications for our Issue Shares under the Retail Offering may be made using either of the following:

Category of investors	Type of Application Form
Applications for the 6,406,000 Issue Shares made available for application by the eligible Directors of our Group, the eligible employees of our Group and the eligible persons who have contributed to the success of our Group	PINK Application Form only
Applications for the 20,000,000 Issue Shares made available for applications by the Malaysian Public:	
(i) Malaysian Public – Individuals	WHITE Application Form or Electronic Share Application* or Internet Share Application**
(ii) Malaysian Public – Non-individuals	WHITE Application Form only

* The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

****** *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*

- *CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;*
- *CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;*
- *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
- *RHB Bank Berhad (www.rhbbank.com.my) – RM2.50;*
- *Public Bank Berhad (www.pbebank.com.my) – RM2.00;*
- *Affin Bank Berhad (www.affinOnline.com) - No fee will be charged for applications by their account holders; and*
- *Affin Investment Bank Berhad (www.affinTrade.com) - No fee will be charged for applications by their account holders*

The eligible Directors of our Group, the eligible employees of our Group, and the eligible persons who have contributed to the success of our Group who have made an application using a PINK Application Form may still apply for the Issue Shares offered to the Malaysian Public using either the WHITE Application Form, Electronic Share Application or Internet Share Application.

FULL INSTRUCTIONS FOR THE APPLICATION FOR OUR ISSUE SHARES UNDER THE RETAIL OFFERING AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

16.2.2 Application by Malaysian institutional and selected investors under the Institutional Offering

Malaysian institutional and selected investors being allocated the IPO Shares under the Institutional Offering will be contacted directly by the Sole Placement Agent and shall follow instructions as communicated by the Sole Placement Agent.

16.3 Applications using Application Forms

16.3.1 Types of Application Forms

The following relevant Application Forms are issued with their notes and instructions enclosed together with this Prospectus:

- (i) **PINK Application Forms** for application by the eligible Directors of our Group, the eligible employees of our Group, and the eligible persons who have contributed to the success of our Group; and
- (ii) **WHITE Application Forms** for application by the Malaysian Public.

WHITE Application Forms together with copies of this Prospectus may be obtained, subject to availability, from CIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association, the Issuing House and our Company.

PINK Application Forms and letters from us detailing the respective allocations will be provided separately. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The submission of an Application Form does not necessarily mean that your application will be successful.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.3.2 Terms and conditions for applications using Application Forms

Only one Application Form from each applicant will be considered and an application must be for 100 ordinary shares of RM0.50 each or multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If you submit multiple applications in your own name or by using the name of others, with or without their consents, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten years under Section 182 of the CMSA.

Application for our Issue Shares under the Retail Offering must be made on the respective Application Form provided together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed thereon shall constitute integral part of this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed thereon or which are illegible may not be accepted.

Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:

- (i) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (ii) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
- (iii) GUARANTEED GIRO ORDER ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM STATEMENTS OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:
 - ALLIANCE BANK MALAYSIA BERHAD;
 - HONG LEONG BANK BERHAD;
 - MALAYAN BANKING BERHAD; and
 - RHB BANK BERHAD.

made out in favour of:

"EQSB SHARE ISSUE ACCOUNT NO. 654"

and crossed "**A/C Payee Only**" (excluding ATM statements) and endorsed on the reverse side with your name and address.

Applications accompanied by mode of payment other than in the manner stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, money orders or postal order, ATM statement or GGO will not be accepted. Details of remittances must be completed in the appropriate boxes provided in the Application Forms.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If you are an individual and not a member of the armed forces or police, your name and national registration identity card (“**NRIC**”) number must be exactly the same as that stated in:

- (i) your national registration identity card;
- (ii) any valid temporary identity document issued by the National Registration Department from time to time; or
- (iii) your “Resit Pengenalan Sementara (KPPK 09) issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

For corporation/institutional applicants, the name and certificate of incorporation number must be exactly the same as that stated in the corporation’s or certificate of incorporation and the address must be the registered address.

We, together with the Issuing House will not issue any acknowledgement of the receipt of your Application Form or application monies.

Applications accompanied by mode of payment other than those stated above or with excess or insufficient remittance may not be accepted. You must complete details of the remittance in the appropriate boxes provided on the Application Form.

You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House and/or our Company. If you do not presently have a CDS account, you may open one by contacting any one of the ADAs listed in Section 17 of this Prospectus.

You must write your name and address on the reverse side of the banker’s draft, cashier’s order, ATM statement, money order or GGO.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Equiniti Services Sdn Bhd (11324-H)

Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
P.O. Box 11122
50736 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at Ground Floor of Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 3 July 2014 or such other date or dates as our Directors and our Managing Underwriter in their absolute discretion may decide. **Registered post must not be used.**

Please direct all enquiries in respect of the White Application Form to the Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

16.4 Applications using Electronic Share Application

16.4.1 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- AFFIN BANK BERHAD;
- AMBANK (M) BERHAD;
- CIMB BANK BERHAD;
- HSBC BANK MALAYSIA BERHAD;
- MALAYAN BANKING BERHAD;
- PUBLIC BANK BERHAD
- RHB BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (AT SELECTED BRANCHES ONLY).

The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

16.4.2 Terms and conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions. For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in Section 16.4.3 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read and understand carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

In the case of Electronic Share Application, only an applicant who is an individual with a CDS account is eligible to utilise the facility.

You must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our Issue Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Upon the closing of offer for the application for our Issue Shares on 3 July 2014 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institutions shall submit the magnetic tapes containing their respective customers' applications for our Issue Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our Issue Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only one application. You can apply for our Issue Shares via an ATM card of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of our Company.
- (ii) You are required to confirm the following statements (by pressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
 - (a) You have attained 18 years of age as at the Closing Date and Time;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have read this Prospectus and understood and agreed with the terms and conditions of the application;
 - (d) This is the only application that you are submitting; and
 - (e) You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.
- (iii) Your Application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any other relevant regulatory bodies.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) You confirm that you are not applying for our Issue Shares as a nominee of any other person and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our Issue Shares, whether at the ATMs of any Participating Financial Institution or on the WHITE Application Forms or via Internet Share Application.
- (v) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (vi) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.
- (vii) The Issuing House, acting under the authority of our Board, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (viii) You request and authorise us:
 - (a) to credit our Issue Shares allotted or allocated to you into your CDS account; and
 - (b) to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House, the Participating Financial Institution or Bursa Depository, and irrevocably agree that if:
 - (a) our Company or the Issuing House does not receive your Electronic Share Application; and
 - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or the Issuing House,

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against the Company, the Issuing House, the Participating Financial Institutions of Bursa Depository for our Issue Shares applied for or for any compensation, loss or damage.

- (x) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
 - (a) in consideration of our Company agreeing to allow and accept the making of any application for our Issue Shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Share Application is irrevocable;
 - (b) our Company, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/their control;
 - (c) notwithstanding the receipt of any payment by our Company or on behalf of our Company, the acceptance of your offer to subscribe for and purchase of our Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Issue Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our Issue Shares allotted or allocated to you; and
 - (e) you agree that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the electronic share scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (xiii) The Issuing House, acting under the authority of our Board, reserves the right to reject applications which do not conform to these instructions.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.4.3 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) You must have a CDS account; and
- (iii) You have to choose the Electronic Share Application option at the ATM of the Participating Financial Institution. Mandatory statements required in the application are set out on Section 16.4.2 of this Prospectus relating to the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:
 - Personal Identification Number ("**PIN Number**");
 - **EQSB Share Issue Account No. 654**;
 - CDS account number;
 - Number of Issue Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

16.5 Applications using Internet Share Application

16.5.1 Steps for Internet Share Application through an Internet Participating Financial Institution's website

The exact steps for Internet Share Application in respect of the Shares are as set out on the internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the possible steps for an application for our Issue Shares via Internet Share Application are as set out below. The steps set out the actions that you must take at the internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

You must have a CDS account before you can make any application for the shares. Please take note that the actual steps for Internet Share Applications contained in the internet financial services website of the Internet Participating Financial Institutions may differ from the steps outlined below.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Log in to the internet financial services facility by entering your user identification and PIN Number/password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of our Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) By confirming such information, you also undertake that the following information given are true and correct:
 - (a) You have attained 18 years of age as at the Closing Date and Time;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
 - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our Issue Shares;
 - (e) The Internet Share Application is the only application that you are submitting for our Issue Shares;
 - (f) You authorise the Internet Participating Financial Institution or the financial institution with whom you have an account to deduct the full amount payable for our Issue Shares from your account with the Internet Participating Financial Institution or the said financial institution ("**Authorised Financial Institution**");
 - (g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) You are not applying for our Issue Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our Issue Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Issue Shares. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services.
- (ix) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for our IPO.
- (x) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen (as defined in Section 16.5.2) on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and record.

16.5.2 Terms and conditions for Internet Share Application

Applications for our Issue Shares may be made through the internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Share Applications may be made through the internet financial services website of the following Internet Participating Financial Institutions:

- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Malayan Banking Berhad at www.maybank2u.com.my; or
- Affin Bank Berhad at www.affinOnline.com, or
- Public Bank Berhad at www.pbebank.com; or
- RHB Bank Berhad at www.rhbbank.com.my; or
- Affin Investment Bank Berhad at www.affinTrade.com

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND THE SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

- (i) You can make an Internet Share Application if you fulfill all of the following:
 - (a) You are an individual with a CDS Account and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name;
 - (b) You have an existing account with access to internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and PIN Number/password for the relevant internet financial services facilities; and
 - (c) You are a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN Number/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our Issue Shares at internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and the Memorandum and Articles of our Company.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
 - (a) You have attained 18 years of age as at the Closing Date and Time;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for our IPO;
 - (e) Your Internet Share Application is the only application that you are submitting for our Issue Shares;
 - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 134 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) You are not applying for our Issue Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (iv) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "**Confirmation Screen**" shall mean the screen which appears or is displayed on the internet financial services website, which confirms that your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.5.2 (iii) of this Prospectus.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for our Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the internet financial services website through which the Internet Share Application is made shall be rejected.
- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot or allocate any lesser number of such Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (a) Your acceptance of the number of Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - (b) Your agreement to be bound by the Memorandum and Articles of our Company.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our Issue Shares will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason thereof. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
 - (viii) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two Market Days after receipt of written confirmation from the Issuing House.

The Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two Market Days from the balloting date.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two Market Days after receipt of written confirmation from the Issuing House. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by the Internet Participating Financial Institution by crediting into the applicant's account with the Internet Participating Financial Institution within ten Market Days from the day of the final ballot of the applications list.

If your application is held in reserve and which are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten Market Days from the day of the final ballot of the applications list.

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading of our Issue Shares on Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 3 July 2014 or such other date or dates as our Directors and our Managing Underwriter in their absolute discretion may decide. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (x) You irrevocably agree and acknowledge that your Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution, the Issuing House and our Company. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to our Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xi) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allocation or allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an Internet Share Application, you are deemed to have agreed that:
- (a) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
 - (b) you have irrevocably requested and authorised us to register our Issue Shares allotted or allocated to you for deposit into your CDS Account;
 - (c) neither we nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.5.2(x) of this Prospectus or to any cause beyond their control;
 - (d) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by the Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (e) the acceptance of the offer made by you to subscribe for our Issue Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (f) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Share Application by us;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (g) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, CIMB and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and
- (h) the acceptance of your Internet Share Application by us and the contract resulting therefrom under our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.
- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:
 - CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
 - CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - RHB Bank Berhad (www.rhbbank.com.my) – RM2.50;
 - Public Bank Berhad (www.pbebank.com.my) – RM2.00;
 - Affin Bank Berhad (www.affinOnline.com) - No fee will be charged for applications by their account holders; and
 - Affin Investment Bank Berhad (www.affinTrade.com) - No fee will be charged for applications by their account holders

16.6 Applications and acceptances

You can only apply for our Issue Shares if:

- (i) You have attained 18 years of age as at the Closing Date and Time;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You are a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of Directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens;
- (iv) You are a superannuation, provident or pension fund established or operating in Malaysia;
- (v) You have a CDS account;
- (vi) You have read this Prospectus and understood and agreed with the terms and conditions of the application;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (vii) You are not a Director or employee of the Issuing House or their immediate family members;
- (viii) This is the only application that you are submitting; and
- (ix) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining yourself and your account with the Participating Financial Institution and Bursa Depository to us, the Issuing House and other relevant authorities.

The amount payable in full on application is RM1.25 per Issue Share. Persons submitting applications by way of WHITE Application Forms may not submit applications by way of Electronic Share Application or by way of Internet Share Application and vice versa. A corporation or institution cannot submit an application by way of Electronic Share Application or Internet Share Application.

The Issuing House, acting under the authority of our Board reserves the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Issue Shares.

The Issuing House, acting under the authority of our Board reserves the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason thereof.

The submission of your Application Form or the completion of your Electronic Share Application or Internet Share Application does not necessarily mean that your application will be successful.

In the event of an over-subscription, acceptance of applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Board. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner. Due consideration will be given to the desirability of distributing our Issue Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the trading of our Shares.

The final allocation of our Issue Shares to any single applicant will be made to ensure that our Company complies with the public shareholding spread requirement under the Listing Requirements, which is at least 25.00% of our total enlarged issued and paid-up share capital of our Shares for which listing is sought must be in the hands of public shareholders. Pursuant to the Listing Requirements, we need to have a minimum of 1,000 public shareholders holding not less than 100 Shares at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, your monies paid in respect of your applications will be returned in full without interest.

YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OF RM0.50 EACH OR MULTIPLES THEREOF.

In the event of an under-subscription of Issue Shares by the Malaysian Public, such number of Issue Shares not applied for will be reallocated in the manner as specified in Section 4.3.3 of this Prospectus.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If you are unsuccessful/partially successful in your application, the full amount or the balance of the application monies, as the case may be, will be refunded without interest in the following manner:

- (i) For an application by way of Application Form, the full amount or the balance of the application monies, as the case may be, shall be despatched by ordinary post or registered post respectively, to you within ten Market Days from the date of the final ballot of the application at your address last maintained with Bursa Depository.

If your application is rejected because you did not provide a CDS account, the full amount of your application monies will be sent to you to the address as per the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces or police personnel, at your own risk.

The Issuing House reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded in full without interest by registered post to your address last maintained with Bursa Depository.

- (ii) For an application by way of Electronic Share Application, where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. If the Electronic Share Application is not successful, the relevant Participating Financial Institutions will credit the full amount of your application monies into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. You may check your account on the fifth Market Day from the balloting date.

Where your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of your application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to you by the Participating Financial Institution by crediting into the applicant's account with the Participating Financial Institution not later than 10 Market Days from the day of the final ballot of the application list.

- (iii) For an application by way of Internet Share Application, please refer to Section 16.5.2 (viii).

If you encounter any problems in your Internet Share Application, you may refer to the Internet Participating Financial Institutions and/or the Authorised Financial Institution.

If you are successful in your Application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any of your expenses incurred or to be incurred for the purpose of complying with this provision.

Your remittance having been presented for payment shall not signify that your Application has been accepted.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.7 CDS account

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed the IPO Shares. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

Upon our Listing, the IPO Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (which is operated by Bursa Depository), which will be effected in accordance with the rules of Bursa Depository and the provisions of the SICDA as amended from time to time. Accordingly, our Company will not deliver share certificates to the subscribers or purchasers of the IPO Shares.

You must have a CDS account when applying for our Issue 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 Issue Shares.

In the case of an application by way of Application Form, you should state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House or our Company and any relevant regulatory bodies, as the case may be.

In the case of an application by way of Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, the Issuing House, on our authority, will reject the application. The Issuing House, acting under the authority of our Board also reserves the right to reject any incomplete and inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

16.8 Notices of allotment

Our Issue Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

You may also check the status of your application by calling your respective ADAs as stated in Section 17 or at the telephone numbers of the Issuing House stated below (during office hours only) or by checking at the Issuing House's website stated below after the date of allotment of the Shares:

Telephone number: 03-21660933 or 03-21660811

Website: www.equiniti.com.my

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17. LIST OF ADAs

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KUALA LUMPUR</u>		
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	028-001
AFFIN INVESTMENT BANK BERHAD	No. 38A & 40A Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 6333	076-001
AMINVESTMENT BANK BERHAD	8-9, 11-18, 21-25 Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001
BIMB SECURITIES SDN BHD	32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	10 th Floor, Banguan CIMB Principal Office MENARA CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
CITIGROUP GLOBAL MARKETS MALAYSIA SDN BHD	Level 43, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2383 3890	038-001
CLSA SECURITIES SDN BHD	Suite 20-01, Aras 20 Menara Dion2 27 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2056 7888	033-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KUALA LUMPUR (CONT'D)</u>		
CREDIT SUISSE SECURITIES (MALAYSIA) SDN BHD	Suite 7.6, Level 7 Menara IMC8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 2723 2020	036-001
FA SECURITIES SDN BHD	A-10-1 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 6-7, 17, 19, 22 & 23 Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD	18 th & 21 st Floor Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-2692 8899	066-006
HWANGDBS INVESTMENT BANK BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7 th , 22 nd and 23 rd Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2711 6888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No.: 03-2287 2273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KUALA LUMPUR (CONT'D)</u>		
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
JPMORGAN SECURITIES (MALAYSIA) SDN BHD	Level 18, Integra Tower The Intermark 348 Jalan Tun Razak 50400, Kuala Lumpur Tel No.: 03-2270470	035-001
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	4-10, 15-16, 18 & 20 Floor Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020
KENANGA INVESTMENT BANK BERHAD	Ground Mezzanine, 1 st & 2 nd Floor (West & Center Wing) & 1 st Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KUALA LUMPUR (CONT'D)</u>		
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 and No. 43-6 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD	22A & 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200, Kuala Lumpur Tel No.: 03-2282 1820	057-004
MACQUARIE CAPITAL SECURITIES(MALAYSIA) SDN BHD	Level 10, Menara Dion 27 Jalan Sultan Ismail 50250, Kuala Lumpur Tel. No.: 03-2059 8833	032-001
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Mayban Life Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	8 th , 9 th , 10 th , 11 th & 12 th Floor Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
NOMURA SECURITIES MALAYSIA SDN BHD	Suite 16.5, Level 16 Menara IMC, Letter Box 47 8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No. 2027 6811	037-001
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KUALA LUMPUR (CONT'D)</u>		
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
RHB INVESTMENT BANK BERHAD	12 th , 15 th , 20 th & 21 st Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BERHAD	No. 62, 62-1, 64 & 64-1 Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UBS SECURITIES MALAYSIA SDN BHD	Level 7 Wisma Hong Leong 18, Jalan Perak 50450, Kuala Lumpur Tel No.: 03-2781 1100	031-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KUALA LUMPUR (CONT'D)</u>		
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6201 1155	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
<u>SELANGOR DARUL EHSAN</u>		
AFFIN INVESTMENT BANK BERHAD	2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	028-003
AMINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
AMINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SELANGOR DARUL EHSAN (CONT'D)</u>		
HONG LEONG INVESTMENT BANK BERHAD	Level 10 First Avenue Persiaran Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16 th , 18 th -20 th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
INTER-PACIFIC SECURITIES SDN BHD	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No.: 03-6137 1888	054-006
JF APEX SECURITIES BERHAD	3 rd , 5 th , 6 th and 10 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JF APEX SECURITIES BERHAD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SELANGOR DARUL EHSAN (CONT'D)</u>		
JUPITER SECURITIES SDN BHD	No. 42 – 46, 3 rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	55C (2 nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No : 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor The Curve No.6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7725 9095	073-016
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030
KENANGA INVESTMENT BANK BERHAD	No. 35, Ground, 1 st 2 nd Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035
MALACCA SECURITIES SDN BHD	Subang Jaya Branch No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD	SS2 Petaling Jaya Branch No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7876 1533	012-003

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SELANGOR DARUL EHSAN (CONT'D)</u>		
MAYBANK INVESTMENT BANK BERHAD	Level 8 68 Jalan Batai Laut 4 Taman Bukit Camerlang 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M. 28A & 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SELANGOR DARUL EHSAN (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	Ground Floor and First Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 6899	087-049
RHB INVESTMENT BANK BERHAD	11-1 11-2, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-6148 3361	087-051
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS 15/5A 47500, Subang Jaya Selangor Darul Ehsan Tel No.: 5631 7888	096-002
SJ SECURITIES SDN BHD	No.74-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1915	096-004
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2 nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7795 5713	058-007

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
PERAK DARUL RIDZUAN		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd and 3 rd Floor No.8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 st Floor & 2 nd Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015
KENANGA INVESTMENT BANK BERHAD	No. 63, Ground, 1 st , 2 nd & 4 th Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6222 828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031
M & A SECURITIES SDN BHD	5 th , 6 th , & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>PERAK DARUL RIDZUAN (CONT'D)</u>		
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BERHAD	No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BERHAD	Ground, 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No.40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 72 Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>PERAK DARUL RIDZUAN (CONT'D)</u>		
UOB KAY HIAN SECURITIES (M) SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216 010	078-009
<u>PULAU PINANG</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Berkath 21 Beach Street 10300, Georgetown Tel No : 04-2611 688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261 818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2618 688	086-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385 900	065-003
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636 996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, Mezzanine & 8th Floor Sentral Tower No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-2690 888	054-002

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>PULAU PINANG (CONT'D)</u>		
JUPITER SECURITIES SDN BHD	20-1 Persiaran Bayan Indah Bayan Bay Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003
KENANGA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283 355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2, Jalan Perak 11600 Georgetown Pulau Pinang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 and 218A Pengkalan Weld Lebuh Macallum 10300 Pulau Pinang Tel No.: 04-2617 611	057-008
MALACCA SECURITIES SDN BHD	Prima Tanjung Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel No.: 04-8981 525	012-004
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel No.: 04-2196 888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Pulau Pinang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No.: 04-2639 118	093-004

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>PULAU PINANG (CONT'D)</u>		
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2273 000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BERHAD	834, Ground Floor & First Floor 835, First Floor Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-5831 888	087-032
RHB INVESTMENT BANK BERHAD	64 & 64-D Tingkat Bawah-Tingkat 3 & Tingkat 5-Tingkat 8 Lebuh Bishop 10200 Pulau Pinang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BERHAD	No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-6404 888	087-042
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel No.: 04-8352 988	087-056

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>PULAU PINANG (CONT'D)</u>		
SJ SECURITIES SDN BHD	12 th Floor, Office Tower Hotel Royal Penang No.3 Jalan Larut 10050 Georgetown Pulau Pinang Tel No.: 04-2299 836	096-003
UOB KAY HIAN SECURITIES (M) SDN BHD	1 st , 2 nd & 3 rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541 388	078-003
<u>PERLIS INDRA KAYANGAN</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793 888	087-060
<u>KEDAH DARUL AMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>KEDAH DARUL AMAN (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1 st Floor EMUM 55, No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
HWANGDBS INVESTMENT BANK BERHAD	1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisam HM Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor, No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641 641	087-024

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>NEGERI SEMBILAN DARUL KHUSUS (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421 000	087-037
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046
<u>MELAKA</u>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No :06-2898 800	065-006
KENANGA INVESTMENT BANK BERHAD	71 (Ground, A&B) & 73(Ground, A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-2866 008	064-006

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>MELAKA (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2833 622	087-002
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BERHAD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008
<u>JOHOR DARUL TAKZIM</u>		
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
AMINVESTMENT BANK BERHAD	2 nd , 3 rd , 4 th Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
AMINVESTMENT BANK BERHAD	18 th & 31 st Floor, Selesa Tower, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-006
CIMB INVESTMENT BANK BERHAD	No. 73 Ground Floor, No. 73A First Floor & No.79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011
HONG LEONG INVESTMENT BANK BERHAD	1st Floor, No. 9, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4313 688	066-004

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
HONG LEONG INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227 388	066-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD	3.01 Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3538 878	055-002
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35, (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16, Manara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9532 222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
M & A SECURITIES SDN BHD	No. 27,27A & 27 B Jalan Molek 3/10, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3551 988	057-007

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 533	012-005
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 232	064-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008
RHB INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 40 Jalan Haji Mana 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787 180	087-038
RHB INVESTMENT BANK BERHAD	1 st Floor, No. 2 & 4 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BERHAD	2 nd Floor, No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BERHAD	7A Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>JOHOR DARUL TAKZIM (CONT'D)</u>		
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121 633	078-008
<u>KELANTAN DARUL NAIM</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 3953-H , PT225, 1 st Floor, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432 288	058-004
<u>PAHANG DARUL MAKMUR</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CIMB INVESTMENT BANK BERHAD	Ground 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-007

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>PAHANG DARUL MAKMUR (CONT'D)</u>		
JUPITER SECURITIES SDN BHD	2 nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BERHAD	Ground Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022
RHB INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>TERENGGANU DARUL IMAN (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
<u>SABAH</u>		
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328 878	065-005
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BERHAD	5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel No : 088-258 618	087-036

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SABAH (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229 286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011
<u>SARAWAK</u>		
AMINVESTMENT BANK BERHAD	1 st , 2 nd & 3 rd Floor No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel No : 082-244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 1, Jalan Pending 1 st Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SARAWAK (CONT'D)</u>		
KENANGA INVESTMENT BANK BERHAD	Level 1-5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000, Bintulu Sarawak Tel No.: 086-337 588	073-018
KENANGA INVESTMENT BANK BERHAD	Suite 9 & 10, 3 rd Floor, Yung Kong Abell Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-248 877	073-036
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-003
RHB INVESTMENT BANK BERHAD	Lot 170 & 171 Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No.: 082-422 252	087-008
RHB INVESTMENT BANK BERHAD	Lot 1268, 1 st & 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422 788	087-012

17. LIST OF ADAs (Cont'd)

<u>Name</u>	<u>Address and telephone number</u>	<u>Broker Code</u>
<u>SARAWAK (CONT'D)</u>		
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	087-050
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138, Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006

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ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

1. Material properties of our Group

Save as disclosed in this Prospectus and to the best of our Group's knowledge and belief, none of the properties owned by our Group (i) is in breach of any land-use conditions or relevant steps have been taken to comply with land-use conditions; and (ii) is in non-compliance with current statutory requirements, land rules or building regulations, which will have a material adverse impact on our operations as at the LPD.

Unless otherwise stated in this section, the properties are owned by our Group.

(a) Estates

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/ other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
1. LADANG SRI TELANG								
Consist of two parcels of land held under:	Tanah Makmur	Leasehold interest of 99 years expiring on 15 February 2110	3,035.15/ 2,870.81	Please refer to Note 13 below	Oil palm plantation	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Charged in favour of Bank Islam Malaysia Berhad registered on 8 November 2012	11,144,558
(i) H.S.(D) 2549 PT 3485, Mukim Telang, Lipis, Pahang					<u>Mature: 1,755.15</u> <u>Young</u>			
					<ul style="list-style-type: none"> 4 to 8 years – 1,755.15 			
					<u>Prime</u>			
					<ul style="list-style-type: none"> 9 to 13 years – Nil 			
					<ul style="list-style-type: none"> 14 to 18 years – Nil 			
					<u>Old</u>			
					<ul style="list-style-type: none"> 19 to 25 years – Nil 			
					<ul style="list-style-type: none"> Over 25 years – Nil 			
(ii) H.S.(D) 2548 PT 3484, Mukim Telang, Lipis, Pahang								

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
<p>2. LADANG ULU LEPAR</p> <p>Consist of one parcel of land held under:</p> <p>(i) H.S.(D) 44435 PT 4333, Mukim Ulu Lepar, Kuantan, Pahang</p>								
	LKPP ⁽¹⁾	Leasehold interest of 99 years expiring on 24 October 2112	1,069.67 a / Not planted yet as it is a newly acquired land	Not applicable	Oil palm plantation / Not planted yet as it is a newly acquired land	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	2,899,366
<p>Immature: 1,115.66</p> <ul style="list-style-type: none"> • 0 to 1 year – Nil • 2 years – 824.00 • 3 years – 291.66 								

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
3. LADANG EMPANG JALEH								
Consist of two parcels of land held under :	Kurnia Setia ⁽²⁾	(i) Leasehold interest of 99 years expiring on 10 November 2091	486.55/ 419.59	Please refer to Note 13 below	Oil palm plantation <u>Mature: 419.59</u> <u>Young</u>	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Charged in favour of CIMB Islamic Bank Berhad registered on 29 September 2010 ⁽⁴⁾	3,942,601
(i) H.S.(D) 1353 PT 3214, Mukim Penjom, Lipis, Pahang ⁽³⁾					• 4 to 8 years – Nil <u>Prime</u> • 9 to 13 years – Nil			
(ii) H.S.(D) 277 PT 1700, Mukim Batu Yon, Lipis, Pahang		(ii) Leasehold interest of 99 years expiring on 6 August 2085			• 14 to 18 years – 172.00 <u>Old</u> • 19 to 25 years – Nil • Over 25 years – 247.59			
					<u>Immature: Nil</u>			

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
4. LADANG SRI JELUTUNG								
Consist of one parcel of land held under:	Kurnia Setia ⁽²⁾	Leasehold interest of 99 years expiring on 3 February 2102	1,215.00 / 845.00	Certificate of fitness obtained by SJ Palm Oil Mill in Ladang Sri Jelutung for the construction of two blocks of temporary housing units on 26 April 2006	Oil palm plantation <u>Mature: 845.00</u> <u>Young</u> • 4 to 8 years – Nil <u>Prime</u> • 9 to 13 years – 845.00 • 14 to 18 years – Nil <u>Old</u> • 19 to 25 years – Nil • Over 25 years – Nil	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	12,423,475
(i) H.S.(D) 3633 PT 4901, Mukim Bebar, Pekan, Pahang			<u>Built-up area</u> 0.50 <u>Land area</u> 1,214.50					
<u>Immature: Nil</u>								

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
5. LADANG AUR GADING								
Consist of one parcel of land held under:	Kurnia Setia ⁽²⁾	Leasehold interest of 99 years expiring on 15 September 2092	453.60 / 444.00	Not applicable	Oil palm plantation <u>Mature: 444.00</u> <u>Young</u> • 4 to 8 years – 23.00 <u>Prime</u> • 9 to 13 years – Nil • 14 to 18 years – 176.00 <u>Old</u> • 19 to 25 years – 245.00 • Over 25 years – Nil	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	5,566,255
(i) H.S.(D) 19070 Lot 41174 Mukim Luit, Maran, Pahang								
<u>Immature: Nil</u>								

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition /restrictions-in-interest	Encumbrance(s)/ other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
6. LADANG SUNGAI SELAMA LANAR								
Consist of four parcels of land held under:	(i) Kurnia Setia ⁽²⁾	(i) Leasehold interest of 99 years expiring on 8 December 2090	1,372.34/ 1,176.00	Please refer to Note 13 below	Oil palm plantation	Agriculture / The land must be used for the purpose of rubber plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	9,617,326
(i) PN 9916 Lot 2726, Mukim Kuala Lipis, Lipis, Pahang ⁽⁵⁾	(ii) Kurnia Setia ⁽²⁾	(ii) Leasehold interest of 99 years expiring on 8 December 2090			<u>Mature: 1,176.00</u> <u>Young</u>			
(ii) PN 9917 Lot 2727, Mukim Kuala Lipis, Lipis, Pahang ⁽⁵⁾	(iii) Kurnia Setia ⁽²⁾	(iii) Leasehold interest of 99 years expiring on 8 December 2090			• 4 to 8 years – 534.00 <u>Prime</u>			
(iii) H.S.(D) 1938 PT 3994, Mukim Cheka Lipis, Lipis, Pahang	(iv) Leased from LKPP	(iv) Leased from LKPP to Tanah Makmur for a period of 60 years expiring on 6 December 2072			• 9 to 13 years – 110.00 • 14 to 18 years – 532.00 <u>Old</u>			
(iv) PN 14632 Lot 4889, Mukim Cheka, Lipis Pahang (Leased from LKPP)		(iii) Leasehold interest of 66 years expiring on 7 June 2065			• 19 to 25 years – Nil • Over 25 years – Nil <u>Immature: Nil</u>			

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition /restrictions-in-interest	Encumbrance(s)/ other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
7. LADANG LEMBAH KLAU								
Consist of four parcels of land held under:	Kurnia Setia ⁽²⁾	(i) Freehold	1,528.20/	Certificate of fitness obtained by Kurnia Setia in Ladang	Oil palm plantation	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	19,538,318
(i) PN 9774 Lot 18583, Mukim Gali, Raub, Pahang		(ii) Freehold	1,462.00	Lembah Klau in relation to the construction of nine blocks of two units each for permanent housing units on 23 March 2000	<u>Mature: 1,462.00</u> <u>Young</u>			
(ii) PN 9775 Lot 18534, Mukim Gali, Raub, Pahang		(iii) Leasehold interest of 99 years expiring on 2 January 2096			• 4 to 8 years – Nil <u>Prime</u> • 9 to 13 years – Nil • 14 to 18 years – Nil			
(iii) H.S.(D) 7456 PT 17992, Mukim Gali, Raub, Pahang		(iv) Leasehold interest of 99 years expiring on 2 January 2096			<u>Old</u> • 19 to 25 years – 1,462.00 • Over 25 years – Nil			
(iv) H.S.(D) 7457 PT 17993, Mukim Gali, Raub, Pahang					<u>Immature: Nil</u>			

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
8. LADANG SUNGAI SERING								
Consist of six parcels of land held under:			1,219.28 ⁽⁶⁾ / 1,141.17	Not applicable	Oil palm plantation	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	10,294,878
(i) H.S.(D) 14974 PT 6186, Mukim Perak, Temerloh, Pahang	(i) Kurnia Setia ⁽²⁾	(i) Leasehold interest of 99 years expiring on 10 October 2093			<u>Mature: 685.17</u> <u>Young</u> • 4 to 8 years – 101.17 <u>Prime</u> • 9 to 13 years – Nil • 14 to 18 years – Nil <u>Old</u> • 19 to 25 years – 439.00 • Over 25 years – 145.00			
(ii) H.S.(D) 2343 PT 6475, Mukim Bera, Bera, Pahang	(ii) Kurnia Setia ⁽²⁾	(ii), (iii), (iv) Leasehold interest of 99 years expiring on 8 Dec 2096						
(iii) H.S.(D) 2344 PT 6476, Mukim Bera, Bera, Pahang	(v) Kurnia Setia ⁽²⁾	(v) Leasehold interest of 99 years expiring on 17 August 2091						
(iv) H.S.(D) 2345 PT 6477, Mukim Bera, Bera, Pahang	(vi) Leased from LKPP							
(v) H.S.(D) 21 PT 3350, Mukim Bera, Bera, Pahang		(vi) Leased from LKPP to Kurnia Setia for a period of 66 years expiring on 17 October 2058						
(vi) H.S.(D) 4947 PT 3024, Mukim Bera, Bera, Pahang (Leased from LKPP)								
					<u>Immature: 456.00</u> • 0 to 1 year – 456.00 • 2 years – Nil • 3 years – Nil			

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
9. LADANG KAMPONG BONGSU								
Consist of four parcels of leased land from LKPP held under:	Leased from LKPP	Leased from LKPP to Kurnia Setia for a period of 60 years expiring on 3 December 2044	1,354.08/ 1,318.00	Please refer to Note 13 below	Oil palm plantation	Nil	Nil	9,514,683
(i) H.S.(D) 1453 PT 823, Mukim Semantan, Temerloh, Pahang					<u>Mature: 1,197.00</u> <u>Young</u>			
					<ul style="list-style-type: none"> 4 to 8 years – 60.00 			
					<u>Prime</u>			
					<ul style="list-style-type: none"> 9 to 13 years – 551.00 			
					<ul style="list-style-type: none"> 14 to 18 years – 469.00 			
(ii) H.S.(D) 1454 PT 824, Mukim Semantan, Temerloh, Pahang					<u>Old</u>			
					<ul style="list-style-type: none"> 19 to 25 years – 39.00 			
					<ul style="list-style-type: none"> Over 25 years – 78.00 			
(iii) H.S.(D) 1455 PT 825, Mukim Semantan, Temerloh, Pahang					<u>Immature: 121.00</u>			
					<ul style="list-style-type: none"> 0 to 1 year – Nil 			
					<ul style="list-style-type: none"> 2 years – 121.00 			
					<ul style="list-style-type: none"> 3 years old – Nil 			
(iv) H.S.(D) 1456 PT 826, Mukim Semantan, Temerloh, Pahang								

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/ certificates of completion and compliance	Description of estates/ age of profile (hectares unless otherwise stated)	Category of land use/express condition /restrictions-in-interest	Encumbrance(s)/ other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
10. LADANG PALOH HINAI								
Consist of three parcels of leased land from LKPP held under:	Leased from LKPP	Leased from LKPP to Kurmia Setia for a period of 60 years expiring on 3 December 2044	2,056.83/ 1,861.00	Please refer to Note 13 below	Oil palm plantation	Nil	Nil	18,741,550
(i) H.S.(D) 233 PT 365, Mukim Lepar, Pekan, Pahang					<u>Mature: 1,753.00</u> <u>Young</u>			
					<ul style="list-style-type: none"> • 4 to 8 years – Nil 			
					<u>Prime</u>			
					<ul style="list-style-type: none"> • 9 to 13 years – 1,069.00 • 14 to 18 years – 684.00 			
(ii) H.S.(D) 234 PT 366, Mukim Lepar, Pekan, Pahang ⁽⁷⁾					<u>Old</u>			
					<ul style="list-style-type: none"> • 19 to 25 years – Nil • Over 25 years – Nil 			
(iii) H.S.(D) 235 PT 367, Mukim Lepar, Pekan, Pahang ⁽⁸⁾								
					<u>Immature: 108.00</u>			
					<ul style="list-style-type: none"> • 0 to 1 year – 108.00 • 2 years – Nil • 3 years – Nil 			

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition/restrictions-in-interest	Encumbrance(s)/other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
11. LADANG CHARUK PUTING								
Consist of six parcels of leased land from LKPP held under:	Leased from LKPP	Leased from LKPP to Kurnia Setia for a period of 60 years expiring on 3 December 2044	1,841.36/ 1,678.00	Not applicable	Oil palm plantation	Nil	Nil	11,540,325
(i) H.S.(D) 1448 PT 192, Mukim Lebak, Temerloh Pahang					Mature: 1,678.00 <u>Young</u>			
					• 4 to 8 years – 245.00 <u>Prime</u>			
(ii) H.S.(D) 1449 PT 193, Mukim Lebak, Temerloh Pahang					• 9 to 13 years – 737.00			
					• 14 to 18 years – Nil <u>Old</u>			
(iii) H.S.(D) 1450 PT 1043, Mukim Lebak, Temerloh Pahang ⁽⁹⁾					• 19 to 25 years – Nil			
					• Over 25 years – 696.00			
(iv) H.S.(D) 4076 PT 833, Mukim Bera, Bera, Pahang ⁽¹⁰⁾					Immature: Nil			
(v) H.S.(D) 4077 PT 3122, Mukim Triang, Bera, Pahang								
(vi) H.S.(D) 1508 PT 1212, Mukim Perak, Temerloh, Pahang ⁽¹¹⁾								

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/ certificates of completion and compliance	Description of estates/ age of profile (hectares unless otherwise stated)	Category of land use/express condition /restrictions-in-interest	Encumbrance(s)/ other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
12. LADANG ALUR SERI								
Consist of one parcel of land held under:	Alur Seri	Leasehold interest of 99 years expiring on 6 June 2110	2,023.00 / Not planted yet as it is a newly acquired land	Not applicable	Oil palm plantation / Not planted yet as it is a newly acquired land	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	8,027,522
(i) H.S.(D) 39694 PT 3225, Mukim Ulu Lepar, Kuantan, Pahang								
13. LADANG BUKIT GOH								
Consist of one parcel of land held under:	KotaSAS	Leasehold interest of 99 years expiring on 16 October 2071	137.70 /314.00 ⁽¹²⁾	Not applicable	Oil palm plantation <u>Mature: 314.00</u> <u>Young</u>	Agriculture / The land must be used for the purpose of oil palm plantations only/ The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Nil	7,855,782
(i) PN 19317 Lot 26068, Mukim Kuala Kuantan, Kuantan, Pahang					<ul style="list-style-type: none"> • 4 to 8 years – Nil • 9 to 13 years – Prime • 14 to 18 years – Nil 150.00			

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (hectares unless otherwise stated)	Certificates of fitness/certificates of completion and compliance	Description of estates/age of profile (hectares unless otherwise stated)	Category of land use/express condition /restrictions-in-interest	Encumbrance(s)/ other endorsement	Total audited NBV for each estate as at 31 December 2013 (RM)
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Old

- 19 to 25 years – 50.00
- Over 25 years – 114.00

Immature: Nil**Notes:**

- (1) Tanah Makmur is the beneficial owner of this land by virtue of the fact that a sale and purchase agreement has been signed between Tanah Makmur and LKPP dated 20 February 2013 and pending the presentation of the instrument of transfer (form14A) at the land office.
- (2) Tanah Makmur is the beneficial owner of the properties held under Kurnia Setia vide the Privatisation of Kurnia Setia in 2010.
- (3) Compulsory acquisition by the government of part of the land of approximately 21.41 hectares on 24 September 2012 for public infrastructure. The hectareage disclosed has excluded the hectareage for compulsory acquisition.
- (4) As at the LPD, the instrument of discharge of charge (form 16N) were presented for registration at the relevant land office on 22 May 2014. The discharge of charge shall take effect as soon as the instrument of discharge of charge is registered at the relevant land office.
- (5) The lands registered under the name of Kurnia Setia and beneficially owned by Tanah Makmur held under PN 9916 Lot 2726 and PN 9917 Lot 2727, Mukim of Kuala Lipis, District of Lipis, Pahang are subject to the express condition that the land must be used as rubber plantation only. However, these lands are currently cultivated with oil palm trees. The oil palm trees cultivated on these lands are more than 20 years old and have been in existence on these lands prior to the acquisition by Kurnia Setia from LKPP in 1991 and therefore, the oil palm trees on the lands have been in existence prior to the completion of the Privatisation exercise of Kurnia Setia that resulted in the transfer of the entire assets and liabilities of Kurnia Setia including all the shares held by Kurnia Setia in all its subsidiaries to us. Consequently, Tanah Makmur had on 8 November 2013 made an application to the relevant authority for the amendment of the express condition to the titles to regularise the cultivation of oil palms on the abovementioned lands. The land office has estimated that the cost for the said amendment of the express condition to the titles would be approximately RM920,000. We expect the application to be processed and completed within nine to 12 months from the date of this Prospectus. As at the date of this Prospectus, our Board is not aware of any material circumstances that may prejudice the application.

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (6) The hectareage disclosed includes 250 acres of land which is further explained below. Kurnia Setia had in 2006 made an application to the State Government of Pahang through Unit Perancang Ekonomi Negeri, Negeri Pahang ("UPEN") to undertake cattle feedlot and planting dragon fruit ("Projects") in Paya Puchong, Bera, Pahang. Majlis Mesyuarat Kerajaan Negeri Pahang in its first meeting of 2007 on 10 January 2007 had agreed with such application as evidenced in the letter dated 12 February 2007 issued by UPEN to Kurnia Setia. The agreement was subject to certain conditions among others for a lease to be granted to Kurnia Setia over the land, to be divided into 200 acres of land for the cattle feedlot project and another 50 acres of land for planting of dragon fruit project ("State Land"), for a period of 10 years with an option to renew for another 10 years subject to the development of the projects. It was intended for the State Land to be alienated to Pahang State Secretary Incorporated ("PSK"), who will then grant such lease to Kurnia Setia.
- As at the LPD, the State Land has not been alienated to PSK and therefore, the lease has not been granted to our Group yet. However, following an in-depth study that our Group had undertaken, our Group did not proceed with the implementation of the Projects on the State Land because we had determined that the Projects would not be economically viable. Since 2009, our Group has cultivated the State Land with oil palms and use it for the integrated cattle rearing scheme instead.
- As at the date of this Prospectus, Kurnia Setia is in the process of regularising and formalising the arrangement with UPEN for the cultivation of oil palm trees on the State Land.
- (7) Compulsory acquisition by the government of part of the land of approximately 34.09 acres on 8 April 1980, 9.79 acres on 10 October 1986, 4.34 acres on 30 March 1992 and 3.28 acres on 9 August 1997 for public infrastructures. The hectareage disclosed has excluded the hectareage for compulsory acquisition.
- (8) Compulsory acquisition by the government of part of the land of approximately 16.82 acres on 8 April 1980, 1.48 acres on 10 October 1986, 1.01 acres on 5 August 1992 and 0.71 acres on 9 August 1997 for public infrastructures. The hectareage disclosed has excluded the hectareage for compulsory acquisition.
- (9) Compulsory acquisition by the government of part of the land of approximately 2.43 acre hectares on 3 August 1985 for public infrastructures. The hectareage disclosed has excluded the hectareage for compulsory acquisition.
- (10) Compulsory acquisition by the government of part of the land of approximately 26.31 acres on 3 August 1985 and 1.55 acres on 29 March 1995 for public infrastructures. The hectareage disclosed has excluded the hectareage for compulsory acquisition.
- (11) 8.24 hectares (this hectareage has excluded the hectareage for compulsory acquisition by the government of part of the land of approximately 1.62 acres for public infrastructures) of land held under H.S.(D) 1508, PT 1212, Mukim Perak, Temerloh, Pahang ("said land"), of which 7.42 ha has been planted with oil palms by Kurnia Setia since 2001, which is prior to its Privatisation. However, there was no formal arrangement that was entered into between Kurnia Setia and LKPP for the said land.
- As at the date of this Prospectus, Kurnia Setia and LKPP are in the midst of formalising the arrangement for the said land and our Board is not aware of any material circumstances that may prejudice the formation of the arrangement.
- (12) The KotaSAS Township is being developed on Ladang Bukit Goh which comprises five parcels of land. Out of which four parcels of land have been converted to "building" for the purpose of residential and commercial development in 2008, save for the land held under PN 19317 Lot 26068, Mukim Kuala Kuantan, Kuantan, Pahang. As at the LPD, approximately 314.00 ha of the land in Ladang Bukit Goh are still being used for our plantation activities.

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(13) Certain buildings as constructed and occupied within our plantation lands do not possess CCC or certificate of fitness. These buildings comprise mainly office, manager's house, staff accommodation, workers quarters, workshop, fertiliser store and surau. Most of these buildings are more than five years old and have been in existence prior to the completion of the Privatisation of Kurnia Setia that resulted in the transfer of the entire assets and liabilities of Kurnia Setia including all the shares held by Kurnia Setia in all its subsidiaries to us. As at the date of this Prospectus, we have appointed a consultant to make the necessary applications to the relevant authorities to enable the CCC to be given in respect of the relevant buildings. We expect the CCC to be given in respect of the buildings within six to 12 months from the date of this Prospectus subject to the time that may be taken by us to comply with all conditions, if any, that may be imposed by the relevant authorities prior to the issuance of the CCC, including the time that may be taken by the relevant authorities to process the application. As at the date of this Prospectus, our Board is not aware of any material circumstances that may prejudice the issuance of the CCC in respect of the buildings.

(b) Palm oil mill

Location / particulars of the land	Registered owner	Land tenure	Total titled area/total planted area (Hectares unless otherwise stated)	Certificates of fitness / Certificates of completion and compliance	Current land use	Category of land use/ express condition /restrictions-in-interest	Encumbrance(s)/ other endorsements	Total audited NBV for each estate as at 31 December 2013 (RM)
Consist of one parcel of land held under:	Tanah Makmur	Leasehold interest of 99 years expiring on 28 March 2110	202.44	Please refer to Note 1 below	Palm oil mill, compost plant and oil palm plantation	Agriculture / The land must be used for the purpose of oil palm plantations only ⁽²⁾ / The land shall not be transferred, leased, charged without the written consent from the Pahang state authority	Charged in favour of Maybank Islamic Berhad registered on 18 September 2012	1,113,000
(i) H.S.(D) 4556 PT 8080, Mukim Bebar, Pekan, Pahang			<u>Built-up area</u> 20.23					
			<u>Land area</u> 182.21					

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Notes:

(1) The palm oil mill operated by our wholly-owned subsidiary, SJ Palm Oil Mill does not possess a CCC which is otherwise required pursuant to the relevant provisions under the Street, Drainage and Building Act, 1974 for occupation of any building. The palm oil mill has been successfully commissioned during the period between May and June 2012 and it has commenced commercial operation since July 2012. As at the date of this Prospectus, we have appointed a consultant to make the necessary applications to the relevant authorities to enable the CCC to be given in respect of the palm oil mill by the principal submitting person as authorised in accordance to the Street, Drainage and Building Act 1974. We expect the CCC to be given in respect of the palm oil mill within six to 12 months from the date of this Prospectus subject to the time that may be taken by us to comply with all conditions, if any, that may be imposed by the relevant authorities prior the issuance of the CCC, including the time that may be taken by the relevant authorities to process the application. As at the date of this Prospectus, our Board is not aware of any material circumstances that may prejudice the issuance of the CCC in respect of the palm oil mill.

Since the operation of Tanah Makmur's palm oil mill, SJ Palm Oil Mill had obtained necessary licenses for the running of the palm oil mill, which consists of, among others the (i) Malaysian Palm Oil Mill License for the selling and moving of CPO, FFB, PK, the purchasing and moving of FFB, storing of CPO, PK, and manufacturing of FFB; (ii) Department of Environment License, (iii) electricity supply license; (iv) water resources license, and (v) 14 copies of certificate of fitness issued by the Department of Occupational Safety and Health in relation to the unfired pressure vessels that are currently being operated in our palm oil mill.

(2) Despite the category and express conditions provided on the said land, Section 115 of the National Land Code 1965 ("NLC") provides for the implied conditions affecting the land that is subject to the "agriculture" category.

Section 115(1)(a) states that no building shall be erected on the land other than for the purposes set out in Section 115(4) of the NLC. Although there is a palm oil mill erected on the said land, Section 115(4)(b) and Section 115(4)(c) allows for the registered owner of the land to use such land for "purposes of agriculture" or "for the purpose of extracting or processing raw material from any agricultural produce of such land.

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ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(c) Other properties

Location / particulars of the land	Registered owner	Land tenure	Total land area/ Built-up area/ Land area (Hectares unless otherwise stated)	Certificates of fitness / Certificates of completion and compliance	Current land use	Category of land use/ express condition /restrictions-in-interest	Encumbrance(s)	Total audited NBV for each properties as at 31 December 2013 (RM)
1. FACTORY								
Erected on two parcels of land held under:	Ge-Sunny Dale Industries Sdn Bhd ⁽¹⁾⁽²⁾	Freehold	184,321.20 sq ft	Certificate of fitness issued on 22 February 1994	Single-storey factory together with a double-storey office building and guard house. Currently it is rented out to a company running a metal stamping business	Nil	Nil	1,446,450
(i) H.S.(M) 12723 PT 17768, Batu 5, Jalan Kapar, Klang, Selangor								
(ii) H.S.(D) 31811 PT 17779, Mukim Kapar, Klang, Selangor								

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ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total land area/ Built-up area/ Land area (Hectares unless otherwise stated)	Certificates of fitness / Certificates of completion and compliance	Current land use	Category of land use/ express condition /restrictions-in-interest	Encumbrance(s)	Total audited NBV for each properties as at 31 December 2013 (RM)
2. OFFICE								
Erected on three parcels of land held under:	Kurnia Setia ⁽¹⁾	Freehold	7,200.00 sq ft	Please refer to Note 3 below	Building, the head office of Tanah Makmur	Nil	Charged in favour of CIMB Islamic Bank Berhad registered on 19 October 2010 ⁽⁴⁾	1,900,000
(i) GRN 9370, Lot 20 Sec 11, Bandar Kuantan, Kuantan, Pahang ⁽³⁾			<u>Built-up area</u> It is a 3½ storey building, which has a main floor area of 13,508 sq ft and ancillary floor area of 375 sq ft					
(ii) GRN 6532, Lot 18 Sec 11, Bandar Kuantan, Kuantan, Pahang ⁽³⁾								
(iii) GRN 9369, Lot 19 Sec 11, Bandar Kuantan, Kuantan, Pahang ⁽³⁾								
3. VACANT LAND								
Consist of one parcel of land held under:	Kurnia Setia ⁽¹⁾	Freehold	2.12	Nil	Vacant for future development	Nil	Nil	2,250,000
(i) Cheras / No. Hakmilik 193 Lot 668, Mukim Cheras, Hulu Langat, Selangor			<u>Built-up area</u> Nil					
			<u>Land area</u> 2.12					

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total land area/ Built-up area/ Land area (Hectares unless otherwise stated)	Certificates of fitness / Certificates of completion and compliance	Current land use	Category of land use/ express condition /restrictions-in-interest	Encumbrance(s)	Total audited NBV for each properties as at 31 December 2013 (RM)
4. BUILDING FOR OFFICE								
Erected on one parcel of land held under:	Kurnia Setia ⁽¹⁾	Freehold	0.35	Nil	Building for office	Nil	Nil	65,870
(i) GM 810 Lot 4585, Kampung Baharu Melayu Mukim Luit, Maran Pahang			<u>Built-up area</u> 0.35					
5. KOTASAS TOWNSHIP								
Four parcels of land held under:	KotaSAS	(i) Leasehold interest of 99 years expiring on 30 March 2109	(i) 65.89	Certificate of fitness issued under the master title on 15 March 2012	(i) Building for residential	Building / This land shall be used for one residential building only / The land shall not be transferred, leased, charged without the written consent from Pahang state authority	Nil	20,744,655
(i) H.S.(D) 37634 PT 97606, Mukim Kuala Kuantan, Kuantan, Pahang			<u>Built-up area</u> Nil		(ii) Building for residential			
(ii) H.S.(D) 37635 PT 97607, Mukim Kuantan, Kuantan, Pahang		(ii) Leasehold interest of 99 years expiring on 30 March 2109	<u>Land area</u> 65.89		(iii) Building for residential			
(iii) H.S.(D) 37661 PT 97933, Mukim Kuala Kuantan, Kuantan, Pahang		(iii) Leasehold interest of 99 years expiring on 4 April 2109	(ii) 57.90		(iv) Building for school			
			<u>Built-up area</u> Nil					
			<u>Land area</u> 57.90					

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Location / particulars of the land	Registered owner	Land tenure	Total land area/ Built-up area/ Land area (Hectares unless otherwise stated)	Certificates of fitness / Certificates of completion and compliance	Current land use	Category of land use/ express condition /restrictions-in-interest	Encumbrance(s)	Total audited NBV for each properties as at 31 December 2013 (RM)
(iv) H.S.(D) 37637 PT 97934, Mukim Kuala Kuantan, Kuantan, Pahang		(iv) Leasehold interest of 99 years expiring on 30 March 2109	(iii) 239.23 <u>Built-up area</u> Nil					
			<u>Land area</u> 239.23					
			(iv) 0.6025					
			<u>Built-up area</u> Nil					
			<u>Land area</u> 0.6025					

Notes:

- (1) Tanah Makmur is the beneficial owner of the properties held under Kurnia Setia vide the Privatisation of Kurnia Setia in 2010.
- (2) GE-Sunny Dale Industries Sdn Bhd is in the process of transferring its ownership to Kurnia Setia for the ownership of the land held under H.S.(M) 12723 PT 17768 and H.S.(D) 31811 PT 17779, both situated in Mukim Kapar, Klang, Selangor, vide the Settlement Agreement between Kurnia Setia and GE-Sunny Dale Industries Sdn Bhd dated 2 April 2010. The land as stated above was charged to a financial institution as security for overdraft granted by the chargee to GE-Sunny Dale Industries Sdn Bhd. Kurnia Setia had granted an advancement to GE-Sunny Dale Industries Sdn Bhd to settle the entire outstanding amount of the facility. As consideration for the advancement by Kurnia Setia, GE-Sunny Dale Industries Sdn Bhd will be transferring the land to Kurnia Setia. Kurnia Setia is the beneficial owner of the land by virtue of the Settlement Agreement entered by both parties.

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (3) Simeban Sdn Bhd and Kurnia Setia had entered into a Sale and Purchase Agreement on 30 December 1999 for the purchase of three storey building with adjoining vacant commercial land held under GRN 9370, Lot 20 Sec 11, GRN 6532, Lot 18 Sec 11, GRN 9369, Lot 19 Sec 11, Bandar Kuantan, Kuantan, Pahang, which is occupied by us as our head office. The building does not possess CCC or certificate of fitness. The building is more than 20 years old and has been in existence prior to the completion of the Privatisation of Kurnia Setia that resulted in the transfer of the entire assets and liabilities of Kurnia Setia including all the shares held by Kurnia Setia in all of its subsidiaries to us. As at the date of this Prospectus, we have appointed a consultant to make the necessary applications to the relevant authorities to enable the CCC to be given in respect of the relevant building. We expect the CCC to be given in respect of the building within six to 12 months from the date of this Prospectus subject to the time that may be taken by us to comply with all conditions, if any, that may be imposed by the relevant authorities prior to the issuance of the CCC, including the time that may be taken by the relevant authorities to process the application. As at the date of this Prospectus, our Board is not aware of any material circumstances that may prejudice the issuance of the CCC in respect of the building.
- (4) As at the LPD, the instrument of discharge of charge (form 16N) were presented for registration at the relevant land office on 22 May 2014. The discharge of charge shall take effect as soon as the instrument of discharge of charge is registered at the relevant land office.

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ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

2. Material equipment of our Group

The material equipment owned by our Group as at the LPD are as follow:

No.	Material equipment	Description of assets and its usage	Quantity (units)	Audited NBV as at 31 December 2013 (RM)
1.	Backhoe	For construction, small demolitions, light transportation of building materials, powering building equipment, digging holes/excavation, landscaping, breaking asphalt, and paving roads	2	31,201
2.	Bulldozer	To push large quantities of soil, sand, rubble, or other such material during construction	1	47,584
3.	Excavator	For digging of trenches, holes, foundations, material handling, brush cutting with hydraulic attachments, forestry work, forestry mulching, demolition, general grading/landscaping, heavy lift, e.g. lifting and placing of pipes, mining, especially, but not only open-pit mining, river dredging and driving piles, in conjunction with a pile driver	4	479,535
4.	Vibrator compactor	To reduce the size of waste material or soil through compaction	2	176,001
5.	Dump truck	For transporting loose material (such as sand, gravel, or dirt) for construction	4	180,812
6.	Boiler feed water tank	To store, pre-heat and condition feed water.	1	14,250
7.	Steam turbine	A device that extracts thermal energy from pressurized steam and uses it to do mechanical work on a rotating output shaft	1	543,908
8.	Water tube boiler	A device to generate steam to power our palm oil mill	1	1,928,782
9.	Clarification equipment	To separate and purify undiluted crude oil to pure CPO	1	849,999

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Material equipment	Description of assets and its usage	Quantity (units)	Audited NBV as at 31 December 2013 (RM)
10.	Digester machine	For digestion of loose fruitlets before screw press oil extraction	3	205,346
11.	Crude oil holding tank	For storage of undiluted crude oil	1	19,781
12.	Oil settling tank	For primary storage of CPO before purifying	1	16,969
13.	Pure oil tank	For storage of pure oil	1	16,969
14.	Sludge/condensate oil recovery tank	For storage of sludge	1	69,938
15.	2,000 mt oil storage tank	Calibration component of CPO storage tank	2	663,469
16.	1,000 mt oil storage tank	For storage of CPO	1	261,651
17.	Diesel generator set	Device to generate electricity	2	314,500
18.	Diesel storage tank	For storage of diesel gas	1	14,813
19.	Kernel silo	To remove moisture from the kernel using hot air	1	99,469
20.	Kernel bulk silo	A storage unit used for palm kernel	2	209,625
21.	Nut hopper	To store fresh nut	1	41,813
22.	Shell bunker with two compartment	To store wet and dry shell	1	138,844
23.	Electric motor vibrator	Device used to separate nut and kernel	1	3,765
24.	EFB treatment plant	Treatment plant used to produce compost fertilizer	1	459,815
25.	Indexer linked CMC system	Part of sterilisation system	1	3,096,092
26.	Scrapper bar conveyor drive	To drive the conveyor	1	29,750

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Material equipment	Description of assets and its usage	Quantity (units)	Audited NBV as at 31 December 2013 (RM)
27.	Hydraulic puller set	Workshop maintenance tool	1	9,605
28.	Lathe machine	A rotating tool that is used for functions like cutting, sanding, knurling, drilling, deformation, facing and turning	1	42,330
29.	Automatic submersible pump	A pump for palm oil mill house-keeping	1	3,467
30.	Mist blower	A device used to spray chemicals in our plantations	41	9,466
31.	Welding cum generator set	A machine used for welding that joins materials usually metals	1	12,012
32.	Grass cutting machine	A machine used to cut grass in our plantation	6	92
33.	Twin screw press machine	A machine used to expel the oil from the palm fruits digested mash	3	251,035
34.	Weighbridge System	A weighing machine used to weigh entire rail or road vehicles and their contents.	9	250,975
35.	3 mt gear trolley	A trolley used for loading and unloading of material	1	1,668
36.	Plasma cutter machine	A machine used to cut steel and other metals of different thicknesses	1	8,133
37.	Milling machine	A machine using rotary cutters to remove material from workpiece	1	24,310
38.	Rapid motor for knee elevation	A supporting tool for milling machine (workshop tool equipment)	1	1,488
39.	VHG-1 hydraulic machine vise	A supporting tool for milling machine (workshop tool equipment)	1	2,040
40.	Horizontal handsaw machine	A machine consisting of a continuous band of metal with teeth along one edge to cut workpiece	1	11,083

ANNEXURE A – DETAILS OF OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Material equipment	Description of assets and its usage	Quantity (units)	Audited NBV as at 31 December 2013 (RM)
41.	Vertical drill machine	A machine used for drilling holes in workpiece	1	8,952
42.	Shaping machine	A machine used for shaping of workpiece using a linear relative motion between the workpiece and a single-point cutting tool to machine a linear tool path	1	31,387
43.	Caterpillar heavy vehicle – 938-g	A vehicle used to push FFB and to carry out miscellaneous works	2	457,926
44.	Motor vehicle	Transportation vehicle for mill operations	2	8,331

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ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD

1. Tanah Makmur

The table below sets forth the approvals, major licences and permits of Tanah Makmur as at the LPD:

Location	Type of licence/Permit	Issuing authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
Ladang Paloh Hinai	MPOB Licence	MPOB	548227002000/ 1 April 2014/ 31 March 2015	Selling and transporting FFB	N/A	Complied
Ladang Charuk Puting	MPOB Licence	MPOB	547522102000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Kampong Bongsu	MPOB Licence	MPOB	547793002000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Bukit Goh	MPOB Licence	MPOB	548096002000/ 1 April 2014/ 31 March 2015	Selling and transporting FFB	N/A	Complied
Ladang Sungai Sering	MPOB Licence	MPOB	547111002000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Lembah Klau	MPOB Licence	MPOB	547115002000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Sungai Selama Lanar	MPOB Licence	MPOB	547227002000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Empang Jaleh	MPOB Licence	MPOB	547742002000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Aur Gading	MPOB Licence	MPOB	547825002000/ 1 March 2014/ 28 February 2015	Selling and transporting FFB	N/A	Complied
Ladang Sri Telang	MPOB Licence	MPOB	554727002000/ 1 November 2013/ 31 October 2014	Selling and transporting FFB	N/A	Complied
Ladang Alur Seri	MPOB Licence	MPOB	585061011000/ 10 June 2014/ 31 May 2015	Selling and transporting FFB	N/A	Complied

ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD (Cont'd)

2. Alur Gemilang

The table below sets forth the approval(s), major licence(s) and permit(s) of Alur Gemilang as at the LPD:

Location	Type of Licence/Permit	Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
Ladang Sri Jelutung	MBOB license	MPOB	504176002000 1 May 2014/ 30 April 2015	Selling and transporting FFB	N/A	Complied

3. SJ Palm Oil Mill

The table below sets forth the approvals, major licences and permits as at the LPD:

Location	Type of Licence/Permit	Issuing Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
SJ Palm Oil Mill	MPOB License	MPOB	556529004000/ 1 January 2014/31 December 2014	Selling and transporting FFB, CPO, PK, purchasing and transporting FFB, storing CPO, PK, processing FFB	N/A	Complied
SJ Palm Oil Mill	Certificate of Weights and Measures	Metrology Corporation Malaysia Sdn Bhd	B464776/ Date of Issue: 11 June 2013 ⁽¹⁾	A certificate for verification or re-verification tests signifying the instrument is for trade used	N/A	Complied
SJ Palm Oil Mill	DOE License	DOE	004122/ 23 April 2012/ 30 June 2014	Licence to occupy and use of the premises	N/A	Complied
SJ Palm Oil Mill	Electricity Supply Licence	Energy Commission of Malaysia	PKN(P)00712/ 13 July 2013/ 12 July 2014	To use and generate power and electricity in SJ Palm Oil Mill	N/A	Complied
SJ Palm Oil Mill	Permit to Purchase, Store and Use of Sodium Hydroxide	Pahang State Health Department	035245/ 1 January 2014/ 31 December 2014	To purchase up to a maximum of 1,400kg (liquid) of Sodium Hydroxide	N/A	Complied

ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD (Cont'd)

Location	Type of Licence/Permit	Issuing Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
SJ Palm Oil Mill	Permit for Scheduled Controlled Goods	Ministry of Domestic Trade, Co-Operatives and Consumerism	PHG/PD/K/5/11- (D)/ 14 February 2014/ 13 February 2015	Permit to purchase and store controlled goods -diesel (16,380 Litre)	N/A	Complied
SJ Palm Oil Mill	Water Resources License	Board of Pahang Water Resources	SWULLPSA/43/2014 Date of issue: 21 January 2014/ Effective period from 1 January 2014 to 31 December 2014	Water resources licence for industrial purposes of SJ Palm Oil Mill	N/A	Complied
SJ Palm Oil Mill	Environmental Quality Licence	DOE	004122/ 1 July 2013/ 30 June 2014 ⁽²⁾	To regulate and monitor the environmental quality as prescribed under the Regulations Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations, 1977 and Regulations Environmental Quality (Clean Air) Regulations 1978	N/A	Complied

Notes:

- (1) There is no expiry date.
- (2) Tanah Makmur had on 1 April 2014 made an application for renewal. The expected date of issue and the date of expiry shall be 1 July 2014 and 30 June 2015 respectively.

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ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD (Cont'd)

4. KotaSAS

The table below sets forth the approvals, major licences and permits of KotaSAS as at the LPD:

Location	Type of Licence/Permit	Issuing Authority	Date of issue / Date of expiry	Licence no. /	Nature of approvals, licences and permits	Salient terms	Status of compliance
KotaSAS Township	Housing Developer Licence	Ministry of Housing and Local Government	10840-1/12-2015/204/ 10 December 2012/ 9 December 2015		Precinct 1: 1. 54 units of single storey semi-detached houses under project named "Sinaran" 2. 79 units of double storey terrace houses under project named "Suria" 3. 60 units of double storey terrace houses under project named "Suria" 4. 72 units of double storey semi-detached houses under project named "Bayu" 5. 24 units of double storey semi-detached houses under project named "Embun" 6. 34 units of double storey terrace houses under project named "Senja"	N/A	Complied

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ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD (Cont'd)

Location	Type of Licence/Permit	Issuing Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
KotaSAS Township	Housing Developer Licence	Ministry of Housing and Local Government	10840-4/05-2015/620/ 14 May 2012/ 13 May 2015	Precinct 2: 1. 16 units of double storey terrace houses under project named "Senja" 2. 65 units of single storey terrace houses under project named "Cahaya/Bintang" 3. 8 units of single storey semi-detached houses under project named "Pancararan"	N/A	Complied
KotaSAS Township	Housing Developer Licence	Ministry of Housing and Local Government	10840-5/06-2015/778/ 14 June 2012/ 13 May 2015	Precinct 3: 1. 14 units of single storey terrace houses 2. 68 units of double storey semi-detached houses	N/A	Complied
KotaSAS Township	Housing Developer Licence	Ministry of Housing and Local Government	10840-6/02-2016/145/ 4 February 2013/ 3 February 2016	Precinct 3: 1. 94 units of double storey terrace houses under project named "Rembulan" 2. 26 units of single storey semi-detached houses under project named "Pancararan"	N/A	Complied
KotaSAS Township	Advertisement and Sales Permit	Ministry of Housing and Local Government	License Number: 10840-6/02-2015/01353 Permit Number: 10840-6/02-2015/01353 20 February 2014/ 19 February 2015	Precinct 3: 1. 29 units of semi-detached houses 2. 94 units of terrace houses	N/A	Complied

ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD (Cont'd)

Location	Type of Licence/Permit	Issuing Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
KotaSAS Township	Advertisement and Sales Permit and Housing Developer Licence	Ministry of Housing and Local Government	Licence Number: 10840-7/09-2015/0651 Permit Number: 10840-7/09-2015/0651/ 27 September 2013/ 26 September 2015	Precinct 3: 1. 45 units of terrace houses 2. 16 units of semi-detached houses 3. 18 units of semi-detached houses	N/A	Complied
KotaSAS Township	Proprietary Mining Licence	Director of Lands and Mines, Pahang	File Reference: PTG.PHG.(PML).16/015/04/11.2013 Licence Number: PML 01/2014 27 February 2014/ 26 February 2016	Proprietary Mining Licence pursuant to Pahang Mineral Enactment 2001 to undertake extraction of bauxite in certain parts of Ladang Bukit Goh which contained bauxite deposits	N/A	Complied
KotaSAS Township	Operational Mining Scheme	Director of Mines Pahang, Minerals and Geoscience Department, Pahang	OMS No: JMG.PHG.(M)14/2014/14/(Bx) Plan No: QMS/KSSB/0314/MS/001 21 March 2014/ 31 March 2015	Approval granted to KotaSAS issued by Director Of Mines Pahang, Minerals and Geoscience Department, Pahang to carry on mining operation by open cast method for bauxite ore on land at Lot PT 97606, Mukim Kuala Kuantan, Kuantan, Pahang	N/A	Complied

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ANNEXURE B – LIST OF MAJOR LICENCES HELD BY OUR GROUP AS AT THE LPD (Cont'd)

5. Kurnia Setia Engineering

The table below sets forth the approvals, major licences and permits of Kurnia Setia Engineering as at the LPD:

Location	Type of Licence/Permit	Issuing Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
Kurnia Setia Engineering	CIDB Registration	CIDB	0120101108-PH131591/ 23 March 2013/ 22 March 2016	CIDB Registration	N/A	Complied

6. Kurnia Setia Trading

The table below sets forth the approvals, major licences and permits of Kurnia Setia Trading as at the LPD:

Location	Type of Licence/Permit	Authority	Licence no. / Date of issue / Date of expiry	Nature of approvals, licences and permits	Salient terms	Status of compliance
Kurnia Setia Trading	Land Public Transport Permit	Land Public Transport Commission	4C0014312-2/12/ 25 March 2013/ 20 October 2017	Carriers' permit to undertake rental or hire services or to carry approved goods within the allowed operation area	N/A	Complied
Kurnia Setia Trading	Land Public Transport Permit	Land Public Transport Commission	4C0014792-2/12/ 25 March 2013/ 20 October 2017	Carriers' permit to undertake rental or hire services or to carry approved goods within the allowed operation area	N/A	Complied

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