PETALING TIN BERHAD (324-H)

INCORPORATED IN MALAYSIA

FOCUSING OUR POTENTIAL

ANNUAL REPORT 2013

2013

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PETALING TIN BERHAD annual report 2013



Corporate Information

President

Tan Sri Dr Chen Lip Keong

Board of Directors

Datuk Haji Jaafar bin Abu Bakar
Chairman

Mr Chen Yiy Fon
Chief Executive Officer

Datuk Wan Kassim bin Ahmed

Dato' Nik Kamaruddin bin Ismail

Mr Tiang Chong Seong

Mr Lim Mun Kee

Audit Committee

Datuk Haji Jaafar bin Abu Bakar
Chairman

Datuk Wan Kassim bin Ahmed

Mr Lim Mun Kee

Nomination Committee

Datuk Haji Jaafar bin Abu Bakar
Chairman

Datuk Wan Kassim bin Ahmed

Remuneration Committee

Datuk Haji Jaafar bin Abu Bakar
Chairman

Datuk Wan Kassim bin Ahmed

Mr Lim Mun Kee

Company Secretaries

Mr Lam Hoi Khong
MIA 18848

Ms Voon Yoon Mei
MAICSA 0802554

Auditors

UHY Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

Solicitors

Ben & Partners
Tan, Chua & Lawrence
Izral Partnership

Principal Place of Business

1st Floor, No. 118, Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone : 603 7968 1222
Facsimile : 603 7954 1155

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

Registered Office

1st Floor, No. 118, Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone : 603 7968 1222
Facsimile : 603 7954 1155

Share Registrar

Semangat Corporate Resources Sdn Bhd
Ground Floor, No. 118, Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone : 603 7968 1001
Facsimile : 603 7958 8013

Corporate Structure

PETALING TIN BERHAD

PROPERTY DEVELOPMENT • INVESTMENT HOLDING • MANAGEMENT SERVICES

PROPERTY INVESTMENT &/OR DEVELOPMENT

- 100% **GOLDEN DOMAIN DEVELOPMENT SDN BHD**
  Karambunai Project
- 100% **LEMBAH LANGAT DEVELOPMENT SDN BHD**
  Ulu Kelang Project
- 100% **MAGILDS PARK SDN BHD**
  Magilds Industrial Park & Desa Bukit Indah Projects
- 100% **MAJURAMA DEVELOPMENTS SDN BHD**
  Senawang Town Centre Project
- 100% **PTB DEVELOPMENT SDN BHD**
  Ulu Yam Project
- 100% **PTB HORTICULTURE FARM SDN BHD**
  PJ Office Project

OTHERS

- 100% **GOLDEN DOMAIN HOLDINGS SDN BHD**
  Dormant
- 100% **PETALING VENTURES SDN BHD**
  Dormant
- 100% **PTB CLAY PRODUCTS SDN BHD**
  Dormant
- 100% **UKAYLAKE COUNTRY CLUB BHD**
  Dormant

INVESTMENT HOLDING

- 40% **FANDISON RESOURCES MANAGEMENT LTD**

Joint Chairman/ CEO's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of Petaling Tin Berhad ("PTB") for the financial year ended 31 December 2013.

ECONOMIC REVIEW

The world economy of 2013 was one of uncertainty with moderate uneven growth throughout economies. Amidst the moderate global environment, the Malaysian economy still managed a growth of 4.7% (2012: 5.6%), driven mainly by continuous growth in domestic demand spurred by strong private sector consumption and investing activities as a result of favourable employment conditions, wage growth, and private sector capital expenditure coming from both domestic and foreign investors within major sectors. The domestic demand was further supported by public sector consumption from the positive effects of the Economic Transformation Programme (ETP).

FINANCIAL REVIEW

For financial year 2013, there was an overall decline in the Group's performance. The Group recorded a lower turnover of RM18.7 million with a resultant loss of RM7.0 million, as compared to turnover of RM29.7 million and profit of RM8.5 million in the previous financial year 2012.

The Group's shareholders' funds declined by 1.9% from RM373.0 million to RM366.0 million with net tangible assets backing per share at RM1.06.

OPERATIONAL REVIEW

For the year under review, the Group's revenue was mainly contributed by its property development activities in Sungai Buloh, construction contract works within Klang Valley, and sales of completed commercial properties at Senawang Town Centre.

The Group's continuing development at Desa Bukit Indah, Sungai Buloh contributed approximately RM8.4 million in revenue, catering to the spill over demands for new properties to complement its already matured residential and industrial developments within the vicinity. This is further vindicated by the project's close proximity to the Sungai Buloh Hospital and the ongoing Mass Rapid Transit ("MRT") first phase route at Sungai Buloh.

During the year under review, the Group managed to secure construction contracts worth approximately RM7.6 million of which revenue of RM4.8 million was recognized for the year. These contracts involved mainly constructions of high-end landed residential houses at prime locations within Klang Valley.

The Group's Senawang Town Centre project has garnered interest from investors and property buyers due to its strategic location at the heart of Senawang commercial hub and close proximity to Seremban, Negeri Sembilan. Sales of completed commercial properties at Senawang Town Centre contributed revenue of RM3.1 million for the year.

The remaining component of Group revenue for the year 2013 comprised rental income of RM2.4 million from the Group's investment properties which were recurring in nature.

DIVIDEND

No dividend was paid during the year and the Board does not recommend any dividend payment for the financial year under review.

PROSPECTS FOR 2014

The Malaysian economy is expected to remain stable, with an estimated growth rate of between 4.5% - 5.5%. Domestic demand being the key driver, will largely be supported by the sustained private and public consumption.

The property sector on a short term, will face the impact of the cooling measures implemented by Bank Negara. This was following similar measures felt across the Asia region to curb property speculations and inflationary pressures. These measures in the form of tightening of household credit/debts and lending curbs will affect the take-up rates of properties in both primary and secondary markets in 2014.

Nevertheless, demand for properties with right pricings at strategic and key locations will remain stable. Continuous Government initiatives to encourage homeownership of low and medium range residential properties, and the numerous ongoing infrastructure projects within Klang Valley and other strategic suburban areas are expected to spur demand for properties within these key areas.

The Group shall continue to unlock values of its property projects at Sungai Buloh, Taman Kelab Ukay, Ampang and Senawang emphasizing on contemporary design, lifestyle, innovation, pricing and quality. For the coming year 2014, barring unforeseen circumstances, the Group's project at Sungai Buloh and the income streams from the construction contracts and its investment properties shall contribute to the Group's performance.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a responsible property developer, the Group adopts and promotes "Green Environmental" approaches and practices in all its property development activities. The Group works closely with its business associates and partners, with emphasis placed on using resources efficiently and effectively whilst adopting environmental best practices whenever possible.

Environmental friendly policies, practices and procedures are adopted to minimize energy wastages, with proper management of waste disposal and recycling of materials, and where possible prevention of emission of gas or air pollutants.

The Group acknowledges and recognizes the importance of its human resources and work force and their contributions and provides a safe, secure, healthy and conducive workplace environment for its employees.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to express our gratitude and thanks to our valued shareholders, customers, business associates, bankers and relevant authorities for their confidence, contributions and continued support for the Group.

Our heartfelt thanks also extend to all our employees, the management team for their unwavering commitment, diligence, dedications and continuous efforts towards bringing the Group to greater heights.

Datuk Haji Jaafar Bin Abu Bakar
Chairman

Chen Yiy Fon
Chief Executive Officer

Dated: 29 April 2014

Profile of Directors/CEO

Datuk Haji Jaafar Bin Abu Bakar
Chairman, Independent Non-Executive Director

- Aged 67, Malaysian
- Appointed to the Board on 1 August 1997
- Appointed as Chairman on 26 September 2008
- Chairman of the Board, Audit, Nomination and Remuneration Committees
- Graduated with a Bachelor of Arts (Honours) from University of Malaya in 1969; obtained a Masters in Public Policy and Administration from University of Wisconsin, Madison, U.S.A. in 1980 and is a Fellow member of the Economic Development Institute of the World Bank, Washington D.C.
- Started his career as a Land Administrator in FELDA before joining the Malaysian civil service in 1970; has since served in various senior positions within the Government Departments which included State Development Officer in Penang, Pahang and Kelantan, Deputy General Manager of Central Terengganu Development Authority and South Kelantan Development Authority, Director of Kelantan Land Development Board, General Manager of Kelantan State Economic Development Corporation, Deputy Secretary General of the Ministry of Domestic Trade and Consumer Affairs and Council Member of Malaysian Industrial Development Authority; opted for early retirement from the civil service in 1991; joined Koperasi Usaha Bersatu as Group General Manager of KUB Holdings Berhad; subsequently took up a position as Executive Director of Damansara Realty Berhad and a year later, served as Managing Director; served as Executive Chairman of Cold Storage (Malaysia) Berhad from 1996 to 1998 and President / CEO of Uniphoenix Corp. Berhad until 2006

Mr Chen Yiy Fon
Chief Executive Officer, Non-Independent Executive Director

- Aged 33, Malaysian
- Appointed to the Board on 1 August 2007
- Graduated with a Bachelor of Arts in Economics from University of Southern California, Los Angeles
- Previously worked in Morgan Stanley, Los Angeles, California and Credit Suisse First Boston, Singapore
- Currently, he serves as Chief Executive Officer, Executive Director of Karambunai Corp Bhd, Executive Director of FACB Industries Incorporated Berhad and also as a Director for subsidiaries of Petaling Tin Berhad Group

Datuk Wan Kassim Bin Ahmed
Independent Non-Executive Director

- Aged 65, Malaysian
- Appointed to the Board on 2 July 2001
- A member of the Audit, Nomination and Remuneration Committees
- Graduated with a Bachelor of Economics (Honours) from University of Malaya in 1973
- Began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad; joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn Bhd in 1984; served as a Councillor for the Petaling Jaya Town Council between 1987 and 1991; served as a Board member of the Malaysian Tourist Development Board from 1992 to 1996
- Currently, he is also an Independent and Non-Executive Director of Karambunai Corp Berhad, FACB Industries Incorporated Berhad and Octagon Consolidated Berhad

Dato' Nik Kamaruddin Bin Ismail
Non-Independent Non-Executive Director

- Aged 60, Malaysian
- Appointed to the Board on 1 December 2004
- Graduated with a Bachelor of Science (Finance)
- Worked for a period of 14 years (1973-1987) in 3M Corporation. He served as a director of 3M Corporation from 1983 to 1987, being the first Malaysian appointed to its Board. He was also a director of TV3 from 1987 to 1991, an Executive Director of Karambunai Corp Bhd from November 1994 to November 2004 and a Non-Executive Director of Tebrau Teguh Berhad from December 2002 to November 2004

Mr Tiang Chong Seong
Non-Independent Executive Director

- Aged 58, Malaysian
- Appointed to the Board on 28 October 2002
- Graduated with a Diploma in building technology from Tunku Abdul Rahman College in 1979
- Served as Managing Director of the Property Division of PTB from January 2000 to May 2007. Prior to joining PTB, he had a total of 13 years' experience in property development and another 6 years as a manager in charge of project management services in an international management consulting firm
- Currently, he serves as a Director for subsidiaries of Petaling Tin Berhad Group

Mr Lim Mun Kee
Independent Non-Executive Director

- Aged 47, Malaysian
- Appointed to the Board on 1 August 2007
- A member of the Audit and Remuneration Committees
- A member of the Malaysian Institute of Accountants and Certified Public Accountants and the Malaysian Institute of Chartered Accountants
- He started his career as an article student in KPMG Peat Marwick in 1989 and obtained his professional qualification in 1995. He has over 15 years of experience in auditing, finance and accountancy field where he worked in several listed companies as the Accountant, Financial Controller and Head of Internal Audit
- Currently, he is also an Independent and Non-Executive Director of FACB Industries Incorporated Berhad and Karambunai Corp Berhad

Other Information

1. Mr Chen Yiy Fon is the son of Tan Sri Dr Chen Lip Keong, who is the President and Controlling Shareholder of Petaling Tin Berhad.
2. Except for the following directors, the Directors do not have any conflict of interest with the Group:
   - Datuk Haji Jaafar Bin Abu Bakar by virtue of his interests in privately owned companies, of which some are also involved in property development. However, the said companies are not in direct competition with the business of the Group.
3. The President, Tan Sri Dr Chen Lip Keong by virtue of his interest in privately owned companies and in Karambunai Corp Berhad of which some of its subsidiaries are also involved in property development.
4. Neither the Directors nor Chief Executive Officer have been convicted for any offences within the past 10 years other than traffic offences.

Statement on Corporate Governance

The Board of Directors of Petaling Tin Berhad is committed to its fiduciary responsibilities for sound corporate governance in its business management practices. Accordingly, the Board supports the Principles the Recommendations laid out in the Malaysian Code on Corporate Governance(the Code) where disclosures pursuant to the Code is mandated under paragraph 15.25 of the Bursa Securities Main Market Listing Requirements.

In particular, the Company has complied with the Recommendations of the Code save for the recommendation that the tenure of independent directors should not exceed a cumulative term of nine years and the recommendation for individual disclosure of directors' remuneration packages (as detailed in this Statement), whereas the ensuing paragraphs narrates how the Company has applied the Principles of the Code.

BOARD OF DIRECTORS

Board Charter

The Company has in place a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter is a source reference and primary induction literature, providing insights to prospective board members and senior management.

The Board Charter provides a basis for good governance for effective functioning and accountability of the Company. It also ensures that the Company and its subsidiaries are effectively led and controlled with the Board of Directors having the ultimate responsibility for maintaining the highest standards of integrity, accountability and corporate governance and acting in the interest of the Company as a whole. In particular, it includes the division of responsibilities and powers between the Board and management, the different committees established by the Board, and between the chairman and the CEO.

Finally, the Board Charter is updated from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations.

Board Responsibilities

The principal duties and responsibilities of the Board is to, effectively lead and control the Company. The Board is to oversee the performance of management in a collegial relationship that is supportive yet vigilant. It is also responsible for the Company's strategies, objectives, succession plan and accountability to shareholders.

The Board has clear roles and responsibilities in discharging its fiduciary and leadership functions and has established clear functions reserved for the Board and those that were delegated to the management which are embodied in the Board Charter.

All directors are to act in the best interest of the Company and shall disclose to the Board of any interest or potential interest as soon as he become aware of such interest.

Board Meetings

The Company is led and controlled by an experienced Board with a wide range of expertise. Board members' judgement has a bearing on strategies, performances, resources and standards. Four (4) Board meetings were held during the financial year ended 31 December 2013. In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions. The details of attendance during the meetings held during the financial year, is presented below:-

Directors	Attendance
Datuk Haji Jaafar bin Abu Bakar	4/4
Datuk Wan Kassim bin Ahmed	4/4
Dato' Nik Kamaruddin bin Ismail	3/4
Mr Tiang Chong Seong	4/4
Mr Lim Mun Kee	3/4
Mr Chen Yiy Fon	4/4

All Directors have complied with the minimum requirements on attendance at Board meetings as stipulated in the Bursa Securities Main Market Listing Requirements (minimum 50% attendance).

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the Board members.

Board Composition

The Board currently consists of six (6) members comprising three (3) Executive Directors and three (3) Non-Executive Directors. All the Non-Executive Directors, three (3) are Independent, hence more than a third of the Board is independent. The Board deems its Independent Non-Executive Directors to be persons of calibre, credibility and have the necessary skills and experience to bring an independent judgement to Board deliberations.

The Board's composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent objective judgement to bear on Board decisions.

The Board annually examines its size and composition with a view to determine the impact of the number and make up on its effectiveness. The Board believes that the current size and composition is ideal to provide the necessary check and balance to the Board's decision-making process. The profiles of the Directors is set out under Board of Directors' Profile of this Annual Report.

To ensure balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has formally identified Datuk Haji Jaafar bin Abu Bakar as the Senior Independent Non-Executive Director to whom concerns may be raised.

Board Independence

The Board conducts an annual assessment of the independence of its Independent Non–Executive Directors and is satisfied that they continue to bring independent and objective judgment to Board deliberations.

The Company's Independent Non–Executive Directors, namely, Datuk Haji Jaafar bin Abu Bakar and Datuk Wan Kassim bin Ahmed having served more than 9 years, constitutes a departure from the Code recommendations. The Board is of the opinion that these directors, as a result of their long tenure, possess valuable knowledge of the structure, controls and dynamics of the Company.

BOARD OF DIRECTORS (CONT'D)

Board Independence (Cont'd)

Consequently, pursuant to Recommendation 3.3 of the Code, the Board seek shareholders' approval to retain their designation as independent directors. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company as they continue to be scrupulously independent in the discharge of their duties as constructive challengers of executive management.

The Board, therefore, recommends that Datuk Haji Jaafar Bin Abu Bakar and Datuk Wan Kassim Bin Ahmed should continue to serve as Independent Non-Executive Directors of the Company for another year.

Board Gender Diversity

The Board acknowledges the importance of board diversity, including gender diversity, to the effective functioning of the Board. Female representation will be considered when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidates to support the achievement of the Company's strategic objectives.

Continuing Education of Directors

Directors' training is an on-going process as the Directors recognise the need to continually develop and refresh their skills and knowledge and to update themselves on the developments in the related industry and business landscape.

Directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. During the financial year, the directors attended a seminar titled "How the Competition Act & Data Protection Act changes the way we do business".

Apart from the above, Board members were regularly updated on global developments and trends in Corporate Governance principles and best practices besides the local regulatory and risk management framework.

Supply of Information

The directors have full and unrestricted access to all information pertaining to the Group's business and affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specially reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands. Prior to the Board meetings, the directors are provided with the agenda together with Board papers containing reports and information relevant to the business of the meeting.

Under appropriate circumstances the Directors may obtain independent professional advice at the Company's expense, in furtherance of their duties.

Company Secretary

The Company Secretary plays a supporting role to the Board to ensure adherence to the Board policies and procedure and compliances with the Bursa Securities Main Market Listing Requirements and other compliance regulations.

The Board of Directors have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

Board Committees

The Board has delegated specific responsibilities to Board Committees which comprise the Audit Committee, Nomination Committee and Remuneration Committee. These committees operate within defined terms of reference and are limited to making recommendations to the Board for final decision on matters discussed and deliberated.

Minutes of proceedings and decisions taken during the Board meetings are recorded by the Company Secretary and were circulated promptly to the members of Board committees..

Appointments to the Board

The Board had established a Nomination Committee with appropriate terms of reference on the 30th October 2001. The members of the Committee, are as follows :-

1. Datuk Haji Jaafar bin Abu Bakar (Chairman)
2. Datuk Wan Kassim bin Ahmed

The Nomination Committee consists wholly of non-executive and independent directors.

The Nomination Committee established by the Board, is responsible for screening, evaluating and recommends suitable candidates to the Board, for appointment as Directors as well as filling the vacant seats of the Board Committees. In respect of the appointment of Directors, the Company practiced a clear and transparent nomination process which involves the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, final deliberation by the Nomination Committee and recommendation to the Board.

The Nomination Committee has a formal assessment mechanism in place to assess on annual basis, the effectiveness of the Board as a whole and the contribution of each individual director, including the Independent Non-Executive Directors.

The Committee shall meet at least once a year. Additional meetings are held as and when required. During the financial year, the Committee met one (1) time.

Re-election

In accordance with the provisions of the Articles of Association of the Company, all directors are subject to retirement from office at least once in every three (3) years, but shall be eligible for re-election. The Articles also provide that any director appointed during the year is required to retire and seek re-election at the following Annual General Meeting immediately after such appointment. This provision is not only consistent with the underlying principles of the Code, but also, fully in line with paragraph 7.26 (2) of the Bursa Securities Main Market Listing Requirements.

The Directors who are subject to re-election at the AGM will be assessed by the Nomination Committee on their performance whereupon recommendations will be submitted to the Board for decision on the proposed re-election of the Directors concerned for shareholders' approval at the forthcoming AGM.

DIRECTORS' REMUNERATION

Procedure

The Board had established a Remuneration Committee with appropriate terms of reference on 30th October 2001. The primary objective of the Remuneration Committee is to assist the Board in developing and establishing competitive remuneration policies and packages in all its forms, while drawing advice from experts if deemed necessary. The Committee members are as follows :-

1. Datuk Haji Jaafar bin Abu Bakar (Chairman)
2. Datuk Wan Kassim bin Ahmed
3. Lim Mun Kee

The Remuneration Committee consists wholly of non-executive and independent directors.

The Committee shall meet at least once a year. Additional meetings shall be scheduled if considered necessary by the Committee or Chairman. During the financial year, the Committee met one (1) time.

DIRECTORS' REMUNERATION (CONT'D)

Disclosure

The details of Directors' Remuneration for the financial year are as follows:-

The aggregate remuneration of directors categorized into appropriate components :-

RM	Fees	Salaries	Others	Total
Executive	-	664,600	157,335	821,935
Non-executive	276,000	-	276,000	276,000

The number of directors whose total remuneration falls within the following bands.

Range of remuneration (RM)	Executive	Non-executive
0 - 50,000	-	1
50,001 - 100,000	-	2
101,000 - 150,000	-	1
151,000 - 200,000	-	-
201,000 - 250,000	-	-
251,000 - 300,000	-	-
301,000 - 350,000	-	-
351,000 - 400,000	1	-
Above 400,000	1	-

The above disclosure is in compliance with the Bursa Securities Main Market Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance which prescribes individual disclosure of directors' remuneration packages. The Board is of the view that the transparency and accountability aspects of corporate governance in respect of directors' remuneration have been appropriately served by the band disclosure made.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, review the remuneration framework and packages of newly appointed and existing Executive Directors and make recommendations to the Board for approval, with the underlying objective of attracting, motivating and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance, business strategy and long term objective of the Company. In respect of Non- Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole.

The Non-Executive Directors abstain from discussion pertaining to their own remuneration.

Statement on Corporate Governance

SHAREHOLDERS

The Company recognises the importance of keeping shareholders and investors well informed of the Group's major corporate developments and events. The Board had directed the Company to disclose all relevant information to shareholders to enable them to exercise their rights. Such information are duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performance, issuance of circulars, press releases and holding of press conference.

To further enhance transparency to all shareholders and stakeholders of the Company, the Group has established a website at www.petalingtin.com where shareholders can access information encompassing corporate information, latest annual reports, latest press releases, latest financial results, share prices, Bursa Malaysia Securities Berhad's announcements, investors relations and briefings.

The Annual General Meeting ('AGM')

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business.

The Company has taken active steps to encourage shareholder participation at general meetings such as serving notices for meetings earlier than the minimum notice period. The Chairman and members of the Board are available to respond to shareholders' queries during the meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly announcements and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is also included in this Annual Report.

Internal Control

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

Relationship with the Auditors

The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors and place great emphasis on the objectivity and independence of the Group's external auditor.

The roles of the Audit Committee in relation to the auditors in particular, and corporate governance in general, are detailed in the Audit Committee Report of this Annual Report.

This statement is made in accordance with a resolution of the Board passed on 27 May 2014.

Statement on Risk Management and Internal Control

PREAMBLE

Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Board of Directors of listed companies is required to include in its Annual Report, a statement on the state of internal control of the Group. In making this Statement on Internal Control, it is essential to specifically address the Principles and Best Practices in the Malaysian Code on Corporate Governance ("the code") which relates to internal control.

RESPONSIBILITY

The Board of Directors has overall stewardship responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The associated companies have not been dealt with as part of the Group for the purpose of this statement.

INTERNAL CONTROL SYSTEM

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, control procedures, communication and monitoring processes which manifest as follows: -

- Organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported operationally by Executive and Management Committees. These committees are entrusted with the implementation of the systems of internal control and convene as and when required to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations. The Board however, still maintains full control and directions over appropriate strategic, financial, organizational and compliance issues.
- Well documented internal operating policies, procedures and standards have been established, reviewed from time to time and kept updated in accordance with changes in the operating environment.
- Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.
- Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company's strategic objectives.
- Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Group's internal control systems, the Group regards risk management as an integral part of the business operations. The Group recognizes its responsibility over the principal risks of various aspects of the Group's business. For long term viability of the Group, the Board acknowledges that, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Group confirms that there is on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the achievement of the Group's business objectives on an informal basis via the establishment of an in-house structured risk management framework and via its Board and Audit Committee meetings with the assistance of the in house internal audit function.

A Risk Advisory Committee (RAC) comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions has been operating since 26 March,2002.

During the financial year, the RAC convened quarterly to monitor the Group's significant risks and recommended appropriate treatments. The Audit Committee establishes the adequacy and effectiveness of the Group's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Group's risk management and control system and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee.

The Board of Directors, through its Audit Committee, has reviewed the adequacy and effectiveness of the internal control systems and relevant actions have been or are being taken as the case may be, to remedy the internal control weaknesses identified from the reviews, which was largely based on the outcome of observations raised by internal auditors directly to the Audit Committee

INTERNAL CONTROL ISSUES

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Management maintains an ongoing commitment to strengthen the Group's control environment and processes. The Board of Directors has received assurance from the Chief Executive Officer and the Chief Financial Officer stating that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 27 May 2014 and has been duly reviewed by the external auditors, pursuant to paragraph 15.23 of the Bursa Malaysia Securities Listing Requirements.

Audit Committee Report

PREAMBLE

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.

COMPOSITION

For the financial year, the members of the Audit Committee, their respective designations and directorships are as follows:-

- Datuk Haji Jaafar bin Abu Bakar
  Chairman, Independent Non-Executive Director
- Datuk Wan Kassim bin Ahmed
  Member, Independent Non-Executive Director
- Mr Lim Mun Kee
  Member, Independent Non-Executive Director

The composition of the Audit Committee reflects the requirements of both the Listing Requirements and the Malaysian Code on Corporate Governance ("the Code"), wherein all members must be non-executive directors with a majority being independent directors.

The tenure of an independent director should not exceed a cumulative term of nine (9) years which can either be consecutive service of nine years or cumulative service of nine years with intervals.

TERMS OF REFERENCE

Purpose

The primary objective of the Audit Committee (as a standing-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Chairman of the Audit Committee

The members of an Audit Committee shall elect a chairman from among their number who shall be an independent director.

Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Attendance at Meetings

The Head of Finance, the Head of Internal Audit and a representative of the External Auditors should normally attend meetings. The Company Secretary shall be the secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda. The Committee should meet with the external auditors, the internal auditors or both without executive board members and employees of the Group present, whenever deemed necessary.

Frequency of Meetings

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities. The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Group.

TERMS OF REFERENCE (CONT'D)

Quorum

The quorum for a meeting shall be two (2) members of whom a majority shall be Independent Directors.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

Duties

The duties of the Audit Committee include the following:-

- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- To review and monitor the suitability and independence of external auditors and to establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by external auditors.
- To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- To obtain written assurance from the external auditors confirming that they are and have been independent throughout the conduct of audit engagement.
- To review the quarterly and year-end financial statements of the company, focusing on:-
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with applicable financial reporting standards and other legal requirements;
- To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- To review the external auditor's management letter and management's response;
- To do the following, in relation to the internal audit function:-
  - review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointments or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- To consider any related party transactions and conflict of interest situation that may arise within the Group;
- To consider the major findings of internal investigations and management’s response; and
- To consider other topics as defined by the Board.

Audit Committee Report

DETAILS OF MEETINGS

The Audit Committee met four times during the financial year and details of attendances are as follows :-

Datuk Haji Jaafar Bin Abu Bakar	4/4
Datuk Wan Kassim bin Ahmed	4/4
Mr Lim Mun Kee	4/4

During the financial year, relevant training attended by the above directors are detailed in the Corporate Governance Statement of this Annual Report.

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

In discharging its responsibilities for the financial year, the Audit Committee, in particular:-

- Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- Deliberated over the internal audit and compliance reports, ensuring recommendations are carried out by the management.
- Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- Reviewed the Risk Advisory Committee report, ensuring adequacy and effectiveness of the Group's Risk Management Framework.
- Discussed and reviewed with the external auditors the results of their examination, their reports and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed the Group's compliance with regards to the Bursa Malaysia Securities Main Market Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Audit Committee is supported by an Internal Audit Department which reports directly to the Committee and is independent of the activities they audit. The cost incurred on this function which includes risk management and corporate governance was approximately RM59,340. During the financial year, the Internal Audit Department conducted, inter alia, the following activities:

- Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessing the adequacy and effectiveness of the Group's internal control system.
- Analysed and assessed key business processes, report findings and made recommendations to improve effectiveness and efficiency.
- Followed up on internal audit recommendations to ensure adequate implementation.
- Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Malaysia Securities Main Market Listing Requirements and other regulatory requirements.
- Performed investigations and special reviews as requested by the Board and Management.
- Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This report is made in accordance with a resolution of the Board of Directors dated 27 May 2014.

Other Compliance Statements

1. DIRECTORS' RESPONSIBILITY STATEMENT

This statement is made pursuant to paragraph 15.26 (a) of Bursa Securities Main Market Listing Requirements.

The provisions of the Companies Act, 1965 requires the Directors to be responsible in preparing the financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and of the Company for the financial year ended 31 December 2013. In complying with these requirements, the Directors are responsible for ensuring that proper accounting records are maintained and suitable accounting policies are adopted and applied consistently. In cases whereby judgement and estimates were required, the Directors have ensured that these were made prudently and reasonably.

The Directors also ensured that all applicable accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

In addition, the Directors are also responsible for safeguarding the assets of the Company by taking reasonable steps to prevent and detect fraud and other irregularities.

2. UTILISATION OF PROCEEDS

During the financial year, the Company did not raise funds from any corporate exercises.

3. SHARE BUY-BACK

During the financial year, the Company did not exercise any share buy-back.

As at 31 December 2013, a total of 271,700 of the Company's shares were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company did not issue any options, warrants or convertible securities.

5. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

6. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

7. NON-AUDIT FEES

Non-audit fees payable to the external auditors for the financial year amounts to RM8,000.

8. VARIATION IN RESULTS

There were no material variance between the results for the financial year and the unaudited results previously announced.

9. PROFIT GUARANTEE

During the financial year, there was no profit guarantee given by the Company.

10. MATERIAL CONTRACTS INVOLVING DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered by the Company and its subsidiaries involving directors' and major shareholders' interests other than those disclosed in the financial statements.

11. REVALUATION POLICY

The Company does not have a policy of regular revaluation of its landed properties.

12. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the financial period other than those disclosed in the financial statements.

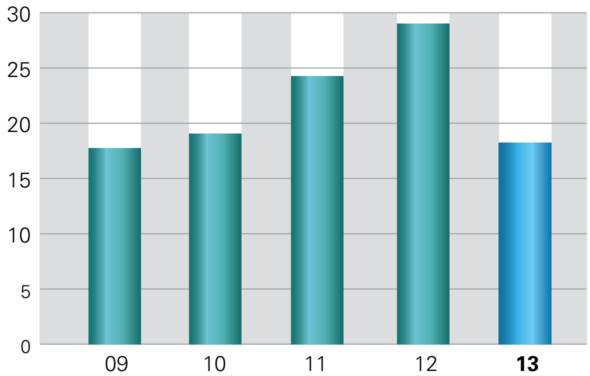
Five Years' Comparative Results

	FIVE YEARS COMPARATIVE RESULTS				
	2013	2012	2011	2010	2009
Operating revenue (RM'000)	**18,726**	29,681	24,577	19,355	18,208
(Loss) / Profit before taxation (RM'000)	**(7,485)**	(484)	1,452	(11,359)	(2,603)
(Loss) / Profit after taxation (RM'000)	**(7,031)**	8,531	1,474	(8,400)	(2,379)
Shareholders' funds (RM'000)	**365,986**	373,017	364,486	363,012	369,950
Total assets employed (RM'000)	**433,080**	438,204	440,055	442,356	454,652
Net tangible assets (RM'000)	**365,986**	373,017	364,486	363,012	369,950
Gearing ratio (times) *	**	**	**	**	**
Net tangible assets per share (RM)	**1.06**	1.08	1.05	1.05	1.07
Earnings / (Loss) per share (sen)					
Basic	**(2.0)**	2.5	0.4	(2.4)	(0.7)
Fully diluted	**-**	-	-	-	-

* Calculated based on bank borrowings over shareholders' funds
** Negligible

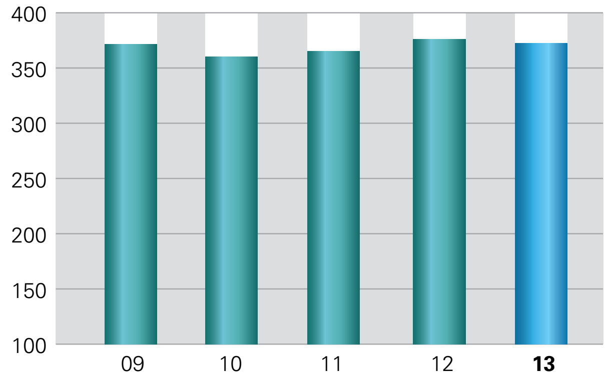
Operating Revenue

(RM'000)



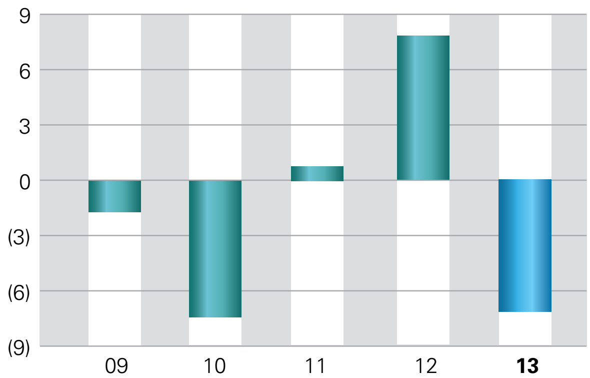
Shareholders' Funds

(RM'000)



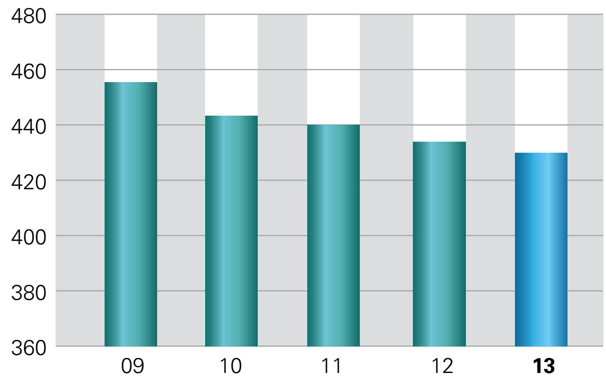
Profit/(Loss) After Tax

(RM'000)



Total Assets Employed

(RM'000)



Financial Statements

PETALING TIN BERHAD annual report 2013

Directors' Report

DIRECTORS' REPORT

The Directors hereby present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of property development, investment holding and providing management services.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss net of taxation, attributable to owners of the parent	(7,031,068)	(1,018,139)

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend payment for the current financial year.

ISSUE OF SHARES

During the financial year, no new issue of shares was made by the Company.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

Datuk Haji Jaafar Bin Abu Bakar
Datuk Wan Kassim Bin Ahmed
Tiang Chong Seong
Dato' Nik Kamaruddin Bin Ismail
Lim Mun Kee
Chen Yiy Hwuan (Retired on 24 June 2013)
Chen Yiy Fon

DIRECTORS' INTERESTS

The Directors in office at the end of the financial year who have an interest in the shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follows:-

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2013	At Acquired	Disposed	31.12.2013
Direct Interest				
Datuk Haji Jaafar bin Abu Bakar	5,000	-	-	5,000
Indirect Interest Held Through Persons Connected to Directors and Corporations In Which The Directors Have Interests				
Chen Yiy Fon *	117,859,622	-	-	117,859,622

* Deemed interested by virtue of shares held by his father, Tan Sri Dr. Chen Lip Keong.

The Directors who have substantial interests in the shares of the Company are also deemed to have interests in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the Directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

RESERVES AND PROVISIONS

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
(iii) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading; or
(iv) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2014.

DATUK HAJI JAAFAR BIN ABU BAKAR

CHEN YIY FON

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the directors of Petaling Tin Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 9 to 81 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 83 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2014.

DATUK HAJI JAAFAR BIN ABU BAKAR

CHEN YIY FON

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Lam Hoi Khong, being the officer primarily responsible for the financial management of Petaling Tin Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 28 to 83 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on)
29 April 2014)

LAM HOI KHONG

Before me,

ZULKIFLA MOHD DAHLIM (W541)
Commissioner for Oaths

Independent Auditors' Report

TO THE MEMBERS OF PETALING TIN BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Petaling Tin Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 83.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company is in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
c) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment required to be made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 83 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

(ii) The financial statements of the Group and of the Company for the financial year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 April 2013.

UHY
Firm Number: AF1411
Chartered Accountants

STEPHEN WAN YENG LEONG
Approved Number: 2963/07/15 (J)
Chartered Accountant

Kuala Lumpur
Date: 29 April 2014

Statements of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	3	**18,725,816**	29,680,733	**3,639,459**	4,121,585
Direct costs	4	**(12,828,556)**	(22,274,201)	**-**	-
Gross profit		**5,897,260**	7,406,532	**3,639,459**	4,121,585
Other income		**634,126**	8,730,328	**51,761**	1,048,958
Distribution costs		**(17,401)**	(15,987)	**-**	-
Administrative costs		**(10,663,742)**	(6,342,661)	**(4,710,171)**	(4,610,852)
Other costs		**(3,046,524)**	(9,879,021)	**(92,067)**	(93,662)
		(13,727,667)	(16,237,669)	**(4,802,238)**	(4,704,514)
(Loss)/Profit from operations		**(7,196,281)**	(100,809)	**(1,111,018)**	466,029
Finance costs		**(288,630)**	(383,603)	**(4,021)**	(7,337)
(Loss)/Profit before tax	5	**(7,484,911)**	(484,412)	**(1,115,039)**	458,692
Income tax credit/(expense)	7	**453,843**	9,015,081	**96,900**	(4,930)
(Loss)/Profit net of tax, representing total comprehensive income for the financial year		**(7,031,068)**	8,530,669	**(1,018,139)**	453,762
Basic (loss)/earnings per share (sen)	8	**(2.03)**	2.47		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Financial Position

AS AT 31 DECEMBER 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Assets					
Property, plant and equipment	9	**905,504**	256,192	**242,511**	203,897
Investments in subsidiaries	10	**-**	-	**465,827,660**	465,827,660
Investments in associates	11	**-**	-	**-**	-
Investment properties	12	**155,527,174**	155,527,174	**4,026,020**	4,026,020
Land held for property development	13	**232,667,372**	245,560,789	**38,631,942**	38,557,973
Total non-current assets		**389,100,050**	401,344,155	**508,728,133**	508,615,550
Property development costs	14	**11,560,281**	-	**-**	-
Inventories	15	**1,788,018**	4,753,897	**-**	-
Tax recoverable		**249,162**	237,006	**-**	-
Accrued billings in respect of property development costs		**11,604,905**	7,912,490	**-**	-
Receivables	16	**13,675,690**	17,541,276	**79,096,766**	66,067,481
Cash and bank balances	17	**5,102,016**	6,414,955	**706,934**	632,706
Non-current assets classified as held for sale	18	**-**	-	**-**	-
Total current assets		**43,980,072**	36,859,624	**79,803,700**	66,700,187
Total assets		**433,080,122**	438,203,779	**588,531,833**	575,315,737
Equity and liabilities					
Share capital	19	**346,102,679**	346,102,679	**346,102,679**	346,102,679
Reserves	20	**19,951,435**	26,982,503	**(3,700,641)**	(2,682,502)
Treasury shares	19	**(68,236)**	(68,236)	**(68,236)**	(68,236)
Total equity		**365,985,878**	373,016,946	**342,333,802**	343,351,941

Statements of Financial Position

AS AT 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Liabilities					
Finance lease liabilities	21	**26,487**	47,683	**26,487**	47,683
Borrowings	22	**1,314,006**	2,478,121	**-**	-
Deferred taxation	23	**34,314,994**	34,545,320	**-**	-
Total non-current liabilities		**35,655,487**	37,071,124	**26,487**	47,683
Payables	24	**12,309,113**	10,378,642	**246,118,955**	231,695,798
Provisions	25	**5,373,834**	3,203,204	**-**	-
Finance lease liabilities	21	**21,195**	37,607	**21,195**	37,607
Borrowings	22	**1,187,407**	1,100,661	**-**	-
Tax payable		**12,547,208**	13,395,595	**31,394**	182,708
Total current liabilities		**31,438,757**	28,115,709	**246,171,544**	231,916,113
Total liabilities		**67,094,244**	65,186,833	**246,198,031**	231,963,796
Total equity and liabilities		**433,080,122**	438,203,779	**588,531,833**	575,315,737

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to Owners of the parent						
			Non-Distributable				
	Share Capital RM	Treasury Shares RM	Share Premium RM	Revaluation Reserve RM	Other Reserve RM	Accumulated Losses RM	Total Equity RM
At 1.1.2012	346,102,679	(68,236)	43,953,998	3,034,811	3,526,514	(32,063,489)	364,486,277
Profit net of tax, representing total comprehensive income for the financial year	-	-	-	-	-	8,530,669	8,530,669
Realisation of revaluation surplus on sales of development properties	-	-	-	(1,885,678)	-	1,885,678	-
At 31.12.2012	346,102,679	(68,236)	43,953,998	1,149,133	3,526,514	(21,647,142)	373,016,946
At 1.1.2013	**346,102,679**	**(68,236)**	**43,953,998**	**1,149,133**	**3,526,514**	**(21,647,142)**	**373,016,946**
Loss net of tax, representing total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-**	**(7,031,068)**	**(7,031,068)**
Realisation of revaluation deficit on sales of development properties	**-**	**-**	**-**	**472,728**	**-**	**(472,728)**	**-**
At 31.12.2013	**346,102,679**	**(68,236)**	**43,953,998**	**1,621,861**	**3,526,514**	**(29,150,938)**	**365,985,878**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

Statements of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

			Non-Distributable			
	Share Capital RM	Treasury Shares RM	Share Premium RM	Other Reserve RM	Accumulated Losses RM	Total Equity RM
At 1.1.2012	346,102,679	(68,236)	43,953,998	4,519,264	(51,609,526)	342,898,179
Profit net of tax, representing total comprehensive income for the financial year	-	-	-	-	453,762	453,762
At 31.12.2012	346,102,679	(68,236)	43,953,998	4,519,264	(51,155,764)	343,351,941
Loss net of tax, representing total comprehensive income for the financial year	-	-	-	-	(1,018,139)	(1,018,139)
At 31.12.2013	**346,102,679**	**(68,236)**	**43,953,998**	**4,519,264**	**(52,173,903)**	**342,333,802**

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash Flows from Operating Activities					
(Loss)/profit before tax		**(7,484,911)**	(484,412)	**(1,115,039)**	458,692
Adjustments for:-					
Depreciation of property, plant and equipment		**114,596**	36,568	**45,974**	34,353
Fair value adjustment on investment properties		**-**	(5,361,381)	**-**	-
Impairment loss on other receivables		**-**	7,834,400	**-**	-
Gain on disposal of property, plant and equipment		**(10,000)**	(864,999)	**(10,000)**	(864,999)
Provision for liquidated ascertained damages		**2,273,680**	733,241	**-**	-
Reversal of write down on inventories		**-**	(1,600,818)	**-**	-
Interest expense		**288,630**	383,603	**4,021**	7,337
Interest income		**(363,970)**	(73,575)	**(41,761)**	(6,083)
Operating (loss)/profit before working capital changes		**(5,181,975)**	602,627	**(1,116,805)**	(370,700)
Decrease/(Increase) in land and development expenditure		**1,333,136**	4,563,858	**(73,969)**	-
Decrease in inventories		**2,965,879**	2,103,870	**-**	-
Decrease in non-current assets held for sale		**-**	6,189,570	**-**	-
Decrease/(Increase) in receivables		**173,171**	(9,226,089)	**(1,346)**	43,737
Increase/(Decrease) in payables		**1,930,471**	(734,808)	**(409,147)**	(248,010)
Cash generated from/(used in) operations		**1,220,682**	3,499,028	**(1,601,267)**	(574,973)
Infrastructure works incurred		**(103,050)**	(89,412)	**-**	-
Interest paid		**(288,630)**	(383,603)	**(4,021)**	(7,337)
Interest received		**363,970**	73,575	**41,761**	6,083
Tax paid		**(637,026)**	(424,284)	**(54,414)**	(55,863)
Net cash generated from/(used in) operating activities		**555,946**	2,675,304	**(1,617,941)**	(632,090)
Cash Flows from Investing Activities					
Costs incurred on investment properties		**-**	(239,499)	**-**	-
Proceeds from disposal of property, plant and equipment		**10,000**	865,000	**10,000**	865,000
(Advances to)/Repayments from subsidiaries		**-**	-	**(13,027,939)**	1,168,086
Purchase of property, plant and equipment	9	**(763,908)**	(43,287)	**(84,588)**	(43,287)
Net cash (used in)/generated from investing activities carried forward		**(753,908)**	582,214	**(13,102,527)**	1,989,799

Statements of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Net cash (used in)/generated from investing activities brought forward		**(753,908)**	582,214	**(13,102,527)**	1,989,799
Cash Flows from Financing Activities					
Advances from/(Repayment to) subsidiaries		**-**	-	**14,832,304**	(1,527,942)
Repayment of loans		**(1,077,369)**	(994,272)	**-**	-
Payments of finance lease liabilities		**(37,608)**	(94,386)	**(37,608)**	(70,327)
Net cash (used in)/generated from financing activities		**(1,114,977)**	(1,088,658)	**14,794,696**	(1,598,269)
Net (decrease)/increase in cash and cash equivalents		**(1,312,939)**	2,168,860	**74,228**	(240,560)
Cash and cash equivalents at beginning of the financial year		**6,414,955**	4,246,095	**632,706**	873,266
Cash and cash equivalents at end of the financial year	17	**5,102,016**	6,414,955	**706,934**	632,706

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Petaling Tin Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business are as follows:

1st Floor, No. 118,
Jalan Semangat,
46300 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

The Company is principally engaged in the business of property development, investment holding and providing management services. The principal activities of the subsidiaries are disclosed in Note 10. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2014.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") and complied with the provisions of the Companies Act, 1965 in Malaysia.

New and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations ("IC Int"), Amendments to IC Int and New MASB Approved Accounting Standards, Malaysian Financial Reporting Standards ("MFRSs")

(i) Adoption of New FRSs, Amendments/Improvements to FRSs and IC Int

On 1 January 2013, the Group and the Company had adopted the following new FRSs, amendments/improvements to FRSs and IC Int that are mandatory for the current financial year:

New FRSs	
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements *
FRS 12	Disclosure of Interest in Other Entities
FRS 13	Fair Value Measurement
Amendments/Improvements to FRSs	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 7	Financial Instruments: Disclosures
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements *
FRS 12	Disclosure of Interest in Other Entities
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
IC Int	
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine *

* Not applicable to the Group and the Company

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(i) Adoption of New FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)

A brief discussion on the impact of the new FRSs and amendments to FRS is summarised below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when:

(a) the investor has power over an investee;
(b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
(c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating activities of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with FRSs applicable to the particular assets, liabilities, revenue and expenses.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position and performance.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(i) Adoption of New FRSs, Amendments/Improvements to FRSs and IC Int (Cont'd)

FRS 13 Fair Value Measurement

FRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements for measuring fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investment in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investment in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 101 Presentation of Financial Statements

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

The adoption of the other new FRSs, amendments/improvements to FRSs and IC Int did not have any significant effect on the financial statements of the Group and of the Company.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) New FRS, Amendments/Improvements to FRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new FRS and amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New FRS		
FRS 9	Financial Instruments	To be advised by MASB
Amendments/Improvements to FRSs		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2014
FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 8	Operating Segments	1 July 2014
FRS 10	Consolidated Financial Statements	1 January 2014
FRS 12	Disclosure of Interests in Other Entities	1 January 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 127	Separate Financial Statements	1 January 2014
FRS 132	Financial Instruments: Presentation	1 January 2014
FRS 136	Impairment of Assets	1 January 2014
FRS 138	Intangible Assets *	1 July 2014
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
FRS 140	Investment Property	1 July 2014
IC Int		
IC Int 21	Levies *	1 January 2014

* Not applicable to the Group and the Company

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(ii) New FRS, Amendments/Improvements to FRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

A brief discussion on the impact of the new FRS and Amendments/Improvements to FRS are summarised below:

FRS 9 Financial Instruments

FRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

The standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former FRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

FRS 116 Property, Plant and Equipment

The amendment to FRS 116 requires the proportionate restatement of accumulated depreciation when revaluation method is used.

FRS 124 Related Party Disclosures

The amendment to FRS 124 has expanded the definition of key management personnel to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Consequently, the amounts incurred by the reporting entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

The adoption of the other amendments/improvements to FRSs and IC Int is not expected to have any significant effect on the financial statements of the Group and of the Company.

(iii) MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2015. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs Framework for annual periods beginning on or after 1 January 2012.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

(iii) MASB Approved Accounting Standards, MFRSs (Cont'd)

Accordingly, the Group and the Company which is a Transitioning Entity has chosen to defer the adoption of the MFRSs Framework to financial periods beginning on or after 1 January 2015. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs Framework for the financial year ending 31 December 2015.

As at 31 December 2013, all FRSs issued under the existing FRSs Framework are equivalent to the MFRSs issued under MFRSs Framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSs. As such, the main effects arising from the transition to MFRSs Framework are discussed below. The effect is based on the Group and the Company's best estimates at the reporting date. The financial effect may change or additional effects may be identified, prior to the completion of the Group and the Company's first MFRSs financial statements.

Application of MFRS1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after the transitioning date have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

IC Int 15 Agreement for the Construction of Real Estate

IC Int 15 establishes the developer will have to evaluate whether control and significant risks and rewards of the ownership of work in progress, can be transferred to the buyer as construction progresses before revenue can be recognised. The Group and the Company are currently assessing the impact of the adoption of this Interpretation.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(d) Significant accounting estimates and judgements

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Assumptions and estimates are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

1. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting estimates and judgements (Cont'd)

Significant areas of estimation, uncertainty and critical judgements in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

(i) Depreciation of property, plant and equipment (Note 9) – the cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Revenue and cost of sales recognition (Notes 3 and 4) – the Group recognises property development revenue and cost of sales by reference to the stage of completion of the development activity at the reporting date. The stage of completion is determined based on the proportion of development costs incurred for work performed to-date bears to the estimated total property development costs. Significant judgement is required in the estimation of total property development costs. Where the actual total property development costs is different from the estimated total property development costs, such difference will impact the property development profits/(loss) recognised.

(iii) Income tax expense (Note 7) - significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions in the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax in the periods in which the outcome is known.

(iv) Fair value of investment properties (Note 12) – the measurement of the fair value for investment properties performed by management is based on independent professional valuations with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts. In the absence of current prices in an active market, the valuations are prepared by discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

(v) Impairment loss on receivables (Note 16) – the Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(vi) Provision for liquidated ascertained damages (Note 25) – Provision for liquidated ascertained damages is recognised for expected liquidated ascertained damages claims. The amount of the provision is determined based on the terms of the applicable sale and purchase agreements and is provided up to the estimated completion date of development properties.

(vii) Provision for infrastructure and development cost (Note 25) – Provision for infrastructure and development costs is determined based on management's best estimate in respect of development properties which the Group has either constructive or contractual obligation to incur the said expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group and by the Company, unless otherwise stated.

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2013. 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, and
– 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

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

The Group reclassifies the parent's share of components previously recognised in 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Subsidiaries and basis of consolidation (Cont'd)

(iii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity.

(iv) Business combination

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.

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.

(v) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Subsidiaries and basis of consolidation (Cont'd)

(v) Investment in associates (Cont'd)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of the property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until these assets are ready for their intended use.

The principal annual rates for the current and comparative years are as follows:-

Buildings	2%
Plant and equipment	10% - 33%
Motor vehicles	20%
Renovation	20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(c) Lease

(i) Finance leases – the Group as lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease is capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating leases – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies within the Group are accounted for as owner occupied rather than as investment properties.

All investment properties are measured initially and subsequently at fair value with any change therein recognised in the profit or loss.

When an item of inventory or property development is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to the transfer and its fair value is recognised in the profit or loss.

An external, independent valuer, having appropriate professional qualifications and experience, values the Group's investment property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(e) Land held for property development

Land held for property development which consists of land is carried at cost less accumulated impairment losses, if any, and classified as non-current assets where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

In certain subsidiaries, the revalued amount of land in land held for property development is retained as its surrogate cost as allowed under the transitional provisions of FRS 201.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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. Costs consist of land, construction costs and other development costs including related overheads and capitalised borrowing costs.

In certain subsidiaries, the revalued amount of land in property development cost is retained as its surrogate cost as allowed under the transitional provisions of FRS 201.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in the profit or loss by reference to the stage of completion of development activities at the reporting date.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of 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 defect 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.

Accrued billings within receivables represent the excess of revenue recognised in the profit or loss over billings to purchasers. Progress billings within payables represent the excess of billings to purchasers over revenue recognised in the profit or loss.

(g) Inventories

Inventories of unsold completed properties are stated at the lower of cost and net realisable value. Cost of unsold completed properties is determined on specific identification basis and comprises attributable land and development expenditure incurred up to completion of the properties.

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

(h) Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax assets, inventories and investment properties subsequently measured at fair value are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as an expense in profit or loss.

Any subsequent increase in recoverable amount other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become 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 and the Company determine the classification of their financial assets at initial recognition, and have categorised in financial assets in loans and revceivables.

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.

The Group and the Company classify the following financial assets as loan and receivables:

- cash and cash equivalents, and
- trade and other receivables including amount owing by subsidiaries and amount owing by an associate

A financial asset is derecognised where 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 and 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 and the Company commit to purchase or sell the asset.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

The Group and the Company do not have any financial assets designated as available-for-sale, financial assets at fair value through profit or loss nor held to maturity investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

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 and the Company consider 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 and the Company'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.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in value.

(l) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

(m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(o) 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 statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include trade and other payables, including accruals, deposits received (excluding deposits for sale of land held for property development), amount owing to subsidiaries, 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.

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 to the liability for at least 12 months after reporting date.

For these financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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 derecognised 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.

(p) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Construction contracts

When 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 reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses 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.

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.

(r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Development properties

Revenue from development properties sold is recognised on the percentage of completion method when the outcome of the property development projects can be reliably estimated. The stage of completion is measured by the proportion that development costs incurred for work performed to-date bear to the estimated total development costs for units sold. Where foreseeable losses on development properties are anticipated, full allowance of those losses is made in the financial statements.

(ii) Revenue from sale of developed land and completed landed properties

Revenue from sale of developed land and completed landed properties are measured at the fair value of the consideration receivable and are recognised in the profit or loss when the significant risk and reward of ownership have been transferred to the buyer.

(iii) Interest income and income from short term investments

Interest income is recognised on time proportion basis that reflects the effective yield of the asset.

(iv) Rental and management revenue

Revenue from rental and management fee are recognised on accrual basis.

(v) Construction contract

Revenue from contract works undertaken is recognised in the profit or loss on percentage of completion basis where the outcome of the contracts can be reliably estimated. The percentage of completion is computed based on proportion of which the contract costs incurred for work performed to date bear to the estimated total contract costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(t) Income tax expense

(i) Current tax

Income tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the period, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. 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 be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their 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 disclosed in Note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

(v) Borrowing costs

All borrowing costs are recognised in the profit or loss using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(w) 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 statements of financial position of the Group and of the Company.

(x) Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability, or
– In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Fair value measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Board of Directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the audit committee. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability as explained above.

3. REVENUE

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Attributable property development revenue	**8,412,380**	12,409,645	**-**	-
Attributable contract revenue	**4,773,436**	-	**-**	-
Sales of land held for property development	**-**	12,459,128	**-**	-
Sales of completed properties	**3,150,000**	2,150,000	**-**	-
Rental income from investment properties	**2,390,000**	2,661,960	**-**	405,000
Management fees	**-**	-	**3,639,459**	3,716,585
	18,725,816	29,680,733	**3,639,459**	4,121,585

4. DIRECT COSTS

	Group 2013 RM	Group 2012 RM
Attributable property development costs	**4,854,297**	9,714,467
Attributable contract costs	**4,630,233**	-
Cost of land held for property development sold	**-**	10,169,722
Cost of completed properties sold	**3,133,786**	2,103,869
Direct operating costs from revenue generating investment properties	**210,240**	286,143
	12,828,556	22,274,201

5. (LOSS)/ PROFIT BEFORE TAX

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Auditor's remuneration				
- statutory audit	**77,910**	80,400	**55,000**	40,000
- other services	**18,610**	10,000	**-**	-
Depreciation of property, plant and equipment	**114,596**	36,568	**45,974**	34,353
Directors' remuneration (Note 6)	**1,097,935**	1,474,549	**1,097,935**	1,474,549
Impairment loss on other receivables	**-**	7,834,400	**-**	-
Interest expense	**288,630**	383,603	**4,021**	7,337
Rental of office equipment	**11,536**	6,828	**11,536**	6,828
Rental of premises	**7,200**	7,200	**-**	-
Personnel expenses				
- contributions to defined contribution plan	**278,946**	233,623	**278,373**	233,623
- salaries, wages and others	**2,664,563**	2,132,215	**2,658,143**	2,108,585
Provision for liquidated ascertained damages	**2,273,680**	733,241	**-**	-
Fair value adjustment on investment properties	**-**	(5,361,381)	**-**	-
Gain on disposal of property, plant and equipment	**(10,000)**	(864,999)	**(10,000)**	(864,999)
Interest income	**(363,970)**	(73,575)	**(41,761)**	(6,083)
Rental income	**(71,820)**	(91,020)	**-**	-
Reversal of write down on inventories	**-**	(1,600,818)	**-**	-

6. DIRECTORS' REMUNERATION

	Group/Company	
	2013 RM	2012 RM
Directors of the Company		
Executive Directors		
- Salaries and other emoluments	**821,935**	1,198,549
Non-Executive Directors		
- Fees	**276,000**	276,000
	1,097,935	1,474,549

7. INCOME TAX (CREDIT)/EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax				
Malaysian tax - current year	**16,483**	2,574,250	**-**	96,900
Over provision in prior financial year	**(240,000)**	(15,457,699)	**(96,900)**	(91,970)
	(223,517)	(12,883,449)	**(96,900)**	4,930
Deferred tax (Note 23)				
Origination and reversal of temporary differences	**(226,526)**	(2,784,583)	**-**	-
(Over)/Under provision in prior year	**(3,800)**	6,652,951	**-**	-
	(230,326)	3,868,368	**-**	-
Tax (credit)/expense	**(453,843)**	(9,015,081)	**(96,900)**	4,930

Malaysia income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profits for the financial year. Income tax for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

7. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

A reconciliation of income tax expenses applicable to loss before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
(Loss)/ Profit before tax	**(7,484,911)**	(484,412)	**(1,115,039)**	458,692
Tax at Malaysian statutory income tax rate of 25%	**(1,871,200)**	(121,100)	**(278,800)**	114,700
Tax effect of nondeductible expenses	**171,082**	1,357,686	**46,800**	87,719
Tax effect of non-taxable income	**-**	(1,602,119)	**-**	(260,719)
Deferred tax assets not recognised during the financial year	**862,000**	155,200	**232,000**	155,200
Tax effect on fair value changes of investment properties	**628,075**	-	**-**	-
Under/(Over) provision in prior financial year				
- current tax (Note a)	**(240,000)**	(15,457,699)	**(96,900)**	(91,970)
- deferred tax (Note b)	**(3,800)**	6,652,951	**-**	-
Tax (credit)/expense	**(453,843)**	(9,015,081)	**(96,900)**	4,930

Note:

a) Included in over provision of current tax in prior financial year is reduction in assessments by the Inland Revenue Board amounting to RM Nil (2012: RM12,284,568) on previously assessed tax for the year of assessment 2009 arising from rescission of sales of development properties in that year in a subsidiary.

b) Included on under provision of deferred tax in prior year financial year is an amount of RM Nil (2012: RM6,234,324) in respect of the reversal of previously recognised deferred tax asset which is attributable to unutilised tax losses resulting from the reduction in tax assessment as mentioned in Note 7(a).

The Group and the Company have estimated unutilised tax losses of RM14,531,000 (2012: RM 11,111,000) and RM 11,137,400 (2012: RM10,231,500) and unabsorbed capital allowances of RM344,700 (2012: RM441,100) and RM271,000 (2012: RM248,800) carried forward respectively, available for set-off against future taxable profits of the Group and of the Company.

8. BASIC (LOSS)/EARNINGS PER SHARE

The basic loss/(earnings) per share is calculated by dividing the Group's loss attributable to equity shareholders of RM7,031,068 (2012: profit of RM8,530,669) by the weighted average number of ordinary shares of RM1 each of 345,830,979 (2012: 345,830,979) ordinary shares in issue during the financial year.

As at financial year end, the Company has no potential ordinary shares which are dilutive in nature. Accordingly, diluted earnings per share is equivalent to the basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Plant & Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Group					
Cost					
At 1.1.2013	**730,344**	**1,535,562**	**722,158**	**419,383**	**3,407,447**
Additions	**-**	**84,588**	**679,320**	**-**	**763,908**
Disposal	**(528,587)**	**-**	**-**	**-**	**(528,587)**
At 31.12.2013	**201,757**	**1,620,150**	**1,401,478**	**419,383**	**3,642,768**
Accumulated Depreciation					
At 1.1.2013	**730,341**	**1,486,249**	**515,282**	**419,383**	**3,151,255**
Charge for the financial year	**-**	**40,064**	**74,532**	**-**	**114,596**
Disposal	**(528,587)**	**-**	**-**	**-**	**(528,587)**
At 31.12.2013	**201,754**	**1,526,313**	**589,814**	**419,383**	**2,737,264**
Net Carrying Amount					
At 31.12.2013	**3**	**93,837**	**811,664**	**-**	**905,504**
Cost					
At 1.1.2012	730,344	1,495,674	722,158	419,383	3,367,559
Additions	-	43,287	-	-	43,287
Disposal	-	(3,399)	-	-	(3,399)
At 31.12.2012	730,344	1,535,562	722,158	419,383	3,407,447
Accumulated Depreciation					
At 1.1.2012	730,341	1,460,489	509,782	417,473	3,118,085
Charge for the financial year	-	29,158	5,500	1,910	36,568
Disposal	-	(3,398)	-	-	(3,398)
At 31.12.2012	730,341	1,486,249	515,282	419,383	3,151,255
Net Carrying Amount					
At 31.12.2012	3	49,313	206,876	-	256,192

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Plant & Equipment RM	Motor Vehicles RM	Renovation RM	Total RM
Company					
Cost					
At 1.1.2013	**730,344**	**1,493,309**	**542,383**	**419,383**	**3,185,419**
Additions	**-**	**84,588**	**-**	**-**	**84,588**
Disposals	**(528,587)**	**-**	**-**	**-**	**(528,587)**
At 31.12.2013	**201,757**	**1,577,897**	**542,383**	**419,383**	**2,741,420**
Accumulated Depreciation					
At 1.1.2013	**730,341**	**1,444,891**	**386,907**	**419,383**	**2,981,522**
Charge for the financial year	**-**	**39,374**	**6,600**	**-**	**45,974**
Disposals	**(528,587)**	**-**	**-**	**-**	**(528,587)**
At 31.12.2013	**201,754**	**1,484,265**	**393,507**	**419,383**	**2,498,909**
Net Carrying Amount					
At 31.12.2013	**3**	**93,632**	**148,876**	**-**	**242,511**
Cost					
At 1.1.2012	730,344	1,453,421	542,383	419,383	3,145,531
Additions	-	43,287	-	-	43,287
Disposal	-	(3,399)	-	-	(3,399)
At 31.12.2012	730,344	1,493,309	542,383	419,383	3,185,419
Accumulated Depreciation					
At 1.1.2012	730,341	1,421,346	381,407	417,473	2,950,567
Charge for the financial year	-	26,943	5,500	1,910	34,353
Disposal	-	(3,398)	-	-	(3,398)
At 31.12.2012	730,341	1,444,891	386,907	419,383	2,981,522
Net Carrying Amount					
At 31.12.2012	3	48,418	155,476	-	203,897

Motor vehicles under finance lease arrangements are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cost	**542,383**	670,876	**542,383**	542,383
Net carrying amount	**148,877**	206,874	**148,877**	155,476

10. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	**467,845,004**	467,845,004
Less: Allowance for impairment loss	**(2,017,344)**	(2,017,344)
At end of the financial year	**465,827,660**	465,827,660

The particulars of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2013	Effective Equity Interest 2012	Principal Activities
PTB Clay Products Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
Ukaylake Country Club Bhd.	Malaysia	**100%**	100%	Dormant
Golden Domain Holdings Sdn. Bhd.	Malaysia	**100%**	100%	Investment holding
Petaling Ventures Sdn. Bhd.	Malaysia	**100%**	100%	Property investment and development
Lembah Langat Development Sdn. Bhd.	Malaysia	**100%**	100%	Property investment and development
PTB Development Sdn. Bhd.	Malaysia	**100%**	100%	Property development
PTB Horticulture Farm Sdn. Bhd.	Malaysia	**100%**	100%	Property investment and development
Golden Domain Development Sdn. Bhd. Malaysia	Malaysia	**100%**	100%	Investment holding, property investment and development
Majurama Developments Sdn. Bhd.	Malaysia	**100%**	100%	Property development
Magilds Park Sdn. Bhd.	Malaysia	**100%**	100%	Property development

11. INVESTMENTS IN ASSOCIATES

	Group/Company 2013 RM	Group/Company 2012 RM
Unquoted shares, at cost	**114**	114
Less: Allowance for impairment loss	**(114)**	(114)
	-	-

The Group has not recognised losses relating to the associates where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses and currency fluctuation reserve at the reporting date was RM3,517,332 (2012 : RM2,889,679). The Group has no obligation in respect of these losses.

11. INVESTMENTS IN ASSOCIATES (CONT'D)

The particulars of the associates are as follows:-

Name of Company	Country of Incorporation	Effective Equity 2013	Interest 2012	Principal Activities
Fandison Resources Management Limited	Hong Kong	**40%**	40%	Investment holding
Subsidiary of Fandison Resources Management Limited				
Hainan Wansing Mineral Development Limited *	People's Republic of China	**28%**	28%	Production of mineral sand products

* Fandison Resources Management Limited owns 70% equity interest in Hainan Wansing Mineral Development Limited.

The associates are not audited by UHY.

The share of results in associates not recognised are based on unaudited management financial statements. The reporting date of the financial statements of the associates are coterminous with those of the Group.

The summarised financial information of the associates are as follows:-

	2013 RM	2012 RM
Assets and Liabilities:		
Total assets	**3,235,943**	5,515,234
Total liabilities	**12,348,812**	13,058,780
Results:		
Revenue	**1,863,061**	7,795,562
Loss for the financial year	**(713,598)**	(249,870)

12. INVESTMENT PROPERTIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Long term leasehold land, at fair value	**116,041,154**	116,041,154	**-**	-
Land and building, at fair value				
At beginning of the financial year	**39,486,020**	33,885,140	**4,026,020**	4,026,020
Addition	**-**	239,499	**-**	-
Fair value adjustment	**-**	5,361,381	**-**	-
At end of the financial year	**39,486,020**	39,486,020	**4,026,020**	4,026,020
	155,527,174	155,527,174	**4,026,020**	4,026,020

The long term leasehold land has an unexpired lease period of more than 50 years. The long term leasehold land is held under a master title jointly with other land owners which include certain director related companies.

Caveat was placed by a non-bank financial institution on the investment property of the Group with a carrying amount of RM22,000,000 (2012 : RM22,000,000) as disclosed in Note 22.

The master land title to the investment property with a carrying amount of RM13,460,000 (2012 : RM13,460,000) which the Group has beneficial interest is still held under the name of previous proprietor.

The fair values of investment properties are determined based on approximations of market value except for certain properties where the fair values are determined by considering the aggregate of the present value of the estimated cash flows expected to be received from renting out the property using yield rates ranging from 4% to 12% (2012: 12%).

13. LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Long term leasehold land, at cost				
At beginning of the financial year	**179,205,315**	181,551,375	**38,557,973**	38,557,973
Additions	**-**	-	**73,969**	-
Transfer to property development costs (Note 14)	**(6,948,655)**	-	**-**	-
Disposals	**-**	(2,346,060)	**-**	-
At end of the financial year	**172,256,660**	179,205,315	**38,631,942**	38,557,973
Freehold land, at cost				
At beginning of the financial year	**34,850,107**	33,602,456	**-**	-
Transfer from property development costs (Note 14)	**-**	1,247,651	**-**	-
At end of the financial year	**34,850,107**	34,850,107	**-**	-

13. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Long term development costs, at cost				
At beginning of the financial year	**31,505,367**	31,266,296	**-**	-
Additions	**107,321**	121,799	**-**	-
Transfer (to)/from property development costs (Note 14)	**(6,052,083)**	117,272	**-**	-
At end of the financial year	**25,560,605**	31,505,367	**-**	-
Total land and development costs	**232,667,372**	245,560,789	**38,631,942**	38,557,973

The long term leasehold land have unexpired lease period of more than 50 years. The long term leasehold land carried at group cost is based on independent valuation on open market value basis carried out in 1999.

The long term leasehold land with a carrying amount of RM153,525,244 (2012 : RM153,525,244) is held under a master title jointly with other land owners which include certain director related companies.

The long term leasehold land with a carrying amount of RM8,964,082 (2012 : RM8,964,082) which the Group has beneficial interest is still held under the name of the previous proprietor, which is also a director related company.

The master land title to the freehold land which the Group has beneficial interest is still held under the name of the previous proprietor.

14. PROPERTY DEVELOPMENT COSTS

	Group	
	2013 RM	2012 RM
Freehold land, at cost		
At beginning of the financial year	**3,961,858**	5,209,509
Transfer to land held for property development (Note 13)	**-**	(1,247,651)
Disposals	**-**	-
At end of the financial year	**3,961,858**	3,961,858
Long term leasehold land, at cost		
At beginning of the financial year	**9,652,073**	9,652,073
Transfer from land held for property development (Note 13)	**6,948,655**	-
At end of the financial year	**16,600,728**	9,652,073
Total land costs	**20,562,586**	13,613,931

14. PROPERTY DEVELOPMENT COSTS (CONT'D)

	Group 2013 RM	Group 2012 RM
Development costs, at cost		
At beginning of the financial year	**59,984,339**	52,726,741
Additions	**3,413,840**	7,374,870
Transfer from/ (to) land held for property development(Note 13)	**6,052,083**	(117,272)
At end of the financial year	**69,450,262**	59,984,339
Total land and development costs	**90,012,848**	73,598,270
Less: Cost recognised as an expense in profit or loss		
At beginning of the financial year	**73,598,270**	63,883,803
Current year	**4,854,297**	9,714,467
At end of the financial year	**(78,452,567)**	(73,598,270)
	11,560,281	-

The leasehold land carried at the group cost is based on independent valuation on open market value basis carried out in 1999. The long term leasehold lands have unexpired lease period of more than 50 years.

The master land title to the freehold land which the Group has beneficial interest is still held under the name of previous proprietor.

15. INVENTORIES

	Group 2013 RM	Group 2012 RM
Unsold completed properties		
At cost	**1,536,120**	4,501,999
At net realisable value	**251,898**	251,898
	1,788,018	4,753,897

The master land title to the inventories with carrying amount of RM481,898 (2012 : RM481,898) which the Group has beneficial interest is still held under the name of the previous proprietor.

In the previous year, caveat was placed by an interested party on the inventories with carrying amount of RM3,186,948. The party has withdrawn the caveat during the financial year.

In previous year, the reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts (Note 5).

16. RECEIVABLES

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Trade					
Trade receivables	a	**9,612,090**	16,583,254	**-**	-
Amount owing by contract customers	b	**143,203**	-	**-**	-
		9,755,293	16,583,254	**-**	-
Non-trade					
Other receivables	c	**194,001**	309,173	**1,504**	1,736
Deposits		**464,921**	627,200	**74,838**	69,500
Prepayments		**3,261,475**	21,649	**743**	4,503
Amounts owing by subsidiaries	d	**-**	-	**79,019,681**	65,991,742
Amount owing by an associate	e	**-**	-	**-**	-
		3,920,397	958,022	**79,096,766**	66,067,481
		13,675,690	17,541,276	**79,096,766**	66,067,481

Note a
Trade receivables

	Group	
	2013 RM	2012 RM
External parties	**9,461,567**	15,331,813
Related parties	**255,539**	1,356,457
	9,717,106	16,688,270
Less: Allowance for impairment loss	**(105,016)**	(105,016)
	9,612,090	16,583,254

Included in trade receivables of the Group are:-

(i) Retention sum held by stakeholders of RM1,845,167 (2012 : RM1,845,167); and
(ii) Amounts of RM255,539 (2012 : RM1,356,457) receivable from companies in which some Directors of the Company are also directors and have substantial direct and indirect financial interest.

(a) Credit term of trade receivables

The Group's normal trade credit term ranges from 14 to 90 days (2012: 14 to 90 days) or according to payment terms as stated in the sale and purchase agreement. Other credit terms are assessed and approved on a case-by-case basis.

16. RECEIVABLES (CONT'D)

Note a
Trade receivables (Cont'd)

(b) Ageing analysis of trade receivables

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

	Group	
	2013	**2012**
	RM	**RM**
Neither past due nor impaired	**9,372,775**	15,250,895
1 to 30 days past due not impaired	**16,622**	24,427
31 to 60 days past due not impaired	**16,372**	24,167
61 to 90 days past due not impaired	**16,447**	24,114
91 to 120 days past due not impaired	**16,703**	24,357
More than 120 days past due not impaired	**173,171**	1,235,294
	239,315	1,332,359
	9,612,090	16,583,254
Impaired	**105,016**	105,016
	9,717,106	16,688,270

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are purchasers of development properties who are financed by financiers and also long-standing tenants of 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 Company has trade receivables amounting to RM239,315 (2012: RM1,332,359) that are past due at the reporting date but not impaired.

No impairment loss on trade receivables has been made as in the opinion of the management, the debts would be collected in full within the next twelve months.

Receivables that are impaired
The Group's trade receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group Individually Impaired	
	2013	**2012**
	RM	**RM**
Trade receivables (nominal amounts)	**105,016**	105,016
Less: Allowance for impairment loss	**(105,016)**	(105,016)
	-	-

There was no movement in the allowance account.

Trade receivables are individually determined to be impaired at the reporting date due to default on payments. These receivables are not secured by any collateral or credit enhancements.

16. RECEIVABLES (CONT'D)

Note b
Amount owing by contract customers

	Group	
	2013	**2012**
	RM	**RM**
Aggregate cost to date	**4,630,233**	-
Add: Attributable profits	**143,203**	-
	4,773,436	-
Less: Progress billings	**(4,630,233)**	-
	143,203	-
Represented by:		
Amount owing by contract customers	**143,203**	-

Note c
Other receivables

Included in other receivables of the Group are other receivables amounting to RM8,199,890 (2012: RM8,315,062) of which an allowance for impairment loss amounting to RM8,005,889 (2012: RM8,005,889) had been made. These receivables were individually determined to be impaired in the previous financial year.

The Group's other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group	
	2013	**2012**
	RM	**RM**
At beginning of financial year	**8,005,889**	171,489
Charge for the financial year (Note 5)	**-**	7,834,400
At end of financial year	**8,005,889**	8,005,889

Other receivables are individually determined to be impaired at the reporting date due to default on payments. These receivables are not secured by any collateral or credit enhancements.

Note d
Amounts owing by subsidiaries

	Company	
	2013	**2012**
	RM	**RM**
Balance outstanding	**86,750,432**	73,722,493
Less: Allowance for impairment loss	**(7,730,751)**	(7,730,751)
	79,019,681	65,991,742

There was no movement in the allowance account.

These amounts are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

16. RECEIVABLES (CONT'D)

Note e
Amount owing by an associate

	Group/Company	
	2013	**2012**
	RM	**RM**
Balance outstanding	**8,004,752**	8,004,752
Less: Allowance for impairment loss	**(8,004,752)**	(8,004,752)
	-	-

There was no movement in the allowance account.

This amount is non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

17. CASH AND BANK BALANCES/ CASH AND CASH EQUIVALENTS

		Group		Company	
		2013	**2012**	**2013**	**2012**
	Note	**RM**	**RM**	**RM**	**RM**
Fixed deposits with licensed banks	a	**1,153,778**	1,084,189	**50,000**	50,000
Cash and bank balances		**253,988**	460,759	**57,778**	239,863
Cash held under housing development accounts	b	**3,091,530**	4,527,164	**-**	-
Short term funds		**602,720**	342,843	**599,156**	342,843
Cash and bank balances/ Cash and cash equivalents		**5,102,016**	6,414,955	**706,934**	632,706

Note a
These fixed deposits are pledged as security for bank guarantee facilities granted to the Group and to the Company and hence, are not freely available for use.

The fixed deposits of the Group and of the Company bear effective interest at rates ranging from 2.75% to 3.25% (2012: 2.5% to 3.256%) and 2.75% (2012: 3.00%) per annum respectively.

Note b
The cash held under housing development accounts maintained pursuant to Section 7A of the Housing Development (Control and Licensing) (Amendment) Act 1966 are not freely available for the Group's use.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2013 RM	**2012 RM**
At carrying amount:		
At beginning of the financial year	-	6,189,570
Disposal	-	(6,189,570)
At end of the financial year	-	-

Land held for property development that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

19. SHARE CAPITAL AND TREASURY SHARES

		Group/Company			
		No. of Shares		Amount	
	Note	**2013**	**2012**	**2013 RM**	**2012 RM**
Ordinary shares of RM1 each					
Authorised:					
As at beginning/end of the financial year		**500,000,000**	500,000,000	**500,000,000**	500,000,000
Issued and fully paid:					
As at beginning/end of the financial year	a	**346,102,679**	346,102,679	**346,102,679**	346,102,679
Treasury shares	b	**(68,236)**	(68,236)	**(68,236)**	(68,236)

Note a

The number of issued and fully paid ordinary shares with voting rights as at the financial year end are as follows:-

	Group/Company	
	2013 RM	**2012 RM**
Issued and fully paid ordinary shares of RM1 each		
Total number of issued and fully paid ordinary shares	**346,102,679**	346,102,679
Less: Ordinary shares held as treasury shares	**(271,700)**	(271,700)
	345,830,979	345,830,979

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Note b

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

19. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

Note b (Cont'd)

	Group/Company			
	2013		2012	
	Number of shares of RM1 each	RM	Number of shares of RM1 each	RM
Shares repurchased and held as treasury shares	271,700	68,236	271,700	68,236

There were no resale, cancellation or distribution of treasury shares during the financial year.

20. RESERVES

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Accumulated losses		**(29,150,938)**	(21,647,142)	**(52,173,903)**	(51,155,764)
Non-distributable					
Revaluation reserve	a	**1,621,861**	1,149,133	**-**	-
Share premium	b	**43,953,998**	43,953,998	**43,953,998**	43,953,998
Other reserve		**3,526,514**	3,526,514	**4,519,264**	4,519,264
		49,102,373	48,629,645	**48,473,262**	48,473,262
		19,951,435	26,982,503	**(3,700,641)**	(2,682,502)

Note a
The revaluation reserve relates to the revaluation of land held for property development prior to the adoption of FRS201: Property Development Activities.

Note b
This reserve comprises premium paid on subscription of shares of the Company above par value of the shares.

21. FINANCE LEASE LIABILITIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Gross instalment payments	**51,153**	92,783	**51,153**	92,783
Less: Future finance charges	**(3,471)**	(7,493)	**(3,471)**	(7,493)
Present value of finance lease liabilities	**47,682**	85,290	**47,682**	85,290
Payable within 1 year				
Gross instalment payments	**23,628**	41,628	**23,628**	41,628
Less: Future finance charges	**(2,433)**	(4,021)	**(2,433)**	(4,021)
Present value of finance lease liabilities	**21,195**	37,607	**21,195**	37,607
Payable after 1 year but not later than 5 years				
Gross instalment payments	**27,525**	51,145	**27,525**	51,145
Less: Future finance charges	**(1,038)**	(3,462)	**(1,038)**	(3,462)
Present value of finance lease liabilities	**26,487**	47,683	**26,487**	47,683
Total present value of finance lease liabilities	**47,682**	85,290	**47,682**	85,290

The maturity profile of the finance lease liabilities is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Present value of finance lease liabilities				
Payable within 1 year	**21,195**	37,607	**21,195**	37,607
Payable after 1 year but not later than 2 years	**26,487**	47,683	**26,487**	47,683
	47,682	85,290	**47,682**	85,290

The finance lease liabilities of the Group and of the Company bear effective interest at rates ranging from 4.87% to 6.76% (2012: 4.87% to 6.76%) and 4.87% to 6.76% (2012: 4.87% to 6.76%) per annum respectively.

22. BORROWINGS

	Group	
	2013 RM	2012 RM
Secured:		
Term loan		
Current	**1,187,407**	1,100,661
Non-current	**1,314,006**	2,478,121
Total borrowings	**2,501,413**	3,578,782

22. BORROWINGS (CONT'D)

The maturity profile of the term loan is as follow:-

	Group	
	2013 RM	2012 RM
Current Liabilities		
Repayable within 1 year	**1,187,407**	1,100,661
Non-Current Liabilities		
Repayable after 1 year but not later than 2 years	**1,314,006**	1,189,413
Repayable after 2 years but not later than 3 years	**-**	1,288,708
	1,314,006	2,478,121
	2,501,413	3,578,782

The term loan of the Group is secured and supported as follows:

(i) third party lien-holder's caveat over the investment property of a subsidiary; and
(ii) deed of assignment over the monthly rental proceeds from the investment property of the subsidiary.

The term loan bears effective interest at a rate of 8.3% (2012 : 8.3%) per annum.

23. DEFERRED TAXATION

	Group	
	2013 RM	2012 RM
Deferred tax liabilities		
At beginning of the year	**34,545,320**	30,676,952
Recognised in profit or loss (Note 7)	**(230,326)**	3,868,368
At end of the year	**34,314,994**	34,545,320

The deferred tax liabilities/(assets) are in respect of temporary differences as follows:-

	Group	
	2013 RM	2012 RM
Fair value adjustment on investment properties	**10,717,256**	10,157,257
Revaluation surplus on revaluation of development properties in the subsidiaries to group cost	**23,597,860**	24,384,785
Difference between the carrying amount of property, plant and equipment and its tax base	**13,750**	48,400
Unabsorbed capital allowances	**(13,872)**	(45,000)
Unutilised tax losses	**-**	(122)
	34,314,994	34,545,320

23. DEFERRED TAXATION (CONT'D)

Unrecognised deferred tax assets
Deferred tax assets not recognised are in respect of the following items:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	**14,531,000**	11,111,000	**11,137,400**	10,231,500
Unabsorbed capital allowances	**289,200**	261,100	**271,000**	248,800
	14,820,200	11,372,100	**11,408,400**	10,480,300

24. PAYABLES

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Trade					
Trade payables	a	**9,174,175**	6,185,384	**-**	-
Non-trade					
Amount due to subsidiaries	b	**-**	-	**245,774,327**	230,942,023
Other payables		**1,174,233**	1,982,254	**274,936**	604,045
Deposits received	c	**887,941**	892,133	**42,422**	42,422
Deposits for sale of land held for property development		**-**	162,700	**-**	-
Accruals	d	**1,072,764**	1,156,171	**27,270**	107,308
		3,134,938	4,193,258	**246,118,955**	231,695,798
		12,309,113	10,378,642	**246,118,955**	231,695,798

Note a
The normal trade credit term granted to the Group and to the Company is 30 to 90 days (2012: 30 to 90 days) respectively.

Note b
These amounts are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

Note c
Included in deposits refundable of the Group is a deposit received from a director's related company amounting to RM75,240 (2012: RM75,240).

Note d
Included in accruals of the Group is penalty on late payment of tax payable to the tax authority of RM 297,234 (2012: RM250,942).

25. PROVISIONS

	Liquidated Ascertained Damages RM	Infrastructure and Development Costs RM	Total RM
Group			
At 1 January 2013	**733,241**	**2,469,963**	**3,203,204**
Addition	**2,273,680**	**-**	**2,273,680**
Utilised	**-**	**(103,050)**	**(103,050)**
At 31 December 2013	**3,006,921**	**2,366,913**	**5,373,834**
At 1 January 2012	-	2,559,375	2,559,375
Addition	733,241	-	733,241
Utilised	-	(89,412)	(89,412)
At 31 December 2012	733,241	2,469,963	3,203,204

The provision for liquidated ascertained damages is made based on management's best estimate on the expected liquidated damages claims in accordance with the terms of the applicable sale and purchase agreement. The Company has contractual obligation to incur the said expenses.

The provision for infrastructure and development costs is made based on the management's best estimate in respect of development properties sold of which the Group has either constructive or contractual obligation to incur the said expenses. These expenses are expected to be incurred within the normal operating cycles of the relevant development.

26. SEGMENT INFORMATION

Segment information is presented in respect of the Group's operating segments.

Segment revenue, expenses, assets and liabilities are those amounts from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

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 under negotiated terms.

Operating Segments

The Group comprises the following two major operating segments:

(i) Property development - property development, contract works and investment property business
(ii) Other operations - investment holding, provision of management and secretarial services and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss before taxation.

26. SEGMENT INFORMATION (CONT'D)

Operating Segments (Cont'd)

	Property Development RM	Other Operations RM	Adjustments and eliminations RM	Consolidated RM
2013				
Revenue				
External revenue	**16,335,816**	**2,390,000**	**-**	**18,725,816**
Inter-segment revenue (Note 26(a))	**-**	**3,639,459**	**(3,639,459)**	**-**
Total revenue	**16,335,816**	**6,029,459**	**(3,639,459)**	**18,725,816**
Results				
Segment loss before taxation	**(5,540,483)**	**(1,944,428)**	**-**	**(7,484,911)**
Interest income	**363,970**	**-**	**-**	**363,970**
Interest expense	**(11,328)**	**(277,302)**	**-**	**(288,630)**
Depreciation	**-**	**(114,596)**	**-**	**(114,596)**
Other non-cash expenses (Note 26(b))	**-**	**-**	**-**	**-**
Assets				
Segment assets	**312,913,404**	**120,166,718**	**-**	**433,080,122**
Additions to non-current assets other than financial assets and deferred tax assets (Note 26(c))	**107,321**	**763,908**	**-**	**871,229**
Segment liabilities (Note 26(d))	**13,241,762**	**4,441,185**	**49,411,297**	**67,094,244**
2012				
Revenue				
External revenue	27,018,773	2,661,960	-	29,680,733
Inter-segment revenue (Note 26(a))	-	2,716,585	(2,716,585)	-
Total revenue	27,018,773	5,378,545	(2,716,585)	29,680,733
Results				
Segment profit/(loss) before taxation	(6,556,154)	6,071,742	-	(484,412)
Interest income	63,775	9,800	-	73,575
Interest expense	(19,506)	(364,097)	-	(383,603)
Depreciation	-	(36,568)	-	(36,568)
Other non-cash expenses (Note 26(b))	(7,834,400)	-	-	(7,834,400)
Assets				
Segment assets	317,901,233	120,302,546	-	438,203,779
Additions to non-current assets other than financial assets and deferred tax assets (Note 26(c))	648,050	43,287	-	691,337
Segment liabilities (Note 26(d))	9,219,427	4,362,419	51,604,987	65,186,833

26. SEGMENT INFORMATION (CONT'D)

Operating Segments (Cont'd)

(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:-

	2013 RM	2012 RM
Impairment loss on receivables	-	7,834,400

(c) Addition to non-current assets other than financial assets and deferred tax assets consists of:-

	2013 RM	2012 RM
Property, plant and equipment	**763,908**	43,287
Investment properties	-	239,499
Land held for property development	**107,321**	408,551
	871,229	691,337

(d) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	2013 RM	2012 RM
Deferred taxation	**34,314,994**	34,545,320
Tax payable	**12,547,208**	13,395,595
Borrowings	**2,501,413**	3,578,782
Finance lease liabilities	**47,682**	85,290
	49,411,297	51,604,987

Geographical Information

External customer and non-current assets of the Group are all located in Malaysia.

Information about major customer

Revenue from one (2012: one) major customer contributing revenue more than 10% of the Group's revenue is amounting to RM2,303,436 (2012: RM12,000,000)

27. RELATED PARTY DISCLOSURES

(i) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and/or the Company if the Group and/or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and/or the Company as well as the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationship with its subsidiaries, key management personnel and directors' related companies. Directors' related companies refer to companies in which certain directors of the Company are also directors and have substantial direct and indirect financial interests.

(ii) Related party transactions and balances of the Company are as follows:-

	Company	
	2013 RM	**2012 RM**
Received and receivable from subsidiaries		
Management fees	**(3,639,459)**	(3,716,585)

Information regarding outstanding balances arising from transactions with the subsidiaries are disclosed in Notes 16 and 24 respectively.

(iii) Related party transactions and balances of the Group are as follows:-

	Group	
	2013 RM	**2012 RM**
Received and receivable from companies in which some Directors of a subsidiary are also directors and have substantial direct and indirect financial interest		
Office rental	**255,539**	405,000

Information regarding outstanding balances arising from transactions with the Directors' related companies are disclosed in Note 16.

(iv) Key management personnel's compensation

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any Director of the Group and of the Company.

Key management personnel compensation is disclosed in Note 6.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing its risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The Group and the Company are exposed to a variety of risks in the normal course of business. The key financial risks include interest rate risk, credit risk and liquidity risk. The Group's and Company's risk management policy seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:-

i. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from interest bearing financial assets and financial liabilities which include deposits placed with licensed banks, finance lease payables and term loan. The deposits are short term in nature and are placed to satisfy conditions for bank facilities granted to the Group and to the Company and for better yield returns than cash at banks. The deposits at fixed rate expose the Group and the Company to fair value interest rate risk.

Term loan at floating rate exposes the Group to cash flow interest rate risk whilst finance lease liabilities at fixed rate, expose the Group and the Company to fair value interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>
If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's results net of taxation for the financial year ended 31 December 2013 and 2012 would decrease/increase by RM 12,507 (2012: RM 13,420) as a result of exposure to floating rate borrowings.

ii. Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

<u>Exposure to credit risk</u>
The Group's and the Company's exposure to credit risk arise mainly from its receivables and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the statements of financial position.

The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit assessments, approvals, credit limits and monitoring procedures.

Information regarding credit enhancements, if any, for trade and other receivables is disclosed in Note 16.

<u>Credit risk concentration profile</u>
The Group and the Company determine concentrations of credit risk by monitoring profiles of its receivables on an ongoing basis. The Group and the Company do not have any significant exposure to any individual customer.

At the reporting date, approximately 99.93% (2012: 99.89%) of the Company's receivables were amounts owing by subsidiaries.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iii. Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to their overall debt position.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM
2013				
Group				
Financial liabilities:				
Trade payables	**9,174,175**	**9,174,175**	**9,174,175**	**-**
Other payables	**1,174,233**	**1,174,233**	**1,174,233**	**-**
Deposits received	**887,941**	**887,941**	**887,941**	**-**
Accruals	**1,072,764**	**1,072,764**	**1,072,764**	**-**
Borrowings	**2,501,413**	**2,725,430**	**1,350,528**	**1,374,902**
Finance lease liabilities	**47,682**	**51,153**	**23,628**	**27,525**
	14,858,208	**15,085,696**	**13,683,269**	**1,402,427**
Company				
Financial liabilities:				
Other payables	274,936	274,936	274,936	-
Deposits received	42,422	42,422	42,422	-
Accruals	27,270	27,270	27,270	-
Amount due to subsidiaries	245,774,327	245,774,327	245,774,327	-
Finance lease liabilities	47,682	51,153	23,628	27,525
	246,166,637	246,170,108	246,142,583	27,525

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

iii. Liquidity Risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
2012					
Group					
Financial liabilities:					
Trade payables	6,185,384	6,185,384	6,185,384	-	-
Other payables	1,982,254	1,982,254	1,982,254	-	-
Deposits received	892,133	892,133	892,133	-	-
Accruals	1,156,171	1,156,171	1,156,171	-	-
Borrowings	3,578,782	4,048,271	1,350,528	1,350,528	1,347,215
Finance lease liabilities	85,290	92,783	41,628	23,628	27,527
	13,880,014	14,356,996	11,608,098	1,374,156	1,374,742
Company					
Financial liabilities:					
Other payables	604,045	604,045	604,045	-	-
Deposits received	42,422	42,422	42,422	-	-
Accruals	107,308	107,308	107,308	-	-
Amount due to subsidiaries	230,942,023	230,942,023	230,942,023	-	-
Finance lease liabilities	85,290	92,783	41,628	23,628	27,527
	231,781,088	231,788,581	231,737,426	23,628	27,527

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2013 and 31 December 2012.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is total borrowings (including finance lease liabilities) divided by total shareholders' equity. The Group's gearing ratio as at the reporting date is 0.007 (2012:0.01).

30. FAIR VALUE MEASUREMENT

Financial Assets and Liabilities
The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

i. Cash and Cash Equivalents, Receivables and Payables, Unquoted Short Term Investment
The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

ii. Finance leases
The fair value of finance lease liabilities is estimated using discounted cash flow analysis, based on current lending rates for similar type of lease arrangements.

iii. Borrowings
The carrying amounts of the current portion of borrowings are reasonable approximately of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximately their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The carrying amounts of financial assets and liabilities recognised in the statements of financial position approximate their fair values except for the following:

	Group		Company	
	Carrying Amount RM	Fair Values RM	Carrying Amount RM	Fair Values RM
2013				
Financial Liability				
Hire purchase payables (non-current)	**26,487**	**26,647**	**26,487**	**26,647**
2012				
Financial Liability				
Hire purchase payables (non-current)	47,683	48,178	47,683	48,178

Other Assets
Fair value measurement hierarchy for assets:

	Total RM	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3)
Group				
As at 31 December 2013				
Investment properties	**155,527,174**	**-**	**155,527,174**	**-**
As at 31 December 2012				
Investment properties	155,527,174	-	155,527,174	-

30. FAIR VALUE MEASUREMENT (CONT'D)

Other Assets (Cont'd)
Fair value measurement hierarchy for assets (Cont'd):

	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RM		RM	
Company				
As at 31 December 2013				
Investment properties	**4,026,020**	**-**	**4,026,020**	**-**
As at 31 December 2012				
Investment properties	4,026,020	-	4,026,020	-

Level 2: The fair values of available-for-sale assets cannot be measured based on quoted prices in active markets. Their fair values are measured using valuation techniques for observable markets which was based on valuation reports.

31. OPERATING LEASE COMMITMENTS

The Group and the Company had entered into commercial property leases on their investment properties. These non-cancellable leases have remaining lease terms of between one and three years. Certain leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

As at the reporting date, the Group and the Company were committed to receive the following payments in respect of operating leases:-

	Group	
	2013 RM	2012 RM
Receivable within 1 year	**1,500,000**	1,524,000
Receivable after 1 year but not more than 2 years	**875,000**	1,380,000
Receivable after 2 years but not more than 3 years	**-**	1,150,000
	2,375,000	4,054,000

32. COMPARATIVE FIGURES

The comparative figures were audited by another firm of chartered accountants other than UHY.

Supplementary Information

ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSS

The following analysis of realised and unrealised accumulated losses of the Group and of the Company at 31 December 2013 and 31 December 2012 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at 31 December 2013 and 31 December 2012 is analysed as follows:-

	Group		**Company**	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Total accumulated losses of the Company and its subsidiaries:-				
- realised	**288,952,458**	225,036,439	**(52,173,903)**	(51,155,764)
- unrealised	**31,476,303**	95,595,577	**-**	-
	320,428,761	320,632,016	**(52,173,903)**	(51,155,764)
Less: Consolidation adjustments	**(349,579,699)**	(342,279,158)	**-**	-
Total accumulated losses	**(29,150,938)**	(21,647,142)	**(52,173,903)**	(51,155,764)

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purpose.

List of Group Properties

AS AT 31 DECEMBER 2013

	LOCATION	DESCRIPTION	YEAR OF EXPIRY	AREA (HECTARES)	AGE OF BUILDING	EXISTING USE	NET BOOK VALUE (RM'000)
1	H.S. (M) Title No. 2375, 2376 & 2377 Lot P.T. 546, 547 & 548 Mukim Tanjong Dua Belas District of Kuala Langat Selangor Darul Ehsan	Leasehold land & building	2076	4.5	17	Factory premise	4,026
2	H.S. (D) Title No. 39909 Lot P.T. 19694, Mukim Batu District of Gombak Selangor Darul Ehsan	Leasehold land	2064	10.2	-	Under development	32,248
3	Title No. PN 34701, 34703, 34706 & 34708 Mukim Pekan Senawang, District of Seremban Negeri Sembilan Darul Khusus	Leasehold land	2088	1.4	-	Under development	5,884
4	Part of Master Title No. Country Lease 045091174 Mukim Menggatal District of Tuaran, Kota Kinabalu Sabah	Leasehold land	2093	607.0	-	Development land	231,008
5	Parcel 28, being approved subdivision parcel of Master Title No. Country Lease 045091174, Mukim Menggatal District of Tuaran, Kota Kinabalu Sabah	Leasehold land	2093	25.1	-	Development land	38,632
6	Part of Parent Lot No. 7125 Seksyen 2, Geran 247699 Mukim Bandar Ulu Kelang, District of Gombak Selangor Darul Ehsan	Freehold land	-	6.3	-	Under development	36,849

List of Group Properties

AS AT 31 DECEMBER 2013

	LOCATION	DESCRIPTION	YEAR OF EXPIRY	AREA (HECTARES)	AGE OF BUILDING	EXISTING USE	NET BOOK VALUE (RM'000)
7	Part of Parent Lot No. 7125 Seksyen 2, Geran 247699 Mukim Bandar Ulu Kelang, District of Gombak Selangor Darul Ehsan	Freehold land & building	-	1.1	14	Clubhouse	13,460
8	Lot P.T. 697, 698, 699, 700 & 701 Mukim Ulu Yam, District of Ulu Selangor Selangor Darul Ehsan	Leasehold land	2083	47.0	-	Development land	15,648
9	Lot No. 4, Section 36 Town of Petaling Jaya Selangor Darul Ehsan	Leasehold land and building	2060	0.8	15	Four storey office/ showroom building and annexed factory	22,000
							399,755

Shareholdings Statistics
AS AT 5 MAY 2014

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital	:	RM500,000,000
Issued and Paid-up Share Capital	:	RM346,102,679
Class of securities	:	Ordinary Shares of RM1.00 each
Voting Rights	:	Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one (1) vote for each share he holds.

Holdings	No. of Holders	Total Holdings *	% *
Less than 100	47	1,310	0.01
100 to 1,000	898	862,646	0.25
1,001 to 10,000	2,295	11,545,313	3.33
10,001 to 100,000	942	31,246,303	9.03
100,001 to less than 5% of issued shares	123	107,963,112	31.19
5% and above of issued shares	3	194,483,995	56.19
Total	**4,308**	**346,102,679**	**100.00**

* *Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 5 May 2014*

** *Negligible*

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% *
1.	Emden Investment Ltd	107,146,552	30.96
2.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for LGT Bank AG (Local)	53,600,000	15.49
3.	Chen Lip Keong	33,737,443	9.75
4.	The KL Regency Sdn Bhd	15,517,241	4.48
5.	Quantum Symbol Sdn Bhd	12,759,400	3.69
6.	Fastrack Investments Limited	10,344,828	2.99
7.	Profitline Worldwide Ltd	10,344,828	2.99
8.	Star Combination Sdn Bhd	8,885,309	2.57
9.	Importex Sdn Bhd	5,913,793	1.71
10.	HDM Nominees (Asing) Sdn Bhd Selvione Limited	5,000,000	1.44

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Names	No. of Shares Held	% *
11.	Asali Developments Sdn Bhd	4,008,621	1.16
12.	Lee Vui Lan @ Lee Sam Chit	3,232,300	0.93
13.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for LGT Bank AG (Foreign)	2,738,000	0.79
14.	CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd	2,388,700	0.69
15.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Hock See	2,165,600	0.63
16.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	992,700	0.29
17.	JF Apex Nominees (Asing) Sdn Bhd Exempt An For CIMB Securities (Singapore) Pte Ltd	760,000	0.22
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Phoa Boon Ting	730,000	0.21
19.	Anchor Peak Sdn Bhd	652,524	0.19
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Bien Sam Yuen	500,000	0.14
21.	RHB Capital Nominees (Tempatan) Sdn Bhd Bien Chin Hwa	500,000	0.14
22.	HDM Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Wee Cheow Beng	500,000	0.14
23.	Tan Beng Koon	484,100	0.14
24.	Sim Chong Wan @ Sim Tan Beg	436,400	0.13
25.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Jek Kian Yee	430,000	0.12
26.	Lee Kung Chew	390,000	0.11
27.	Public Invest Nominees (Asing) Sdn Bhd Exempt An For Phillip Securities Pte Ltd (CLIENTS)	390,000	0.11
28.	Lim Ming Lang @ Lim Ming Ann	384,100	0.11
29.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For OCBC Securities Private Limited	381,500	0.11
30.	Ngo Seh Tee	350,000	0.10
	Total	**285,663,939**	**82.53**

* *Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 5 May 2014*

Shareholdings Statistics
AS AT 5 MAY 2014

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Ordinary Shares of RM1.00 Each Held					
Name	Direct Interest	% *	Deemed Interest	% *	Total Interest	% *
Tan Sri Dr Chen Lip Keong	91,777,443 [a]	26.54	26,082,179 [b]	7.54	117,859,622	34.08
Emden Investment Limited	107,146,552	30.98	-	-	107,146,552	30.98

Notes

(a) Held as registered holder and through HSBC Nominees (Tempatan) Sdn Bhd and Cartaban Nominees (Tempatan) Sdn Bhd.

(b) Deemed interested by virtue of his interest in Asali Developments Sdn Bhd, Importex Sdn Bhd and The K.L. Regency Sdn Bhd and his deemed interest in Anchor Peak Sdn Bhd.

** Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 5 May 2014.*

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN THE COMPANY AND RELATED CORPORATIONS

In Petaling Tin Berhad

	Number of Ordinary Shares of RM1.00 Each Held					
Name	Direct Interest	% *	Deemed Interest	% *	Total Interest	% *
Datuk Haji Jaafar bin Abu Bakar	5,000	**	-	-	5,000	**
Datuk Wan Kassim bin Ahmed	-	-	-	-	-	-
Dato' Nik Kamaruddin bin Ismail	-	-	-	-	-	-
Tiang Chong Seong	-	-	-	-	-	-
Lim Mun Kee	-	-	-	-	-	-
Chen Yiy Fon	-	-	-	-	-	-

** Excluding a total of 271,700 Petaling Tin Berhad ("PTB") shares bought back by PTB and retained as treasury shares as at 5 May 2014*

Notes

(a) Held as registered holder and through HSBC Nominees (Tempatan) Sdn Bhd and Cartaban Nominees (Tempatan) Sdn Bhd.

(b) Deemed interested by virtue of his interest in Asali Developments Sdn Bhd, Importex Sdn Bhd and The K.L. Regency Sdn Bhd and his deemed interest in Anchor Peak Sdn Bhd.

(c) By virtue of his substantial interests in the Company, Tan Sri Dr Chen Lip Keong is deemed to have an interest in all shares held by the Company in its related corporations.

(d) Save as disclosed, none of the directors have any interests in the shares of the Company or its related corporations as at 5 May 2014.

*** Negligible*

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-Eighth Annual General Meeting of Petaling Tin Berhad will be held at Bukit Unggul Country Club Berhad, Lot P.T 2180 - 2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan on Thursday, 26 June 2014 at 10.30 a.m. for the following purposes:

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2013 together with the Reports of Directors and Auditors thereon. **(See Note 2)**

2. To approve the payment of Directors' fees of RM276,000/- for the financial year ended 31 December 2013. **Resolution 1**

3. To re-elect the following directors who are retiring pursuant to Article 80 of the Company's Articles of Association, and being eligible, offer themselves for re-election:

   (a) Mr Lim Mun Kee **Resolution 2**

   (b) Mr Chen Yiy Fon **Resolution 3**

4. To appoint Auditors of the Company and to authorise the Directors to fix their remuneration.

   "**THAT** UHY Chartered Accountants be and are hereby re-appointed Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorized to determine their remuneration." **Resolution 4**

As Special Business:

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 5**

   "**THAT** the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time subject to Section 132D(3) and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being."

6. Retention of Independent Directors

6.1 That Datuk Haji Jaafar Bin Abu Bakar be retained as Independent Director, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting. **Resolution 6**

6.2 That Datuk Wan Kassim Bin Ahmed be retained as Independent Director, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting. **Resolution 7**

To consider and, if thought fit, to pass the following Special Resolution:

7. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

LAM HOI KHONG (MIA 18848)
VOON YOON MEI (MAICSA 0802554)
Company Secretaries

Petaling Jaya
4 June 2014

Notes:

1. Appointment Of Proxy

(a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2014 shall be entitled to attend, speak and vote at the meeting.

(b) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.

(c) Where a member is an exempt authorized nominee which holds ordinary shares in the Company for multiple owners in one securities account (omnibus account) as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

(d) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

(e) The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if such appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised.

(f) The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Share Registrar of the Company at Ground Floor, No.118, Jalan Semangat, 46300 Petaling Jaya at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

(g) The 2013 Annual Report is in CD-ROM format. Printed copies of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive a printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Goh Chin Khoon at Tel : 603-79681001 & Fax : 603-79588013 or Voon Yoon Mei at Tel : 603-79681222 & Fax : 603-79541155 or e-mail to comsec@petalingtin.com

2. Explanatory Note on Ordinary Business

Audited Financial Statements Of The Company For The Financial Year Ended 31 December 2013

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward for voting.

3. Explanatory Note on Special Business

(a) Authority To Allot And Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

Ordinary Resolution 5 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

No proceeds were raised from the previous mandate.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities for the purpose of funding further investment project(s), working capital and/or acquisitions.

(b) Retention of Independent Directors

i Datuk Haji Jaafar Bin Abu Bakar

Datuk Haji Jaafar Bin Abu Bakar was appointed Independent Director on 1 August 1997. Datuk Haji Jaafar Bin Abu Bakar has served the Company for more than seventeen years (17) as at the date of the notice of the AGM and has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Datuk Haji Jaafar Bin Abu Bakar to be independent and recommends Datuk Haji Jaafar Bin Abu Bakar to remain as an Independent Director.

ii Datuk Wan Kassim Bin Ahmed

Datuk Wan Kassim Bin Ahmed was appointed an Independent Director on 2 July 2001. Datuk Wan Kassim Bin Ahmed has served the Company for more than thirteen (13) years as at the date of the notice of the AGM and has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Datuk Wan Kassim Bin Ahmed to be independent and recommends Datuk Wan Kassim Bin Ahmed to remain as an Independent Director.

Statement Accompanying Notice of Annual General Meeting

1. Name of the Directors who are standing for re-election:
   (a) Mr Lim Mun Kee
   (b) Mr Chen Yiy Fon

2. Details of attendance of Directors at Board Meetings are set out on page 9 of the Annual Report

3. Date, Time and Venue of the Annual General Meeting

Thursday, 26 June 2014 at 10.30 a.m, Bukit Unggul Country Club Berhad, Lot P.T 2180 - 2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan.

4. Further details of Directors who are standing for re-election are disclosed under Profile of Directors/CEO on pages 6 to 7 of this Annual Report. The shareholdings of these Directors in the Company are disclosed under Analysis of Shareholdings on page 88 of this Annual Report.

Notes

PETALING TIN BERHAD (324-H)
INCORPORATED IN MALAYSIA

Proxy Form

No. of Shares: ____________ CDS Account No.: ____________

I/We ____
(Full Name of Shareholder)

of ____
(Full Address of Shareholder)

being a member of Petaling Tin Berhad, hereby appoint ______________________________
(Full Name of Proxy)

of ____
(Full Address of Proxy)

or failing him/her, ____
(Full Name of Proxy)

of ____
(Full Address of Proxy)

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eighty-Eighth Annual General Meeting of the Company to be held at Bukit Unggul Country Club Berhad, Lot P.T 2180 - 2182, Mukim Dengkil, Daerah Sepang, 43807 Dengkil, Selangor Darul Ehsan on Thursday, 26 June 2014 at 10:30 a.m. and at any adjournment thereof.

No.	Resolutions	For	Against
1.	Approval of the payment of Directors' fees.		
2.	Re-election of Mr Lim Mun Kee.		
3.	Re-election of Mr Chen Yiy Fon.		
4.	Appointment of UHY Chartered Accountants as Auditors.		
5.	Authority pursuant to Section 132D of the Companies Act, 1965.		
6.	Retention of Datuk Haji Jaafar Bin Abu Bakar as Independent Non-Executive Director.		
7.	Retention of Datuk Wan Kassim Bin Ahmed as Independent Non-Executive Director.		

(Please indicate with an "x" in the appropriate box how you wish your vote to be cast. If this Proxy Form is returned without any indication as how the proxy shall vote, the proxy will vote or abstain from voting as he thinks fit.)

Signed this ____________ day of ____________, 2014

Signature/Seal of Shareholder : ____________ Telephone No. (during office hours) : ____________

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 June 2014 shall be entitled to attend, speak and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
3. Where a member is an exempt authorized nominee which holds ordinary shares in the Company for multiple owners in one securities account (omnibus account) as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
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6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Share Registrar of the Company at Ground Floor, No.118, Jalan Semangat, 46300 Petaling Jaya at least forty-eight (48) hours before the time for holding the meeting or adjourned meeting.
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Affix Stamp

The Share Registrar of Petaling Tin Berhad (324-H)

Semangat Corporate Resources Sdn Bhd
Ground Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Malaysia

PETALING TIN BERHAD (324-H)

1st Floor, No 118, Jalan Semangat, 46300 Petaling Jaya, Selangor Darul Ehsan
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