CREST BUILDER HOLDINGS BERHAD

(573382-P)

annual report **2011**

CONTENTS

Corporate Profile

CBHB was incorporated in Malaysia under the Companies Act, 1965 on 9th March 2002 as a public limited company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia on 12th June 2003.

The CBHB Group was founded in 1985 by Mr Yong Soon Chow. What started out as a small timer of less than 10 staffs has grown to a strong corporation of over 500 staffs under its stable. Over the past 25 years, the CBHB Group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB group has a proven track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With an good blend of experience and vibrant protégés in its management team, the CBHB Group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, M&E services and project management – and most recently, upon completion of our RM300million maiden development 3 Two Square, the Group has also diversified into property management as well as car park management.

With the vision to be the 'Preferred' organization of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction.

Notice of 10th Annual General Meeting

NOTICE is hereby given that the 10th annual general meeting will be held

Venue	Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur
Day, date and time	Wednesday, 20 June 2012 at 9:30 a.m.

AGENDA

Ordinary business

1. Laying of audited accounts

To receive and adopt the duly audited accounts consisting of the consolidated profit and loss account, the balance sheet, the reports of the Directors and auditors for the financial year ended 31 December 2011, in compliance with Section 169(1) and Section 174(1) of the Companies Act, 1965 ("Act") respectively. *Resolution 1*

2. Declaration of dividend

THAT the payment for a first and final dividend of 5% less 25% taxation per share in respect of the financial year ended 31.12.2011 be hereby approved. *Resolution 2*

3. Election of director

THAT re-election of the Non-Executive Chairman, Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah, who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved. *Resolution 3*

4. Election of director

THAT re-election of the Executive Director, Madam. Koh Hua Lan who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved. *Resolution 4*

5. Election of director

THAT re-election of the Senior Independent Non-Executive Director, Mr. Keong Choon Keat, who retires in accordance with Article 80 of the Company's Articles of Association, be hereby approved. *Resolution 5*

6. Appointment of auditors

THAT the appointment of Messrs Baker Tilly Monteiro Heng, Chartered Accountants (AF 0117), as the auditors in accordance with Article 57 of the Company's Articles of Association and pursuant to Section 172(2) of the Act for the ensuing financial year ending 31 December 2012 be confirmed and that the directors be authorised to fix the remuneration of the auditors pursuant to Section 172(16)(a) of the Act, be hereby approved. *Resolution 6*

Special business

7. Approval for payment of directors' fees

THAT the payment of RM250,000 as directors' fee for the year ended 31 December 2011 (2010 : RM250,000) in accordance with Article 88 of the Company's Articles of Association be hereby approved. *Resolution 7*

8. Authority for issue of shares pursuant to Section 132D of the Act.

THAT pursuant to Section 132D of the Act and subject to the approval of all relevant authorities being obtained, the Directors be empowered to issue shares in the Company at any time 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 issued pursuant to this resolution does not exceed 10% of the issued and paid up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. ***Resolution 8***

9. Proposed renewal of shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature and mandate for additional recurrent related party transactions of a revenue or trading nature

THAT the shareholders' mandate granted by the shareholders of the Company on 22 June 2011 pursuant to paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, authorizing the Company and its subsidiaries (the "CBHB Group"), to enter into the Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the CBHB Group's day-to-day operations as set out in paragraph 4.2 of the Circular to Shareholders dated 28 May 2012 ("Circular") with the related parties mentioned therein, be and is hereby renewed and **THAT** approval be and is hereby given to the Company to enter into additional Recurrent Related Party Transactions of a revenue or trading nature with the related parties mentioned therein, provided that:- ***Resolution 9***

(i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) the disclosure of the breakdown aggregate value of the transactions conducted during a financial year will be disclosed in the annual report for the said financial year based on the following information:-

i. the type of the Recurrent Related Party Transactions made;

ii. the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

AND THAT the authority conferred by such renewed and granted mandate shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposal is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed; and

(ii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposal.

10. Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital

Resolution 10

THAT subject to the Companies Act, 1965 ("the Act"), rules and regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association ("Articles") and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:-

(i) the aggregate number of ordinary shares of RM1-00 each in CBHB ("CBHB Shares") which may be purchased or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Board of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained profits and/or share premium account of the Company for the time being which stood at RM19,930,868 and RM nil respectively as at 31 December 2011 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2011;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;

  i. the conclusion of the next annual general meeting ("AGM") of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

  ii. the expiration of the period within the next AGM of the Company after that date is required by law to be held; or

  iii. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

  iv. whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the Directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force,

AND THAT the Directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares.

NOTICE OF DIVIDEND ENTITLEMENT

Further NOTICE is hereby given that a first and final dividend of 5% less 25% taxation per share in respect of the financial year ended 31.12.2011 if approved by shareholders, will be paid on 3 August 2012 to depositors registered in the Record of Depositors at the close of business on 12 July 2012.

A depositor shall qualify for entitlement only in respect of:

(a) share transferred into the depositor's securities account before 4:00 noon on 12 July 2012 in respect of ordinary transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

Company Secretaries
Heng Chiang Pooh FCIS (MAICSA 7009923)
Chiam Han Twee FCIS (MAICSA 7009910)

Dated : 28 May, 2012

Notes :-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*

3. *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.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of a officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at No. 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur not less than 48 hours before the time set for holding for the meeting or any adjournment thereof.*

Statement Accompanying Notice of 10th Annual General Meeting

1. ORDINARY BUSINESS – RESOLUTION 2

The Directors now recommend a first and final dividend of 5% or 5 sen (RM0.05) less 25% income tax per each ordinary share held in respect of the financial year ended 31 December 2011, giving rise to total net dividend for the financial year of 3.75 sen per ordinary share held.

2. ORDINARY BUSINESS – RESOLUTION 3, 4, & 5

The particulars of the retiring Directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows:-

Name of Directors	Directors' Profile	Directors' Shareholdings
Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	Page 12	Page 113
Koh Hua Lan	Page 12	Page 113
Keong Choon Keat	Page 12	Page 113

Details of Directors' attendance at Board Meetings are set out in the Statement on Corporate Governance on Page 20 of the Annual Report.

3. SPECIAL BUSINESS – RESOLUTION 7

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Articles of Association as follows:-

Article 88 Directors' Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the company in general meeting, and such remuneration shall be divided among the Directors in such proportion and manner as the Directors may determine. Provided always that:-

(a) fees payable to Directors who hold no executive office in the company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an Alternate Director shall be such as agreed between himself and the Director nominating him shall be paid out of the remuneration of the latter.

Statement Accompanying Notice of 10th Annual General Meeting

4. SPECIAL BUSINESS – RESOLUTION 8

The Company had during its 9th Annual General Meeting held on 22 June 2011, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965. The Company did not issue any shares pursuant to the said mandate.

This Proposed Resolution No. 8 which is an Ordinary Resolution, if passed, will grant a renewed general mandate which will provide flexibility for the Company and will empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next annual general meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company shall make an announcement in respect thereof.

5. SPECIAL BUSINESS – RESOLUTION 9

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company, and the renewal thereof on an annual basis, will eliminate the need by the Company to announce and/or convene separate general meetings from time to time to seek shareholders' approval for the Group to enter into the Recurrent Related Party Transactions with Farima Sdn Bhd. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without however compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. Further information can be obtained in Part A of the accompanying circular dated 28 May 2012.

6. SPECIAL BUSINESS – RESOLUTION 10

The Proposed Share buy-back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in Part B of the accompanying circular dated 28 May 2012.

Corporate Information

BOARD OF DIRECTORS

Tengku Dato' Sulaiman Shah
bin Tengku Abdul Jalil Shah
- Non-Executive Chairman

Yong Soon Chow
- Managing Director

Koh Hua Lan (f)
- Executive Director

Yong Shang Ming
- Executive Director

Keong Choon Keat
- Senior Independent Non-Executive Director

Mohd Khasan bin Ahmad
- Independent Non-Executive Director

Kam Yong Kan
- Independent Non-Executive Director

Yong Tiok Keng (f)
- Executive Director, Alternate to Koh Hua Lan

AUDIT COMMITTEE

Mohd Khasan bin Ahmad, *Chairman*
Keong Choon Keat
Kam Yong Kan

REMUNERATION COMMITTEE

Yong Soon Chow, *Chairman*
Keong Choon Keat
Mohd Khasan bin Ahmad

NOMINATION COMMITTEE

Kam Yong Kan, *Chairman*
Keong Choon Keat
Mohd Khasan bin Ahmad

OPTION COMMITTEE

Keong Choon Keat, *Chairman*
Mohd Khasan bin Ahmad
Yong Soon Chow

COMPANY SECRETARIES

Heng Chiang Pooh FCIS (MAICSA 7009923)
Chiam Han Twee FCIS (MAICSA 7009910)

REGISTERED OFFICE

No. 14-2, Jalan 4A/27/A
Section 2, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4149 8128
Fax : 03-4142 3128

PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000
Fax : 03-7841 6088
Email : corporate@crestbuilder.com.my

SHARE REGISTRAR

ShareWorks Sdn Bhd
No. 10-1, Jalan Sri Hartamas 8,
Sri Hartamas
50480 Kuala Lumpur
Tel : 03-6201 1120
Fax : 03-6201 3121

AUDITORS

GEP Associates
(A Member Firm of AGN International)
Chartered Accountants (AF 1030)
Wisma GEP
No. 25, Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 - 7803 3390
Fax : 03 - 7803 3603

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank Berhad
CIMB Bank
Bank Islam Malaysia Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

Corporate Structure

CREST BUILDER HOLDINGS BERHAD

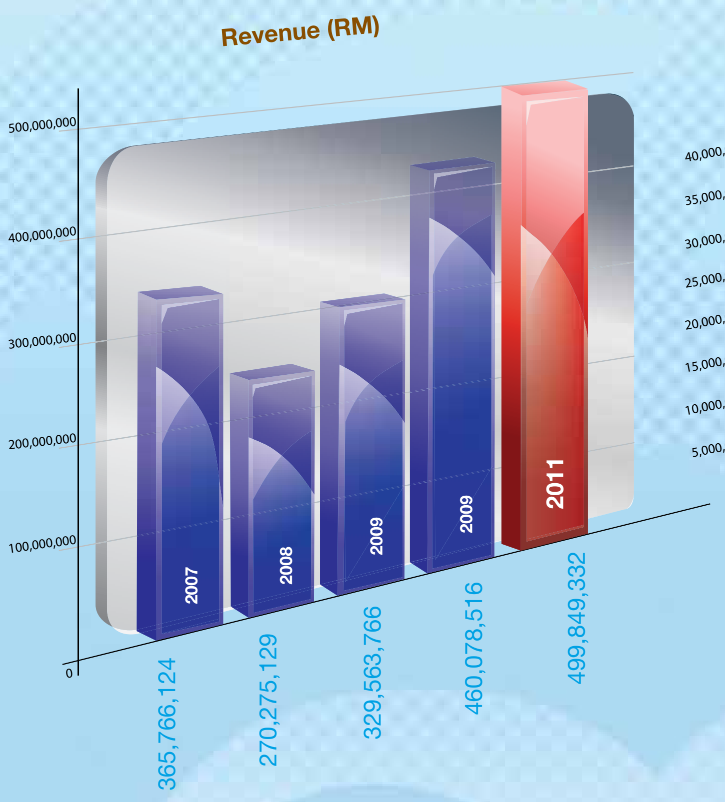
(573382-P)

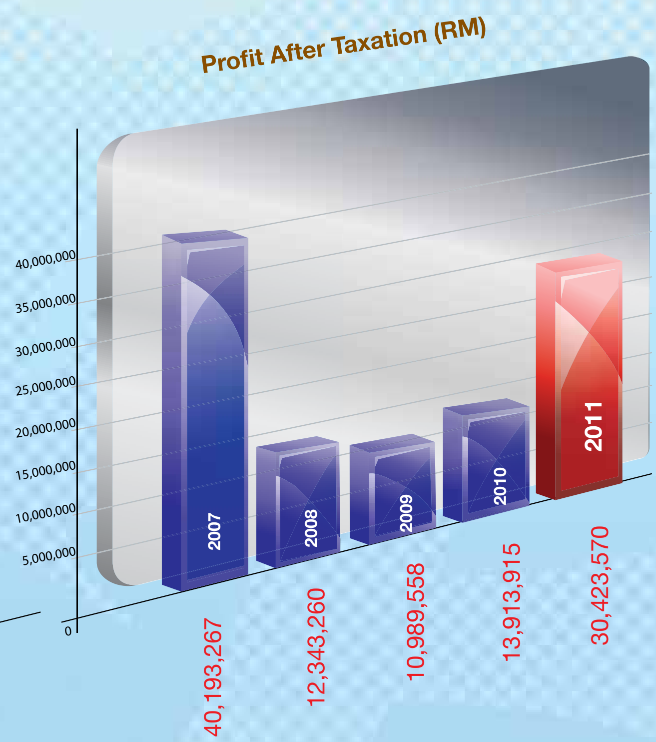
Investment Holding

- **Crest Builder Sdn Bhd** — 110330-K — Construction — 100%
  - **Crestland Development Sdn Bhd** — 316852-A — Property Investment — 100%
- **CBTech (M) Sdn Bhd** — 508386-M — Mechanical & Electrical Engineering Services — 100%
- **3 Two Square Sdn Bhd** — 617273-X — Property Investment — 100%
- **CB Land Sdn Bhd** — 658719-D — Property Development — 100%
- **Nepfield Sdn Bhd** — 592256-M — Property Development — 100%
- **Vertical Success Sdn Bhd** — 691623-V — Property Investment — 100%
- **Crestland Project Management Sdn Bhd** — 659478-V — Project Management — 100%
- **Crest Builder International Sdn Bhd** — 644441-T — Investment Holding — 100%
  - **Unitapah Sdn Bhd** — 846665-X — Concession Holder — 51%
- **Damansara One Sdn Bhd** — 669184-V — Dormant — 100%

Financial Highlights

Financial Year End	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	**365,766,124**	**270,275,129**	**329,563,766**	**460,078,516**	**499,849,332**
Profit Before Taxation	**52,810,181**	**18,607,593**	**17,564,685**	**20,120,723**	**37,350,323**
Profit After Taxation	**40,193,267**	**12,343,260**	**10,989,558**	**13,913,915**	**29,414,961**
Profit attributable to owners of the Company	**40,193,267**	**12,343,260**	**10,989,558**	**13,938,701**	**30,423,570**
Total Number of Shares	123,911,450	124,089,450	124,089,450	124,089,450	124,089,450
Basic Earnings per Share (sen)	32.46	9.95	8.85	11.23	24.56
Diluted Earnings per Share (after full conversion of Warrants)	31.62	n/a	n/a	n/a	n/a
Gross Dividend (%)	7.0	3.0	4.0	4.0	5.0





Director's Profile

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah * [Non-Executive Chairman], aged 56, was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 20 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed the "Orang Besar Istana" in the year 1996 with the bestowed title of "Tengku Setia Selangor". In the following year, he was also conferred "Dato Di Raja Selangor". In the year 2007, he was awarded "Dato Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group. He attended four (4) out of the five (5) Board meetings held during the financial year ended 31 December 2011

Yong Soon Chow [Managing Director], aged 60, was appointed to the Board on 26 February 2003. Mr Yong is the co-founder of Crest Builder Sdn Bhd and is the driving force behind the Group. Mr Yong started his career as an engineer with Jabatan Kerja Raya from 1977 to 1981. In year 1983, he formed Crest Builder Sdn Bhd and has successfully turned it into a profitable concern. Over the years, he has accumulated invaluable experience and in depth knowledge of civil engineering and construction industry in general from on the job training. He is responsible for the overall business operations and the implementation of policies and strategies of the Group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2011.

Koh Hua Lan (f) * [Executive Director], aged 60, was appointed to the Board on 26 February 2003. Madam Koh is a co-founder of Crest Builder Sdn Bhd and she has more than 20 years of experience in financial and administration management. She is principally responsible for the administration, human resource and management support services of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2011.

Yong Shang Ming [Executive Director], aged 29 was appointed to the Board on 31 January 2008. He graduated from City University, London with a Honours Degree in Civil Engineering He joined the Group in June 2003 as the Special Assistant to the Group Managing Director. He is involved in the project procurement and implementation as well as the business development ventures of the Group. He is also involved in the project planning, development and marketing operations of the Group's property development projects. He attended four (4) out of the five (5) Board meetings held during the financial year ended 31 December 2011

Keong Choon Keat * [Senior Independent Non-Executive Director], aged 67, was appointed to the Board on 25 February 2003 and is a member of the Audit Committee. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was attached to Bristol Myers & Company Ltd. in England as an Accountant in 1968. He then left and joined Malaysian Tobacco Company Berhad as an Accountant in 1969. From 1974 to 1999 he was attached to UMW Holdings Bhd where he held various management positions in the group before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. He also serves on the Board of JT International Berhad, Chin Teck Plantations Berhad and Negeri Sembilan Oil Palms Berhad. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2011.

Mohd Khasan Bin Ahmad [Independent Non-Executive Director], aged 51, was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the Director of Ta Win Holdings Berhad, Farm Best Berhad and Homeritz Corporation Berhad. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2011.

Kam Yong Kan [Independent Non-Executive Director], aged 53, was appointed to the Board on 26 February 2003 and also a member of the Audit Committee. He is an ex-fellow member of the Association of Chartered Certified Accountants, United Kingdom, an ex-member of the Malaysian Institute of Accountants and an Associate member of the Malaysian Institute of Taxation. He has over 25 years experience in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group. He attended all of the five (5) Board meetings held during the financial year ended 31 December 2011.

Yong Tiok Keng (f) [Executive Director, Alternate to Koh Hua Lan (f)], aged 33, was appointed to the Board on 25 May 2009. She holds a B. Sc in Accounting & Finance from London School of Economics in 2001. She has over 9 years of experience in the fields of accounting and corporate finance activities and she is currently the Corporate Affairs Manager of CBHB. She is principally responsible for the Corporate Affairs and financial policies of the Group. She attended all of the five (5) Board meetings held during the financial year ended 31 December 2011.

Further information

All the Directors are Malaysian.

Except for certain recurrent related party transaction of revenue nature or trading nature which are necessary for the day to day operation of the Group and for which Tengku Dato Sulaiman Shah Bin Tengku Abdul Jalil Shah is deemed to be interested as disclosed in page 26.

Yong Soon Chow and Koh Hua Lan are husband and wife. Yong Shang Ming is the son to Yong Soon Chow and Koh Hua Lan. Yong Tiok Keng is the daughter to Yong Soon Chow and Koh Hua Lan. Yong Tiok Chin (a major shareholder) is the daughter to Yong Soon Chow and Koh Hua Lan and sibling to Yong Shang Ming and Yong Tiok Keng. Saved as disclosed herein, there are no family relationships between the Directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the Directors are disclosed on page 113. By virtue of their interest in shares of the Company and under Section 6A of the Companies Act 1965, Yong Soon Chow and Koh Hua Lan are deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the Directors has been convicted of any offence within the past ten years other than traffic offences if any.

Note:

* *Indicates Directors who retire according to the Articles of Association of the Company and are eligible to offer themselves for re-election.*

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Financial Statement of the Company for the financial year ended 31 December 2011.

FINANCIAL REVIEW

The Group again showed financial resilients and delivered a set of satisfactory financial performance.

For the year 2011, the Group registered turnover of RM 499.85 million a 8.6% increase compared to RM 460.08 million in the previous year. Profit before taxation for 2011 was at RM 37.35 million against RM 20.12 million in 2010. Such increase was mainly attributable to the sale of a piece of land in Damansara Perdana. The construction division and property division also contributed 52% and 25% respectively to the Group's profit before tax.

The Group's earnings per share for 2011, was valued at 24.56 sen (2010: 11.23 sen)

Dividends

The Board continues to maintain a reasonable balance between dividend payouts and the setting aside of funds for the future business growth of the Group.

The Board has recommended a first and final gross dividend of 5.0 sen per share, less income tax of 25% at this Annual General Meeting.

Malaysian Economy and Development

The year of 2011 has seen a modest growth for Malaysia economy with the Gross Domestic Product ("GDP") growth rate of 5.1%. With the on-going debt crisis in Europe and the United States of America, the Malaysia economy has once again proven to be resilient to withstand the challenges, amongst others export market, currency exchange, prices of building materials and other commodities.

We anticipate continued growth in construction activities in 2012, underpinned by higher investments and infrastructure development projects, which can largely be attributed to the Government's Economic Transformation Programme and the 10th Malaysia Plan. The Government has also pumped in many infrastructure projects to stir up the local economy, especially the mega Klang Valley MRT project.

Prospects

The Group will continue to focus on the replenishment of its current order book with new construction projects. Continuous efforts have been taken to identify various strategic measures to improve the Group's construction margins to ensure better contribution to the bottom line. As such, the Group has been innovatively implementing new building systems and methods of construction to enhance the productivity and efficiency of the operations.

The Group's stringent clientele and projects selection continue to be the main yardstick for projects that we are involved in. We are focused on securing projects of high quality standards by esteemed developers with strong credentials as our business partners. These high quality standards are based on Singapore Building & Construction Authority's CONQUAS 21 standards. Adding to these attributes, the current huge fleet of machineries and tower cranes also enable the Group to build a niche in construction of high rise buildings. The current strategy of targeting projects in vibrant neighbourhoods and city centre allows a better exposure to the public whereby the Group is able to enhance the brand name to build better Shareholders' value.

The Group's Concession Project with Ministry of Higher Education and University Teknologi Mara (Design, development, construction and completion of the facilities and Infrastucture and the maintenance new UiTM campus in Tapah, Perak) is on target to complete in January 2014. The project is expected to contribute positively for the long term earnings of the Group

The Group is placing more emphasis in property division. We intend to build a healthy portfolio and not to be over-reliant on the construction division. The completion and handover of our maiden property development project 3 Two Square has been the strong base for our next step into property development. The shops and office suites have been sold out; the Group have retain the Corporate Tower 'The Crest' as well as the car parks for recurring income for the Group.

Alam Idaman, launched in December 2009 will be completed and handed over in 2012. Avenue Crest, also in Shah Alam will see its official launch this year as well. This project comprises 495 units of boutique office suites with a retail podium. We are rolling out another project namely Alam Sanjung. This project comprises 600 units of affordable apartments

In March 2012, The Group's wholly owned subsidiary Crest Builder International Sdn Bhd & its joint venture partner Detik Utuh Sdn Bhd, acting under unincorporated Consortium known as Crest Builder International Sdn Bhd & Detik Utuh Sdn Bhd JV ("Crest Builder – Detik Utuh JV"), had received a Letter Of Acceptance Syarikat Prasarana Negara Berhad to jointly develop the land on Dang Wangi LRT station. The proposed development is a mixed commercial development which comprises of a retail mall, upscale premium serviced residential suites and offices, with an estimated Gross Development Value of RM1 billion.

Acknowledgement

On behalf of the Directors and Management of Crest Builder Holdings Berhad, I would like to extend our appreciation to all our shareholders, valuable customers, financiers and business associates for their confidence and continued support for the Group.

I must express my gratitude to all the employees of the Group for contributing to the results for the year through their untiring commitments, dedication and loyalty.

Lastly, my sincere thanks to my fellow Directors for their invaluable advice and guidance to the Board.

Chairman
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah

Report of the Audit Committee

COMPOSITION AND MEMBERS

The current Audit Committee comprises three (3) members of the Board who are all Independent Non-Executive Directors. All the Independent Non-Executive Directors, Mohd Khasan Bin Ahmad, Keong Choon Keat and Kam Yong Kan are members of the Malaysian Institute of Accountants. Below are the members of the Audit Committee during the financial year:-

	Directors	Status
1.	Mohd Khasan Bin Ahmad - Chairman	Independent Non-Executive Director
2.	Keong Choon Keat	Senior Independent Non-Executive Director
3.	Kam Yong Kan	Independent Non-Executive Director

TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:

1. Composition

(i) The Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three members, all current members are independant non-executive Directors; and at least one member of the audit committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967.

© fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad or approved by the Securities Commission

The Chairman shall be an independent non-executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within 3 months.

(iii) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiaries within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. Functions

The functions of the Committee are as follows:

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal controls;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

(v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

- (a) changes in or implementation of major accounting policy changes;
- (b) significant and unusual events;
- (c) significant adjustments arising from the audit
- (d) compliance with accounting standards and other legal requirements
- (e) compliance with Bursa Malaysia Securities Berhad; and
- (f) the going concern assumption

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

(ix) consider the nomination, appointment and re-appointment of external auditors; their audit fees; and any questions on resignation or removal; and

(x) review the allocation of options during the year under the Company's Employees Share Option Scheme ("ESOS") to ensure that it is in accordance with the criteria determined by the Option Committee and in compliance with the ESOS by-laws.

5. Meetings

(i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

(ii) In order to form a quorum for any meeting of the Committee, two (2) of the members must be present and all present must be Non-Executive Directors and majority must be Independent Directors.

(iii) The meetings and proceedings of the Committee are governed by the provisions of the Articles of Association of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

(iv) The director/person responsible for the financial management of the parent company and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

(v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or members of the Company.

(vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors, and employees of the listed issuer whenever deemed necessary.

6. Secretary and minutes

The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members, and the Company's Directors who are not members of the Committee.

MEETINGS

The Audit Committee convened five (5) meetings in respect for financial year ended 31 December 2011. The attendance for the meetings were as follows:

	Members	No. of Meetings Attended	No. of Meetings Held During Tenure
1.	Mohd Khasan Bin Ahmad - Chairman	5	5
2.	Keong Choon Keat	5	5
3.	Kam Yong Kan	5	5

SUMMARY OF ACTIVITIES

For the financial year under review, the Audit Committee carried out its duties as set out in the terms of reference. The Committee convened five (5) meetings to review the following:-

- The annual financial statements prior to submission to the Board of Directors for consideration and approval;
- The unaudited Quarterly Financial Results for four quarters in year 2011 for the release to the Bursa Malaysia Securities Berhad;
- The Recurrent Related Party Transactions and Related Party Transactions of the Company;
- The Statement of Corporate Governance and Internal Control Statement for disclosure in Annual Report year 2010;
- Review of the internal audit report for financial year 2010 & 2011 including internal controls; and implementation of recommendations;
- The internal and external audit planning memorandums and programmes of the Internal and External Auditors for the following year as well as the recommendation of their respective fees to the Board.
- Consider and recommend to the Board of Directors the appointment of external and internal auditors;
- The recommendations by the external auditors in respect of control weaknesses noted during the course of their audit;
- The allocation of options under the Company's ESOS scheme to ensure its compliance with By-laws

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members with sufficient notification.

INTERNAL AUDIT FUNCTION

The Company has an out-sourcing arrangement with an independent professional firm to provide internal audit services which assists the Audit Committee in the discharge of its functions. The Internal Auditor is to provide independent and objective reports on the organization's management records, accounting policies and controls directly to the Audit Committee. Such audits/reviews also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposures.

During the financial year, the Internal Auditor conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The Internal Auditor also established follow-up audits/reviews to monitor and to ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to Senior Management and are tabled at the Audit Committee Meeting. Internal audit fees of RM65,000 was paid to the outsourced internal auditors for the financial year ended 31 December 2011.

During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Audit Committee.

Statement on Corporate Governance

The Board of Directors remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 respectively of the Malaysian Code on Corporate Governance (the "Code"). Additionally, the Board continually reviews the Group's corporate governance processes and makes adjustments as may be appropriate. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring board effectiveness in enhancing shareholder value.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

PRINCIPLE STATEMENT

The following statement sets out how the Company has applied the principles in Part 1 of the Code.

A. DIRECTORS

The Board

The Group recognizes the important role played by the Board of Directors in the stewardship of its direction and operations and ultimately the enhancement of long term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business direction of the Group and corporate governance matters.

Details of the attendance of the Directors at the Board Meetings are as follows:

Directors		Number of meetings attended
(i)	Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah	4/5
(ii)	Yong Soon Chow	5/5
(iii)	Koh Hua Lan	5/5
(iv)	Lee Sooi Teng *(Resigned w.e.f. 31 December 2011)*	5/5
(v)	Yong Shang Ming	4/5
(vi)	Keong Choon Keat	5/5
(vii)	Mohd Khasan Bin Ahmad	5/5
(viii)	Kam Yong Kan	5/5
(ix)	Yong Tiok Keng *(Alternate to Koh Hua Lan)*	5/5

Where a potential of conflict arise in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

Board Balance

As at the date of this statement the Board has eight (8) members, comprising four (4) Non-Executive Directors and four (4) Executive Directors. Three (3) of the eight (8) Directors are Independent Non-Executive Directors, which complies with paragraph 15.02 of the Listing Requirements that requires at least two Directors or one-third of the board of the Company, which ever is the higher, to be independent Directors. A brief profile of each Director is presented on pages 12 and 13 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority.

The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organizational effectiveness and implementation of the Board's policies and decisions.

Although all the Executive Directors have an equal responsibility for the Group's operations, the presence of the Independent Non-Executive Directors on the Board fulfills a pivotal role in ensuring corporate accountability, as they provide unbiased and independent views, advices, opinions and judgments to take into account of the interests, not only of the Group but also the interest of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts business. The Independent Non-Executive Directors are actively involved in the various Board Committees. They provide broader views, independent assessments and opinions on management proposals sponsored by the Executive Directors.

The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industries in which the Group is involved in. A key strength of this structure has been the speed of decision making.

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written constitutions and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

(i) Audit Committee

The Audit Committee whose composition meets the revised Listing Requirements of Bursa Malaysia Securities Berhad, i.e. All members are Non-Executive Directors and at least one member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Audit Committee Report is set out on page 16. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

(ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of Crest Builder Holdings Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Committee.

The Committee will review the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

The members of the Nomination Committee, all of whom are Independent Non-Executive Directors are as follows:

(i) Kam Yong Kan *(Chairman)*
(ii) Keong Choon Keat
(iii) Mohd Khasan bin Ahmad

During the financial year, one (1) meeting was held and was attended by all members of the Nomination Committee.

(iii) Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the Executive Directors of the Group. The Remuneration Committee proposes, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each Director for his services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee are as follows:

(i) Yong Soon Chow *(Chairman)*
(ii) Keong Choon Keat
(iii) Mohd Khasan bin Ahmad

During the financial year, one (1) meeting was held and was attended by all members of the Remuneration Committee.

(iv) Option Committee

The Option Committee was established on 15 March 2007. The Option Committee was established to administer the Group's Employee Share Option Scheme ("ESOS") in accordance with the By-Laws of the ESOS and in such manner as it shall deem fit and, with such powers and duties as are conferred upon it by the Board of Directors.

The members of the Option Committee are as follows:

(i) Keong Choon Keat *(Chairman)*
(ii) Mohd Khasan bin Ahmad
(iii) Yong Soon Chow

During the financial year, one (1) meeting was held and was attended by all members of the Option Committee.

Supply of Information

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers are comprehensive and encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made.

All Directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

Appointments and Re-elections to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

As part of the process of appointing new Directors, the Board ensures that new Directors are provided with an orientation and education programme.

The board acknowledges the amendments to the Listing Requirements of Bursa Malaysia ("CEP Amendments") which stated that from year 2005 onwards, the Board of Directors of listed companies will assume the onus of determining or overseeing the training needs of their Directors. During the year, the Directors have attended various training programmes, seminars and briefings to keep abreast of the relevant new laws and regulations changes in business environment and developments in corporate governance and risk management. The Directors will continue to undergo other relevant training programmes to equip themselves with the knowledge to discharge their duties more effectively.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Articles also provide that at least 1/3 of the remaining Directors be subject to re-election by rotation at each Annual General Meeting, provided that all Directors including the Managing Director shall retire from office at least once every three years but shall be eligible for re-election.

B. DIRECTORS' REMUNERATION

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the group effectively. Generally, the remuneration of each Director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group performance.

The Remuneration Committee shall recommend to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director of the Group. The Remuneration Committee also reviews and recommends for the Board's approval all other Director's fees.

Disclosure

The Board has considered disclosure of details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" as required by the Listing Requirements.

The remuneration/fees received by the Directors from the Group for the financial year ended 31 December 2011 as follows:

Salary Band	Executive Director (Number of Directors)	Non-Executive Director (Number of Directors)
Less than 50,000	–	4
100,001 to 150,000	1	
150,000 to 200,000	1	
200,001 to 250,000	1	
300,000 to 350,000	1	
550,000 to 600,000	1	

Aggregate remuneration of Directors is categorized into appropriate components:

	Directors' Fees (RM)	Salaries and/or Other Emoluments (RM)	Total (RM)
Executive Directors	80,000	1,543,616	1,623,616
Non-Executive Directors	170,000	–	170,000
Total	250,000	1,543,616	1,793,616

C. SHAREHOLDERS

Dialogue between the Company and Investors

The Group values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement in the Annual Report.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board of Directors acknowledges responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. The system of internal control is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors regard risk management as an integral part of the business operations. During the year, managers in the Group have attended a series of briefings on risk management which were facilitated by external consultants to raise the level of knowledge of risk management amongst managers to enhance their understanding of the risks which potentially affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 27 and 28 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. In relation to the Financial Statement, the role of the Audit Committee in relation to the external auditors are contained in the Audit Committee Report set out on pages 16 to 19 of this Annual Report.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CODE

The Company is committed to achieving a high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all of its business dealings. The Board considers that it has complied throughout the financial year with the Best Practices as set out in the Code, unless otherwise stated.

Statement made in accordance with the resolution of the Board of Directors dated 23 May 2012.

ADDITIONAL COMPLIANCE INFORMATION

In conformance with Bursa Securities Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

The Company did not implement any fund-raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. Share Buy-Back

The Company did not have Shares Buy-Back for the financial year ended 31 December 2011.

As at 31 December 2011, 237,300 shares were held as treasury shares. There is no resale or cancellation of treasury shares made during the financial year

3. Exercise of Options, Warrants or Convertible Securities

During the financial year ended 31 December 2011, no options were exercised in relation to the Employees Share Option.

4. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR Programme during financial year.

5. Imposition of Sanctions/Penalties

There were no sanctions/penalties imposed on the Company and/or its subsidiaries, Directors or management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. Non-Audit Fees

Non-audit fees amounting to RM8,800 were paid to the external auditors for the financial year ended 31 December 2011.

7. Profit Estimate, Forecast or Projection

The Company did not release any profit estimate, forecast or projection during the financial year.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts (Recurrent Related Party Transactions)

Save as disclosed hereunder, there were no material contracts entered into by the Company and its subsidiaries which involved Directors' and Major Shareholders' interests during the financial year.

Recurrent Related Party Transactions

Related Party	Contracting Party	Nature of Transaction	Transacted Value for Financial Year Ended 31.12.2011 (RM)
Farima Sdn Bhd (person connected to TDSS)	Crest Builder Sdn Bhd	Award of Contract (Construction and completion of building work)	9,163,166
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	Crest Builder Sdn Bhd	Office rental	36,000
Grandland Corporation Sdn Bhd (person connected to YSC & KHL)	3 Two Square Sdn Bhd	Office rental	60,000

10. Revaluation Policy

The revaluation Policy on landed properties of the Company and its subsidiaries is disclosed in Note 3.5 to the Financial Statements.

11. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/ forecast /projection/ unaudited result announced.

The Board's Responsibilities

In relation to internal control, pursuant to the requirements under the Malaysian Code of Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ["Bursa Malaysia"], the Board of Directors ("the Board") acknowledges their responsibility under the Bursa Malaysia Listing Requirements to:

- Identify principal risks and ensure implementation of appropriate control measures to manage the risk.
- Review the adequacy and integrity of the internal control system and management information systems and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that an internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risk and measures are taken to mitigate any weaknesses in the control environment.

The Group's System of Internal control

In striving to operate a system of internal control that will drive the Group towards its goals, the Board relies upon balanced monitoring and reviewing of the system by the Management Committee and Audit Committee respectively.

Audit Committee

The Audit Committee received reports from the internal and external auditors on a regular basis. The Group has an out-sourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the systems of internal control are effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the Management.

The external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Any areas for improvement identified during the course of statutory audit by the external auditors are brought to the attention of the Audit Committee through management letters, or are articulated at Audit Committee meetings.

Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. Periodic meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and controls and to ensure that any shortcomings identified are addressed on a timely basis.

Enterprise Risk Management Framework

The enterprise risk management framework prevalent in the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was formalised in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

Other Features of the Group's System of Internal Control

Other features of the Group's system of internal control include the following:

: Quality Policy and Quality Objectives which clearly outlined the Group's direction
: Clear organisation structure with delineated reporting lines
: Clearly defined objectives and term of reference of the various Committees established by the Board.
: Frequent visits to the job sites by Executive Directors and Senior Management
: Process and procedures in accordance with the requirements of MS ISO 9001:2000 certification
: Staff Handbook available for reference
: Project Budget and controls

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures were continuously carried out throughout the period under review to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with the resolution of the Board of Directors dated 23 May 2012.

The Board of Directors of Crest Builder Holdings Berhad acknowledges the significance of Corporate Social Responsibilities ("CSR")

Encouraged by the success of the CSR initiatives in the previous year, the Group continues to strengthen its commitment in CSR this year.

COMMUNITY ENGAGEMENT

The Group continue to focus and remain committed through various CSR initiatives.

The Group steps forward and serves the community in which it operates and strives to make positive contrbution to the community particularly in helping the underprivileged and the less fortunate.

In year 2011, the Group continue to lends support in terms of financial assistance to the following charitable bodies such as Persatuan Kanak-Kanak Istimewa Hulu Langat, National Kidney Foundation of Malaysia, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah and SP Setia Foundation.

The Group have also been taking in students from various universities and colleges to undergo practical trainings. In year 2011, students from the following institutions completed their repsected trainings with the Group:-

- Universiti Tunku Abdul Rahman (4 students)
- Universiti Tenaga Nasional (4 students)
- Universiti Tun Hussein Onn Malaysia (10 students)
- Politeknik Sultan Salahuddin Abdul Aziz Shah (1 student)
- Universiti Teknologi Mara (8 students)
- Universiti Malaya (1 student)
- Universiti Putra Malaysia (1 student)
- Universiti Teknologi Petronas (1 student)
- Universiti Industri Selangor (2 students)
- Taylor's University (1 student)
- Monash University (2 students)

Corporate Social Responsiblity

WORKPLACE DEVELOPMENT

The Group recognises the importance of equipping its management and staff with the right skills and knowledge in order to perform their duties professionally. The Group continued to provide employees with the necessary training and development by attending seminar, courses offered by professional bodies including subjects in Construction Techology, Construction Management, Finance and Accounting, Management, and Marketing.

The Group continue to maintain a safe and healthy working environment for all employees and workers through various measures. The Construction division has recently obtained the Environmental, Safety & Health Management Systems MS ISO 14001:2004, BS OHSAS 18001:2007 and MS 1722 : Part 1 :2005 Certifications

ENVIRONMENTAL SUSTAINABILITY

As a construction player in the country, the Group's activities are often be subjected to adverse environmental impact. The Group is mindful of the direct impact our businesses have on environment. Various environmental best practices and preservation initiatives are continually being introduced and carried out at our project sites. Through the adoption of internationally recognized construction methodology and practices, the Group continues to operate in a responsible manner by optimizing our resources and reducing the generation of waste.

Statement on Directors' Responsibility

As required under the Companies Act, 1965 ("Act"), the Directors of Crest Builder Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 December 2011.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 23 May 2012.

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FINANCIAL STATEMENT

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company.

The principal activities of the Subsidiary Companies are disclosed in Note 6 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Profit for the year	29,414,961	8,496,394
Attributable to:-		
Owners of the parent	30,423,570	8,496,394
Non-controlling Interest	(1,008,609)	–
	29,414,961	8,496,394

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 4 sen per ordinary share less income tax at 25% amounting to RM3,715,564 in respect of financial year ended 31 December 2010 on 3 August 2011.

At the forthcoming Annual General Meeting, a first and final dividend of 5 sen per ordinary share less income tax at 25% on 123,852,150 ordinary shares (the outstanding issued and paid-up share capital of the Company with voting rights as at 31 December 2011, pending any conversion of warrants, exercise of employee share option scheme and repurchase of shares by the Company subsequent to 31 December 2011) of RM1 each amounting to RM4,644,456 (3.75 sen net per ordinary share) in respect of the current financial year ended 31 December 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no shares or debentures were issued.

WARRANTS 2003 / 2013

On 25 February 2003, the Company issued a renounceable rights issue of 24,000,000 warrants to entitled shareholders at an issue price of RM0-30 per warrant, on the basis of 1-008 warrants for every four (4) existing shares held on the entitlement date.

No warrants were converted during the financial year.

As at 31 December 2011, the total number of warrants which remain unconverted amounted to 23,999,050 units.

Details of the warrants are disclosed in Note 22 to the financial statements.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

On 14 March 2007, approval was granted by the shareholders at the Extraordinary General Meeting held for the establishment of Crest Builder Holdings Berhad Employee Share Option Scheme ("CBHB - ESOS"). The CBHB - ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting. The CBHB - ESOS was implemented on 19 April 2007 and is to be in force for a period of five (5) years and expiring on 18 April 2012.

On 16 April 2012, the Company announced the extension of CBHB - ESOS which is expiring on 18 April 2012 for another five (5) years until 18 April 2017. The extension is in accordance with the terms of the ESOS By-Laws.

The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1-00 each in the Company.

The salient features of the ESOS are as follows:-

(a) the total number of shares to be offered shall not exceed in aggregate 10% of the issued and fully paid-up share capital of the Company at any point of offer during the duration of the ESOS;

(b) eligible persons for the CBHB - ESOS are full time confirmed employees of the Group who have been employed for a period of at least six (6) months, and Directors of the Group who have been appointed for a period of at least three (3) months and the entitlement have been approved by the shareholders of the Company in general meeting;

(c) subject to paragraph (d) below, no option shall be granted for less than 100 shares;

(d) in the event of any alteration in the capital structure of the Company except for certain exemptions, adjustments will be made to the option price and / or the number of shares in respect of options granted but not exercised, such that the grantee will be entitled to the same proportion of the issued and paid-up share capital of the Company prior to the event giving rise to such alteration;

(e) the price at which the grantee is entitled to subscribe for each new ordinary share shall be the higher of the following:-

    (i) at a discount of not more than 10% from the weighted average market price of the ordinary shares for the five (5) market days as shown in the daily official list issued by the Bursa Malaysia Securities Berhad immediately preceding the date of offer; or

    (ii) the par value of the ordinary shares; and

(f) the option granted may be exercised at any time within a period of five (5) years from 19 April 2007. The option has further extended for another five (5) years upon the initial expiry date on 27 April 2012.

EMPLOYEE SHARE OPTION SCHEME ("ESOS") (CONTINUED)

Information in respect of the number of share options granted under the CBHB - ESOS is as follows:-

	Number of share options 2011	Number of share options 2010
At 1 January	6,080,000	6,625,000
Granted	–	–
Exercised	–	–
Lapsed	(830,000)	(545,000)
At 31 December	5,250,000	6,080,000

The movements of options over unissued new ordinary shares of RM1-00 each of the Company granted under the CBHB - ESOS during the financial year are as follows:-

		............................Number of share options				
Date of offer	**Option price**	**1/1/2011**	**Granted**	**Exercised**	**Lapsed**	**31/12/2011**
19 / 4 / 2007	RM1-00	4,175,000	–	–	540,000	3,635,000
19 / 4 / 2008	RM1-00	715,000	–	–	130,000	585,000
19 / 4 / 2009	RM1-00	1,190,000	–	–	160,000	1,030,000

The Company has been granted exemption by the Companies Commissions of Malaysia under Section 169(11) of the Companies Act, 1965 from having to disclose the names of option holders who have been granted options to subscribe for less than 100,000 ordinary shares of RM1-00 each, other than Directors.

Other than the Directors whose interests are disclosed separately in the Directors' interests, the names of option holders granted options to subscribe for 100,000 or more ordinary shares of RM1-00 each are as disclosed in Note 45 to the financial statements.

DIRECTORS

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

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH
YONG SOON CHOW
KOH HUA LAN
LEE SOOI TENG *(Resigned on 31/12/2011)*
YONG SHANG MING
KEONG CHOON KEAT
MOHD KHASAN BIN AHMAD
KAM YONG KAN
YONG TIOK KENG

DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interests in shares, options over ordinary shares and warrants of the Company as stated below:-

	.......Number of ordinary shares of RM1-00 each...........			
	At 1/1/2011	**Bought**	**Sold**	**At 31/12/2011**
COMPANY				
DIRECT INTEREST				
YONG SOON CHOW	43,198,000	–	–	43,198,000
KOH HUA LAN	3,945,500	–	–	3,945,500
LEE SOOI TENG	282,000	–	–	282,000
YONG SHANG MING	470,000	20,000	–	490,000
KEONG CHOON KEAT	20,000	–	–	20,000
KAM YONG KAN	30,000	–	–	30,000

		.........Number of ordinary shares of RM1-00 each.........			
		At 1/1/2011	**Bought**	**Sold**	**At 31/12/2011**
COMPANY					
INDIRECT INTEREST					
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH	[a]	6,807,939	–	–	6,807,939
YONG SOON CHOW	[b]	12,080,808	20,000	–	12,100,808
LEE SOOI TENG	[c]	12,000	–	–	12,000
KEONG CHOON KEAT	[c]	30,000	–	–	30,000

	..........Number of options over ordinary shares of RM1-00 each..............				
	At 1/1/2011	**Granted**	**Exercised**	**Lapsed**	**At 31/12/2011**
COMPANY'S ESOS					
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH	200,000	–	–	–	200,000
YONG SOON CHOW	1,000,000	–	–	–	1,000,000
KOH HUA LAN	500,000	–	–	–	500,000
LEE SOOI TENG	500,000	–	–	(500,000)	–
YONG SHANG MING	500,000	–	–	–	500,000
KEONG CHOON KEAT	100,000	–	–	–	100,000
MOHD KHASAN BIN AHMAD	100,000	–	–	–	100,000
KAM YONG KAN	100,000	–	–	–	100,000

DIRECTORS' INTERESTS (CONTINUED)

		..........................Number of warrants..........................			
		At 1/1/2011	Bought	Sold	At 31/12/2011
COMPANY					
DIRECT INTEREST					
YONG SOON CHOW		7,999,916	–	–	7,999,916
KOH HUA LAN		1,400,000	–	–	1,400,000
INDIRECT INTEREST					
TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH	(a)	3,000,000	–	–	3,000,000
YONG SOON CHOW	(c)	1,400,000	–	–	1,400,000

(a) *Held by a company in which the Director has interest*
(b) *Held by spouse and dependent*
(c) *Held by spouse*

By virtue of his interest in the shares of the Company and pursuant to Section 6A of the Companies Act, 1965, YONG SOON CHOW is also deemed interested in the shares of all the Subsidiary Companies to the extent the Company has an interest.

Other than as disclosed above, the other Directors in office at the end of the financial year had no interest in the shares, options over ordinary shares and warrants of the Company and 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in Note 39 to the financial statements or the fixed salary of a full-time employee of the Company) 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, except as disclosed in Note 43 to the financial statements.

Neither during nor at the end of the financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the ESOS and warrants.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

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

ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable value.

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the Directors are not aware of any circumstances which would render:-

i) it necessary to write off any bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) 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 of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) 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 other than as disclosed in Note 42 to the financial statements.

(f) In the opinion of the Directors:-

i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

The subsequent events arose subsequent to the financial year is disclosed in Note 50 to the financial statements.

AUDITORS

The Auditors, GEP Associates, have indicated that they do not wish to seek re-election as Auditors of the Group and of the Company for the ensuring year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 April 2012.

YONG SOON CHOW

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

Petaling Jaya

Dated : 25 April 2012

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

We, **YONG SOON CHOW** and **TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH**, being two of the Directors of **CREST BUILDER HOLDINGS BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 106 are drawn up in accordance with the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 51 to the financial statements have been compiled 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 April 2012.

YONG SOON CHOW

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

Petaling Jaya

Dated : 25 April 2012

Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act, 1965

I, **GOH SIN HUAT**, being the officer primarily responsible for the financial management of **CREST BUILDER HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 42 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
GOH SIN HUAT)
at Petaling Jaya)
on 25 April 2012)

GOH SIN HUAT

Before me

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of Crest Builder Holdings Berhad
(Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CREST BUILDER HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2011 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 106.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

c) Our audit reports on the accounts of the Subsidiary Companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

...continued

Independent Auditors' Report

To the Members of Crest Builder Holdings Berhad
(Incorporated In Malaysia)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 51 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

GEP ASSOCIATES
No : AF 1030
Chartered Accountants

ESTHER TAN CHOON HWA
No : 1023/03/14(J)
Chartered Accountant

Petaling Jaya

Dated : 25 April 2012

Consolidated Statement of Financial Position

As at 31 December 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,987,367	57,697,861
Investment properties	5	118,479,395	107,339,377
Other investments	7	54,000	4,054,000
Goodwill	8	33,604,364	33,604,364
Land held for property development	9	10,977,481	12,917,357
Deferred tax assets	10	464,638	–
		181,567,245	15,612,959
Current assets			
Property development costs	11	38,778,384	33,328,348
Inventories	12	2,015,000	2,015,000
Trade receivables	13	146,156,114	137,147,306
Amounts due from contract customers	14	228,787,455	167,262,909
Other receivables, deposits and prepayments	15	15,416,174	20,016,881
Tax assets	17	1,385,857	2,166,630
Fixed deposits with licensed banks and short term investment with financial institution	18	13,121,810	2,846,173
Cash and bank balances		3,595,597	2,632,022
		449,256,391	367,415,269
TOTAL ASSETS		630,823,636	583,028,228
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	124,089,450	124,089,450
Treasury shares	20	(181,069)	(181,069)
Reserves	21	143,622,736	116,914,730
Equity attributable to owners of the parent		267,531,117	240,823,111
Non-controlling interest		(556,332)	452,277
Total equity		266,974,785	241,275,388

...continued

Consolidated Statement of Financial Position
As at 31 December 2011

	Note	2011 RM	2010 RM
Non-current liabilities			
Term loans	23	154,834,188	112,785,552
Hire purchase payables	24	2,060,873	4,107,574
Deferred tax liabilities	25	633,742	361,486
		157,528,803	117,254,612
Current liabilities			
Trade payables	26	109,825,380	132,467,231
Amounts due to contract customers	14	13,413,850	16,259,151
Other payables, deposits received and accruals	27	20,152,299	16,998,009
Hire purchase payables	24	3,271,679	4,209,370
Bank overdraft	28	21,511,518	19,057,212
Other bank borrowings	29	24,473,282	31,644,573
Term loans	23	12,356,000	3,796,151
Provision for taxation		1,316,040	66,531
		206,320,048	224,498,228
Total liabilities		363,848,851	341,752,840
TOTAL EQUITY AND LIABILITIES		630,823,636	583,028,228

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 RM	2010 RM
Revenue	30	499,849,332	460,078,516
Cost of sales	31	(453,566,094)	(418,009,456)
Gross profit		46,283,238	42,069,060
Other operating income		22,583,088	1,846,933
		68,866,326	43,915,993
Administrative expenses		(17,488,049)	(13,441,060)
Profit from operations	32	51,378,277	30,474,933
Finance costs	33	(14,027,954)	(10,354,210)
Profit before taxation		37,350,323	20,120,723
Tax expense	34	(7,935,362)	(6,206,808)
Profit for the year, representing total comprehensive income for the year		29,414,961	13,913,915
Profit for the year / total comprehensive income attributable to:-			
Owners of the parent		30,423,570	13,938,701
Non-controlling interest		(1,008,609)	(24,786)
		29,414,961	13,913,915
Earnings per share attributable to owners of the parent (sen):-			
- Basic	35	24-56	11-25
- Diluted	35	N/A	N/A
Dividends per ordinary share (sen)	36	4-00	4-00

The accompanying Notes form an integral part of the Financial Statements.

...continued

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

		Attributable to owners of the parent							
			Non-distributable			Distributable			
	Note	Share capital RM	Capital reserve RM	Share option reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling Interests RM	Total equity RM
At 1 January 2011		124,089,450	4,073,619	295,525	(181,069)	112,545,586	240,823,111	452,277	241,275,388
Total comprehensive income for the year		–	–	–	–	30,423,570	30,423,570	(1,008,609)	29,414,961
Dividends on ordinary shares	36	–	–	–	–	(3,715,564)	(3,715,564)	–	(3,715,564)
At 31 December 2011		124,089,450	4,073,619	295,525	181,069)	139,253,592	267,531,117	(556,332)	266,974,785
At 1 January 2010		124,089,450	4,073,619	295,525	–	102,322,449	230,781,043	–	230,781,043
Purchase of treasury shares	20	–	–	–	(181,069)	–	(181,069)	–	(181,069)
Acquisition of new subsidiary company									
- Share capital		–	–	–	–	–	–	490,000	490,000
- Pre-acquisition reserves		–	–	–	–	–	–	(12,937)	(12,937)
Total comprehensive income for the year		–	–	–	–	13,938,701	13,938,701	(24,786)	13,913,915
Dividends on ordinary shares	36	–	–	–	–	(3,715,564)	(3,715,564)	–	(3,715,564)
At 31 December 2010		124,089,450	4,073,619	295,525	(181,069)	112,545,586	240,823,111	452,277	241,275,388

The accompanying Notes form an integral part of the Financial Statements.

Consolidated Statement of Cash Flows

As at 31 December 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		37,350,323	20,120,723
Adjustments for:-			
Depreciation of property, plant and equipment		4,670,771	4,840,584
Gain on disposal of inventories		(220,200)	–
Gain on disposal of property, plant and equipment		(18,970,901)	(324,015)
Excess in net fair value of Subsidiaries acquired		–	47,734
Interest expenses		14,027,954	10,354,210
Interest income		(335,105)	(156,795)
Allowance for impairment on other investment		4,000,000	–
Property development cost written off		274,806	–
Short-term accumulating compensated absences		(40,123)	168,256
Operating profit before working capital changes		40,757,525	35,050,697
Increase in property development costs		(5,724,842)	(12,975,222)
Increase in receivables		(4,408,101)	(9,933,308)
Increase in amounts due from contract customers		(61,524,546)	(4,132,689)
Decrease in payables		(19,447,438)	(11,728,568)
(Decrease) / Increase in amounts due to contract customers		(2,845,301)	906,923
		(93,950,228)	(37,862,864)
Cash used in operations		(53,192,703)	(2,812,167)
Income tax paid		(6,267,727)	(8,159,964)
Income tax refunded		170,265	4,094,620
Net cash used in operating activities		(59,290,165)	(6,877,511)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in development expenditure		1,939,876	2,704,425
Proceeds from disposal of property, plant and equipment		56,705,594	481,901
Proceeds from disposal of inventories		220,200	–
Purchase of investment properties	5	(11,140,018)	(11,693,213)
Purchase of property, plant and equipment	4	(1,360,970)	(1,829,515)
Purchase of treasury shares	20	–	(181,069)
Interest received		335,105	156,795
Net cash generated from / (used in) investing activities		46,699,787	(10,360,676)
Balance carried forward		(12,590,378)	(17,238,187)

...continued

Consolidated Statement of Cash Flows

As at 31 December 2011

	Note	2011 RM	2010 RM
Balance brought forward		(12,590,378)	(17,238,187)
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal of fixed deposits		–	3,107,008
Fixed deposit pledged		(493)	–
Loan raised		89,662,918	20,717,271
Repayments of term loans		(46,225,724)	(11,821,775)
Repayments of hire purchase payables		(4,318,392)	(3,826,930)
Interest paid		(14,027,954)	(10,354,210)
Dividends paid		(3,715,564)	(3,715,564)
Net cash generated from / (used in) financing activities		21,374,791	(5,894,200)
Net increase / (decrease) in cash and cash equivalents		8,784,413	(23,132,387)
Cash and cash equivalents brought forward		(13,601,172)	9,531,215
Cash and cash equivalents carried forward	37	(4,816,759)	(13,601,172)

The accompanying Notes form an integral part of the Financial Statements.

Statement of Financial Position

As at 31 December 2011

	Note	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,411	3,857
Investments in Subsidiary Companies	6	95,765,270	95,765,270
Other investments	7	–	4,000,000
		95,767,681	99,769,127
Current assets			
Other receivables and prepayments	15	–	157,732
Amounts due from Subsidiary Companies	16	114,260,337	153,122,020
Tax assets	17	1,385,857	685,275
Fixed deposits with licensed banks	18	2,766,000	2,766,000
Cash and bank balances		69,719	69,688
		118,481,913	156,800,715
TOTAL ASSETS		214,249,594	256,569,842
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	124,089,450	124,089,450
Treasury shares	20	(181,069)	(181,069)
Reserves	21	24,300,012	19,519,182
Total equity		148,208,393	143,427,563
Non-current liability			
Term loan	23	60,274,000	104,500,000
Current liabilities			
Other payables and accruals	27	1,510,295	2,780,059
Amounts due to Subsidiary Companies	16	–	223,000
Term loan	23	4,026,000	3,050,000
Bank overdraft	28	230,906	2,589,220
		5,767,201	8,642,279
Total liabilities		66,041,201	113,142,279
TOTAL EQUITY AND LIABILITIES		214,249,594	256,569,842

The accompanying Notes form an integral part of the Financial Statements.

Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 RM	2010 RM
Revenue	30	26,473,661	14,878,792
Administrative expenses		(4,702,731)	(612,987)
Profit from operations	32	21,770,930	14,265,805
Finance costs	33	(8,975,118)	(8,007,841)
Profit before taxation		12,795,812	6,257,964
Tax expense	34	(4,299,418)	(1,146,849)
Profit for the year, representing total comprehensive income for the year		8,496,394	5,111,115

The accompanying Notes form an integral part of the Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2011

	Note	Share capital RM RM	Non-distributable Capital reserve RM	Share option reserve RM	Treasury shares RM	Distributable Retained earnings RM	Total equity RM
At 1 January 2011		124,089,450	4,073,619	295,525	(181,069)	15,150,038	143,427,563
Total comprehensive income for the year		–	–	–	–	8,496,394	8,496,394
		124,089,450	4,073,619	295,525	(181,069)	23,646,432	151,923,957
Dividends on ordinary shares	36	–	–	–	–	(3,715,564)	(3,715,564)
At 31 December 2011		124,089,450	4,073,619	295,525	(181,069)	19,930,868	148,208,393
At 1 January 2010		124,089,450	4,073,619	295,525	–	13,754,487	142,213,081
Purchase of treasury shares	20	–	–	–	(181,069)	–	(181,069)
Total comprehensive income for the year		–	–	–	–	5,111,115	5,111,115
		124,089,450	4,073,619	295,525	(181,069)	18,865,602	147,143,127
Dividends on ordinary shares	36	–	–	–	–	(3,715,564)	(3,715,564)
At 31 December 2010		124,089,450	4,073,619	295,525	(181,069)	15,150,038	143,427,563

The accompanying Notes form an integral part of the Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,795,812	6,257,964
Adjustments for:-			
Depreciation of property, plant and equipment		1,446	1,447
Dividend income		(20,000,000)	(8,000,000)
Interest expenses		8,975,118	8,007,841
Interest income		(6,473,661)	(6,878,792)
Allowance for impairment on other investment		4,000,000	–
Operating loss before working capital changes		(701,285)	(611,540)
Decrease in receivables		157,732	157,536
Decrease in payables		(1,269,764)	–
		(1,112,032)	157,536
Cash used in operations		(1,813,317)	(454,004)
Income tax refunded		–	160,343
Net cash used in operating activities		(1,813,317)	(293,661)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares in Subsidiary Companies		–	(990,002)
Purchase of treasury shares	20	–	(181,069)
Interest received		6,473,661	6,878,792
Dividend received		15,000,000	6,500,000
Net cash generated from investing activities		21,473,661	12,207,721
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loan		(43,250,000)	(2,250,000)
Decrease / (Increase) in amounts due from Subsidiary Companies		38,861,683	(13,624,800)
Decrease in amounts due to Subsidiary Companies		(223,000)	(26,716)
Interest paid		(8,975,118)	(8,007,841)
Dividends paid		(3,715,564)	(3,715,564)
Net cash used in financing activities		(17,301,999)	(27,624,921)
Net increase / (decrease) in cash and cash equivalents		2,358,345	(15,710,861)
Cash and cash equivalents brought forward		246,468	15,957,329
Cash and cash equivalents carried forward	37	2,604,813	246,468

The accompanying Notes form an integral part of the Financial Statements.

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur and Penthouse, The Crest, 3 Two Square, 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan respectively.

The principal activity of the Company is investment holding.

The principal activities of the Subsidiary Companies are disclosed in Note 6. There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2012.

2. BASIS OF PREPARATION

The financial statements comply with the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia.

Changes in accounting policies

On 1 January 2011, the Group and Company adopted the following revised FRSs, Amendments to FRSs, Issues Committee Interpretations ("IC Int."), Amendments to IC Int. and Technical Releases ("TR") which are mandatory for financial period beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011:-

FRS 3	Business Combination (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First Time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation:- paragraphs 11,16 and 97E
Amendments to FRS 138	Intangible Assets
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
IC Int. 4	Determining whether an Arrangement contains a Lease
IC Int. 12	Service Concession Arrangements
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers
Amendments to IC Int. 9	Reassessment of Embedded Derivatives
TR i-4	Syariah Compliant Sale Contract

The adoption of the above revised FRSs, Amendments to FRSs, IC Int., Amendments to IC Int. and TR are not expected to have any significant impact on the results and financial position of the Group and of the Company except for those discussed below:-

Amendments to FRS 7 [Improvements to FRSs (2010)]

The Amendments clarifies that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

2. BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies (Continued)

The adoption of the above revised FRSs, Amendments to FRSs, IC Int., Amendments to IC Int. and TR are not expected to have any significant impact on the results and financial position of the Group and of the Company except for those discussed below:- (Continued)

Amendments to FRS 101 [Improvements to FRSs (2010)]

The Amendments clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The Amendments to FRS 7 expand the disclosures required in respect of fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. The Amendments to FRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:-

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The Amendments also clarify the requirements for liquidity risk disclosures.

Accounting standards issued but not adopted

To converge with International Financial Reporting Standards in 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Int. 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional one year. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group and the Company qualify as Transitioning Entities and therefore, the adoption of MFRS framework will be mandatory for annual financial period beginning on or after 1 January 2013.

MFRSs effective for financial period on or after 1 January 2013

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
	Financial Instruments (IFRS 9 issued by IASB in October 2010)

2. BASIS OF PREPARATION (CONTINUED)

Accounting standards issued but not adopted (Continued)

MFRSs effective for financial period on or after 1 January 2013 (Continued)

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangement
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements
	Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits (as amended in November 2011)
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	Determining whether an Arrangement contains a Lease
IC Int. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int. 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int. 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 15	Agreements for the Construction of Real Estate
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers

2. BASIS OF PREPARATION (CONTINUED)

Accounting standards issued but not adopted (Continued)

MFRSs effective for financial period on or after 1 January 2013 (Continued)

IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine
IC Int. 107	Introduction of the Euro
IC Int. 110	Government Assistance – No Specific Relation to Operating Activities
IC Int. 112	Consolidation – Special Purpose Entities
IC Int. 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Int. 115	Operating Leases – Incentives
IC Int. 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 129	Service Concession Arrangements: Disclosures
IC Int. 131	Revenue – Barter Transactions Involving Advertising Services
IC Int. 132	Intangible Assets – Web Site Costs

The Group and the Company will prepare their first financial statements using the MFRS framework for the financial year ending 31 December 2013. In presenting its first MFRS financial statements, the Group and the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The Group and the Company are currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

Revised FRS, Amendments to FRSs, IC Int. and Amendments to IC Int.

At the date of authorisation of these financial statements, MASB has also issued the following revised FRS, Amendments to FRSs, IC Int. and Amendments to IC Int. that are effective for financial period on or after 1 July 2011 and 1 January 2012 and have not been early adopted in preparing these financial statements as follows:-

FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Disclosures - Transfers of Financial Assets
Amendments to FRS 112	Deferred tax: Recovery of Underlying Assets
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Int. 14	Prepayments of a Minimum Funding Requirement

The Group and the Company do not expect the adoption to have any significant impact on the financial statements of the Group and of the Company upon their initial application.

Summary of the Standards and Amendments

The following is a summary of the above Standards or Amendments:-

MFRS 9 Financial Instruments

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's and the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

MFRS 13 Fair Value Measurement

MFRS 13 conceptualises the meaning of fair value and provides a framework on how to measure fair value of assets, liabilities and equity required or permitted by other FRSs.

2. BASIS OF PREPARATION (CONTINUED)

Summary of the Standards and Amendments (Continued)

The following is a summary of the above Standards or Amendments:- (Continued)

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The Amendments to MFRS 101 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified.

IC Int. 15, Agreements for the Construction of Real Estate

IC Int. 15 replaces the existing FRS 2001_{2004}, Property Development Activities and provides guidance on how to account for revenue and related expenses from sale of real estate before the construction of the real estate is completed. The adoption of IC Int. 15 may result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from all property development activities of the Group will change from the percentage of completion method to the completed method or upon delivery. Upon adoption of the interpretation, the Group will review the nature of its agreements for the construction of real estate and will account for these agreements in accordance with terms of the sales and purchase agreement.

Revised FRS 124 Related Party Disclosures

The Revised FRS 124 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The Revised FRS 124 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. If a government controlled or significantly influenced an entity, the entity requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. This balance is achieved by requiring disclosure about these transactions only if they are individually or collectively significant.

Amendments to FRS 7 Disclosures – Transfers of Financial Assets

The Amendments amended the required disclosures to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

IC Int. 19: Extinguishing Financial Liabilities with Equity Instruments

This new interpretation provides clarification when entity renegotiates the term of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully and partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit and loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

Amendments to FRS 112 Deferred Tax: Recovery of Underlying Assets

The Amendments apply to the measurement of deferred tax liabilities and deferred tax assets when investment properties are measured using the fair value model under FRS 140 Investment Property. The Amendments introduce a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Amendments to IC Int. 14: Prepayments of a Minimum Funding Requirement

The Amendments to IC Int. 14 apply in the limited circumstances when an entity is subject to minimum funding requirement and makes an early payment of contributions to cover those requirements. The Amendments permit the entity to treat the benefit of such early payment as an asset.

2. BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgements

The preparation of financial statements 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. Actual result may differ from these estimates.

Assumptions and estimates are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

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

a) Depreciation of property, plant and equipment (Note 4)

Property, plant and equipment are depreciated on a straight line basis over the assets useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 93 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision for future depreciation charges.

b) Valuation of investment properties (Note 5)

The measurement of the fair value for investment properties was performed by Directors using discounted cash flow projections based on estimates of future cash flows, supported by the terms of the existing lease and contracts and 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. Significant judgement is required in determining the future cash flows and discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

c) Impairment of goodwill (Note 8)

The Group determines whether goodwill is impaired on annual basis. This requires estimation of the value-in-use of the cash-generating units (“CGU”) to which goodwill is allocated. Estimating a value-in-use amount requires the Management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2011 was RM33,604,364 (2010 : RM33,604,364). Further details are as disclosed in Note 8.

d) Deferred tax assets (Note 10)

The Group’s deferred tax assets are recogised for deductible temporary differences in respect of expenses to the extent that it is probable that expense will be allowed as deduction against which to reduce the chargeable income in future. Significant Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future chargeable income together with future tax planning strategies. Assumptions about generation of future chargeable income depend on Management’s estimates of future profits. These depends on estimates of future revenue from the construction activities of the Subsidiary Company and hence the operating costs, capital expenditure and other capital management transactions on the Subsidiary Company. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a posibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position.

2. BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgements (Continued)

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

e) Construction contracts and property development (Notes 11 and 30)

The Group recognises construction contracts and property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for the work performed to date bear to the estimated total construction contracts and property development costs respectively.

Significant judgement is required in determining the stage of completion, the extent of the construction costs and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

f) Impairment on receivables (Notes 13 and 15)

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, 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. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

g) Amounts due from Subsidiary Companies (Note 16)

The Company determines the recoverability of the amounts due from Subsidiary Companies when these debts exceeded their normal credit term. The Directors are of the opinion that no allowance for impairment is to be made for the debts due from the Subsidiary Companies to the extent the Company is able to realise these debts through internal group restructuring including possible offsets against debts owed by the Company to the Subsidiary Companies against the debts owed to the Company by other Subsidiary Companies, should such need arises.

h) Employee share options (Note 19)

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 19.

i) Income taxes (Note 34)

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

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

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiary Companies as at the reporting date. The financial statements of the Subsidiary Companies are prepared for the same reporting date as the Company.

Subsidiary Companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Intragroup balances, transactions and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Acquisition of Subsidiary Companies are accounted for by applying the purchase method. The purchase method of accounting involves allocating of the acquisition to the fair value of the identifiable assets, liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

3.3 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Building-in-progress is stated at cost unless in the opinion of the Directors there is a permanent diminution in value, in which case, provision will be made. Depreciation on building-in-progress commences when the asset is ready for its intended use.

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

Leasehold land	Remaining lease period of 93 years
Buildings	2 %
Equipment, furniture and fittings	10 - 20 %
Light equipment	20 %
Motor vehicles	20 %
Plant and machinery	20 %

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these 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 net carrying amount is recognised in profit or loss.

3.4 Leases

As lessee

Finance lease, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the asset or, if lower, at the present value of the minimum leased payments. Any incidental direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the leased term, the asset is depreciated over the shorter of the estimated useful life and the leased term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the leased term on the same basis as rental income.

3.5 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Alternatively, the fair value of the investment properties are performed by using 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.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Investment properties (Continued)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Investment properties under construction ("IPUC") are measured at fair value when fair value can be reliably determined. However, where the fair value is not reliably determinable, IPUC are measured at cost less impairment.

The fair values of IPUC were determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations were performed using either the residual method approach or discounted cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

3.6 Subsidiary Companies

Subsidiary Companies 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.

In the Company's separate financial statements, investments in Subsidiary Companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.7 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Subsequent to the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.8 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill that has an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of non-financial assets (Continued)

For the purpose of impairment testing of these assets, recoverable amount 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 CGU to which the asset belongs to. Goodwill acquired in a business combination is, from the date of the acquisition, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

The recoverable amount of an asset is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the assets are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss of an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised for the asset in prior years. The reversal is recognised in profit or loss, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is treated as a revaluation increase.

3.9 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current asset and is stated at cost less any accumulated impairment losses. Cost includes cost of land and attributable development expenditure.

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.

3.10 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Property development costs (Continued)

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

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings in respect of property development costs and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings in respect of property development costs.

3.11 Inventories

Inventories comprising properties held for sale are valued at the lower of cost and net realisable value.

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct construction costs and appropriate proportions of common cost. Cost of other inventories comprises costs of purchase.

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.

3.12 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories of the financial assets include loans and receivables as well as available-for-sale financial assets.

i) 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. Gain 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.

ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the other categories of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Financial assets (Continued)

ii) Available-for-sale financial assets (Continued)

After the initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets are derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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.

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.

3.13 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.

(a) 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 past portfolio, 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 and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable becomes uncollectible, it is written off against the allowance account.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of financial assets (Continued)

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

(a) Trade and other receivables and other financial assets carried at amortised cost (Continued)

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.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after recognition of the impairment loss in profit or loss.

3.14 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised in profit or loss 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.

When 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 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 costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amounts due to customers on contracts.

3.15 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Financial liabilities (Continued)

Other financial liabilities

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.

For other 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.16 Provisions for liabilities

Provisions 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 the 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 estimate.

3.17 Equity instruments

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

3.18 Treasury shares

When shares of the Company, that have been cancelled, recognised as equity are reacquired, the amount of the consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.19 Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and to the Company as well as the amount of revenue can be measured reliably.

i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method where the outcome of the contracts can be reliably estimated. When 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Revenue recognition (Continued)

ii) Property development

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated. Any expected loss is recognised as an expense in the period in which the loss is identified.

Revenue relating to sale of completed properties is recognised, net of discounts, upon the transfer of significant risks and rewards of ownership to the buyers.

iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

iv) Interest income

Interest income is recognised in profit or loss on an accrual basis unless collection is in doubt.

v) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

vi) Car park income

Car park income is recognised when services are rendered.

vii) Sale of land and completed unsold properties

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

3.20 Employee benefits

i) Short-term 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. 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Employee benefits (Continued)

iii) Employee share option scheme

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury share if the options are satisfied by the reissuance of treasury shares.

3.21 Borrowing costs

Borrowing costs are capitalised as part of a qualifying assets if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the assets for its intended use or sales are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

3.22 Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill 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 cost of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and short-term highly liquid assets that are readily convertible to cash with insignificant risk of changes in value less bank borrowings that are not subject to fixed term of repayment.

3.24 Segment reporting

For management purposes, the Group is organised into operating segments based on the independent core businesses which the Group is currently engaged in. The Management regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide analysis on the core businesses that are subject to risks and returns that are different from those of other business segments.

Segment revenue, expenses, assets and liabilities are those amounts resulting 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.

Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

Net carrying amount	At 1/1/2011 RM	Transfers RM	Additions RM	Disposals RM	Current depreciation RM	At 31/12/2011 RM
Freehold land	3,049,653	–	–	–	–	3,049,653
Leasehold land	37,802,076	–	–	(37,734,693)	(67,383)	–
Buildings	950,384	1,556,540	–	–	(25,919)	2,481,005
Equipment, furniture and fittings	1,052,273	–	192,364	–	(284,539)	960,098
Light equipment	1,305,168	–	135,000	–	(588,922)	851,246
Motor vehicles	2,836,212	–	887,498	–	(1,038,467)	2,685,243
Plant and machinery	9,307,663	–	670,000	–	(2,665,541)	7,312,122
Building-in-progress	1,394,432	(1,556,540)	810,108	–	–	648,000
	57,697,861	–	2,694,970	(37,734,693)	(4,670,771)	17,987,367

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP (Continued)

Net carrying amount	At 1/1/2010 RM	Transfers RM	Additions RM	Disposals RM	Current depreciation RM	At 31/12/2010 RM
Freehold land	3,049,653	–	–	–	–	3,049,653
Effect of adopting Amendments to FRS 117						
Leasehold land	38,206,376	–	–	–	(404,300)	37,802,076
Leasehold land (as restated)	38,206,376	–	–	–	(404,300)	37,802,076
Buildings	976,303	–	–	–	(25,919)	950,384
Equipment, furniture and fittings	1,180,526	–	186,541	–	(314,794)	1,052,273
Light equipment	1,371,262	–	550,000	–	(616,094)	1,305,168
Motor vehicles	3,159,123	–	1,015,509	(157,886)	(1,180,534)	2,836,212
Plant and machinery	5,267,402	–	6,339,204	–	(2,298,943)	9,307,663
Building-in-progress	12,339,948	(11,795,160)	849,644	–	–	1,394,432
	65,550,593	(11,795,160)	8,940,898	(157,886)	(4,840,584)	57,697,861

2011	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Freehold land	3,049,653	–	3,049,653
Buildings	2,852,518	(371,513)	2,481,005
Equipment, furniture and fittings	5,284,349	(4,324,251)	960,098
Light equipment	6,019,900	(5,168,654)	851,246
Motor vehicles	9,575,807	(6,890,564)	2,685,243
Plant and machinery	22,387,812	(15,075,690)	7,312,122
Building-in-progress	648,000	–	648,000
	49,818,039	(31,830,672)	17,987,367

2010			
Freehold land	3,049,653	–	3,049,653
Effect of adopting Amendments to FRS 117			
Leasehold land	38,307,451	(505,375)	37,802,076
Leasehold land (as restated)	38,307,451	(505,375)	37,802,076
Buildings	1,295,978	(345,594)	950,384
Equipment, furniture and fittings	5,091,985	(4,039,712)	1,052,273
Light equipment	5,884,900	(4,579,732)	1,305,168
Motor vehicles	8,688,309	(5,852,097)	2,836,212
Plant and machinery	21,717,812	(12,410,149)	9,307,663
Building-in-progress	1,394,432	–	1,394,432
	85,430,520	(27,732,659)	57,697,861

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY

Net carrying amount	At 1/1/2011 RM	Additions RM	Disposals RM	Current depreciation RM	At 31/12/2011 RM
Equipment, furniture and fittings	3,857	–	–	(1,446)	2,411

Net carrying amount	At 1/1/2010 RM	Additions RM	Disposals RM	Current depreciation RM	At 31/12/2010 RM
Equipment, furniture and fittings	5,304	–	–	(1,447)	3,857

2011	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Equipment, furniture and fittings	14,465	(12,054)	2,411

2010	Cost RM	Accumulated depreciation RM	Net carrying amount RM
Equipment, furniture and fittings	14,465	(10,608)	3,857

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM2,694,970 (2010 : RM8,940,898) of which RM1,334,000 (2010 : RM7,111,383) were acquired by means of hire purchase arrangements. Cash payments of RM1,360,970 (2010 : RM1,829,515) were used to acquire the property, plant and equipment.

Net carrying amounts of plant and equipment acquired under hire purchase arrangements of which instalments are still outstanding at the reporting date are as follows:-

	GROUP 2011 RM	2010 RM
Light equipment	–	251,734
Motor vehicles	1,953,233	2,804,271
Plant and machinery	6,456,367	8,827,650
	8,409,600	11,883,655

The net carrying amount of the Group's freehold land amounting to RM457,697 (2010 : RM457,697) is pledged for credit facilities granted to the Group as mentioned in Notes 23, 28 and 29.

The building-in-progress of the Group is in respect of construction of condominium.

5. INVESTMENT PROPERTIES

	GROUP 2011 RM	GROUP 2010 RM
At 1 January	107,339,377	83,851,004
Additions during the year	11,140,018	11,693,213
Transfer from property, plant and equipment (Note 4)	–	11,795,160
At 31 December	118,479,395	107,339,377

Represented by:-

	GROUP 2011 RM	GROUP 2010 RM
Investment properties, at fair value	83,851,005	83,851,005
IPUC, at cost	34,628,390	23,488,372
	118,479,395	107,339,377

Investment properties with an aggregate carrying value of RM81,951,005 (2010 : RM81,951,005) are held under lease terms and have unexpired lease period of more than 50 years.

All the investment properties of the Group are pledged for credit facilities granted to the Group as mentioned in Notes 23, 28 and 29.

The valuations of the investment properties are performed by the Directors using discounted cash flow projections based on estimates of future cash flows, supported by the terms of the existing lease and contracts and 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. The valuation of one of the investment property with carrying amount of RM1,900,000 (2010 : RM1,900,000) is performed by the Directors with reference to the recent transacted price in an active market of similar property within the vicinity.The Directors are of the opinion that the fair value of the investment properties approximates the valuation as per recognised in statement of financial position.

The investment property under construction is being valued at cost as the Directors are of the opinion that the fair value of the investment property cannot be reliably determined.

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost	95,765,270	95,765,270

6. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

The Subsidiary Companies, all of which are incorporated in Malaysia, are as follows:-

Name of Company	Effective equity interest (%) 2011	Effective equity interest (%) 2010	Principal activities
3 Two Square Sdn Bhd	100	100	Property investment and property development
CB Land Sdn Bhd	100	100	Property investment and property development
CBTech (M) Sdn Bhd	100	100	Mechanical and electrical engineering services
Crest Builder International Sdn Bhd	100	100	Investment holding
Crest Builder Sdn Bhd	100	100	Construction
Crestland Development Sdn Bhd	100	100	Property investment
Crestland Project Management Sdn Bhd	100	100	Project management
Damansara One Sdn Bhd	100	100	Property investment and property development
Nepfield Sdn Bhd	100	100	Property investment
Unitapah Sdn Bhd	51	51	Concession holder
Vertical Success Sdn Bhd	100	100	Property investment and property development

7. OTHER INVESTMENTS

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
At cost,				
Unquoted bonds, in Malaysia	8,500,000	8,500,000	8,500,000	8,500,000
Transferable club memberships	90,000	90,000	–	–
	8,590,000	8,590,000	8,500,000	8,500,000
Less : Written off	(4,500,000)	–	(4,500,000)	–
	4,090,000	8,590,000	4,000,000	8,500,000
Less : Accumulated impairment losses				
At 1 January	4,536,000	4,536,000	4,500,000	4,500,000
Addition	4,000,000	–	4,000,000	–
Written off	(4,500,000)	–	(4,500,000)	–
At 31 December	4,036,000	4,536,000	4,000,000	4,500,000
	54,000	4,054,000	–	4,000,000

8. GOODWILL

	GROUP	
	2011	2010
	RM	RM
At 1 January / 31 December	33,604,364	33,604,364

8.1 Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to the business segments as follows:-

			Investment	Property
	Construction	holding	development	Total
	RM	RM	RM	RM
At 31 December 2011 / 2010	33,550,094	32,988	21,282	33,604,364

8.2 Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by Management for the next one (1) year. Cash flows beyond the next one (1) year are extrapolated using the growth rates as stated below. The key assumptions used for value-in-use calculations are:-

	2011		2010	
	Discount rate %	Growth rate %	Discount rate %	Growth rate %
Construction	8	10	8	10
Property development	8	10	8	10

The following describes each key assumption on which the Management has based its cash flows projections for the purpose of impairment testing of goodwill:-

i) Discount rate

The discount rate used is based on the weighted average cost of capital of the Group.

ii) Growth rate

The growth rate used is consistent with the long term average growth rate of the Group.

8.3 Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the construction and property development units, the Management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying values of the units to materially exceed their recoverable amounts.

9. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2011 RM	2010 RM
At cost,		
Freehold land		
At 1 January	11,188,239	13,106,792
Transfer to property development costs (Note 11)	(2,116,627)	(1,918,553)
At 31 December	9,071,612	11,188,239
Development costs		
At 1 January	1,729,118	2,009,221
Costs incurred during the year	176,751	256,538
Transfer to property development costs (Note 11)	–	(536,641)
At 31 December	1,905,869	1,729,118
Land held for property development at 31 December	10,977,481	12,917,357

Included in development costs incurred during the financial year is interest expense capitalised of RM88,664 (2010: RM97,643).

Freehold land amounting to RM2,871,612 (2010 : RM4,988,239) is pledged for credit facilities to the Group as mentioned in Notes 23, 28 and 29.

10. DEFERRED TAX ASSETS

	GROUP	
	2011 RM	2010 RM
At 1 January	–	–
Recognised in profit or loss	464,638	–
At 31 December	464,638	–

The recognition of the deferred tax assets of the Group are dependant on future chargeable income in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the Management's budget, which shows that it is probable that certain portion of the deferred tax assets would be realised in future years.

10. DEFERRED TAX ASSETS (CONTINUED)

Presented after appropriate off-setting:-

	GROUP 2011 RM	GROUP 2010 RM
Deferred tax liabilities	(190)	–
Deferred tax assets	464,828	–
	464,638	–

The estimated deferred tax assets arising from temporary differences recognised to the extent which the deferred tax assets would be realised in future years are as follows:-

	GROUP 2011 RM	GROUP 2010 RM
Differences between the carrying amount of property, plant and equipment and their tax base	(190)	–
Other timing differences	464,638	–
Unabsorbed capital allowances	190	–
	464,638	–

The estimated timing differences of which no deferred tax assets are recognised in the financial statements are as follows:-

	GROUP 2011 RM	GROUP 2010 RM
Unabsorbed capital allowances	31,800	11,100
Unutilised tax losses	626,800	15,700
	658,600	26,800

11. PROPERTY DEVELOPMENT COSTS

	GROUP 2011 RM	GROUP 2010 RM
Property development costs at 1 January:-		
Freehold land	17,366,743	15,448,190
Development costs	74,869,853	46,903,735
	92,236,596	62,351,925
Additional costs incurred during the year:-		
Development costs	40,136,633	27,429,477

11. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	GROUP 2011 RM	GROUP 2010 RM
Costs transfer from land held for property development (Note 9):-		
Freehold land	2,116,627	1,918,553
Development costs	–	536,641
	2,116,627	2,455,194
Accumulated costs recognised in profit or loss:-		
At 1 January	(58,908,248)	(41,493,676)
Recognised during the year	(36,528,418)	(17,414,572)
Written off	(274,806)	–
At 31 December	(95,711,472)	(58,908,248)
Net property development costs at 31 December	38,778,384	33,328,348

Included in development costs incurred during the year is interest expense capitalised of RM885,982 (2010: RM1,036,939).

The freehold land is pledged as security for credit facilities for the Group as disclosed in Notes 23, 28 and 29.

12. INVENTORIES

	GROUP 2011 RM	GROUP 2010 RM
At cost,		
Completed unsold properties	2,015,000	2,015,000

13. TRADE RECEIVABLES

	GROUP 2011 RM	GROUP 2010 RM
Trade receivables	65,546,959	66,182,993
Retention sums	82,606,630	72,961,788
	148,153,589	139,144,781
Less : Allowance for doubtful debts		
At 1 January / At 31 December	(1,997,475)	(1,997,475)
	146,156,114	137,147,306

13. TRADE RECEIVABLES (CONTINUED)

The Group's normal trade credit terms ranges from 14 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group was an amount of RM20,456,739 (2010 : RM23,351,790) due from a Company connected to a Director of the Company.

Ageing analysis of trade receivables

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

	GROUP	
	2011 RM	**2010 RM**
Neither past due nor impaired	15,263,675	23,964,668
1 to 30 days past due not impaired	5,469,537	10,548,766
31 to 60 days past due not impaired	3,654,186	8,336,201
61 to 90 days past due not impaired	1,184,794	8,542,243
More than 91 days past due not impaired	37,977,292	12,793,640
	48,285,809	40,220,850
	63,549,484	64,185,518
Impaired	1,997,475	1,997,475
Retention sum	82,606,630	72,961,788
	148,153,589	139,144,781

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM48,285,809 (2010 : RM40,220,850) that are past due at reporting date but not impaired because there have been no significant changes in credit quality of the debtors and the amounts are still considered recoverable. The Group does not hold any collateral or credit enhancements over these balances.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:-

	Individually impaired RM
Trade receivables	1,997,475
Less : Allowance for doubtful debts	(1,997,475)
	–

14. AMOUNTS DUE FROM / TO CONTRACT CUSTOMERS

	GROUP 2011 RM	GROUP 2010 RM
Aggregate costs incurred to date	1,579,171,543	1,258,873,046
Attributable profits	233,072,460	185,429,705
	1,812,244,003	1,444,302,751
Progress billings	(1,596,870,398)	(1,293,298,993)
	215,373,605	151,003,758

	GROUP 2011 RM	GROUP 2010 RM
Presented by:-		
Amounts due from contract customers	228,787,455	167,262,909
Amounts due to contract customers	13,413,850	16,259,151
	215,373,605	151,003,758

	GROUP 2011 RM	GROUP 2010 RM
Advances received on contracts, included within progress billings	11,708,293	9,770,873

The costs incurred to date on construction contracts include the following charges made during the financial year:-

	GROUP 2011 RM	GROUP 2010 RM
Hire of plant and machineries	4,868,239	3,412,952
Depreciation of property, plant and equipment	3,213,973	2,857,202
Lease rental	–	257,190
Rental of premises	437,750	368,767

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	11,520,289	13,924,979	–	–
Less : Allowance for impairment				
At 1 January / At 31 December	(487,821)	(487,821)	–	–
	11,032,468	13,437,158	–	–
Deposits	2,260,657	2,051,033	–	–
Prepayments	2,123,049	4,528,690	–	157,732
	15,416,174	20,016,881	–	157,732

Included in other receivables of the Group are:-

(i) an amount of RM9,445,924 (2010 : RM4,600,000) which represents advances made to a trade creditor; and

(ii) an amount of RM490,000 due from the Non-controlling Interest. This amount is unsecured, interest free and repayable on demand by cash.

16. AMOUNTS DUE FROM / TO SUBSIDIARY COMPANIES

COMPANY

The amounts due from Subsidiary Companies are unsecured, interest free except for an amount of RM62,745,478 (2010 : RM91,145,000) which bears weighted average effective interest rate of 7.80% (2010 : 7.33%) per annum and repayable on demand by cash.

In previous year, the amounts due to Subsidiary Companies were unsecured, interest free and repayable on demand by cash.

17. TAX ASSETS

This is in respect of tax paid in advance by the Group and by the Company to Inland Revenue Board.

18. FIXED DEPOSITS WITH LICENSED BANKS AND SHORT TERM INVESTMENT WITH FINANCIAL INSTITUTION

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits with licensed banks	13,062,085	2,788,155	2,766,000	2,766,000
Short term investment with financial institution	59,725	58,018	–	–
	13,121,810	2,846,173	2,766,000	2,766,000

18. FIXED DEPOSITS WITH LICENSED BANKS AND SHORT TERM INVESTMENT WITH FINANCIAL INSTITUTION (CONTINUED)

The fixed deposits with licensed banks of the Group and of the Company earn weighted average effective interest rates of 1.95% (2010 : 2.75%) and 1.75% (2010 : 2.00%) per annum respectively.

Included in fixed deposits of the Group are pledged fixed deposits amounting to RM22,648 (2010 : RM22,155), which is pledged for the purpose of bank guarantees for performance bonds issued in favour of third parties in respect of projects undertaken by a Subsidiary Company.

The short term investment of the Group is in respect of investment in unquoted trust fund and earns interest at effective rate of 2.94% (2010 : 2.41%) per annum.

19. SHARE CAPITAL

	GROUP AND COMPANY	
	2011 RM	2010 RM
Authorised:-		
500,000,000 Ordinary shares of RM1-00 each	500,000,000	500,000,000
Issued and fully paid:-		
124,089,450 Ordinary shares of RM1-00 each	124,089,450	124,089,450

Information in respect of the number of share options granted under the CBHB - ESOS is as follows:-

	Number of share options	
	2011	2010
At 1 January	6,080,000	6,625,000
Granted	–	–
Exercised	–	–
Lapsed	(830,000)	(545,000)
At 31 December	5,250,000	6,080,000

The movements of options over unissued new ordinary shares of RM1-00 each of the Company granted under the CBHB - ESOS during the financial year are as follows:-

Date of offer	Option price RM	..............................Number of share options 1/1/2011 RM	Granted RM	Exercised RM	Lapsed RM	.... 31/12/2011 RM
19 / 4 / 2007	RM1-00	4,175,000	–	–	540,000	3,635,000
19 / 4 / 2008	RM1-00	715,000	-	–	130,000	585,000
19 / 4 / 2009	RM1-00	1,190,000	–	–	160,000	1,030,000

The ESOS, which is expiring on 18 April 2012 has been granted with extension for another five (5) years until 18 April 2017. Details of the extension is mentioned in Note 50.

19. SHARE CAPITAL (CONTINUED)

Fair value of share options granted during the financial year

The fair value of share options granted during the year was estimated using the Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:-

	19 April 2011	19 April 2010	19 April 2009
Fair value of share options granted (RM)	0-004	0-003	0-052
Share price (RM)	0-73	0-73	0-57
Exercise price (RM)	1-00	1-00	1-00
Expected volatility (%)	22.00%	16.00%	44.00%
Expected life (years)	6	2	3
Risk free rate (%)	3.15%	2.21%	2.00%
Expected dividend yield (%)	5.48%	5.52%	5.31%

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

20. TREASURY SHARES

	GROUP AND COMPANY	
	2011 RM	2010 RM
At 1 January	181,069	–
Shares repurchased during the financial year	–	181,069
At 31 December	181,069	181,069

As at 31 December 2011, the number of outstanding ordinary shares in issue after deducting the treasury shares is 123,852,150 (2010 : 123,852,150).

In previous year, the Company purchased 237,300 of its issued ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The average price paid for the shares repurchased was approximately RM0-76 per share.

The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of Companies Act, 1965. The Company has the right to reissue these shares at later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased has been sold or cancelled as at 31 December 2011 and 2010.

21. RESERVES

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
NON-DISTRIBUTABLE				
Capital reserve	4,073,619	4,073,619	4,073,619	4,073,619
Share option reserve	295,525	295,525	295,525	295,525
DISTRIBUTABLE				
Retained earnings	139,253,592	112,545,586	19,930,868	15,150,038
Total reserves	143,622,736	116,914,730	24,300,012	19,519,182

(a) Capital reserve

Capital reserve of the Group and of the Company arose from issuance of warrants as disclosed in Note 22 and transfer within reserve for CBHB - ESOS exercised as disclosed in Note 19.

(b) Share option reserve

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

(c) Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the tax credit under Section 108 of the Income Tax Act, 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 tax credit to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2011, the Company has sufficient credit in the Section 108 balance and tax exempt income account balance to pay franked dividends out of its entire retained earnings.

22. WARRANTS 2003 / 2013

The Warrants represents a renounceable rights issue of 24,000,000 warrants to the entitled shareholders at an issue price of RM0-30 per warrant, on the basis of 1.008 warrants for every four (4) existing shares held on the entitlement date.

The principle objective of the issuance of Warrants is to generate cash proceeds of RM7,200,000, of which RM7,000,000 was issuance as cash payment to MGR Corporation Berhad's creditors.

The Warrants are convertible into fully paid-up ordinary shares of RM1-00 each in the Company at any time on or before 29 May 2013 at the rate of RM1-00 cash per warrant subject to the terms and conditions set out in the Deed Poll. Warrants not exercised during the period will thereafter lapse and cease to be valid for any purpose.

As at 31 December 2011, 23,999,050 (2010 : 23,999,050) warrants remain unconverted.

23. TERM LOANS

	GROUP		COMPANY	
	2011 RM	**2010 RM**	**2011 RM**	**2010 RM**
Secured	167,190,188	76,581,703	64,300,000	67,550,000
Unsecured	–	40,000,000	–	40,000,000
	167,190,188	116,581,703	64,300,000	107,550,000
Less : Amount repayable within one year (Note 30)	(12,356,000)	(3,796,151)	(4,026,000)	(3,050,000)
Amount repayable after one year	154,834,188	112,785,552	60,274,000	104,500,000

The term loans of the Group and of the Company are denominated in RM.

The term loans of the Group and of the Company incur effective interest at rates ranges from 5.50% to 9.27% (2010 : 7.55% to 8.65%) and at 8.10% (2010 : 8.10%) per annum respectively.

The secured term loans, together with the bank overdraft as mentioned in Note 28 and other bank borrowings as mentioned in Note 29 granted to the Group and to the Company are secured by way of:-

(a) loan agreement, third party Deed of Assignment over leasehold land and building, first party first legal charge over the freehold land of the investment properties and a limited debenture by way of fixed and floating charge over the IPUC of the Group as mentioned in Note 5;

(b) assignment by way of charge over all the rents and other monies payables, interest, title, rights, remedies and benefits under the tenancies executed and / or to be executed as well as to all insurance and Debt Service Reserve Account on the IPUC mentioned in Note 5;

(c) legal charged and assignment of all rights, title, interest, benefits, performance bonds, guarantees, security deposits, all liquidated damages payable to certain Subsidiary Companies, present and future rights in respect of the designated account and all policies of insurance / takaful as well as over the Subsidiary Company's revenue and profit reserve accounts, first party fixed and floating legal charge on the present and future assets, undertakings and all other properties of certain Subsidiary Companies;

(d) third party and first legal charge over a development land captured in property development costs of the Group as mentioned in Note 11;

23. TERM LOANS (CONTINUED

(e) third party Deed of Assignment of rental proceeds, first legal charge over the rental / car park proceeds account to be opened and maintained by the Subsidiary Company from the investment property; and

(f) corporate guarantee issued by the Company, certain Subsidiary Companies and the Non-controlling Interest.

The unsecured collateralised loan obligations provides that the Company shall subscribe for the Subordinated Bonds issued by Prima Uno Berhad, a company specially incorporated for the purpose of implementing and carrying out primary collateralised loan obligations transactions.

Tenure for the unsecured collateralised loan obligations was for a period not exceeding five (5) years from the date of advance of the facility. Such term loan was repayable on a lump sum basis on the last day of the tenure of the term loan.

The unsecured collateralised loan obligations incurs weighted average effective interest at 7.38% (2010 : 7.38%) per annum.

The maturity structure of the term loans are as follows:-

	Current	←		Non-current		→		
GROUP	**Within 1 year**	**Within 1 - 2 years**	**Within 2 - 3 years**	**Within 3 - 4 years**	**Within 4 - 5 years**	**After 5 years**	**Sub total**	**Total**
2011	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Secured term loans	12,356,000	29,660,843	27,606,099	30,261,950	16,888,048	50,417,248	154,834,188	167,190,188
2010								
Secured term loans	3,796,151	44,026,000	9,973,904	15,735,648	8,712,000	34,338,000	112,785,552	116,581,703
COMPANY								
2011								
Secured term loans	4,026,000	8,712,000	8,712,000	8,712,000	8,712,000	25,426,000	60,274,000	64,300,000
2010								
Secured term loans	3,050,000	44,026,000	8,712,000	8,712,000	8,712,000	34,338,000	104,500,000	107,550,000

24. HIRE PURCHASE PAYABLES

The amounts owing to hire purchase creditors are repayable as follows:-

	GROUP	
	2011 RM	2010 RM
Minimum hire purchase payments:-		
- not later than one year	3,547,635	4,547,756
- later than one year and not later than five years	2,272,598	4,475,526
	5,820,233	9,023,282
Future finance charges	(487,681)	(706,338)
Present value of hire purchase payments	5,332,552	8,316,944
Present value of hire purchase payments:-		
- not later than one year	3,271,679	4,209,370
- later than one year and not later than five years	2,060,873	4,107,574
	5,332,552	8,316,944
Less : Amount repayable within one year	(3,271,679)	(4,209,370)
Amount repayable after one year	2,060,873	4,107,574

Hire purchase facilities incur weighted average effective interest at 2.93% (2010 : 2.89%) per annum.

The maturity structure of the hire purchase payables are as follows:-

	GROUP	
	2011 RM	2010 RM
Amount repayable:-		
Within one year	3,271,679	4,209,370
After one year but within two years	1,568,262	2,890,186
After two years but within three years	213,970	1,217,388
After three years but within four years	152,008	–
After four years but within five years	126,633	–
	5,332,552	8,316,944

25. DEFERRED TAX LIABILITIES

	GROUP	
	2011 RM	2010 RM
At 1 January	361,486	294,709
Recognised in profit or loss	272,256	66,777
At 31 December	633,742	361,486

Deferred tax liabilities of the Group wholly arise from differences between the carrying amount of property, plant and equipment and their tax base.

26. TRADE PAYABLES

	GROUP 2011 RM	GROUP 2010 RM
Trade payables	69,572,208	97,697,464
Retention sums	40,253,172	34,769,767
	109,825,380	132,467,231

The normal trade credit terms granted to the Group ranges from 30 to 60 days.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Other payables	8,333,768	7,455,805	1,229,795	1,229,795
Deposits received	1,911,152	2,246,997	–	–
Accruals	9,907,379	7,295,207	280,500	1,550,264
	20,152,299	16,998,009	1,510,295	2,780,059

Included in accruals of the Group are:-

a) an amount of RM1,858,553 (2010 : Nil) being provision for interest expense for the term loan granted to a Subsidiary Company; and

b) an amount of RM897,350 (2010 : Nil) being Real Properties Gain Tax paid in advance for disposal of leasehold land.

28. BANK OVERDRAFT - SECURED

GROUP AND COMPANY

The bank overdraft facilities of the Group and of the Company are denominated in RM and bear weighted average effective interest rate of 8.07% (2010 : 7.72%) per annum for the Group and 8.25% (2010 : 7.80%) per annum for the Company respectively.

The securities for the bank overdraft facility are disclosed in Note 23.

29. OTHER BANK BORROWINGS - SECURED

	GROUP 2011 RM	GROUP 2010 RM
Bankers' acceptance	24,473,282	29,415,000
Bridging loan	–	2,229,573
	24,473,282	31,644,573

The bankers' acceptance facilities and bridging loan of the Group are denominated in RM.

The bankers' acceptance facilities of the Group incur weighted average effective interest rate of 4.72% (2010 : 3.79%) per annum.

The securities for the other bank borrowings are as disclosed in Note 23.

30. REVENUE

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Construction revenue	445,336,606	428,197,763	–	–
Sales of development / completed properties	46,012,968	23,781,026	–	–
Rental income from investment properties	5,122,940	5,039,394	–	–
Car park income	3,328,336	2,987,088	–	–
Interest income	48,482	73,245	6,473,661	6,878,792
Dividend income	–	–	20,000,000	8,000,000
	499,849,332	460,078,516	26,473,661	14,878,792

31. COST OF SALES

	GROUP 2011 RM	GROUP 2010 RM
Cost of construction contracts	415,083,370	398,096,336
Cost of development / completed properties sold	35,487,573	17,414,573
Cost of maintenance of investment properties	2,995,151	2,498,547
	453,566,094	418,009,456

32. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Allowance for impairment on other investment	4,000,000	–	4,000,000	–
Auditors' remuneration				
- statutory	135,800	127,200	20,000	20,000
- non-statutory	8,800	5,900	8,800	5,900
Depreciation of property, plant and equipment	4,670,771	4,840,584	1,446	1,447
Direct operating expenses of investment properties				
- revenue generating during the year	4,835	4,834	–	–
Employee benefits expenses (Note 39)	7,650,363	7,099,448	250,000	250,000
Excess in net fair value of Subsidiaries acquired	–	47,734	–	–
Hire of plant and machineries	4,906,629	3,416,312	–	–
Lease rental	–	257,190	–	–
Property development cost written off	274,806	–	–	–
Rental expense	514,550	464,767	–	–
Gain on disposal of property, plant and equipment	18,970,901	324,015	–	–
Gain on disposal of inventories	220,200	–	–	–
Interest income	335,105	156,795	–	–
Rental income from investment properties	62,760	50,992	–	–

33. FINANCE COSTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Bank overdraft interest	922,858	1,024,837	165,072	166,775
Bankers' acceptance interest	1,327,702	1,174,685	–	–
Hire purchase interest	369,253	313,621	–	–
Term loan interest	11,408,141	7,841,067	8,810,046	7,841,066
	14,027,954	10,354,210	8,975,118	8,007,841

34. TAX EXPENSE

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Income tax:-				
Current year's provision	7,820,368	6,004,057	4,299,418	1,198,996
Under / (Over) provision in prior year	307,376	135,974	–	(52,147)
	8,127,744	6,140,031	4,299,418	1,146,849
Deferred tax:-				
Relating to origination and reversal of temporary differences	(192,382)	66,777	–	–
	7,935,362	6,206,808	4,299,418	1,146,849

A reconciliation of tax expense applicable to profit before taxation at the statutory income tax rate to tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Profit before taxation	37,350,323	20,120,723	12,795,812	6,257,964
Taxation at Malaysian statutory tax rate at 25%	9,337,580	5,030,181	3,198,953	1,564,491
Income not subject to tax	(4,468,327)	(469)	–	(500,000)
Expenses not deductible for tax purposes	2,518,277	1,018,033	1,100,465	134,505
Deferred tax assets not recognised during the year	157,950	11,039	–	–
Under / (Over) provision of taxation in prior year	307,376	135,974	–	(52,147)
Under provision of deferred tax in prior year	82,506	12,050	–	–
	7,935,362	6,206,808	4,299,418	1,146,849

Tax saving recognised during the year is as follows:-

	GROUP 2011 RM	GROUP 2010 RM	COMPANY 2011 RM	COMPANY 2010 RM
Utilisation of current year capital allowances	1,243,086	1,026,431	361	361

34. TAX EXPENSE (CONTINUED)

The Group have unabsorbed capital allowances and unutilised tax losses carried forward respectively, available for utilisation against future taxable profits as follows:-

	GROUP	
	2011 RM	2010 RM
Unabsorbed capital allowances	23,479	2,779
Unutilised tax losses	615,017	3,917
	638,496	6,696

35. EARNINGS PER SHARE

35.1 Basic earnings per share

The basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2011	2010
Profit attributable to owners of the parent (RM)	30,423,570	13,938,701
Weighted average number of ordinary shares in issue	123,852,150	123,896,637
Basic earnings per share (sen)	24-56	11-25

35.2 Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from exercise of ESOS and conversion of warrants. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the full conversion of the outstanding ESOS and warrants into ordinary shares. The ESOS and warrants are deemed to have been converted into ordinary shares at the date of issue of the ESOS and warrants. No adjustment is made to the net profit for the calculation.

35. EARNINGS PER SHARE (CONTINUED)

35.2 Diluted earnings per share (continued)

	GROUP 2011	GROUP 2010
Profit attributable to owners of the parent (RM)	30,423,570	13,938,701
Weighted average number of ordinary shares in issue	123,852,150	123,896,637
Adjustment for ESOS	*	*
Adjustment for assumed conversion of warrants	*	*
Adjusted weighted average number of ordinary shares in issue and issuable	123,852,150	123,896,637
Diluted earnings per share (sen)	N/A	N/A

* Not taken into account in the computation of diluted earnings per share as the effect arising from assumed conversion of employee share option scheme and warrants is anti-dilutive.

36. DIVIDENDS ON ORDINARY SHARES

	GROUP AND COMPANY 2011 RM	GROUP AND COMPANY 2010 RM
First and final dividend of 4 sen less income tax at 25% in respect of financial year ended 31 December 2010	3,715,564	–
First and final dividend of 4 sen less income tax at 25% in respect of financial year ended 31 December 2009	–	3,715,564
	3,715,564	3,715,564

At the forthcoming Annual General Meeting, a first and final dividend of 5 sen gross per ordinary share less income tax at 25% on 123,852,150 ordinary shares (the outstanding issued and paid-up share capital of the Company with voting rights as at 31 December 2011, pending any conversion of warrants, exercise of employee share option scheme and repurchase of shares by the Company subsequent to 31 December 2011) of RM1-00 each amounting to RM4,644,456 (3.75 sen net per ordinary share) in respect of the current financial year ended 31 December 2011 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

37. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Short term investment with financial institution	59,725	58,018	–	–
Fixed deposits with licensed banks	13,062,085	2,788,155	2,766,000	2,766,000
Cash and bank balances	3,595,597	2,632,022	69,719	69,688
	16,717,407	5,478,195	2,835,719	2,835,688
Less : Bank overdraft (Note 28)	(21,511,518)	(19,057,212)	(230,906)	(2,589,220)
Fixed deposits pledged (Note 18)	(22,648)	(22,155)	–	–
	(4,816,759)	(13,601,172)	2,604,813	246,468

38. SUMMARY OF EFFECTS OF ACQUISITION OF SUBSIDIARY COMPANIES

i) On 17 March 2010, the Company acquired 100% equity interest in Damansara One Sdn Bhd comprising 2 ordinary shares of RM1-00 each for a total purchase consideration of RM2-00.

ii) On 1 June 2010, the Group acquired 51% equity interest in Unitapah Sdn Bhd comprising 1,020 ordinary shares of RM1-00 each for a total purchase consideration of RM1,020. Subsequently the Group acquired an additional 508,980 ordinary shares of RM1-00 each by way of rights issue.

Detail of net liabilities acquired and goodwill are as follows:-

	2011 RM	2010 RM
Total purchase consideration	–	1,022
Share of fair value of net liabilities acquired	–	46,712
Excess in net fair value of Subsidiaries acquired	–	47,734

The assets and liabilities as of the date of acquisition are as follows:-

	2011 RM	2010 RM
Net liabilities acquired, at fair value		
Current assets	–	1,022
Current liabilities	–	(71,740)
Net liabilities acquired	–	(70,718)
Non-controlling interest	–	24,006
Excess in net fair value of Subsidiaries acquired	–	47,734
Purchase consideration	–	1,022
Less: Cash and cash equivalents of Subsidiaries acquired	–	(1,022)
Acquisition of subsidiary companies, net of cash acquired	–	–

39. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries, bonus, overtime and allowances	6,863,596	6,184,782	250,000	250,000
Defined contribution plan - EPF	581,390	526,041	–	–
Other staff related expenses	205,377	388,625	–	–
	7,650,363	7,099,448	250,000	250,000

Included in employee benefits expenses are Directors' remuneration as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive Directors				
- Salaries and other emoluments (including estimated monetary value of benefits-in-kind)	1,543,616	1,489,976	–	–
- Fees	80,000	80,000	80,000	80,000
	1,623,616	1,569,976	80,000	80,000
Non-Executive Directors				
- Fees	170,000	170,000	170,000	170,000
Total Directors' remuneration	1,793,616	1,739,976	250,000	250,000

39. EMPLOYEE BENEFITS EXPENSES (CONTINUED)

The number of Directors of the Group whose total remuneration are analysed into the bands of RM50,000 is as follows:-

	Number of Directors 2011	2010
Executive Directors		
Less than RM50,000	–	–
RM50,001 - RM100,000	–	–
RM100,001 - RM150,000	1	2
RM150,001 - RM200,000	1	–
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	–	–
RM300,001 - RM350,000	1	–
RM350,001 - RM400,000	–	1
RM400,001 - RM450,000	–	–
RM450,001 - RM500,000	–	–
RM500,001 - RM550,000	–	–
RM550,001 - RM600,000	1	–
RM600,001 - RM650,000	–	–
RM650,001 - RM700,000	–	–
RM700,001 - RM750,000	–	1
	5	5
Non-executive Directors		
Less than RM50,000	4	4
Total	9	9

40. OPERATING LEASE ARRANGEMENTS

a) The Group as lessee

The Group has entered into several tenancy agreements for the rental of premises, resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group also leases various premises under cancellable operating lease agreements. The Group is required to give a one-month notice for the termination of those agreements.

b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between one to three years.

40. OPERATING LEASE ARRANGEMENTS (CONTINUED)

b) The Group as lessor (Continued)

The future minimum lease payments receivable under non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:-

	GROUP	
	2011 RM	2010 RM
Not later than one year	4,851,906	4,622,906
Later than one year and not later than five years	4,020,634	8,226,086
	8,872,540	12,848,992

41. CAPITAL COMMITMENT

	GROUP	
	2011 RM	2010 RM
Capital expenditure		
Approved and contracted for:-		
- Building-in-progress	1,232,000	2,042,108
- Purchase of property, plant and equipment	–	713,500
	1,232,000	2,755,608

42. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Guarantees given to financial institution in respect of facilities granted to Subsidiary Companies	–	–	361,450,000	315,450,000
Guarantees issued in favour of third parties	40,181,738	62,308,588	–	–

43. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and to the Company if the Group and 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 the Company as well as the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company.

The Group has related party relationship with companies connected to the Directors of the Company as well as key management personnel.

The Company has related party relationship with its Subsidiary Companies and Companies connected to the Directors of the Company as well as key management personnel.

(b) Related parties transactions

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Contract revenuereceived / receivable from Company connected to a Director of the Company	9,163,166	49,214,808	–	–
Rental income received / receivable from Company connected to a Director of the Company	36,000	36,000	–	–
Dividends received / receivable from Subsidiary Companies	–	–	20,000,000	8,000,000
Interest income received / receivable from Subsidiary Companies	–	–	6,473,661	6,878,792
Rental paid to company connected to a Director of the Company	96,000	96,000	–	–

(c) Related party balances

Information on outstanding balances of the Group and of the Company with related parties is disclosed in Notes 13, 15, 16 and 27.

(d) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entity, including any Director of the Company and the Subsidiary Companies.

43. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Compensation of key management personnel (Continued)

The compensation of key management personnel are as follows:-

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company and Subsidiary Companies				
Short-term employment benefits (including estimated monetary value of benefits-in-kind)	1,668,878	1,404,548	80,000	80,000
Post employment benefits	76,878	55,432	–	–
	1,745,756	1,459,980	80,000	80,000

Executive Directors of the Group and the Company and other members of key management have been granted the following number of options under CBHB - ESOS:-

	GROUP AND COMPANY	
	2011 RM	2010 RM
At 1 January	2,725,000	2,725,000
Granted	–	–
At 31 December	2,725,000	2,725,000

44. OPERATING SEGMENT

44.1 Business segments:-

The Group is organised into three major business segments:-

i) Construction - general construction, mechanical and electrical engineering services;

ii) Investment holding - investment in shares, properties and other investment related activities; and

iii) Property development - development of residential and commercial properties

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Inter-segment pricing is determined based on the terms mutually agreed between the companies concerned.

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. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

44.2 Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

44. SEGMENTAL REPORTING (CONTINUED)

31 December 2011	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Consolidated RM
Revenue					
External sales	445,336,606	8,499,758	46,012,968	–	499,849,332
Inter-segment sales	7,073,328	26,425,179	–	(33,498,507)	–
Total revenue	452,409,934	34,924,937	46,012,968	(33,498,507)	499,849,332
Results					
Segment results	38,780,716	26,221,451	8,097,791	(21,721,681)	51,378,277
Unallocated corporate expenses					–
					51,378,277
Finance costs					(14,027,954)
Tax expense					(7,935,362)
Profit for the year					29,414,961
Assets					
Segment assets	400,568,883	121,771,210	106,633,048		628,973,141
Unallocated corporate assets					1,850,495
Consolidated total assets					630,823,636
Liabilities					
Segment liabilities	109,646,900	9,102,253	24,642,376		143,391,529
Unallocated corporate liabilities					220,457,322
Consolidated total liabilities					363,848,851
Other information					
Capital expenditure	2,582,243	97,680	51,468,449		54,148,372
Depreciation on property, plant and equipment	4,479,197	144,811	46,763		4,670,771
Non-cash expenses other than depreciation	(38,122)	3,997,999	274,806		4,234,683

44. SEGMENTAL REPORTING (CONTINUED)

31 December 2010	Construction RM	Investment holding RM	Property development RM	Eliminations RM	Consolidated RM
Revenue					
External sales	428,197,763	8,099,727	23,781,026	–	460,078,516
Inter-segment sales	7,021,092	14,805,546	–	(21,826,638)	–
Total revenue	435,218,855	22,905,273	23,781,026	(21,826,638)	460,078,516
Results					
Segment results	20,237,065	4,527,969	5,757,633	–	30,522,667
Unallocated corporate expenses					(47,734)
					30,474,933
Finance costs					(10,354,210)
Tax expense					(6,206,808)
Profit for the year					13,913,915
Assets					
Segment assets	361,758,960	107,972,367	111,130,271	–	580,861,598
Unallocated corporate assets					2,166,630
Consolidated total assets					583,028,228
Liabilities					
Segment liabilities	125,174,015	12,606,815	27,943,561	–	165,724,391
Unallocated corporate liabilities					176,028,449
Consolidated total liabilities					341,752,840
Other information					
Capital expenditure	8,848,714	20,000	39,451,412	–	48,320,126
Depreciation of property, plant and equipment	4,660,902	136,012	43,670	–	4,840,584

45. CBHB - ESOS

Other than the Directors whose interests are disclosed separately in the Directors' report, the eligible employees of the Group whose share options entitlements are equal to or more than 100,000 share options in the Company pursuant to the CBHB - ESOS are as follows:-

	...........Number of options over ordinary shares of RM1-00 each...........				
	At 1/1/2011	Granted	Exercised	Lapsed	At 31/12/2011
Ho Wan Chan	100,000	–	–	–	100,000
Khoo Kheng Kiat	150,000	–	–	–	150,000
Lee Kok Ming	100,000	–	–	–	100,000
Teh Hock Hua	190,000	–	–	–	190,000
Teoh Guan Sim	100,000	–	–	–	100,000

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to a variety of risks in the normal course of business. The Group's and the Company's risk management seek to minimise the potential adverse effects from these exposures.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:-

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 and the Company's primary interest rate risk relate to interest-bearing financial instruments which include hire purchase payables, bank overdrafts, other bank borrowings and term loans. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits which yield better returns than cash at bank.

The Group and the Company manage its interest rate exposure by maintaining a prudent mix of fixed and floating rates borrowings. The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 December 2011, the Group and the Company have not entered into any hedging instruments arrangement to minimise its exposure to interest rate volatility.

Borrowings at floating rates amounting to RM188,701,706 and RM64,530,906 expose the Group and the Company to cash flow interest rate risk.

Borrowings at fixed rate amounting to RM29,805,834 expose the Group to fair value interest rate risk while the Company does not raise any borrowing at fixed rate.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis point higher / lower and all other variables held constant, the Group's and the Company's profit for the year ended 31 December 2011 would decrease / increase by RM916,225 and RM502,186 respectively as a result of exposure to floating rate borrowings.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:- (Continued)

ii) Credit risk

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

The Group's exposure to credit risk primarily arises from its trade and other receivables while the Company's exposure to credit risk primarily arises from amount due from Subsidiary Companies. The maximum risk associated with recognised financial assets is the carrying amounts as presented in the consolidated statement of financial position and statement of financial position respectively.

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments whilst the Company has significant exposure and major concentration of credit risk relating to amount due from Subsidiary Companies.

The Group and the Company manage its debt maturity portfolio, 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 maintain 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.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13. Fixed deposits with licensed bank are placed with reputable financial institution.

Financial assets that are past due but not impaired

Information regarding trade receivables that are past due but not impaired is disclosed in Note 13.

Inter company balances

The Company provides advances to Subsidiary Companies. The maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to Subsidiary Companies are not recoverable. The Company does not specifically monitor the ageing of the advances to Subsidiary Companies.

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to Subsidiary Companies.

As at reporting date, the fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote due to the outstanding borrowings in the Subsidiary Companies are adequately secured by assets as disclosed in Notes 5, 9 and 11 respectively. Should the Subsidiary Companies default any loan repayments, the proceeds from the realisation of these assets together with the corporate guarantee by the Company will be able to satisfy the outstanding debts.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:- (Continued)

iii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company'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 manage its operating cash flows by maintaining sufficient level of cash to meet its working capital requirements and availability of funding through an adequate amount of credit facilities.

Analysis of financial instruments by remaining contractual maturities

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

GROUP

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Above 5 years RM	Total RM
Trade payables	109,825,380	–	–	–	109,825,380
Amount due to contract customers	13,413,850	–	–	–	13,413,850
Other payables, deposit received and accruals	20,152,299	–	–	–	20,152,299
Hire purchase payables	3,271,679	1,568,262	492,611	–	5,332,552
Bank overdraft	21,511,518	–	–	–	21,511,518
Other bank borrowings	24,473,282	–	–	–	24,473,282
Term loans	12,356,000	29,660,843	74,756,097	50,417,248	167,190,188
	205,004,008	31,229,105	75,248,708	50,417,248	361,899,069

COMPANY

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Above 5 years RM	Total RM
Other payables and accruals	1,510,295	–	–	–	1,510,295
Bank overdraft	230,906	–	–	–	230,906
Term loan	4,026,000	8,712,000	26,136,000	25,426,000	64,300,000
	5,767,201	8,712,000	26,136,000	25,426,000	66,041,201

47. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders value. The Group's and the Company's strategy in capital management remains unchanged for 31 December 2011 and 2010.

The Group and the Company manage their capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company and its Subsidiary Companies may adjust the dividend payment to the shareholders, return capital to shareholders or issue new shares.

The Group and the Company are not subject to any externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise hire purchase payables, bank overdraft, other bank borrowings and term loans less cash and bank balances whilst total capital is the shareholders' funds of the Group and of the Company.

The gearing ratio for the Group and for the Company as at 31 December 2011 and 2010 are as follows:-

GROUP

	2011 RM	2010 RM
Total net debts	241,971,668	172,968,410
Total capital plus net debts	508,946,453	414,243,798
Gearing ratio	0.48	0.42

COMPANY

	2011 RM	2010 RM
Total net debts	64,461,187	110,069,532
Total capital plus net debts	212,669,580	253,497,095
Gearing ratio	0.30	0.43

48. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities of the Group and of the Company are as follows:-

(a) Cash and cash equivalents, trade and other receivables, deposits and prepayments, trade payables and other payables, deposits received and accruals, other bank borrowings, amount due by / to Subsidiary Companies, amount due from / to contract customers.

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets and liabilities.

48. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The methods and assumptions used to estimate the fair value of the following classes of financial assets and liabilities of the Group and of the Company are as follows:- (Continued)

(b) Transferable contribution rights

The carrying amount approximates fair value.

(c) Floating rates term loans

The carrying amount of floating rate term loans approximates their fair value as the loans will be repriced to market interest rate on or near reporting date.

(d) Hire purchase payables

The fair value of hire purchase payables is estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements as follows:-

	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Hire purchase payables	5,332,552	5,252,864	8,316,944	7,479,284

49. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:-

(i) level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instrument carried at fair value on the statement of financial position:-

GROUP

2011	31/12/2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available-for-sale financial assets - Unquoted short term investment	59,725	–	59,725	–

2010	31/12/2010 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available-for-sale financial assets - Unquoted short term investment	58,018	–	58,018	–

During the financial year ended 31 December 2011 and 2010, there was no transfer between the fair value measurement hierarchy.

50. SUBSEQUENT EVENTS

(i) On 29 March 2012, a wholly owned Subsidiary of the Company and its joint venture partner acting under unincorporated joint venture had received a Letter Of Acceptance from Syarikat Prasarana Negara Berhad ("Prasarana") on a proposed joint venture development of a parcel of prime commercial land at Lot 60, Section 45, Bandar Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, located at Dang Wangi LRT Station measuring approximately 2.72 acres.

The salient terms of the Letter of Acceptance are as follows:-

(a) the joint venture shall undertake to carry out the development and Prasarana as the landowner;

(b) the proposed development is a mixed commercial development which comprises of a retail mall, upscale premium serviced residential suites, hotel and offices; and

(c) Prasarana shall be entitled to twenty one point two (21.2%) per cent (RM220,000,000) of the gross development value.

(ii) On 16 April 2012, the Company announced the extension of CBHB - ESOS which is expiring on 18 April 2012 for another five (5) years until 18 April 2017. The extension is in accordance with the terms of the ESOS By-Laws.

51. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFIT OR LOSSES

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows:-

	2011	
	Group RM	**Company RM**
Total retained earnings of the Company and its subsidiaries:		
- realised	103,155,606	19,930,868
- unrealised	36,811,058	–
	139,966,664	19,930,868
Less: Consolidation adjustments	(713,072)	–
Total retained earnings	139,253,592	19,930,868

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

List of Properties
As at 31 December 2011

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Net Book Value @ 31.12.11 (RM)	Approx. age of building (years)	Date of Valuation / Acquisition
EMR 8258 Lot No. 5440, Mukim Kapar, Daerah Klang, Negeri Selangor	Freehold	5.3 acres	Agricultural land / company depot (store)	–	457,697	–	2002
No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	12,939 sq ft	2 units of 3-storey shop office/office	–	3,516,421	15	2002
Units G-17, G-18 and G-19, Vega Square, Bentong, held under CT No. 2719, P.T. No. 2770, Mukim and Daerah Bentong, Negeri Pahang Darul Makmur	Freehold	1,551 sq ft	3 units of retail outlets	–	390,000	14	2007
Units W2-1, W5-1 and W14-1, Storey No. 2, West Tower, Country Towers Condominium, held under Geran 76438 Lot 77636 (old title H.S. (D) 208455 PTD 110146), Mukim Plentong, Daerah Johor Bahru, Negeri Johor	Freehold	5,868 sq ft	3 units of condominium	–	705,000	11	2007
Lot NG/29/6/D1 & NG/31/6/D1, Northshore Gardens, Desa Parkcity Phase 4A, held under H.S.(D) 102870 PT No. 17450, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan	Freehold	280 sq meter	2 units of condominium	–	1,556,540	1	2011
P.N 19970 (Old title H.S. (D) 44166) P.T. No. 16311, Mukim Setapak, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan	Leasehold	4,200 sq ft	3-storey shop office/office	2075	500,000	25	2007
Q.T. (R) 2006, L.O. No. PJ 63/59, Town of Petaling Jaya, District of Kuala Lumpur, State of Selangor	Leasehold	5,520 sq ft	Bungalow	2058	920,000	11	2007
H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor.	Freehold	9,612 sq ft	3 storey shop office/office	–	1,900,000	11	2007

...continued

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Net Book Value @ 31.12.11 (RM)	Approx. age of building (years)	Date of Valuation / Acquisition
The Crest, 3 Two Square, No. 2, Jalan 19/1, Petaling Jaya, 46300, Selangor Darul Ehsan	Leasehold	150,522 sq ft	16 storey office block & parking bays	2105	89,780,000	5	2007
GM 1059 Lot No.1863 Mukim Batu, Daerah Kuala Lumpur	Freehold	2.93 acres	Cultivation Land	–	6,200,000	–	2004
No. Hakmilik 0244869, Lot No. 0034701, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	7.14 acres	Residential Land	–	7,547,625	–	2005
No. Hakmilik 0244870, Lot No. 0034702, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	2.71 acres	Residential Land	–	4,046,897	–	2005
No. Hakmilik 0244871, Lot No. 0034703, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	3.82 acres	Commercial Land	–	2,871,611	–	2005
No. Hakmilik 0244872, Lot No. 0034704, Mukim Damansara, Daerah Petaling, Selangor Darul Ehsan	Freehold	2.02 acres	Commercial Land	–	2,138,113	–	2005
No. Hakmilik 0243082, Lot No. 0000232, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan	Freehold	1.83 acres	Commercial Land	–	7,409,705	–	2006

Analysis of Shareholdings

As at 16 May 2012

Authorised Share Capital	:	RM500,000,000.00 divided into 500,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Capital	:	RM124,089,450.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS As at 16 May 2012

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,369	32.55	116,601	0.09
100 to 1,000	2,541	34.91	971,342	0.78
1,001 to 10,000	1,598	21.95	7,676,653	6.19
10,001 to 100,000	656	9.01	21,892,050	17.64
100,001 to less than 5% of issued shares	114	1.57	50,234,804	40.48
5% and above of issued shares	1	0.01	43,198,000	34.81
Total	7,279	100.00	124,089,450	100.00

SUBSTANTIAL SHAREHOLDERS As at 16 May 2012

(In accordance with the Register maintained pursuant to Section 69L of the Companies Act, 1965)

	Direct Interest		Indirect Interest	
Name	No. of Shares	%	No. of Shares	%
Yong Soon Chow	43,198,000	34.81%	7,120,808	5.74%
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	6,807,939	5.49%

THIRTY LARGEST SHAREHOLDERS As at 16 May 2012

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
1	Yong Soon Chow	43,198,000	34.81
2	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pertiwi Positif Sdn Bhd	5,000,000	4.03
3	Koh Hua Lan	3,945,500	3.18
4	Capai Hasil Sdn Bhd	2,915,336	2.35
5	Yong Tiok Chin	2,658,308	2.14
6	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	2,079,900	1.68
7	Pertiwi Positif Sdn Bhd	1,807,939	1.46
8	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Takrif Jaya Sdn Bhd	1,721,300	1.39
9	Lembaga Tabung Haji	1,451,800	1.17

...continued

THIRTY LARGEST SHAREHOLDERS As at 16 May 2012 (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
10	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For General Technology Sdn Bhd	1,152,900	0.93
11	Lim Khuan Eng	1,100,800	0.89
12	Nazimah Binti Syed Majid	1,004,200	0.81
13	JS Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nazimah Binti Syed Majid	1,000,000	0.81
14	Mayban Nominees (Asing) Sdn Bhd Pledged Securities Account For San Tuan Sam	917,500	0.74
15	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koh Kin Lip	900,000	0.73
16	Kong Tiam	829,000	0.67
17	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account For Tan Chan Chai	670,000	0.54
18	DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	645,000	0.52
19	Ng Ming Kai	550,000	0.44
20	Yap Hock Lee	526,600	0.42
21	Yong Shang Ming	510,000	0.41
22	Lai Wooi Giap	460,000	0.37
23	Lim Leng Na	423,000	0.34
24	Malaysian Assurance Alliance Berhad AS Beneficial Owner (Growth Fund)	417,500	0.34
25	Chai Yoon Fook	406,000	0.33
26	Public Nominees (Tempatan) Sdn Bhd Pledged Securities A/C For Chow Soong Ming	384,400	0.31
27	Ong Saw Peng	350,100	0.28
28	OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Khoo Teng Yeow	350,000	0.28
29	Wong Yu @ Wing Wing Yu	350,000	0.28
30	DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad For Eastspring Investment Dynamic Fund	349,000	0.28
		78,074,083	62.92

Analysis of Shareholdings

As at 16 May 2012

ANALYSIS BY SIZE OF WARRANTHOLDINGS (WARRANTS 2003/2013) As at 16 May 2012

Size of Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	69	10.97	2,660	0.01
100 to 1,000	235	37.36	185,474	0.77
1,001 to 10,000	180	28.62	987,700	4.12
10,001 to 100,000	122	19.40	4,422,200	18.43
100,001 to less than 5% of issued warrants	20	3.18	6,001,100	25.01
5% and above of issued warrants	3	0.48	12,399,916	51.67
Total	629	100.00	23,999,050	100.00

THIRTY LARGEST WARRANTHOLDERS As at 16 May 2012

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Warrants	%
1	Yong Soon Chow	7,999,916	33.33
2	Pertiwi Positif Sdn Bhd	3,000,000	12.50
3	Koh Hua Lan	1,400,000	5.83
4	Ng Ming Kai	1,130,000	4.71
5	Takrif Jaya Sdn Bhd	770,000	3.21
6	Koh Chin Liang	714,700	2.98
7	Mak Ngia Ngia @ Mak Yoke Lum	376,000	1.57
8	Mak Ngia Ngia @ Mak Yoke Lum	346,400	1.44
9	Maybank Nominees (Tempatan) Sdn Bhd Lim Siew Inn	321,100	1.34
10	Toh Eng Yee	300,000	1.25
11	Tan Chan Chai	300,000	1.25
12	Ong Mui Keow	214,200	0.89
13	Loh Eng Hock	200,000	0.83
14	Capai Hasil Sdn Bhd	189,900	0.79
15	Lee Kum Pin	165,000	0.69
16	Chong Nyen Thien	149,000	0.62
17	Tong See Wong	145,000	0.60
18	Lim Fok Chou	139,600	0.58

...continued

THIRTY LARGEST WARRANTHOLDERS As at 16 May 2012 (Continued)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Warrants	%
19	Chai Ming Tau	118,000	0.49
20	Liew Siew Chin	110,700	0.46
21	Mun Mee Fong	108,000	0.45
22	Cheok Ken Chai	103,000	0.43
23	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities A/C For Looi Wai Chong	100,500	0.42
24	Tan Peck Kee	100,000	0.42
25	Yu Chok Tow	100,000	0.42
26	Ng Kok Loong	100,000	0.42
27	Kang Kin Ngai	100,000	0.42
28	Sim Choon Seng	100,000	0.42
29	Kee Hooi Seng	100,000	0.42
30	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Sieh Ming	100,000	0.42
		19,101,016	79.59

STATEMENT OF DIRECTORS' INTERESTS IN SHARES AND WARRANTS IN THE COMPANY

As at 16 May 2012

DIRECTORS' SHAREHOLDINGS

(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

	Direct Interest		Indirect Interest	
	No. of		No. of	
Name	**Shares**	**%**	**Shares**	**%**
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	6,807,939	5.49%
Yong Soon Chow	43,198,000	34.81%	7,120,808	5.74%
Koh Hua Lan	3,945,500	3.18%	–	
Yong Shang Ming	510,000	0.41%	–	–
Keong Choon Keat	20,000	0.02%	90,000	0.07%
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	30,000	0.02%	–	–
Yong Tiok Keng	–	–	–	–

DIRECTORS' WARRANTHOLDINGS

(In accordance with the Register maintained pursuant to Section 134 of the Companies Act, 1965)

	Direct Interest		Indirect Interest	
		No. of	No. of	
Name	**Warrants**	**%**	**Warrants**	**%**
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	3,000,000	12.50%
Yong Soon Chow	7,999,916	33.33%	1,400,000	5.83%
Koh Hua Lan	1,400,000	5.83%	–	–
Yong Shang Ming	–	–	–	–
Keong Choon Keat	–	–	–	–
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–
Yong Tiok Keng	–	–	–	–

CREST BUILDER HOLDINGS BERHAD
(573382-P)

PROXY FORM

No. of Ordinary Shares Held	

I/We ....

NRIC No. .... /Passport No. ....

of ....

being a member/members of the abovenamed Company hereby appoint

.... [holding shares] ....

of ....

NRIC No. .... /Passport No. ....

And/or failing him/her

.... [holding shares] ....

of ....

NRIC No. .... /Passport No. ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the 10th Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 20 June, 2012 at 9:30 a.m. or at any adjournment thereof.

	Ordinary business	For	Against
1.	To lay the reports of the directors, auditors and the financial statements for the year ended 31 December 2011.		
2.	To declare a final dividend of 5% less 25% tax for the financial year ended 31 December 2011.		
3.	To re-elect the Non-Executive Chairman, Tengku Dato' Sulaiman Shah.		
4.	To re-elect the Executive Director, Koh Hua Lan.		
5.	To re-elect the Senior Independent Non-Executive Director, Keong Choon Keat.		
6.	To appoint Messrs Baker Tilly Monteiro Heng, Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2012 and authorise the fixing of their remuneration by directors.		
	Special business	**For**	**Against**
7.	To approve payment of directors' remunerations for the year ended 31 December 2011 in accordance with Article 88 of the Company's Articles of Association.		
8.	To empower the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 and in compliance with the Listing Requirements of Bursa Securities		
9.	To approve the recurrent related party transactions of a revenue or trading nature and which are necessary for the day-to-day operations up to the next annual general meeting		
10.	To approve the mandate for share buy-back		

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

....
Signature of member

Dated:

Notes:-

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*
3. *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.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of a officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at No. 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur not less than 48 hours before the time set for holding for the meeting or any adjournment thereof.*

Common seal affixed in the presence of

Director *Director/Secretary*

....

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
CREST BUILDER HOLDINGS BERHAD *(573382-P)*
NO. 14-2, JALAN 4A/27A,
SECTION 2, WANGSA MAJU,
53300 KUALA LUMPUR.

1st fold here

CREST BUILDER HOLDINGS BERHAD
(573382-P)

Penthouse, The Crest
3 Two Square, No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : 603 7841 6000
Fax : 603 7841 6088
Email : corporate@crestbuilder.com.my