

**TEBRAU TEGUH BERHAD**

(Company No. 8256-A)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current quarter 30.09.11 RM'000</b>	<b>Previous year corresponding quarter 30.09.10 RM'000</b>	<b>9 months ended 30.09.11 RM'000</b>	<b>9 months ended 30.09.10 RM'000</b>
Revenue	30,528	30,613	93,924	70,408
Cost of Sales	(26,117)	(27,549)	(87,820)	(63,618)
Gross Profit	4,411	3,064	6,104	6,790
Other operating income	150	1,564	1,413	2,488
Operating expenses	(1,703)	(2,285)	(4,341)	(5,568)
Profit from operations	2,858	2,343	3,176	3,710
Finance costs	(37)	(176)	(273)	(528)
Profit before taxation	2,821	2,167	2,903	3,182
Taxation (Note 19)	348	284	810	660
Profit for the period	3,169	2,451	3,713	3,842
Other comprehensive income net of tax	-	-	-	-
Total comprehensive income for the period	3,169	2,451	3,713	3,842
Profit and total comprehensive income attributable to :				
Owners of the Parent	3,169	2,451	3,713	3,842
<b>EARNINGS PER SHARE</b>				
Basic (sen)	0.47	0.37	0.55	0.57
Diluted (sen)	0.47	0.37	0.55	0.57

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

# TEBRAU TEGUH BERHAD

(Company No. 8256-A)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	Unaudited as at 30.09.11 RM'000	Audited as at 31.12.10 RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,141	1,117
Investment properties	484	884
Available-for-sale investment	90	90
Land held for future development	188,916	188,916
	<u>190,631</u>	<u>191,007</u>
<b>CURRENT ASSETS</b>		
Development properties	399,735	403,016
Inventories	547	547
Trade and other receivables	45,982	51,027
Cash and bank balances	44,523	36,175
	<u>490,787</u>	<u>490,765</u>
<b>TOTAL ASSETS</b>	<b><u>681,418</u></b>	<b><u>681,772</u></b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Share capital	334,864	334,864
Reserves	169,365	165,652
Shareholders' equity	<u>504,229</u>	<u>500,516</u>
<b>NON-CURRENT LIABILITIES</b>		
Long term borrowings	244	122
Deferred taxation	119,365	120,479
	<u>119,609</u>	<u>120,601</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	57,201	48,757
Short term borrowings	140	5,100
Financial liabilities at amortised cost	-	6,798
Tax payable	239	-
	<u>57,580</u>	<u>60,655</u>
<b>TOTAL LIABILITIES</b>	<b><u>177,189</u></b>	<b><u>181,256</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>681,418</u></b>	<b><u>681,772</u></b>
Net assets per share (RM)	0.75	0.75

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statement.

# TEBRAU TEGUH BERHAD

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## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	Share capital	Share premium	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2011</b>	334,864	225,821	(60,169)	500,516
Total comprehensive income for the period	-	-	3,713	3,713
<b>At 30 September 2011</b>	334,864	225,821	(56,456)	504,229

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE CORRESPONDING QUARTER ENDED 30 SEPTEMBER 2010

	Share capital	Share premium	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2010</b>	334,864	225,821	(64,375)	496,310
Effect of applying FRS 139			575	575
<b>Restated balance</b>	<b>334,864</b>	<b>225,821</b>	<b>(63,800)</b>	<b>496,885</b>
Total comprehensive income for the period	-	-	3,842	3,842
<b>At 30 September 2010</b>	334,864	225,821	(59,958)	500,727

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statement.

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE QUARTER ENDED 30 SEPTEMBER 2011

	<b>9 months ended 30.09.11 RM'000</b>	<b>9 months ended 30.09.10 RM'000</b>
Net cash generated from/(used in) operating activities	13,472	21,148
Net cash generated from/(used in) investing activities	(286)	(37)
Net cash generated from/(used in) financing activities	(4,838)	(3,936)
Net increase/(decrease) in cash and cash equivalents	8,348	17,176
Cash and cash equivalents at beginning of year	36,175	17,719
Cash and cash equivalents at the end of year	44,523	34,895
Cash and cash equivalents comprise:		
Cash and bank balances	12,907	21,192
Deposit with licensed banks	31,616	13,703
	44,523	34,895

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the annual audited financial statements for the year ended 31 December 2010.

# TEBRAU TEGUH BERHAD

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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

### 2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2011.

#### (i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 30 September 2011, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs, Improvement to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

#### **Effective for financial periods beginning on or after 1 July 2010**

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinue Operations

Amendments to FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

#### **Effective for financial periods beginning on or after 1 January 2011**

Amendments to FRS 1: Limited Exemption for Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 7: Improving Disclosures about Financial Instruments and Additional Exemptions for First-Time Adopters

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

IC Interpretation 4: Determining whether an Arrangement contains a Lease

IC Interpretation 18: Transfers of Assets from Customers

TR 3: Guidance a Disclosure of Transition to IFRSs

TR i - 4: Shariah Compliant Sale Contracts

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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Other than for the application of Amendments to FRS 7, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

#### **Amendments to FRS 7 : Financial Instrument**

The adoption of amendments to FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, amendments to FRS 7 disclosures are not required in the interim financial statements, and hence no further disclosures have been made in these interim financial statements.

#### **Breakdown of Realised and Unrealised Profit or Loss**

The Group's realised and unrealised accumulated losses disclosure is as follows:

RM'000	For the quarter ended 30.09.2011	For the year ended 31.12.2010
Total accumulated losses of the Company and subsidiaries:		
- Realised	(39,097)	(45,734)
- Unrealised	(36)	(334)
Add: Consolidation adjustments	(17,323)	(14,101)
Total Group accumulated losses	(56,456)	(60,169)

#### **Standards and interpretations issued but not yet effective**

At the date of these interim financial statements, the following revised FRSs and Interpretations and amendments to certain Standards and Interpretations were issued but not yet effective and have not applied, which are:

#### **Effective for financial periods beginning on or after 1 July 2011**

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement

#### **Effective for financial periods beginning on or after 1 January 2012**

IC Interpretation 15: Agreements for the Construction of Real Estate

FRS 124: Related Party Disclosures

Except for the changes in accounting policies arising from the adoption of IC Interpretation 15, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IC Interpretation 15 are described below.

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### IC Interpretation 15 Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

### **3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2010**

The Auditors' Report of the financial statements of the Company and of the Group for the year ended 31 December 2010 was not subject to any qualification.

### **4. SEASONAL OR CYCLICAL FACTORS**

The Group's business operations are not seasonal but cyclical in nature, which is dependent on the economic conditions in Malaysia.

### **5. UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period under review because of their nature, size, or incidence.

### **6. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in previous quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have had a material effect in the current quarter.

### **7. DEBTS AND EQUITY SECURITIES**

There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 30 September 2011.

### **9. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT**

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure,

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the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and long-term liabilities to be the key components in the group's capital structure. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as the total liabilities to total equity. Total equity is the sum of total equity attributable to shareholders and non-controlling interests. The Group's strategy is to maintain a gearing ratio of 30% to 50%.

The gearing ratios as at 30 September 2011 and 31 December 2010, which are within the Group's objectives for capital management, are as follows:-

	<b>30/09/2011 RM'000</b>	<b>31/12/2010 RM'000</b>
Total liabilities	177,189	181,256
Total equity	504,229	500,516
Total capital	681,418	681,772
Gearing ratio	35%	36%

There is no significant change in the gearing ratio in the current quarter ended 30 September 2011 as increase in liabilities is equal to the corresponding increase in comprehensive income. The details of the drawdown and the repayment of bank borrowings in the current quarter are as follows:

	<b>Current year quarter 30/09/2011 RM'000</b>	<b>9 months cumulative to date 30/09/2011 RM'000</b>
a) Drawdown on new bank borrowings	-	-
b) Repayment of bank borrowings	(626)	(4,560)

### 10. DIVIDENDS

No dividends are recommended, have been declared, or have been paid during the financial period ended 30 September 2011.

### 11. VALUATION OR PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2010.



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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the end of the current quarter that have not been reflected in the quarterly financial statements.

### 13. GROUP COMPOSITION

There were no material changes in the composition of the Group during the financial quarter under review.

### 14. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Contingent liabilities of the Group comprise the following:

	<b>30.09.11</b>	<b>30.09.10</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries	90,550	93,350
- Current Exposure	-	9,272
Performance bond issued by subsidiaries involved in construction activities	29,350	29,350

### 15. OPERATING SEGMENTS

The following tables provide an analysis of the Group's revenue, results, assets and liabilities by business segments:-

<b>As at 30 Sept 2011 RM'000</b>	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	8,614	85,310	-	-	93,924
Inter-segment Sales	-	-	-	-	-
<b>Total revenue</b>	<b>8,614</b>	<b>85,310</b>	<b>-</b>	<b>-</b>	<b>93,924</b>
<b>RESULT</b>					
Segment results	5,022	3,338	(7)	(4,334)	4,019
Unallocated corporate expenses					(843)
Finance costs					(273)
<b>Profit before Taxation</b>					<b>2,903</b>

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NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2011

## 15. OPERATING SEGMENTS (CONT'D)

As at 30 Sept 2010 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>Revenue</b>					
Revenue	21,202	49,206	-	-	70,408
Inter-segment sales	-	1,910	-	(1,910)	-
<b>Total revenue</b>	21,202	51,116	-	(1,910)	70,408
<b>RESULT</b>					
Segment results	4,673	1,700	(7)	(1,881)	4,485
Unallocated corporate expenses					(775)
Finance costs					(528)
<b>Profit before taxation</b>					<b>3,182</b>

## ASSETS AND LIABILITIES

As at 30 Sept 2011 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b><u>ASSETS</u></b>					
Segment Assets	603,132	73,489	233	(100,697)	576,158
Investment Properties					484
AFS Investments					90
Unallocated corporate Assets					104,686
<b>Consolidated total assets</b>					<b>681,418</b>
<b><u>LIABILITIES</u></b>					
Segment Liabilities	(156,532)	(116,680)	(854)	100,697	(173,369)
Unallocated corporate liabilities					(3,820)
<b>Consolidated Total liabilities</b>					<b>(177,189)</b>

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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 15. OPERATING SEGMENTS (CONT'D)

As at 30 September 2010 RM'000	Property Development	Construction	Property Management	Elimination	Consolidated
<b>ASSETS</b>					
Segment Assets	610,959	76,912	273	(113,908)	574,236
Investment Properties					884
AFS Investments					90
Unallocated corporate assets					105,276
<b>Consolidated total assets</b>					<b>680,486</b>
<b>LIABILITIES</b>					
Segment Liabilities	(166,656)	(121,510)	(882)	113,908	(175,140)
Unallocated corporate liabilities					(4,619)
<b>Consolidated Total liabilities</b>					<b>179,759</b>

### 16. REVIEW OF PERFORMANCE

- (i) Comparison with the preceding quarter

The Group's gross profit for the current quarter ended 30 September 2011 has increased compared to the preceding quarter ended 30 June 2011 due to on going construction activities and contribution from property development activity.

- (ii) Comparison with the previous corresponding quarter.

The Group's profit for the current quarter is slightly higher than the previous year corresponding quarter ended 30 September 2010 mainly due to higher profit generated from property development activity.

### 17. PROSPECTS

The Group expects to end the year on a better note.

In the coming year, the Group will officially launch its residential development, The Botanica @ Bayu Puteri. The development consists of 544 residential units with estimated Gross Development Value of RM165 million to be developed over 5 years.

The Group is currently focusing to complete the RM303 million contract awarded by Johor State Secretary Incorporated on 16 January 2009. The construction period is 36 months and is targeted to complete in early 2012.

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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 18. PROFIT FORECAST

The Group has not provided any profit forecast in a public document.

### 19. TAXATION

	<b>Current year quarter 30.09.2011 RM'000</b>	<b>9 months cumulative to date 30.09.2010 RM'000</b>
Current income tax :		
Malaysian Income Tax	46	286
Under/(Over) provision in prior year	16	16
Transfer to/(from) deferred taxation	(410)	(1,112)
	<u>(348)</u>	<u>(810)</u>

### 20. UNQUOTED INVESTMENTS AND PROPERTIES

There were no purchases or sales of unquoted investments and properties for the current quarter and financial year to date.

### 21. QUOTED INVESTMENTS

There were no purchases or sale of quoted securities for the current quarter and financial year to date.

There were no investments in quoted securities as at the end of the current quarter.

### 22. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals involving the company as at the end of the current quarter.

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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 23. BORROWING AND DEBT EQUITIES

Details of the Group's borrowings as at 30 September 2011 are as follows:

	Current RM'000	Non current RM'000	Total RM'000
Hire purchase, leasing liabilities & bank overdraft	140	244	384
Total	<u>140</u>	<u>244</u>	<u>384</u>

### 24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off-balance sheet financial instruments.

### 25. DERIVATIVES

- a. There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 30 September 2011; and
- b. The Group has not entered into a type of derivatives not disclosed in the previous financial year or any of the previous quarters under the current financial year.

### 26. MATERIAL LITIGATION

There is no material litigation.

### 27. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 September 2011 (31 December 2010 : Nil).

### 28. EARNINGS PER SHARE

The basic earnings per share for the financial period has been calculated based on the Group's earnings after taxation and divided by the 669,727,143 ordinary shares of RM0.50 each in issue during the financial period.

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## NOTES TO 3<sup>RD</sup> QUARTER FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

### 29. STATUS OF JOINT VENTURE PROJECTS

Following is the status of the existing joint venture projects as at 30 September 2011:

	<b>Paradise Realty Sdn. Bhd.</b>
<u>Development Status</u>	
Total land area	20.324 acres
% land under development	94.63%
<u>Joint Venture Consideration</u>	
Amount invoiced (RM'000)	5,440
Amount collected (RM'000)	(4,620)
Outstanding as at 30 September 2011 (RM'000)	820

### 30. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 November 2011.