



TAMBUN INDAH LAND BERHAD

(Company No: 810446-U)

(Incorporated in Malaysia)

Interim Financial Report
For The Quarter Ended 31 March 2013 (Unaudited)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013
Condensed Consolidated Statements of Financial Position

| | Unaudited As at 31 March 2013 RM'000 | Audited As at 31 December 2012 RM'000 |
|--|---|--|
| ASSETS: | | |
| Non-Current Assets: | | |
| Property, plant and equipment | 3,684 | 3,579 |
| Investment properties | 60,925 | 58,644 |
| Land held for development | 69,275 | 68,235 |
| Investment in an associate company | 5,386 | 5,043 |
| Deferred tax assets | 370 | 1,224 |
| | <u>139,640</u> | <u>136,725</u> |
| Current Assets | | |
| Inventories | 253 | 253 |
| Property development costs | 132,885 | 138,957 |
| Trade and other receivables | 81,980 | 70,577 |
| Current tax assets | 1,057 | 1,389 |
| Cash and cash equivalents | 99,726 | 95,972 |
| | <u>315,901</u> | <u>307,148</u> |
| TOTAL ASSETS | <u>455,541</u> | <u>443,873</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Parent: | | |
| Share capital | 155,788 | 155,422 |
| Share premium | 6,556 | 6,525 |
| Option reserve | 43 | 49 |
| Warrant reserve | 884 | 884 |
| Capital redemption reserve | 200 | 200 |
| Retained profits | 71,861 | 60,135 |
| | <u>235,332</u> | <u>223,215</u> |
| Non-controlling interests | 41,387 | 38,702 |
| Total Equity | <u>276,719</u> | <u>261,917</u> |
| Non-Current Liabilities: | | |
| Long-term bank borrowings | 92,076 | 77,118 |
| Deferred taxation | 2,815 | 1,765 |
| | <u>94,891</u> | <u>78,883</u> |
| Current Liabilities: | | |
| Trade and other payables | 63,907 | 93,034 |
| Short-term bank borrowings | 16,616 | 6,708 |
| Current tax liabilities | 3,408 | 3,331 |
| | <u>83,931</u> | <u>103,073</u> |
| TOTAL LIABILITIES | <u>178,822</u> | <u>181,956</u> |
| TOTAL EQUITY AND LIABILITIES | <u>455,541</u> | <u>443,873</u> |
| Net assets per share attributable to ordinary equity holders of the company (RM) (Note 2) | <u>0.76</u> | <u>0.72</u> |

Notes:

1 The condensed Consolidated Statement of Financial Position should be read in conjunction with Tambun Indah Land Berhad's ("Tambun Indah" or "the Company") audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.

2 Based on the issued and paid-up share capital of 311,576,000 (2012: 310,844,000) ordinary shares of RM0.50 each in Tambun Indah ("Shares").

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013
Condensed Consolidated Statements of Comprehensive Income

| | Note | Individual Quarter | | Cumulative Quarter | |
|---|------|--------------------|---------------|--------------------|---------------|
| | | 3 months ended | | 3 months ended | |
| | | 31-Mar-2013 | 31-Mar-2012 | 31-Mar-2013 | 31-Mar-2012 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 78,324 | 65,987 | 78,324 | 65,987 |
| Cost of sales | | (49,131) | (43,426) | (49,131) | (43,426) |
| Gross profit | | 29,193 | 22,561 | 29,193 | 22,561 |
| Other income | B14 | 1,304 | 112 | 1,304 | 112 |
| Sales and marketing expenses | | (3,464) | (1,370) | (3,464) | (1,370) |
| Administrative expenses | B15 | (2,740) | (2,674) | (2,740) | (2,674) |
| Profit from operations | | 24,293 | 18,629 | 24,293 | 18,629 |
| Finance costs | | (659) | (440) | (659) | (440) |
| Share of profit/(loss) of an associate | | 343 | (35) | 343 | (35) |
| Profit before tax | | 23,977 | 18,154 | 23,977 | 18,154 |
| Income tax expense | | (7,066) | (5,076) | (7,066) | (5,076) |
| Profit for the period | | 16,911 | 13,078 | 16,911 | 13,078 |
| Other comprehensive income net of tax | | - | - | - | - |
| Total comprehensive income for the period | | 16,911 | 13,078 | 16,911 | 13,078 |
| Profit attributable to : | | | | | |
| Equity holders of the Company | | 11,726 | 9,159 | 11,726 | 9,159 |
| Non-controlling interests | | 5,185 | 3,919 | 5,185 | 3,919 |
| | | 16,911 | 13,078 | 16,911 | 13,078 |
| Total comprehensive income attributable to : | | | | | |
| Equity holders of the Company | | 11,726 | 9,159 | 11,726 | 9,159 |
| Non-controlling interests | | 5,185 | 3,919 | 5,185 | 3,919 |
| | | 16,911 | 13,078 | 16,911 | 13,078 |
| Earnings per share attributable to the equity holders of the Company | | | | | |
| Basic (sen) | B12 | 3.77 | 4.14 | 3.77 | 4.14 |
| Diluted (sen) | B12 | 3.61 | 4.14 | 3.61 | 4.14 |

Notes :

1 The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013
Condensed Consolidated Statement of Changes In Equity

| | Attributable to Equity Holders of the Company | | | | | | | | Total Equity RM'000 |
|---|---|----------------------------|-----------------------------|------------------------------|--|-------------------------------|-----------------|--|------------------------|
| | Non-distributable | | | | | Distributable | | Non-controlling Interests RM'000 | |
| | Share Capital RM'000 | Share Premium RM'000 | Option Reserve RM'000 | Warrant Reserve RM'000 | Capital Redemption Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | | |
| At 1 January 2013 | 155,422 | 6,525 | 49 | 884 | 200 | 60,135 | 223,215 | 38,702 | 261,917 |
| Profit for the period | - | - | - | - | - | 11,726 | 11,726 | 5,185 | 16,911 |
| Total comprehensive income | - | - | - | - | - | 11,726 | 11,726 | 5,185 | 16,911 |
| Transactions with owners | | | | | | | | | |
| Issuance of ordinary shares - exercise of Employee share option scheme ("ESOS") | 366 | 31 | (6) | - | - | - | 391 | - | 391 |
| Dividends | - | - | - | - | - | - | - | (2,500) | (2,500) |
| Total transactions with owners | 366 | 31 | (6) | - | - | - | 391 | (2,500) | (2,109) |
| At 31 March 2013 | 155,788 | 6,556 | 43 | 884 | 200 | 71,861 | 235,332 | 41,387 | 276,719 |
| At 1 January 2012 | 110,500 | 6,400 | - | - | - | 38,431 | 155,331 | 32,033 | 187,364 |
| Profit for the period | - | - | - | - | - | 40,813 | 40,813 | 16,236 | 57,049 |
| Total comprehensive income | - | - | - | - | - | 40,813 | 40,813 | 16,236 | 57,049 |
| Transactions with owners | | | | | | | | | |
| Issuance of ordinary shares -right issue with warrants - exercise of Employee share option scheme ("ESOS") | 44,200 | - | - | - | - | - | 44,200 | - | 44,200 |
| Issuance of warrants | - | - | - | 884 | - | (884) | - | - | - |
| Options grant under ESOS | - | - | 172 | - | - | - | 172 | - | 172 |
| Redemption of redeemable preference shares ("RPS") acquired by non-controlling interest of a subsidiary company | - | - | - | - | - | - | - | (6,867) | (6,867) |
| Redemption of RPS by subsidiary companies | - | - | - | - | 200 | (200) | - | - | - |
| Dividends | - | - | - | - | - | (18,025) | (18,025) | (2,700) | (20,725) |
| Total transactions with owners | 44,922 | 125 | 49 | 884 | 200 | (19,109) | 27,071 | (9,567) | 17,504 |
| At 31 December 2012 | 155,422 | 6,525 | 49 | 884 | 200 | 60,135 | 223,215 | 38,702 | 261,917 |

Notes :

1 The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Company audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013
Condensed Consolidated Statements of Cash Flows

| | 3 months ended 31-Mar-2013 RM'000 | 3 months ended 31-Mar-2012 RM'000 |
|--|--|--|
| Profit before taxation | 23,977 | 18,154 |
| Adjustments for:- | | |
| Non-cash items | (710) | 77 |
| Non-operating items | (102) | 386 |
| Operating profit before changes in working capital | 23,165 | 18,617 |
| Net Change in current assets | (6,371) | (18,242) |
| Net Change in current liabilities | (29,127) | 6,448 |
| Cash used in operations | (12,333) | 6,823 |
| Interest received | 418 | 89 |
| Tax paid | (4,753) | (732) |
| Net cash generated (used in)/from operating activities | (16,668) | 6,180 |
| Investing Activities | | |
| Purchase of property, plant and equipment | (264) | (1,377) |
| Addition in investment property | (1,535) | - |
| Proceeds from disposal of property, plant and equipment | 123 | 1 |
| Purchase of other investment | - | (2,900) |
| Net cash used in investing activities | (1,676) | (4,276) |
| Financing Activities | | |
| Changes of fixed deposits pledged to licensed banks | 1,457 | 654 |
| Dividends paid to non-controlling interests of subsidiary companies | (2,500) | - |
| Drawdown of term loans & bridging loan | 28,194 | 381 |
| Proceeds from issuance of shares pursuant to ESOS | 391 | - |
| Repayment of term loans and bridging loan | (4,149) | (1,334) |
| Repayment of hire purchase | (25) | - |
| Interest paid | (659) | (440) |
| Net cash generated from/(used in) financing activities | 22,709 | (739) |
| Net changes in cash and cash equivalents | 4,365 | 1,165 |
| Cash and cash equivalents at 1 January 2013/2012 | 89,474 | 37,614 |
| Cash and cash equivalents at 31 March 2013/2012 | 93,839 | 38,779 |
| Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:- | | |
| Fixed deposits with licensed banks | 13,357 | 517 |
| Cash and bank balances | 76,683 | 38,496 |
| Short term deposit | 9,686 | - |
| Bank overdrafts | (846) | (71) |
| | 98,880 | 38,942 |
| Less: Fixed deposits pledged to licensed banks | (5,041) | (163) |
| | 93,839 | 38,779 |

Notes :

1 The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Company audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013

A. Explanatory Notes pursuant to Financial Reporting Standard ("FRS") 134, Interim Reporting and the Listing Requirements

A1. Basis of Preparation

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities, inter alia, that are within the scope of IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

The Group falls within the scope of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. For the financial year ending 31 December 2012, the Group will continue to prepare financial statements using the Financial Reporting Standards ("FRS").

The interim financial report has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Listing Requirements.

The interim financial statements should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by Tambun Indah and its subsidiary companies ("Group") for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2012 except for the mandatory adoption of the following new and revised FRSs and Issues Committee Interpretations ("IC Interpretations") effective for the financial period beginning on 1 January 2013:

FRSs, amendments to FRSs and IC Interpretations

| | |
|---|--|
| Amendments to FRS 1, FRS 101, FRS 116, FRS 132, FRS 134 | Improvements to FRSs |
| Amendments to FRS 7 | Disclosures- Offsetting Financial Assets and Financial Liabilities |
| Amendments to FRS 10, FRS 11 & FRS 12 | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |
| Amendments to FRS 13 | Fair Value Measurement |
| Amendments to FRS 119 | Employee Benefits |
| Amendments to FRS 127 | Separate Financial Statements |
| Amendments to FRS 128 | Investment in Associates and Joint Ventures |
| Amendments to IC Interpretation 2 | Members' Shares in Co-operative |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine |

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

A3. Explanatory Comments about Seasonality or Cyclicity of Interim Operations

The business operations of the Group during the financial year under review had not been materially affected by any seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year-to-date.

A5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial year-to-date results.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013

A6. Debt and Equity Securities

For the financial period under review, there were no issues, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares, save for the disclosure below.

(a) Issuance of 733,000 new ordinary shares of RM0.50 each pursuant to exercise of ESOS at the following option prices:

| | | | | |
|----------------------|--------|------|------|------|
| Exercise price | (RM) | 0.50 | 0.54 | 0.65 |
| No. of shares issued | ('000) | 558 | 20 | 155 |

The total cash proceeds arising from the exercise of ESOS during the current financial period to-date amounted to RM390,550.

A7. Dividend Paid

No dividend was paid in the current financial period under review.

A8. Operating Segment

The segmental analysis for the financial year ended 31 March 2013 are as follow:

| | Property development RM'000 | Construction and project management RM'000 | Investment holdings RM'000 | Adjustments and eliminations RM'000 | Total RM'000 |
|---|-----------------------------------|---|----------------------------------|--|-----------------|
| Revenue | | | | | |
| Revenue from external customers | 76,944 | 1,229 | 151 | - | 78,324 |
| Inter-segment revenues | - | 2,890 | 4,874 | (7,764) | - |
| | <u>76,944</u> | <u>4,119</u> | <u>5,025</u> | <u>7,764</u> | <u>78,324</u> |
| Results | | | | | |
| Profit from operations | 23,810 | 1,539 | 6,182 | (7,481) | 24,050 |
| Unallocated amount: corporate expenses | | | | | (73) |
| Profit before tax | | | | | <u>23,977</u> |
| Tax expense | | | | | <u>(7,066)</u> |
| Profit for the year | | | | | <u>16,911</u> |
| Other information | | | | | |
| Capital expenditure | 1,051 | 252 | - | - | 1,303 |
| Depreciation | 7 | 88 | 18 | - | 113 |

A9. Subsequent Events

Save as disclosed in B7, there were no material events subsequent to the financial quarter ended 31 March 2013 till 17 April 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), that have not been reflected in the financial statements for the current quarter under review.

A10. Changes in the Composition of the Group

There was no change in the composition of the Group for the financial quarter ended 31 March 2013.

A11. Capital Commitments

The amount of capital commitments not provided for in the financial quarter ended 31 March 2013 were as follows:

| | RM'000 |
|---|---------------|
| Contractual commitments for purchase of development lands | 110,959 |

A12. Significant Related Party Transactions

Related parties are those defined under FRS 124: Related Party Disclosures.

Transactions with directors of the Company and subsidiary companies, members of their family and companies, firms and trust bodies in which they have interests:

| | 3 months ended 31-Mar-2013 RM'000 |
|--|--|
| Rental paid to a company in which a Director has interest | 16 |
| Progress claimed charged to an associate company | 1,361 |
| Sales of development properties to immediate family members of the directors | 1,161 |

B. Explanatory Notes pursuant to Part A of Appendix 9B of the Listing requirements

B1. Review of Performance

Quarter on Quarter review

The current quarter revenue and profit before tax of RM78.32 million and RM23.98 million represented a 18.7% increase in revenue and 32.1% increase in profit before tax over same quarter of preceding year.

The favourable increase in the revenues in the current quarter was contributed mainly by the property development segment which recorded an increase of RM12.70 million or 19.8% in revenue compared to preceding corresponding quarter.

The quarter on quarter movements in the segment revenues were as follows:

| | Current | Preceding Year | Variances | |
|-------------------------------------|-----------------------|-----------------------|--------------|---------------|
| | 31-Mar-2013 RM'000 | 31-Mar-2012 RM'000 | % | RM'000 |
| Revenue | | | | |
| Property development | 76,944 | 64,245 | 19.8% | 12,699 |
| Construction and project management | 1,229 | 1,590 | -22.7% | (361) |
| Investment holdings | 151 | 152 | -0.7% | (1) |
| | 78,324 | 65,987 | 18.7% | 12,337 |
| Profit before tax | 23,977 | 18,154 | 32.1% | 5,823 |

Property development

The Group's property development projects are covered in Simpang Ampat, Butterworth, Juru, Bukit Mertajam and Penang Island. Of these, revenue from the Pearl City projects in Simpang Ampat accounted for sixty-six percent of revenue in the segment, and was also higher compared to that of the corresponding quarter in the preceding year.

Revenue from the Straits Garden project in Penang also contributed to the increase in revenue in the current quarter.

Construction and project

The Group's construction and project management segment returned lower revenue in the current quarter as compared to previous corresponding quarter. The reduced revenue was mainly due to certain construction contracts being substantially completed in the current quarter.

Investment holdings

There was no significant change in revenue for the investment holdings segment.

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013

B2. Comparison of results against immediate preceding quarter

The Group's revenue and profit before tax for the current quarter increased by of RM2.85 million to RM78.32 million, and RM3.14 million to RM23.98 million respectively as compared to that of the preceding quarter ended 31 December 2012. The favourable numbers were largely due to higher sales achieved, and the consequent higher revenue recognition in the current quarter.

| | Current | Preceding | Variances | |
|-------------------|-----------------------|-----------------------|-----------|--------|
| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 | % | RM'000 |
| Revenue | 78,324 | 75,471 | 3.8% | 2,853 |
| Profit before tax | 23,977 | 20,838 | 15.1% | 3,139 |

B3. Prospects for the current financial year

As at 31 March 2013, the Group recorded an average take up rate of 70.9% on its ongoing projects, with a total Gross Development Value of RM1.23 billion; and unbilled sales totalled RM425 million. These should contribute to the Group's earnings for the next two to three years.

Based on the foregoing and subject to successful implementation of the projects, the Group expects to achieve favourable performance in the current financial year.

B4. Variance of Actual Profit from Forecast Profit or Profit Guarantee

Not applicable as no profit forecast or profit guarantee was issued.

B5. Statement by Board of Directors

The Group did not issue any profit forecast or projection in a public document in the current quarter or financial year-to-date.

B6. Income Tax

Income Tax comprised:

| | Individual Quarter | | Cumulative Quarter | |
|--------------------|--|---|---|--|
| | Current Year Quarter 31-Mar-2013 RM'000 | Preceding Year Corresponding Quarter 31-Mar-2012 RM'000 | Current Year- To-Date 31-Mar-2013 RM'000 | Preceding Year Corresponding Period 31-Mar-2012 RM'000 |
| Current income tax | 5,162 | 4,451 | 5,162 | 4,451 |
| Deferred taxation | 1,904 | 625 | 1,904 | 625 |
| | <u>7,066</u> | <u>5,076</u> | <u>7,066</u> | <u>5,076</u> |

The Group's effective taxation rate for the current quarter and financial period-to-date under review was higher compared to the statutory taxation rate mainly due to non-tax deductible expenses of the Group.

B7. Status of Corporate Proposals

(a) Land acquisition - Bandar Tasek Mutiara

Palmington Sdn Bhd ("Palmington"), a 60%-owned subsidiary of Tambun Indah, had on 4 May 2011 entered into a master agreement and five (5) separate sales and purchase agreements (Parcel R1, R2, R3, C and Amenities Land respectively) with Pembangunan Bandar Mutiara Sdn Bhd ("Pembangunan Mutiara") to purchase an undeveloped land bank located in a new township development known as Bandar Tasek Mutiara (marketed as Pearl City) in the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang measuring approximately 526.7531 acres for a purchase consideration of RM233,223,021 to be satisfied fully in cash.

On 5 September 2011, all the conditions precedent stipulated in the master agreement and sale and purchase agreements entered into between Palmington and Pembangunan Mutiara ("SPA(s)") were fulfilled and the SPAs became unconditional.

Pursuant to the SPAs, Palmington and Pembangunan Mutiara mutually agreed to extend the completion date of the acquisition of Parcel R1 to 30 November 2011.

On 30 November 2011, Palmington and Pembangunan Mutiara mutually agreed to further extend the completion date in respect of the acquisition of Parcel R1 from 30 November 2011 to on or before 09 December 2011 ("2nd Extended Completion Date") to enable the solicitors further time to present the discharges, transfers and charges at the relevant Land Registry/Office.

The Company completed the acquisition of Parcel R1 on 7 December 2011.

Palmington had on 10 August 2012 entered into a Supplemental Agreement with Pembangunan Mutiara to vary the order of completion of Parcel R2 and Parcel R3 in respect of the Proposed Acquisitions.

Pursuant to the Master Agreement, Parcel R2 SPA and Parcel R3 SPA dated 4 May 2011, Parcel R2 SPA would complete ahead of Parcel R3 SPA, whereby the balance of the purchase consideration for Parcel R2 and Parcel R3 would be paid by Palmington to Pembangunan Mutiara on or before 18 months and 33 months from the date of the Agreements respectively.

Pursuant to the Supplemental Agreement, Parcel R3 SPA will be completed first, followed by Parcel R2 SPA.

The balance of the Parcel R3 Purchase Price shall be paid by Palmington to Pembangunan Mutiara or the Pembangunan Mutiara's Solicitors as stakeholders, on or before 18 months from the date of the Master Agreement and Parcel R3 SPA, instead of 33 months.

The balance of the Parcel R2 Purchase Price shall be paid by Palmington to Pembangunan Mutiara or the Pembangunan Mutiara's Solicitors as stakeholders, on or before 33 months from the date of the Master Agreement and Parcel R2 SPA, instead of 18 months.

The acquisition of Amenities Land was completed on 10 August 2012.

On 29 October 2012, Palmington and Pembangunan Mutiara had mutually agreed to extend the completion date in respect of the acquisition of Parcel R3 from 03 November 2012 to a further period of three (3) months ("Extended Completion Date") with interest on the number of days of extension at the rate of eight per centum (8%) per annum on the balance purchase price or the amount outstanding. The extension of time was mainly due to the loan documentation of Palmington not been able to be completed in time. Palmington had paid the differential sum to Pembangunan Mutiara being the difference between the purchase consideration and financing amount for Parcel R3.

The acquisition of Parcel R3 was completed on 15 January 2013.

B8. Utilisation of proceeds

Rights issue with warrants

On 4 June 2012, the Company had completed the Rights Issue with Warrants following the listing of and quotation for the 88,400,000 Rights Shares together with 44,200,000 Warrants on the Main Market of Bursa Malaysia Securities Berhad.

The total gross proceeds arising from the Rights Issue with Warrants of RM44.20 million were intended to be utilised in the following manner:

| Purpose | Proposed utilisation | Actual utilisation to 31.12.12 | Reallocation | Timeframe for utilisation | Deviation | |
|----------------------------------|----------------------|--------------------------------|--------------|---------------------------|-----------|--------|
| | RM'000 | RM'000 | | | RM'000 | RM'000 |
| Property development expenditure | 43,000 | 31,004 | 23 | by 30.11.13 | 12,019 | 27.95% |
| Corporate exercise expenses | 1,200 | 1,177 | (23) | by 30.8.12 | - | 0.00% |
| Total | 44,200 | 32,181 | - | | 12,019 | |

Management had decided to reallocate the balance of unutilised proceeds for Corporate Exercise Expenses amounting to approximately RM23,000 to Property Development Expenditure.

B9. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 March 2013 were as follows:

| | |
|-------------------------------|---------------------------|
| | Secured RM'000 |
| <i>Long term borrowings:</i> | |
| Term loans | 91,718 |
| Hire purchase payables | 358 |
| | <u>92,076</u> |
| <i>Short term borrowings:</i> | |
| Term loans | 16,514 |
| Hire purchase payables | 102 |
| | <u>16,616</u> |
| Total | <u><u>108,692</u></u> |

The Group has no foreign currency borrowings.

B10. Material Litigation

The Group is not engaged in any material litigation as at the date of this report.

B11. Dividend

The Board of Directors had proposed a final tax exempt dividend of 6.6% per ordinary share of RM0.50 each for the financial year ended 31 December 2012, which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

B12. Earnings Per Share

(a) Basic Earnings Per Share

The basic earnings per share for the current financial quarter and current financial year-to-date had been calculated by dividing the Group's profit for the period attributable to equity holders of the Company by the weighted average number of shares in issue.

| | Current Quarter 31-Mar-2013 | Preceding Year Corresponding Quarter 31-Mar-2012 | Current Year- To-Date 31-Mar-2013 | Preceding Year Corresponding Period 31-Mar-2012 |
|---|--|---|--|--|
| Profit for the period attributable to equity holders of the Company | 11,726 | 9,159 | 11,726 | 9,159 |
| Weighted average number of ordinary shares in issue ('000) | 311,344 | 221,000 | 311,344 | 221,000 |
| Basic Earnings Per Share (sen) | 3.77 | 4.14 | 3.77 | 4.14 |

The weighted average number of ordinary shares used in the denominator in calculating basic earnings per share were as follows:

| | Current Quarter 31-Mar-2013 '000 | Preceding Year Corresponding Quarter 31-Mar-2012 '000 | Current Year- To-Date 31-Mar-2013 '000 | Preceding Year Corresponding Period 31-Mar-2012 '000 |
|---|---|--|---|---|
| Number of ordinary shares at beginning of the period/year | 310,843 | 221,000 | 310,843 | 221,000 |
| Effect of shares issued pursuant to: | | | | |
| - exercise of ESOS | 501 | - | 501 | - |
| Weighted average number of ordinary shares | 311,344 | 221,000 | 311,344 | 221,000 |

(b) Diluted Earnings per share

The diluted earnings per share had been calculated by dividing the Group's profit for the period attributable to the equity holders of the Company by the weighted average number of shares that would have been in issue upon full exercise of the remaining options under the warrants and ESOS granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

| | Current Quarter 31-Mar-2013 | Preceding Year Corresponding Quarter 31-Mar-2012 | Current Year- To-Date 31-Mar-2013 | Preceding Year Corresponding Period 31-Mar-2012 |
|---|--|---|--|--|
| Profit for the period/year attributable to equity holders of the Company (RM'000) | 11,726 | 9,159 | 11,726 | 9,159 |
| Weighted average number of ordinary shares | 324,479 | 221,000 | 324,479 | 221,000 |
| Diluted Earnings Per Share (sen) | 3.61 | 4.14 | 3.61 | 4.14 |

The weighted average number of ordinary shares used in the denominator in calculating diluted earnings per share were as follows:

| | Current Quarter 31-Mar-2013 '000 | Preceding Year Corresponding Quarter 31-Mar-2012 '000 | Current Year- To-Date 31-Mar-2013 '000 | Preceding Year Corresponding Period 31-Mar-2012 '000 |
|--|---|--|---|---|
| Weighted average number of ordinary shares as per basic earnings per share | 311,344 | 221,000 | 311,344 | 221,000 |
| Effect of potential exercise of ESOS/warrants | | | | |
| - ESOS | 1,811 | - | 1,811 | - |
| - Warrants | 11,324 | - | 11,324 | - |
| Weighted average number of ordinary shares | 324,479 | 221,000 | 324,479 | 221,000 |

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013**B13. Auditors' Report on Preceding Annual Financial Statements**

There was no qualification to the audited financial statements of the Company and its subsidiary companies for the financial year ended 31 December 2012.

B14. Other income

| | Current quarter 31-Mar-2013 RM'000 | Financial year to-date 31-Mar-2013 RM'000 |
|----------------------|---|--|
| Interest income | 418 | 418 |
| Miscellaneous income | 886 | 886 |
| | <u>1,304</u> | <u>1,304</u> |

The Group did not receive any other income including investment income for the financial quarter ended 31 March 2013.

B15. Administrative expenses

| | Current quarter 31-Mar-2013 RM'000 | Financial year to-date 31-Mar-2013 RM'000 |
|---|---|--|
| Depreciation | 113 | 113 |
| Loss on disposal of property, plant and equipment | 1 | 1 |
| | <u>1</u> | <u>1</u> |

There was no provision for and write off of receivables and inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, foreign exchange gain or loss and gain or loss on derivatives for the financial quarter ended 31 March 2013.

B16. Disclosure of realised and unrealised profits/losses

Total retained profits of Tambun Indah and its subsidiary companies were as follows:

| | 31-Mar-2013 RM'000 | 31-Dec-2012 RM'000 |
|---|-----------------------|-----------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| - realised | 159,668 | 134,116 |
| - unrealised | 14,757 | 15,916 |
| | <u>174,425</u> | <u>150,032</u> |
| Total share of retained profits from an associate: | | |
| - realised | 850 | 579 |
| - unrealised | (35) | (107) |
| | <u>175,240</u> | <u>150,504</u> |
| Less: Consolidation adjustments | (103,379) | (90,369) |
| Total Group retained profits as per consolidated accounts | <u>71,861</u> | <u>60,135</u> |

B17. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors of Tambun Indah in accordance with a resolution of the Directors on 24 April 2013.

By order of the Board of Directors
Lee Peng Loon
Company Secretary
24 April 2013