



TAMBUN INDAH LAND BERHAD

(Company No: 810446-U)

(Incorporated in Malaysia)

Interim Financial Report

For The Fourth Quarter Ended 31 December 2013 (Unaudited)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
Condensed Consolidated Statement of Financial Position

	Unaudited As at 31 December 2013 RM'000	Audited As at 31 December 2012 RM'000
ASSETS:		
Non-Current Assets:		
Property, plant and equipment	3,365	3,579
Investment properties	64,185	58,644
Land held for development	78,536	68,235
Investment in an associate company	7,087	5,043
Investment in a jointly controlled entity	-	-
Deferred tax assets	3,957	1,224
	<u>157,130</u>	<u>136,725</u>
Current Assets		
Inventories	340	253
Property development costs	125,141	138,957
Trade and other receivables	86,608	70,577
Current tax assets	1,751	1,389
Cash and bank balances	125,939	95,972
	<u>339,779</u>	<u>307,148</u>
TOTAL ASSETS	<u>496,909</u>	<u>443,873</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent:		
Share capital	197,113	155,422
Share premium	63,920	6,525
Option reserve	214	49
Warrant reserve	704	884
Capital redemption reserve	468	200
Retained profits	47,653	60,135
	<u>310,072</u>	<u>223,215</u>
Non-controlling interests	3,515	38,702
Total Equity	<u>313,587</u>	<u>261,917</u>
Non-Current Liabilities:		
Long-term bank borrowings	73,323	77,118
Deferred taxation	496	1,765
	<u>73,819</u>	<u>78,883</u>
Current Liabilities:		
Trade and other payables	81,054	93,034
Short-term bank borrowings	24,845	6,708
Current tax liabilities	3,604	3,331
	<u>109,503</u>	<u>103,073</u>
TOTAL LIABILITIES	<u>183,322</u>	<u>181,956</u>
TOTAL EQUITY AND LIABILITIES	<u>496,909</u>	<u>443,873</u>
Net assets per share attributable to ordinary equity holders of the company (RM) (Note 2)	<u>0.79</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 394,226,000 (2012: 310,844,000) ordinary shares of RM0.50 each in Tambun Indah ("Shares").

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
		RM'000	RM'000	RM'000	RM'000
Revenue		118,409	75,234	376,389	296,708
Cost of sales		(77,998)	(47,282)	(239,694)	(193,432)
Gross profit		40,411	27,952	136,695	103,276
Other income	B14	984	648	3,653	1,658
Sales and marketing expenses		(4,173)	(5,594)	(12,095)	(13,466)
Administrative expenses	B15	(1,885)	(1,917)	(10,005)	(11,029)
Profit from operations		35,337	21,089	118,248	80,439
Finance costs		(217)	(812)	(2,845)	(2,197)
Share of profit of an associate		1,139	561	2,306	744
Share of profit/(loss) of a jointly controlled entity		3	-	#	-
Profit before tax		36,262	20,838	117,709	78,986
Income tax expense		(8,022)	(5,345)	(29,953)	(21,937)
Profit for the period		28,240	15,493	87,756	57,049
Other comprehensive income net of tax		-	-	-	-
Total comprehensive income for the period		28,240	15,493	87,756	57,049
Profit attributable to :					
Equity holders of the Company		22,067	11,251	64,986	40,813
Non-controlling interests		6,173	4,242	22,770	16,236
		28,240	15,493	87,756	57,049
Total comprehensive income attributable to :					
Equity holders of the Company		22,067	11,251	64,986	40,813
Non-controlling interests		6,173	4,242	22,770	16,236
		28,240	15,493	87,756	57,049
#	<i>Denotes RM1 deficit</i>				
Earnings per share attributable to the equity holders of the Company					
Basic (sen)	B12	6.14	3.62	19.77	14.93
Diluted (sen)	B12	5.78	3.51	18.71	14.81

Note :

The Condensed Consolidated Statements of Profit or Loss and Other 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 FOURTH QUARTER ENDED 31 DECEMBER 2013
Condensed Consolidated Statement of Changes In Equity

	Attributable to Equity Holders of the Company								
	Non-distributable					Distributable		Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Option Reserve	Warrant Reserve	Capital Redemption Reserve	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	64,986	64,986	22,770	87,756
Total comprehensive income	-	-	-	-	-	64,986	64,986	22,770	87,756
Transactions with owners									
Issuance of ordinary shares									
- exercise of Employee share option scheme ("ESOS")	2,199	322	(120)	-	-	-	2,401	-	2,401
- exercise of warrants	4,492	1,078	-	(180)	-	-	5,390	-	5,390
- placement	7,500	12,300	-	-	-	-	19,800	-	19,800
- acquisition of additional equity interest in subsidiary companies	27,500	44,000	-	-	-	(58,227)	13,273	(29,967)	(16,694)
Share issue expenses	-	(305)	-	-	-	-	(305)	-	(305)
Options grant under ESOS	-	-	285	-	-	-	285	-	285
Redemption of RPS by:									
- subsidiary companies	-	-	-	-	268	(268)	-	-	-
- non-controlling interest of a subsidiary company	-	-	-	-	-	-	-	(8,040)	(8,040)
Dividends	-	-	-	-	-	(18,973)	(18,973)	(19,950)	(38,923)
Total transactions with owners	41,691	57,395	165	(180)	268	(77,468)	21,871	(57,957)	(36,086)
At 31 December 2013	197,113	63,920	214	704	468	47,653	310,072	3,515	313,587
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	44,200	-	-	-	-	-	44,200	-	44,200
- exercise of ESOS	722	125	-	-	-	-	847	-	847
Issuance of warrants	-	-	-	884	-	(884)	-	-	-
Options grant under ESOS	-	-	49	-	-	-	49	-	49
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

Note :

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 FOURTH QUARTER ENDED 31 DECEMBER 2013
Condensed Consolidated Statement of Cash Flows

	12 months ended 31-Dec-2013 RM'000	12 months ended 31-Dec-12 RM'000
Profit before taxation	117,709	78,986
Adjustments for:-		
Non-cash items	(40)	2,156
Non-operating items	(1,779)	1,261
Operating profit before changes in working capital	115,890	82,403
Net Change in current assets	(12,603)	(12,516)
Net Change in current liabilities	(13,639)	36,406
Cash used in operations	89,648	106,293
Interest received	2,318	1,369
Tax refund	1,565	1,500
Tax paid	(35,609)	(25,439)
Net cash generated from operating activities	57,922	83,723
Investing Activities		
Purchase of property, plant and equipment	(327)	(1,350)
Addition in investment property	(4,795)	(48,702)
Proceeds from disposal of property, plant and equipment	123	32
Dividend income from associate company	262	237
Acquisition of additional shares in existing subsidiary companies	(16,694)	-
Payment for investment in a jointly controlled entity	-	-
Payment for investment in associate company	-	(2,900)
Net cash used in investing activities	(21,431)	(52,683)
Financing Activities		
Changes of fixed deposits pledged to licensed banks	(5,642)	(5,682)
Dividend paid	(17,317)	(11,796)
Dividends paid to non-controlling interests of subsidiary companies	(19,950)	(2,700)
Drawdown of term loans, bridging loans & revolving credit	40,430	22,697
Payment for redemption of RPS acquired by non-controlling interest of a subsidiary company	(8,040)	(6,867)
Proceeds from issuance of shares pursuant to:		
- ESOS	2,401	847
- exercise of warrants	5,390	-
- rights issue with warrants	-	44,200
- placement	19,800	-
Repayment of term loans, bridging loans & revolving credit	(25,987)	(16,449)
Repayment of hire purchase	(101)	(55)
Payment of share issue expenses	(305)	-
Expenses incurred in relation to right issue with warrants	-	(1,178)
Interest paid	(2,845)	(2,197)
Net cash (used in)/generated from financing activities	(12,166)	20,820
Net changes in cash and cash equivalents	24,325	51,860
Cash and cash equivalents at 1 January 2013/2012	89,474	37,614
Cash and cash equivalents at 31 December 2013/2012	113,799	89,474
Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-		
Fixed deposits with licensed banks	22,210	13,424
Cash and bank balances	89,183	68,435
Short term investment fund placed with financial institutions	14,546	14,113
	125,939	95,972
Less: Fixed deposits pledged to licensed banks	(12,140)	(6,498)
	113,799	89,474

Note :

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 FOURTH QUARTER ENDED 31 DECEMBER 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 2013, 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 where applicable 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.

A6. Debt and Equity Securities

For the financial year 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 4,399,000 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	0.85
No. of shares issued	('000)	3,654	20	263	462

The total cash proceeds arising from the exercise of ESOS during the current financial period to-date amounted to RM2,401,450; and

(b) Issuance of 8,983,781 new ordinary shares of RM0.50 each pursuant to the exercise of warrants at RM0.60 per share. The total cash proceeds arising from the exercise of warrants during the current financial year amounted to RM5,390,269; and

(c) Issuance of 15,000,000 new ordinary shares of RM0.50 each pursuant to placement at an issue price of RM1.32 per ordinary share. The total cash proceeds arising from the Placement during the current financial year amount to RM19,800,000.

(d) Issuance of 55,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.30 pursuant to the acquisition of the remaining 40% and 30% equity interest in Palmington Sdn. Bhd. and Tambun Indah Development Sdn. Bhd. at a total purchase consideration of RM71,500,000.

A7. Dividend Paid

On 26 February 2013, the Company paid interim dividend of 2.0 sen per ordinary share of RM0.50 each amounting to RM6,228,800 in respect of the financial year ended 31 December 2012.

On 12 September 2013, the Company paid final dividend of 3.3 sen per ordinary share of RM0.50 each amounting to RM11,088,475 in respect of the financial year ended 31 December 2012.

A8. Operating Segment

The segmental analysis for the financial year ended 31 December 2013 is 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	363,003	12,786	600	-	376,389
Inter-segment revenues	-	10,285	300	(10,585)	-
	<u>363,003</u>	<u>23,071</u>	<u>900</u>	<u>10,585</u>	<u>376,389</u>
Results					
Profit from operations	110,373	4,857	61,051	(57,413)	118,868
Unallocated amount:					
corporate expenses					(1,156)
goodwill on consolidation written off					(3)
Profit before tax					<u>117,709</u>
Tax expense					(29,953)
Profit for the year					<u>87,756</u>
Other information					
Capital expenditure	9,637	287	4,796	-	14,720
Depreciation	44	310	141	-	495

A9. Subsequent Events

Save as disclosed in B7, there were no material events subsequent to the financial year ended 31 December 2013 till 19 February 2014 (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 current quarter and financial year to-date, except for the following:

- (a) Palmington Sdn Bhd ("Palmington"), a 60%-owned subsidiary of Tambun Indah, had on 28 May 2013 acquired one (1) ordinary share of RM1.00 each, representing 50% of the entire issued and paid up share capital of the new company, a shelf company known as TNC Capital Sdn. Bhd. ("TNC");
- (b) On 26 November 2013, Palmington and Tambun Indah Development Sdn. Bhd. had become the wholly-owned subsidiaries of the Company as refer to note B7 (b); and
- (c) On 12 December 2013, the Company acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital of Novinia Sdn. Bhd. for a total cash consideration of RM2.00 ("Proposed Novinia Acquisition").

The Company completed the Proposed Novinia Acquisition on 12 December 2013.

On 24 February 2014, the Company had transferred 2 ordinary shares of RM1.00 each, representing the entire equity interest in Novinia Sdn. Bhd. to Palmington Sdn. Bhd., another wholly-owned subsidiary of the Company for a total cash consideration of RM2.00 only.

In consequent thereof, Novinia Sdn. Bhd. became an indirect subsidiary of the Company.

A11. Capital Commitments

The amount of capital commitments not provided for in the financial year ended 31 December 2013 was as follows:

	RM'000
Contractual commitments for purchase of development lands	135,640

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:

	12 months ended 31-Dec-2013 RM'000
Rental paid to a company in which a Director has interest	106
Progress claimed charged to an associate company	13,562
Sales of development property to a company in which a director of the company has interest	797
Sales of development property to a director of the company	638
Sales of development properties to immediate family members of the directors	3,620

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's revenue and profit before tax of RM118.41 million and RM36.26 million represented a 57.4% increase in revenue and 74.0% increase in profit before tax over same quarter of preceding year.

The favourable increase in revenue was mainly attributed to the property development segment as a result of the increase billings as well as higher take-up rates of the on-going projects during current quarter under review compare to preceding corresponding quarter. As a result of higher revenue recorded, profit before tax also increased when compared to the same quarter of preceding year.

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

	Current	Preceding Year	Variances	
	31-Dec-2013 RM'000	31-Dec-2012 RM'000	%	RM'000
Revenue				
Property development	113,755	72,720	56.4%	41,035
Construction and project management	4,503	2,363	90.6%	2,140
Investment holdings	151	151	0.0%	-
	118,409	75,234	57.4%	43,175
Profit before tax	36,262	20,838	74.0%	15,424

Property development

The revenue from property development activities increased by 56.4%. The improvement in revenue was mainly contributed by residential and commercial properties development in Pearl City, Simpang Ampat which contributed approximately 61.9% of the total revenue in the segment for current quarter in review.

The Group's ongoing property development projects are *Capri Park*, *Carissa Park*, *Dahlia Park*, *Tanjung Heights* and *Carissa Villas* in Butterworth; *Impian Residence* and *BM Residence* in Bukit Mertajam; *New Juru Industrial Park* in Juru; *Pearl Villas*, *Pearl Square 1*, *Pearl Square 2*, *Pearl Indah 1*, *Pearl Indah 2*, *Pearl Indah 3*, *Pearl Residence*, *Pearl Impian* and *Pearl Avenue* in Pearl City, Simpang Ampat and *Straits Garden* in Penang Island.

Construction and project management

Revenue from the construction and project management segment was higher in the current quarter, as compared to the previous corresponding quarter, due to higher construction progress achieved.

Investment holdings

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

B2. Comparison of results against immediate preceding quarter

The Group's revenue and profit before tax for the current quarter increased by RM21.36 million to RM118.41 million, and RM5.09 million to RM36.26 million respectively as compared to that of the preceding quarter ended 30 September 2013. The favourable numbers were mainly due to higher take-up rates for on-going projects in current quarter and generally higher revenue recognition with better site progress of the projects.

	Current	Preceding	Variances	
	31-Dec-2013 RM'000	30-Sep-2013 RM'000	%	RM'000
Revenue	118,409	97,054	22.0%	21,355
Profit before tax	36,262	31,175	16.3%	5,087

B3. Prospects for the next financial year

As at 31 December 2013, the Group achieved an average take-up rate of 83.5% on its ongoing projects, with a total Gross Development Value of RM1.35 billion; and unbilled sales of approximately RM455.4 million. These should contribute positively to the Group's earnings for the next two to three years.

Launches planned for 2014 include new projects such as *Pearl Harmoni*, *Pearl Avenue 2*, *Raintree Park* and *Pearl Tropika* in Pearl City, Simpang Ampat, *Camellia Park* in Butterworth and *Taman Bukit Residence* in Bukit Mertajam.

Barring any unforeseen circumstances, the Group is optimistic of sustaining overall financial and operational performance for the financial year ending 2014.

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-Dec-2013 RM'000	Preceding Year Corresponding Quarter 31-Dec-2012 RM'000	Current Year- To-Date 31-Dec-2013 RM'000	Preceding Year Corresponding Period 31-Dec-2012 RM'000
Current income tax	11,717	6,629	33,862	23,805
Under/(Over) provision of taxation in respect of prior year	-	3	116	(156)
Deferred taxation	(3,695)	(1,287)	(4,025)	(1,712)
	<u>8,022</u>	<u>5,345</u>	<u>29,953</u>	<u>21,937</u>

The Group's effective tax rate for the financial year-to-date under review was higher than the statutory tax 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.

The acquisition of Parcel R2 was completed on 23 January 2014.

B7. Status of Corporate Proposals (Continued)

(b) Palmington and Tambun Indah Development acquisition

On 21 June 2013, the Company entered into a share purchase agreement ("SPA") with Pembangunan Bandar Mutiara Sdn Bhd, a wholly-owned subsidiary of Nadayu Properties Berhad ("Vendor" or "PBM") to acquire the following:

- (i) the remaining 2,302,400 ordinary shares of RM1.00 each in Palmington not held by Tambun Indah, representing 40.0% of the total issued and paid up share capital of Palmington ("Proposed Palmington Acquisition"); and
- (ii) the remaining 300,000 ordinary shares of RM1.00 each and 8,040,000 redeemable preference shares series C of RM1.00 each in Tambun Indah Development Sdn. Bhd. ("TI Development") not held by Tambun Indah, representing 30.0% of the total issued and paid up share capital of TI Development ("Proposed TI Development Acquisition")

On 29 August 2013, the Company had entered a supplemental SPA with the Vendor whereby Tambun and the Vendor mutually agreed to vary and amend some of the terms of the SPA in relation to the Proposed Palmington Acquisition and Proposed TI Development Acquisition ("Proposed Acquisitions").

The total consideration for the proposed acquisition is RM88,194,216 which will be satisfied via a combination of the following:

- (i) RM16,694,216 by cash; and
- (ii) RM71,500,000 by way of issuance of 55,000,000 new Tambun Indah shares at an issue price of RM1.30 per Tambun Indah share.

On 3 October 2013, the Bursa Malaysia Securities Berhad ("Bursa Securities") approved the listing of up to 55,000,000 new Tambun Shares to be issued pursuant to the Proposed Acquisitions, subject to the following conditions:

- (i) the Company and AFFIN Investment Bank Berhad ("AFFIN") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Acquisitions;
- (ii) the Company and AFFIN to inform Bursa Securities upon the completion of the Proposed Acquisitions;
- (iii) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisitions are completed; and
- (iv) to incorporate Bursa Securities' comments in the Approval Letter, in respect of the draft circular to shareholders of the Company in relation to the Proposed Acquisitions .

The shareholders of the Company had at the Extraordinary General Meeting held on 31 October 2013, approved the proposal.

The Proposed Acquisitions were completed on 26 November 2013.

(c) Proposed Placement

On 21 June 2013, the Company proposed a private placement of up to 15,000,000 new Tambun Indah Shares, representing up to 4.71% of the issued and paid-up share capital of Tambun Indah ("Proposed Placement").

On 17 July 2013, Bursa Malaysia Securities Berhad ("Bursa Securities") had approved the listing and quotation of up to 15,000,000 new ordinary shares of RM0.50 each in Tambun Indah to be issued pursuant to the Proposed Placement, subject to the following conditions:

- (i) Tambun Indah and AFFIN Investment Bank Berhad ("AFFIN Investment") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Placement;
- (ii) Tambun Indah and AFFIN Investment to inform Bursa Securities upon the completion of the Proposed Placement; and
- (iii) Tambun Indah to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed.

The proposed placement has been completed on 2 August 2013 with the listing of 15,000,000 new Tambun Indah Shares on Main Market of Bursa Securities.

B8. Utilisation of proceeds

As at 31 December 2013, the total proceeds raised under the Rights Issue with Warrants amounting to RM44.20 million and Private Placement amounting to RM19.80 million had been fully utilised.

B9. Borrowings and Debt Securities

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

	Secured RM'000
<i>Long term borrowings:</i>	
Bridging loans	3,913
Hire purchase payables	278
Term loans	69,132
	<u>73,323</u>
<i>Short term borrowings:</i>	
Bridging loans	3,039
Hire purchase payables	106
Revolving credit	10,000
Term loans	11,700
	<u>24,845</u>
Total	<u><u>98,168</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

- (a) (i) The Board of Directors has recommended a final dividend in respect of the financial year ended 31 December 2013;
- (ii) Amount per share (single tier) : 4.6 sen;
- (iii) Previous corresponding period (single tier) : 3.3 sen;
- (iv) Date payable will be announced at a later date; and
- (v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be announced at a later date.
- (b) Total dividend for the current financial year (single tier) : 6.6 sen per share
- Total dividend for the financial year ended 31 December 2012 (single tier) : 5.3 sen per share

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-Dec-2013	Preceding Year Corresponding Quarter 31-Dec-2012	Current Year- To-Date 31-Dec-2013	Preceding Year Corresponding Period 31-Dec-2012
Profit for the period attributable to equity holders of the Company	22,067	11,251	64,986	40,813
Weighted average number of ordinary shares in issue ('000)	359,236	310,510	328,711	273,368
Basic Earnings Per Share (sen)	6.14	3.62	19.77	14.93

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

	Current Quarter 31-Dec-2013 '000	Preceding Year Corresponding Quarter 31-Dec-2012 '000	Current Year- To-Date 31-Dec-2013 '000	Preceding Year Corresponding Period 31-Dec-2012 '000
Number of ordinary shares at beginning of the period/year	310,843	310,426	310,843	221,000
Effect of shares issued pursuant to:				
- right issue with warrants	-	-	-	51,929
- acquisition of additional equity interests in subsidiary companies	21,522	-	5,425	-
- exercise of ESOS	3,848	84	2,200	439
- exercise of warrants	8,023	-	3,914	-
- placement	15,000	-	6,329	-
Weighted average number of ordinary shares	359,236	310,510	328,711	273,368

(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-Dec-2013	Preceding Year Corresponding Quarter 31-Dec-2012	Current Year- To-Date 31-Dec-2013	Preceding Year Corresponding Period 31-Dec-2012
Profit for the period/year attributable to equity holders of the Company (RM'000)	22,067	11,251	64,986	40,813
Weighted average number of ordinary shares ('000)	381,597	320,319	347,379	275,614
Diluted Earnings Per Share (sen)	5.78	3.51	18.71	14.81

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

	Current Quarter 31-Dec-2013 '000	Preceding Year Corresponding Quarter 31-Dec-2012 '000	Current Year- To-Date 31-Dec-2013 '000	Preceding Year Corresponding Period 31-Dec-2012 '000
Weighted average number of ordinary shares as per basic earnings per share	359,236	310,510	328,711	273,368
Effect of potential exercise of ESOS/warrants				
- ESOS	1,650	1,772	1,042	661
- Warrants	20,711	8,037	17,626	1,585
Weighted average number of ordinary shares	381,597	320,319	347,379	275,614

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-Dec-2013 RM'000	Financial year to-date 31-Dec-2013 RM'000
Interest income	789	2,318
Miscellaneous income	195	1,335
	<u>984</u>	<u>3,653</u>

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

B15. Administrative expenses

	Current quarter 31-Dec-2013 RM'000	Financial year to-date 31-Dec-2013 RM'000
Depreciation	132	495
Loss on disposal of property, plant and equipment	0	1

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 December 2013.

B16. Disclosure of realised and unrealised profits/losses

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

	31-Dec-2013 RM'000	31-Dec-2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	255,033	134,116
- unrealised	20,932	15,916
	<u>275,965</u>	<u>150,032</u>
Total accumulated loss from jointly controlled entity:		
- realised	#	-
Total share of retained profits from an associate:		
- realised	3,124	579
- unrealised	(346)	(107)
	<u>278,743</u>	<u>150,504</u>
Less: Consolidation adjustments	(231,090)	(90,369)
Total Group retained profits as per consolidated accounts	<u>47,653</u>	<u>60,135</u>

Denotes RM1 deficit

B17. Authority 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 26 February 2014.

By order of the Board of Directors
Lee Peng Loon
Company Secretary
26 February 2014