



**TAMBUN INDAH LAND BERHAD**

(Company No: 810446-U)

(Incorporated in Malaysia)

Interim Financial Report

For The Second Quarter Ended 30 June 2014 (Unaudited)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**  
**Condensed Consolidated Statement of Financial Position**

	<b>Unaudited As at 30 June 2014 RM'000</b>	<b>Audited As at 31 December 2013 RM'000</b>
<b>ASSETS:</b>		
<b>Non-Current Assets:</b>		
Property, plant and equipment	3,243	3,365
Investment properties	66,011	64,185
Land held for development	215,897	78,536
Investment in an associate company	8,093	7,087
Investment in jointly controlled entity	-	-
Deferred tax assets	13,935	3,957
	<u>307,179</u>	<u>157,130</u>
<b>Current Assets</b>		
Inventories	340	340
Property development costs	57,247	125,141
Trade and other receivables	106,768	86,608
Current tax assets	1,925	1,751
Short term fund	4,823	14,546
Cash and bank balances	197,834	111,393
	<u>368,937</u>	<u>339,779</u>
<b>TOTAL ASSETS</b>	<u>676,116</u>	<u>496,909</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent:</b>		
Share capital	204,643	197,113
Share premium	65,705	63,920
Option reserve	235	214
Warrant reserve	437	704
Capital redemption reserve	468	468
Retained profits	79,549	47,648
	<u>351,037</u>	<u>310,067</u>
Non-controlling interests	2,100	3,515
<b>Total Equity</b>	<u>353,137</u>	<u>313,582</u>
<b>Non-Current Liabilities:</b>		
Long-term bank borrowings	164,677	73,323
Deferred taxation	2,739	496
	<u>167,416</u>	<u>73,819</u>
<b>Current Liabilities:</b>		
Trade and other payables	102,014	81,059
Short-term bank borrowings	38,340	24,845
Current tax liabilities	15,209	3,604
	<u>155,563</u>	<u>109,508</u>
<b>TOTAL LIABILITIES</b>	<u>322,979</u>	<u>183,327</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>676,116</u>	<u>496,909</u>
<b>Net assets per share attributable to ordinary equity holders of the company (RM) (Note 2)</b>	<u>0.86</u>	<u>0.79</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 2013 and the accompanying explanatory notes attached to this interim financial report.
- 2 Based on the issued and paid-up share capital of 409,286,000 (2013: 394,226,000) ordinary shares of RM0.50 each in Tambun Indah ("Shares").

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**  
**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	Note	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
		30-Jun-2014	30-Jun-2013	30-Jun-2014	30-Jun-2013
		RM'000	RM'000	RM'000	RM'000
Revenue		127,962	82,602	239,981	160,926
Cost of sales		(89,891)	(52,061)	(162,029)	(101,192)
<b>Gross profit</b>		<b>38,071</b>	<b>30,541</b>	<b>77,952</b>	<b>59,734</b>
Other income	B14	1,484	643	2,111	1,947
Sales and marketing expenses		(2,198)	(1,768)	(4,287)	(5,232)
Administrative expenses	B15	(2,872)	(2,771)	(5,565)	(5,511)
Profit from operations		34,485	26,645	70,211	50,938
Finance costs		(1,584)	(760)	(2,863)	(1,419)
Share of profit of an associate		170	410	1,006	753
Share of loss of a jointly controlled entity		-	(1)	-	(1)
Profit before tax		33,071	26,294	68,354	50,271
Income tax expense		(7,365)	(7,215)	(17,241)	(14,281)
<b>Profit for the period</b>		<b>25,706</b>	<b>19,079</b>	<b>51,113</b>	<b>35,990</b>
<b>Other comprehensive income net of tax</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>25,706</b>	<b>19,079</b>	<b>51,113</b>	<b>35,990</b>
<b>Profit attributable to :</b>					
Equity holders of the Company		25,440	13,984	50,728	25,710
Non-controlling interests		266	5,095	385	10,280
		<b>25,706</b>	<b>19,079</b>	<b>51,113</b>	<b>35,990</b>
<b>Total comprehensive income attributable to :</b>					
Equity holders of the Company		25,440	13,984	50,728	25,710
Non-controlling interests		266	5,095	385	10,280
		<b>25,706</b>	<b>19,079</b>	<b>51,113</b>	<b>35,990</b>
<b>Earnings per share attributable to the equity holders of the Company</b>					
Basic (sen)	B12	6.34	4.46	12.75	8.23
Diluted (sen)	B12	6.09	4.17	12.27	7.80

*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 2013 and the accompanying explanatory notes attached to this interim financial report.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**  
**Condensed Consolidated Statement of Changes In Equity**

	Attributable to Equity Holders of the Company								Total Equity RM'000									
	Non-distributable				Capital		Distributable			Non-controlling Interests RM'000								
	Share Capital RM'000	Share Premium RM'000	Option Reserve RM'000	Warrant Reserve RM'000	Redemption Reserve RM'000	Retained Profits RM'000	Total RM'000	Total RM'000										
<b>At 1 January 2014</b>	197,113	63,920	214	704	468	47,648	310,067	3,515	313,582									
Profit for the period	-	-	-	-	-	50,728	50,728	385	51,113									
Total comprehensive income	-	-	-	-	-	50,728	50,728	385	51,113									
<b>Transactions with owners</b>																		
Issuance of ordinary shares																		
- exercise of Employee share option scheme ("ESOS")										850	182	(85)	-	-	-	947	-	947
- exercise of warrants										6,680	1,603	-	(267)	-	-	8,016	-	8,016
Options grant under ESOS										-	-	106	-	-	-	106	-	106
Dividends	-	-	-	-	-	(18,827)	(18,827)	(1,800)	(20,627)									
Total transactions with owners	7,530	1,785	21	(267)	-	(18,827)	(9,758)	(1,800)	(11,558)									
<b>At 30 June 2014</b>	<b>204,643</b>	<b>65,705</b>	<b>235</b>	<b>437</b>	<b>468</b>	<b>79,549</b>	<b>351,037</b>	<b>2,100</b>	<b>353,137</b>									
<b>At 1 January 2013</b>	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									
<b>Transactions with owners</b>																		
Issuance of ordinary shares																		
- exercise of 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	-	-	-	-	-	(18,978)	(18,978)	(19,950)	(38,928)									
Total transactions with owners	41,691	57,395	165	(180)	268	(77,473)	21,866	(57,957)	(36,091)									
<b>At 31 December 2013</b>	<b>197,113</b>	<b>63,920</b>	<b>214</b>	<b>704</b>	<b>468</b>	<b>47,648</b>	<b>310,067</b>	<b>3,515</b>	<b>313,582</b>									

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 2013 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**  
**Condensed Consolidated Statement of Cash Flows**

	<b>6 months ended 30-Jun-2014 RM'000</b>	<b>6 months ended 30-Jun-13 RM'000</b>
Profit before taxation	68,354	50,271
Adjustments for:-		
Non-cash items	(130)	(10,908)
Non-operating items	659	(209)
Operating profit before changes in working capital	68,883	39,154
Net Change in current assets	(89,627)	(6,040)
Net Change in current liabilities	10,018	(23,362)
Cash used in operations	(10,726)	9,752
Interest received	1,198	876
Tax paid	(13,545)	(9,412)
<b>Net cash (used in)/generated from operating activities</b>	<b>(23,073)</b>	<b>1,216</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(130)	(283)
Addition in investment property	(1,365)	(3,179)
Payment for investment in a jointly controlled entity	-	(7)
Changes of deposits pledged with licensed banks	3,917	1,721
Proceeds from disposal of property, plant and equipment	27	123
<b>Net cash generated from/(used in) investing activities</b>	<b>2,449</b>	<b>(1,625)</b>
<b>Financing Activities</b>		
Dividend paid	(7,890)	-
Dividends paid to non-controlling interests of subsidiary companies	(1,800)	(2,950)
Drawdown of term loans, bridging loans & revolving credit	132,259	40,430
Proceeds from issuance of shares pursuant to:		
- ESOS	947	1,146
- exercise of warrants	8,016	3,363
Repayment of term loans, bridging loans & revolving credit	(27,357)	(17,205)
Repayment of hire purchase	(53)	(50)
Interest paid	(2,863)	(1,419)
<b>Net cash generated from financing activities</b>	<b>101,259</b>	<b>23,315</b>
Net changes in cash and cash equivalents	80,635	22,906
Cash and cash equivalents at 1 January 2014/2013	113,799	89,474
<b>Cash and cash equivalents at 30 June 2014/2013</b>	<b>194,434</b>	<b>112,380</b>
<b>Cash and cash equivalents included in the cash flows comprise the following balance sheet amounts:-</b>		
Short term funds placed with financial institutions	4,823	13,745
Cash and bank balances	184,723	86,866
Deposits placed with licensed banks	13,111	16,546
	202,657	117,157
Less: Deposits pledged with licensed banks	(8,223)	(4,777)
	194,434	112,380

**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 2013 and the accompanying explanatory notes attached to this interim financial report.*

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### 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 2015.

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 2015. For the financial year ending 31 December 2014, 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 2013 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 2013 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 2014:

##### FRSs, amendments to FRSs and IC Interpretations

Amendments to FRS 10, FRS 12 & FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 132	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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 quarter 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 quarter-to-date.

#### A5. Changes in Estimates

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

**A6. Debt and Equity Securities**

For the financial quarter 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 1,701,000 new ordinary shares of RM0.50 each pursuant to exercise of ESOS at the following option prices:

Exercise price	(RM)	0.50	0.65	0.85	1.27
No. of shares issued	('000)	1,523	9	83	86

The total cash proceeds arising from the exercise of ESOS during the current financial period to-date amounted to RM947,120; and

(b) Issuance of 13,359,876 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 RM8,015,926.

**A7. Dividend Paid**

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

**A8. Operating Segment**

The segmental analysis for the financial period ended 30 June 2014 is as follow:

	Property development and property management RM'000	Construction and project management RM'000	Investment holdings RM'000	Adjustments and eliminations RM'000	Total RM'000
<b>Revenue</b>					
Revenue from external customers	236,606	3,087	288	-	239,981
Inter-segment revenues	1,150	5,437	10,958	(17,545)	-
	<u>237,756</u>	<u>8,524</u>	<u>11,246</u>	<u>17,545</u>	<u>239,981</u>
<b>Results</b>					
Profit from operations	96,593	330	11,113	(39,452)	68,584
Unallocated amount: corporate expenses					(230)
Profit before tax					<u>68,354</u>
Tax expense					<u>(17,241)</u>
Profit for the year					<u>51,113</u>
<b>Other information</b>					
Capital expenditure	139,195	23	1,365	-	140,583
Depreciation	23	153	70	-	246

**A9. Subsequent Events**

Save as disclosed in B7, there were no material events subsequent to the financial period ended 30 June 2014 till 12 August 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.

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### A10. Changes in the Composition of the Group

There was no change in the composition of the Group for the current quarter and financial period to-date.

### A11. Capital Commitments

The amount of capital commitments not provided for in the financial period ended 30 June 2014 was as follows:

	<b>RM'000</b>
Contractual commitments for purchase of development lands	<u>143,042</u>

### 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:*

	<b>6 months ended 30-Jun-2014 RM'000</b>
Rental paid to companies in which a Director has interest	74
Progress claims charged to an associate company	2,899
Sale of investment property to immediate family members of the directors	<u>1,200</u>



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

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 RM127.96 million and RM33.07 million represented a 54.9% increase in revenue and 25.8% 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 increase in billings, higher take-up rates for on-going projects, higher percentage of project completions as well as the commencement of new development projects during current quarter under review compared to the preceding corresponding quarter. As a result of the higher revenue recorded, profit before tax also increased.

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

	Current	Preceding Year	Variances	
	30-Jun-2014 RM'000	30-Jun-2013 RM'000	%	RM'000
<b>Revenue</b>				
Property development and property management	127,149	79,828	59.3%	47,321
Construction and project management	671	2,625	-74.4%	(1,954)
Investment holdings	142	149	-4.7%	(7)
	127,962	82,602	54.9%	45,360
Profit before tax	33,071	26,294	25.8%	6,777

Property development & property management

The revenue from property development and property management activities increased by 59.3%. The improvement in revenue was mainly contributed by residential and commercial properties development in Pearl City, Simpang Ampat which contributed approximately 73.0% of the total revenue in the segment for current quarter in review.

The Group's ongoing property development projects are *Capri Park*, *Carissa Villas* and *Camellia Park* in Butterworth; *BM Residence*, *Permai Residence* and *Residensi Bukit Kecil* in Bukit Mertajam; *Pearl Residence*, *Pearl Indah 3*, *Pearl Impian*, *Pearl Avenue* and *Pearl Harmoni* in Pearl City, Simpang Ampat and *Straits Garden* in Penang Island.

Construction and project management

Revenue from the construction and project management segment declined in the current quarter due to lower recognition rate.

Investment holdings

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

**B2. Comparison of results against immediate preceding quarter**

Revenue increased by 14.2% over the preceding quarter due to more project completions. However, profit before tax recorded for the quarter was RM33.1 million compared to RM35.3 million recorded in the preceding quarter, lower by 6.3% due to provision of RM29.6 million made for supplemental development costs on low cost housing projects (as required by the Authorities).

	Current	Preceding	Variances	
	30-Jun-2014 RM'000	31-Mar-2014 RM'000	%	RM'000
Revenue	127,962	112,019	14.2%	15,943
Profit before tax	33,071	35,283	-6.3%	(2,212)

**B3. Prospects for the current financial year**

As at 30 June 2014, the Group achieved an average take-up rate of 81.2% on its ongoing projects, with a total Gross Development Value of RM1.20 billion; and unbilled sales of approximately RM493.08 million. These should contribute positively 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 quarter-to-date.

**B6. Income Tax**

Income Tax comprised:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Jun-2014 RM'000	Preceding Year Corresponding Quarter 30-Jun-2013 RM'000	Current Year- To-Date 30-Jun-2014 RM'000	Preceding Year Corresponding Period 30-Jun-2013 RM'000
Current income tax	13,321	7,136	24,978	12,268
Under provision of taxation in respect of prior year	(2)	(18)	(2)	12
Deferred taxation	(5,954)	97	(7,735)	2,001
	<u>7,365</u>	<u>7,215</u>	<u>17,241</u>	<u>14,281</u>

The Group's effective tax rate for the financial period to-date was higher compared to the statutory taxation rate mainly due to certain expenses which were not deductible for tax purposes. However, the Group's effective tax rate for the current quarter was lower compared to the statutory taxation rate mainly due to certain income which was not subject to income tax.

**B7. Status of Corporate Proposals**

**(a) Land acquisition - Bandar Tasek Mutiara**

Palmington Sdn Bhd ("Palmington"), a wholly-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.

The acquisition of Parcel C was completed on 20 June 2014.

As such, the entire acquisition has been completed.

**(b) Letter Of Acceptance In Respect Of The Proposed Acquisition Of 27 Parcels Of Development Land Located In District Of Seberang Perai Selatan, Pulau Pinang**

Palmington, a wholly-owned subsidiary of TILB, had on 4 June 2014, acknowledged a letter of acceptance of offer dated 27 May 2014 from TPPT Sdn Bhd ("TPPT"), in respect of the proposed acquisition by Palmington of 27 parcels of development land identified as lot nos. 1058, 1060, 1066, 1295, 1309, 1373, 1375, 1376, 1378, 1442 and 3407-3423, all located within Mukim 15, District of Seberang Perai Selatan, Pulau Pinang ("Subject Land") totaling 209.54 acres from TPPT for a total purchase consideration of RM150,000,000 to be wholly satisfied by way of cash ("Proposed Acquisition").

The Subject Land is freehold and located adjacent to the township currently developed by TILB, known as Bandar Tasek Mutiara (also known as Pearl City) in the locality of Simpang Ampat, Seberang Perai Selatan, Pulau Pinang.

The Proposed Acquisition would be funded by the Group's internally generated funds and bank borrowings.

On 11 July 2014, Palmington had entered into a conditional sale and purchase agreement with TPPT for the Proposed Acquisition.

## INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

### B9. Borrowings and Debt Securities

Details of the Group's borrowings as at 30 June 2014 were as follows:

	<b>Secured RM'000</b>
<i>Long term borrowings:</i>	
Hire purchase payables	223
Term loans	164,454
	<u>164,677</u>
<i>Short term borrowings:</i>	
Bridging loans	-
Hire purchase payables	108
Revolving credit	16,500
Term loans	21,732
	<u>38,340</u>
<b>Total</b>	<u><u>203,017</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

Details of the final tax exempt dividend approved at the Annual General Meeting held on 20 June 2014 are as follows:

Final tax exempt Dividend for the financial year	31 December 2013
Amount per share (single tier)	4.6 sen
Previous corresponding period	3.3 sen
Approved and declared on	20 June 2014
Record of Depositors as at	4 September 2014
Date of payment	19 September 2014

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

**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 30-Jun-2014	Preceding Year Corresponding Quarter 30-Jun-2013	Current Year- To-Date 30-Jun-2014	Preceding Year Corresponding Period 30-Jun-2013
Profit for the period attributable to equity holders of the Company	25,440	13,984	50,728	25,710
Weighted average number of ordinary shares in issue ('000)	401,225	313,697	398,022	312,527
<b>Basic Earnings Per Share (sen)</b>	<b>6.34</b>	<b>4.46</b>	<b>12.75</b>	<b>8.23</b>

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

	Current Quarter 30-Jun-2014 '000	Preceding Year Corresponding Quarter 30-Jun-2013 '000	Current Year- To-Date 30-Jun-2014 '000	Preceding Year Corresponding Period 30-Jun-2013 '000
Number of ordinary shares at beginning of the period/year	394,226	310,843	394,226	310,843
Effect of shares issued pursuant to:				
- exercise of ESOS	1,089	1,429	592	967
- exercise of warrants	5,910	1,425	3,204	717
Weighted average number of ordinary shares	401,225	313,697	398,022	312,527

**(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 30-Jun-2014	Preceding Year Corresponding Quarter 30-Jun-2013	Current Year- To-Date 30-Jun-2014	Preceding Year Corresponding Period 30-Jun-2013
Profit for the period/year attributable to equity holders of the Company (RM'000)	25,440	13,984	50,728	25,710
Weighted average number of ordinary shares ('000)	417,485	335,336	413,592	329,648
<b>Diluted Earnings Per Share (sen)</b>	<b>6.09</b>	<b>4.17</b>	<b>12.27</b>	<b>7.80</b>

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

	Current Quarter 30-Jun-2014 '000	Preceding Year Corresponding Quarter 30-Jun-2013 '000	Current Year- To-Date 30-Jun-2014 '000	Preceding Year Corresponding Period 30-Jun-2013 '000
Weighted average number of ordinary shares	401,225	313,697	398,022	312,527
Effect of potential exercise of ESOS/warrants				
- ESOS	801	2,586	701	1,780
- Warrants	15,459	19,053	14,869	15,341
Weighted average number of ordinary shares	417,485	335,336	413,592	329,648

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

**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 2013.

**B14. Other income**

	Current quarter 30-Jun-2014 RM'000	Financial year to-date 30-Jun-2014 RM'000
Interest income	700	1,198
Miscellaneous income	784	913
	<u>1,484</u>	<u>2,111</u>

The Group did not receive any other income including investment income for the financial period ended 30 June 2014.

**B15. Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements**

	Current quarter 30-Jun-2014 RM'000	Financial year to-date 30-Jun-2014 RM'000
Depreciation	125	246
Loss on disposal of property, plant and equipment	-	2

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 period ended 30 June 2014.

**B16. Disclosure of realised and unrealised profits/losses**

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

	30-Jun-2014 RM'000	31-Dec-2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- realised	311,956	255,825
- unrealised	28,592	20,396
	<u>340,548</u>	<u>276,221</u>
Total accumulated loss from a joint venture:		
- realised	#	#
Total share of retained profits from an associate:		
- realised	3,333	2,862
- unrealised	190	(345)
	<u>344,071</u>	<u>278,738</u>
Less: Consolidation adjustments	(264,522)	(231,090)
Total Group retained profits as per consolidated accounts	<u>79,549</u>	<u>47,648</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 19 August 2014.

By order of the Board of Directors  
Lee Peng Loon  
Company Secretary  
19 August 2014