



TAMBUN INDAH LAND BERHAD

(Company No: 810446-U)

(Incorporated in Malaysia)

Interim Financial Report

For The Fourth Quarter Ended 31 December 2018 (Unaudited)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Financial Position

		Unaudited As at 31 December 2018 RM'000	(Restated)* As at 31 December 2017 RM'000	(Restated)* As at 1 January 2017 RM'000
	Note			
ASSETS				
Non-Current Assets				
Property, plant and equipment		3,418	3,476	3,961
Investment properties		115,852	118,337	117,406
Inventories	B13	145,998	147,657	160,482
Investment in an associate company		562	554	1,329
Investment in a joint venture		26,880	25,907	26,052
Deferred tax assets		15,571	17,089	18,872
		<u>308,281</u>	<u>313,020</u>	<u>328,102</u>
Current Assets				
Inventories	B13	170,283	210,558	204,527
Trade and other receivables		78,478	116,850	93,556
Current tax assets		3,836	3,151	4,885
Short term funds		30,756	10,727	37,561
Cash and bank balances		144,649	94,557	83,275
		<u>428,002</u>	<u>435,843</u>	<u>423,804</u>
TOTAL ASSETS		<u>736,283</u>	<u>748,863</u>	<u>751,906</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent:				
Share capital		287,580	287,521	213,676
Share premium		-	-	69,135
Option reserve		890	957	1,056
Warrant reserve		-	-	109
Capital reserve		-	-	468
Retained profits		319,316	292,913	254,738
		<u>607,786</u>	<u>581,391</u>	<u>539,182</u>
Non-controlling interests		1,317	1,880	2,562
Total Equity		<u>609,103</u>	<u>583,271</u>	<u>541,744</u>
Non-Current Liability				
Long-term bank borrowings		46,990	68,536	97,366
Deferred tax liability		106	-	-
		<u>47,096</u>	<u>68,536</u>	<u>97,366</u>
Current Liabilities				
Trade and other payables		28,665	55,028	70,419
Short-term bank borrowings		48,830	37,889	40,790
Current tax liabilities		2,589	4,139	1,587
		<u>80,084</u>	<u>97,056</u>	<u>112,796</u>
TOTAL LIABILITIES		<u>127,180</u>	<u>165,592</u>	<u>210,162</u>
TOTAL EQUITY AND LIABILITIES		<u>736,283</u>	<u>748,863</u>	<u>751,906</u>
Net assets per share attributable to ordinary equity holders of the company (RM) (Note 2)		<u>1.40</u>	<u>1.34</u>	<u>1.26</u>

* Certain amounts shown here do not correspond to the 2017 financial statements and reflect adjustments made, refer to Note A2.

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 2017 and the accompanying explanatory notes attached to this interim financial report.

2 Based on 433,378,517 (2017: 433,302,517) ordinary shares issued in Tambun Indah ("Shares").

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
		RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Revenue		42,868	60,312	179,331	277,173
Cost of sales		(22,379)	(34,738)	(84,061)	(150,573)
Gross profit		20,489	25,574	95,270	126,600
Other income	B14	3,332	1,869	5,998	4,582
Sales and marketing expenses		(1,255)	(3,821)	(5,082)	(6,572)
Administrative expenses	B15	(5,023)	(2,068)	(16,532)	(14,641)
Profit from operations		17,543	21,554	79,654	109,969
Finance costs		(609)	(789)	(2,611)	(3,621)
Share of (loss)/profit of an associate		-	(1)	8	13
Share of profit of a joint venture		639	142	973	855
Profit before tax		17,573	20,906	78,024	107,216
Income tax expense		(4,713)	(4,302)	(22,628)	(25,538)
Profit for the period		12,860	16,604	55,396	81,678
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		12,860	16,604	55,396	81,678
Profit attributable to :					
Equity holders of the Company		12,856	16,602	55,359	81,467
Non-controlling interests		4	2	37	211
		12,860	16,604	55,396	81,678
Total comprehensive income attributable to :					
Equity holders of the Company		12,856	16,602	55,359	81,467
Non-controlling interests		4	2	37	211
		12,860	16,604	55,396	81,678
Earnings per share attributable to the equity holders of the Company					
Basic (sen)	B11	2.97	3.83	12.78	18.88
Diluted (sen)	B11	2.97	3.83	12.77	18.88

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 2017 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Changes In Equity

	Attributable to Equity Holders of the Company								Total Equity RM'000
	Non-distributable				Distributable		Total RM'000	Non- controlling Interests RM'000	
	Share Capital RM'000	Share Premium RM'000	Option Reserve RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000			
At 1 January 2018	287,521	-	957	-	-	292,913	581,391	1,880	583,271
Profit for the year	-	-	-	-	-	55,359	55,359	37	55,396
Total comprehensive income	-	-	-	-	-	55,359	55,359	37	55,396
Transactions with owners									
Issuance of ordinary shares - exercise of Employee shares option scheme ("ESOS")	59	-	(7)	-	-	-	52	-	52
Transfer of option reserve to retained earning upon lapse of ESOS	-	-	(78)	-	-	78	-	-	-
Options granted under ESOS	-	-	18	-	-	-	18	-	18
Dividends	-	-	-	-	-	(29,034)	(29,034)	(600)	(29,634)
Total transactions with owners	59	-	(67)	-	-	(28,956)	(28,964)	(600)	(29,564)
At 31 December 2018	287,580	-	890	-	-	319,316	607,786	1,317	609,103
At 1 January 2017	213,676	69,135	1,056	109	468	251,980	536,424	2,562	538,986
Effect of adopting MFRSs	-	-	-	-	-	2,758	2,758	-	2,758
At 1 January 2017 (As restated)	213,676	69,135	1,056	109	468	254,738	539,182	2,562	541,744
Adjustments for effects of Companies Act 2016 (Note 1)	69,758	(69,290)	-	-	(468)	-	-	-	-
Profit for the year (Restated)	-	-	-	-	-	81,467	81,467	211	81,678
Total comprehensive income (Restated)	-	-	-	-	-	81,467	81,467	211	81,678
Transactions with owners									
Issuance of ordinary shares - exercise of ESOS - exercise of warrants	842 3,245	88 67	(165) -	- (107)	- -	- -	765 3,205	- -	765 3,205
Expiry and lapse of Warrants 2012/2017	-	-	-	(2)	-	2	-	-	-
Transfer of option reserve to retained earning upon lapse of ESOS	-	-	(35)	-	-	35	-	-	-
Options granted under ESOS	-	-	101	-	-	-	101	-	101
Acquisition of additional equity interest in a subsidiary company	-	-	-	-	-	-	-	(293)	(293)
Dividends	-	-	-	-	-	(43,329)	(43,329)	(600)	(43,929)
Total transactions with owners	4,087	155	(99)	(109)	-	(43,292)	(39,258)	(893)	(40,151)
At 31 December 2017	287,521	-	957	-	-	292,913	581,391	1,880	583,271

Notes :

1 With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts of RM69,290,235 and RM467,579 respectively, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

2 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 2017 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
Condensed Consolidated Statement of Cash Flows

	12 months ended 31-Dec-2018 RM'000	12 months ended 31-Dec-2017 RM'000 (Restated)
Cash Flows from Operating Activities		
Profit before taxation	78,024	107,216
Adjustments for:-		
Non-cash items	(1,326)	(58)
Non-operating items	(1,797)	(729)
Operating profit before changes in working capital	74,901	106,429
Net changes in land held for development	1,659	12,825
Net changes in current assets	80,694	(29,351)
Net changes in current liabilities	(22,032)	(15,550)
Net cash from operations	135,222	74,353
Interest received	3,427	3,482
Tax paid	(23,239)	(19,469)
Net cash from operating activities	115,410	58,366
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(158)	(140)
Addition in investment properties	(418)	(140)
Changes of deposits pledged with licensed banks	837	(149)
Proceeds from disposal of property, plant and equipment	-	19
Dividend income from associate company	-	788
Acquisition of additional shares in existing subsidiary companies	-	(293)
Redemption of redeemable preference shares in a joint venture	-	1,000
Proceeds from disposal of investment properties	2,416	-
Net cash from investing activities	2,677	1,085
Cash Flows from Financing Activities		
Dividends paid	(33,365)	(43,170)
Dividends paid to non-controlling interests of subsidiary companies	(600)	(600)
Drawdown of revolving credit	25,000	35,200
Proceeds from issuance of shares pursuant to:		
- ESOS	52	765
- exercise of warrants	-	3,205
Repayment of bank borrowings	(35,605)	(66,902)
Repayment of hire purchase	-	(29)
Interest paid	(2,611)	(3,621)
Net cash used in financing activities	(47,129)	(75,152)
Net changes in cash and cash equivalents	70,958	(15,701)
Cash and cash equivalents at 1 January 2018/2017	101,721	117,422
Cash and cash equivalents at 31 December 2018/2017	172,679	101,721
Cash and cash equivalents included in the cash flows comprise of:-		
Short term funds placed with financial institutions	30,756	10,727
Cash and bank balances	135,265	84,370
Deposits placed with licensed banks	9,384	10,187
	175,405	105,284
Less: Deposits pledged with licensed banks	(2,726)	(3,563)
	172,679	101,721

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 2017 and the accompanying explanatory notes attached to this interim financial report.

A. Explanatory Notes pursuant to Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting

A1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

A2. Changes in Accounting Policies

The financial statements of the Group for the financial period ended 31 March 2018 are the first set of financial statements prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") Framework. The date of transition to the MFRS Framework was on 1 January 2017.

The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2017 and throughout all comparable interim periods presented, as if these policies had always been in effect. Comparative information in these interim financial statements have been restated to give effect to these changes and the financial impact on transition from FRS in Malaysia to MFRS as disclosed as follows:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In order to measure the consequences of this new standard, the Group has reviewed the business model corresponding to the different portfolios of financial assets and of the characteristics of these financial assets.

In respect of impairment of financial assets, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investments in equity instruments.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The following reconciliations provide an estimate of the expected impact upon initial application of new MFRS Framework, MFRS 15 and MFRS 9 on the financial position, profit or loss and other comprehensive income of the Group.

(a) Reconciliation of financial position and equity

Group 1 January 2017	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Effects of MFRS 15 RM'000	Effects of MFRS 9 RM'000	Restated under MFRSs RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	3,961	-	-	-	3,961
Investment properties	117,406	-	-	-	117,406
Land held for development	160,482	(160,482)	-	-	-
Inventories	-	160,482	-	-	160,482
Investment in an associate company	1,329	-	-	-	1,329
Investment in a joint venture	26,052	-	-	-	26,052
Deferred tax assets	19,755	-	(883)	-	18,872
	<u>328,985</u>	<u>-</u>	<u>(883)</u>	<u>-</u>	<u>328,102</u>

A2. Changes in Accounting Policies (Cont'd)

(a) Reconciliation of financial position and equity (Cont'd)

Group	Previously reported under FRs RM	Effect on adoption of MFRSs RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017					
Current Assets					
Inventories	1,378	203,149	-	-	204,527
Property development costs	203,636	(203,149)	(487)	-	-
Trade and other receivables	89,428	-	4,166	(38)	93,556
Current tax assets	4,885	-	-	-	4,885
Short term funds	37,561	-	-	-	37,561
Cash and bank balances	83,275	-	-	-	83,275
	<u>420,163</u>	<u>-</u>	<u>3,679</u>	<u>(38)</u>	<u>423,804</u>
TOTAL ASSETS	<u>749,148</u>	<u>-</u>	<u>2,796</u>	<u>(38)</u>	<u>751,906</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent:					
Share capital	213,676	-	-	-	213,676
Share premium	69,135	-	-	-	69,135
Option reserve	1,056	-	-	-	1,056
Warrant reserve	109	-	-	-	109
Capital reserve	468	-	-	-	468
Retained profits	251,980	-	2,796	(38)	254,738
	<u>536,424</u>	<u>-</u>	<u>2,796</u>	<u>(38)</u>	<u>539,182</u>
Non-controlling interests	2,562	-	-	-	2,562
Total Equity	<u>538,986</u>	<u>-</u>	<u>2,796</u>	<u>(38)</u>	<u>541,744</u>
Non-Current Liability					
Long-term bank borrowings	97,366	-	-	-	97,366
Current Liabilities					
Trade and other payables	70,419	-	-	-	70,419
Short-term bank borrowings	40,790	-	-	-	40,790
Current tax liabilities	1,587	-	-	-	1,587
	<u>112,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,796</u>
TOTAL LIABILITIES	<u>210,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,162</u>
TOTAL EQUITY AND LIABILITIES	<u>749,148</u>	<u>-</u>	<u>2,796</u>	<u>(38)</u>	<u>751,906</u>
Group					
31 December 2017					
ASSETS					
Non-Current Assets					
Property, plant and equipment	3,476	-	-	-	3,476
Investment properties	118,337	-	-	-	118,337
Land held for development	147,657	(147,657)	-	-	-
Inventories	-	147,657	-	-	147,657
Investment in an associate company	554	-	-	-	554
Investment in a joint venture	25,907	-	-	-	25,907
Deferred tax assets	17,162	-	(73)	-	17,089
	<u>313,093</u>	<u>-</u>	<u>(73)</u>	<u>-</u>	<u>313,020</u>
Current Assets					
Inventories	10,085	200,473	-	-	210,558
Property development costs	200,775	(200,473)	(302)	-	-
Trade and other receivables	116,301	-	604	(55)	116,850
Current tax assets	3,151	-	-	-	3,151
Short term funds	10,727	-	-	-	10,727
Cash and bank balances	94,557	-	-	-	94,557
	<u>435,596</u>	<u>-</u>	<u>302</u>	<u>(55)</u>	<u>435,843</u>
TOTAL ASSETS	<u>748,689</u>	<u>-</u>	<u>229</u>	<u>(55)</u>	<u>748,863</u>

A2. Changes in Accounting Policies (Cont'd)

(a) Reconciliation of financial position and equity (Cont'd)

Group	Previously reported under FRSs	Effect on adoption of MFRSs	Effects of MFRS 15	Effects of MFRS 9	Restated under MFRSs
31 December 2017	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent:					
Share capital	287,521	-	-	-	287,521
Option reserve	957	-	-	-	957
Retained profits	292,739	-	229	(55)	292,913
	581,217	-	229	(55)	581,391
Non-controlling interests	1,880	-	-	-	1,880
Total Equity	583,097	-	229	(55)	583,271
Non-Current Liability					
Long-term bank borrowings	68,536	-	-	-	68,536
Current Liabilities					
Trade and other payables	55,028	-	-	-	55,028
Short-term bank borrowings	37,889	-	-	-	37,889
Current tax liabilities	4,139	-	-	-	4,139
	97,056	-	-	-	97,056
	165,592	-	-	-	165,592
TOTAL LIABILITIES	748,689	-	229	(55)	748,863
TOTAL EQUITY AND LIABILITIES					

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not applied by the Group:

Title	Effective Date
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:	
(i) Amendments to MFRS 3 Business Combinations	1 January 2019
(ii) Amendments to MFRS 11 Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112 Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 Borrowing Costs	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payments	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

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 76,000 new ordinary shares pursuant to exercise of ESOS at the following option prices:

Exercise price	(RM)	0.69
No. of shares issued	('000)	76

The total cash proceeds arising from the exercise of ESOS during the current financial period to-date amounted to RM52,440.

A7. Dividend Paid

On 12 February 2018, the Company paid interim single tier dividend of 3.0 sen per ordinary share each amounting to RM12,999,076 in respect of the financial year ended 31 December 2017.

On 16 August 2018, the Company paid final single tier dividend of 4.7 sen per ordinary share each amounting to RM20,366,628 in respect of the financial year ended 31 December 2017.

On 19 February 2019, the Company paid interim single tier dividend of 2.0 sen per ordinary share each amounting to RM8,667,570 in respect of the financial year ended 31 December 2018.

A8. Operating Segment

The segmental analysis for the financial period ended 31 December 2018 is as follows:

	Property development and property management RM'000	Investment holdings RM'000	Other operations RM'000	Adjustments and eliminations RM'000	Total RM'000
Revenue					
Revenue from external customers	174,307	5,024	-	-	179,331
Inter-segment revenues	6,749	22,408	24	(29,181)	-
	<u>181,056</u>	<u>27,432</u>	<u>24</u>	<u>(29,181)</u>	<u>179,331</u>
Results					
Profit from operations	75,474	26,623	43	(23,869)	78,271
Unallocated amount:					
- corporate expenses					(247)
Profit before tax					<u>78,024</u>
Tax expense					(22,628)
Profit for the period					<u>55,396</u>

A9. Subsequent Events

On 24 January 2019, the Company had incorporated a 70% owned subsidiary known as Mustiara Sdn Bhd ("Mustiara").

Mustiara is a company incorporated in Malaysia under the Companies Act, 2016 with an issued and paid-up capital of RM100,000 for the purpose of undertaking the principal business activity as a property developer.

The Company holds 70% equity interest in Mustiara whilst the remaining balance of 30% equity interest is held by Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, a director of the Company. The Directors of Mustiara are Mr. Teh Deng Wei, Ms. Teh Theng Theng and Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali.

Other than the above, there was no material events subsequent to the financial period ended 31 December 2018 until 15 February 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), that had not been reflected in the financial statements for the current quarter under review.

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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.

A11. Changes in contingent liabilities or contingent assets

There were no material changes in contingent liabilities or contingent assets since the end of the last annual reporting period.

A12. Capital Commitments

There were no outstanding capital commitments for the Group as at 31 December 2018.

A13. 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-2018 RM'000
Rental paid to companies in which a Director has interest	111
Consultant fee charged to an associate company	<u>12</u>

B. Explanatory Notes in Compliance with Listing Requirements of the Bursa Malaysia

B1. Review of Performance

Quarter on Quarter review

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

	Current	Preceding Year	Variances	
	31-Dec-2018 RM'000	31-Dec-2017 RM'000 (Restated)	%	RM'000
Revenue				
Property development and property management	41,604	59,055	-29.6%	(17,451)
Investment holdings	1,264	1,257	0.6%	7
	42,868	60,312	-28.9%	(17,444)
Profit before tax	17,573	20,906	-15.9%	(3,333)

The current quarter's revenue and profit before tax of RM42.87 million and RM17.57 million represented a 28.9% decrease in revenue and 15.9% decrease in profit before tax over the same quarter of the preceding year.

Property development & property management

Property development projects were on track and progressed as scheduled. Revenue was mainly contributed by residential property developments in Pearl City, Simpang Ampat which accounted for approximately 92% of the total revenue in the segment for the current quarter in review.

The lower revenue in the current quarter as compared to the same quarter of the preceding year was mainly due to fewer on-going projects, with the Group adopting a cautious approach for new property launches given the overall market condition. There were two new projects launched in the current quarter, namely Palma Residensi in Bukit Mertajam, Penang and Mutiara Indah in Simpang Ampat, Penang. However, these projects were still at an early stage of construction.

The Group recorded new property sales of RM46.81 million in the current quarter (same quarter of preceding year 2017: RM30.2 million).

Investment holdings

The revenue was mainly derived from rental received from completed investment properties.

B2. Comparison of results against immediate preceding quarter

	Current	Preceding	Variances	
	31-Dec-2018 RM'000	30-Sep-2018 RM'000	%	RM'000
Revenue	42,868	48,245	-11.1%	(5,377)
Profit before tax	17,573	21,283	-17.4%	(3,710)

Compared to the immediate preceding quarter, revenue and profit before tax were lower by 11.1% and 17.4% respectively. The decrease in revenue was due to the work progress of the on-going projects, in particular the two new projects launched in the current quarter which were still at early stage of construction.

B3. Prospects for the next financial year

Despite the soft property market, the Group achieved an average take-up rate of 70% for its on-going projects as at 31 December 2018. The Group's on-going projects with a total Gross Development Value of RM522 million and unbilled sales of approximately RM23 million should contribute positively to the Group's earnings for the next two years.

The outlook for the property industry continues to be challenging and the Group will remain cautious. Based on the foregoing, the Group expects to achieve a moderate performance for the financial year ending 2019.

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-2018 RM'000	Preceding Year Corresponding Quarter 31-Dec-2017 RM'000 (Restated)	Current Year- To-Date 31-Dec-2018 RM'000	Preceding Year Corresponding Period 31-Dec-2017 RM'000 (Restated)
Current income tax	3,409	12,261	17,938	24,308
Under/(Over) provision of taxation in respect of prior year	-	-	3,066	(553)
Deferred taxation	1,304	(8,272)	2,370	1,400
(Under)/Over provision of deferred taxation in respect of prior year	-	313	(746)	383
	<u>4,713</u>	<u>4,302</u>	<u>22,628</u>	<u>25,538</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 certain non-tax deductible expenses and under provision of income tax in respect of prior year.

B7. Status of Corporate Proposals

There were no corporate proposals that had been announced but not yet completed during the current financial quarter and financial period-to-date under review.

B8. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 December 2018 were as follows:

	Secured RM'000
<i>Long term borrowing:</i>	
Term loans	<u>46,990</u>
<i>Short term borrowing:</i>	
Revolving credit	25,000
Term loans	<u>23,830</u>
	<u>48,830</u>
Total	<u><u>95,820</u></u>

The Group had no foreign currency borrowings.

B9. Material Litigation

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

B10. Dividend

No dividend has been proposed for the current quarter.

B11. 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-2018	Preceding Year Corresponding Quarter 31-Dec-2017 (Restated)	Current Year- To-Date 31-Dec-2018	Preceding Year Corresponding Period 31-Dec-2017 (Restated)
Profit for the period attributable to equity holders of the Company (RM'000)	12,856	16,602	55,359	81,467
Weighted average number of ordinary shares in issue ('000)	433,379	433,302	433,331	431,419
Basic Earnings Per Share (sen)	2.97	3.83	12.78	18.88

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

	Current Quarter 31-Dec-2018 '000	Preceding Year Corresponding Quarter 31-Dec-2017 '000	Current Year- To-Date 31-Dec-2018 '000	Preceding Year Corresponding Period 31-Dec-2017 '000
Number of ordinary shares at beginning of the period/year	433,303	427,351	433,303	427,351
Effect of shares issued pursuant to:				
- exercise of ESOS	76	610	28	435
- exercise of warrants	-	5,341	-	3,633
Weighted average number of ordinary shares	433,379	433,302	433,331	431,419

(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 ESOS granted, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:

	Current Quarter 31-Dec-2018	Preceding Year Corresponding Quarter 31-Dec-2017 (Restated)	Current Year- To-Date 31-Dec-2018	Preceding Year Corresponding Period 31-Dec-2017 (Restated)
Profit for the period attributable to equity holders of the Company (RM'000)	12,856	16,602	55,359	81,467
Weighted average number of ordinary shares ('000)	433,399	433,314	433,347	431,444
Diluted Earnings Per Share (sen)	2.97	3.83	12.77	18.88

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

	Current Quarter 31-Dec-2018 '000	Preceding Year Corresponding Quarter 31-Dec-2017 '000	Current Year- To-Date 31-Dec-2018 '000	Preceding Year Corresponding Period 31-Dec-2017 '000
Weighted average number of ordinary shares	433,379	433,302	433,331	431,419
Effect of potential exercise of ESOS	20	12	16	25
Weighted average number of ordinary shares	433,399	433,314	433,347	431,444

B12. 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 2017.

B13. Inventories

	Unaudited As at 31 December 2018 RM'000	(Restated)* As at 31 December 2017 RM'000	(Restated)* As at 1 January 2017 RM'000
Non-Current Assets			
Land held for property development	145,998	147,657	160,482
Current Assets			
Property development costs	143,150	200,473	203,149
Completed properties held for sales	27,133	10,085	1,378
	<u>170,283</u>	<u>210,558</u>	<u>204,527</u>
Total	<u>316,281</u>	<u>358,215</u>	<u>365,009</u>

B14. Other income

	Current quarter 31-Dec-2018 RM'000	Financial year to-date 31-Dec-2018 RM'000
Interest income	823	3,427
Fair value gain on investment properties	2,462	2,462
Miscellaneous income	47	109
	<u>3,332</u>	<u>5,998</u>

The Group did not receive any other income including investment income for the financial period ended 31 December 2018.

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

	Current quarter 31-Dec-2018 RM'000	Financial year to-date 31-Dec-2018 RM'000
Depreciation	162	566
Fair value loss on investment properties	520	520
Impairment loss for trade receivables	32	32
	<u>714</u>	<u>1,118</u>

Save as disclose above, there are no provision for and written 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 31 December 2018.

B16. 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 22 February 2019.

By order of the Board of Directors
Lee Peng Loon
Company Secretary
22 February 2019