



TAMBUN INDAH LAND BERHAD

(Company No: 810446-U)

(Incorporated in Malaysia)

Interim Financial Report

For The First Quarter Ended 31 March 2020 (Unaudited)

	Page No.
Condensed Consolidated Statement of Financial Position	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Interim Financial Report	5 - 11

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
Condensed Consolidated Statement of Financial Position

		Unaudited As at 31 March 2020 RM'000	Audited As at 31 December 2019 RM'000
	Note		
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,545	3,347
Right-of-use assets		587	623
Investment properties		125,730	125,574
Inventories	B13	284,184	284,144
Investment in an associate company		341	340
Investment in a joint venture		27,927	27,815
Deferred tax assets		12,695	12,760
		<u>455,009</u>	<u>454,603</u>
Current Assets			
Inventories	B13	161,464	154,288
Trade and other receivables		26,827	35,820
Contract assets		21,590	24,522
Current tax assets		3,624	2,537
Short term funds		57,518	62,058
Cash and bank balances		60,881	96,075
		<u>331,904</u>	<u>375,300</u>
TOTAL ASSETS		<u>786,913</u>	<u>829,903</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent:			
Share capital		287,637	287,637
Option reserve		1,100	999
Retained profits		351,901	351,132
		<u>640,638</u>	<u>639,768</u>
Non-controlling interests		(724)	488
Total Equity		<u>639,914</u>	<u>640,256</u>
Non-Current Liabilities			
Long-term bank borrowings		114,305	118,474
Lease liabilities		379	408
Deferred tax liability		653	532
		<u>115,337</u>	<u>119,414</u>
Current Liabilities			
Trade and other payables		22,710	27,838
Short-term bank borrowings		8,593	41,499
Lease liabilities		112	111
Current tax liabilities		247	785
		<u>31,662</u>	<u>70,233</u>
TOTAL LIABILITIES		<u>146,999</u>	<u>189,647</u>
TOTAL EQUITY AND LIABILITIES		<u>786,913</u>	<u>829,903</u>
Net assets per share attributable to ordinary equity holders of the company (RM) (Note b)		<u>1.48</u>	<u>1.48</u>

Notes:

a 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 2019 and the accompanying explanatory notes attached to this interim financial report.

b Based on 433,455,617 (2019: 433,455,617) ordinary shares issued in Tambun Indah ("Shares").

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31-Mar-2020 RM'000	31-Mar-2019 RM'000	31-Mar-2020 RM'000	31-Mar-2019 RM'000
Revenue		14,100	35,322	14,100	35,322
Cost of sales		(8,669)	(16,989)	(8,669)	(16,989)
Gross profit		5,431	18,333	5,431	18,333
Other income	B14	897	828	897	828
Sales and marketing expenses		(1,100)	(1,583)	(1,100)	(1,583)
Administrative expenses	B15	(2,976)	(3,725)	(2,976)	(3,725)
Profit from operations		2,252	13,853	2,252	13,853
Finance costs		(1,394)	(577)	(1,394)	(577)
Share of profit of an associate		1	2	1	2
Share of profit of a joint venture		112	87	112	87
Profit before tax		971	13,365	971	13,365
Income tax expense		(664)	(3,215)	(664)	(3,215)
Profit for the period		307	10,150	307	10,150
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		307	10,150	307	10,150
Profit attributable to :					
Equity holders of the Company		769	10,147	769	10,147
Non-controlling interests		(462)	3	(462)	3
		307	10,150	307	10,150
Total comprehensive income attributable to :					
Equity holders of the Company		769	10,147	769	10,147
Non-controlling interests		(462)	3	(462)	3
		307	10,150	307	10,150
Earnings per share attributable to the equity holders of the Company					
Basic (sen)	B11	0.18	2.34	0.18	2.34
Diluted (sen)	B11	0.18	2.34	0.18	2.34

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 2019 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
Condensed Consolidated Statement of Changes In Equity

	Attributable to Equity Holders of the Company					Total Equity RM'000
	Non-distributable		Distributable		Non- controlling Interests RM'000	
	Share Capital RM'000	Option Reserve RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2020	287,637	999	351,132	639,768	488	640,256
Profit for the year	-	-	769	769	(462)	307
Total comprehensive income	-	-	769	769	(462)	307
Transactions with owners						
Options granted under ESOS	-	101	-	101	-	101
Dividends	-	-	-	-	(750)	(750)
Total transactions with owners	-	101	-	101	(750)	(649)
At 31 March 2020	287,637	1,100	351,901	640,638	(724)	639,914
At 1 January 2019	287,580	890	319,369	607,839	1,317	609,156
Profit for the year	-	-	48,641	48,641	(859)	47,782
Total comprehensive income	-	-	48,641	48,641	(859)	47,782
Transactions with owners						
Issuance of ordinary shares - exercise of Employee shares option scheme ("ESOS")	57	(6)	-	51	-	51
Incorporation of a subsidiary	-	-	-	-	30	30
Transfer of option reserve to retained earning upon lapse of ESOS	-	(27)	27	-	-	-
Options granted under ESOS	-	142	-	142	-	142
Dividends	-	-	(16,905)	(16,905)	-	(16,905)
Total transactions with owners	57	109	(16,878)	(16,712)	30	(16,682)
At 31 December 2019	287,637	999	351,132	639,768	488	640,256

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 2019 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020
Condensed Consolidated Statement of Cash Flows

	3 months ended 31-Mar-2020 RM'000	3 months ended 31-Mar-2019 RM'000
Cash Flows from Operating Activities		
Profit before taxation	971	13,365
Adjustments for:-		
Non-cash items	238	195
Non-operating items	436	(329)
Operating profit before changes in working capital	1,645	13,231
Net changes in inventories	(7,216)	7,564
Net changes in trade and other receivables	8,993	3,357
Net changes in contract assets	2,932	10,250
Net changes in trade and other payables	(793)	(2,848)
Net changes in contract liabilities	-	9,860
Net cash from operations	5,561	41,414
Interest received	845	817
Tax paid	(2,103)	(2,067)
Net cash from operating activities	4,303	40,164
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(40)	(65)
Addition in investment properties	(416)	(1,673)
Changes of deposits pledged with licensed banks	(18)	2,297
Proceeds from disposal of property, plant and equipment	1	5
Incorporation of a subsidiary, net of cash and cash equivalents acquired	-	30
Net cash (used in)/from investing activities	(473)	594
Cash Flows from Financing Activities		
Dividends paid	(4,335)	(8,668)
Dividends paid to non-controlling interests of subsidiary companies	(750)	-
Proceeds from issuance of shares pursuant to options exercised under the ESOS	-	17
Repayment of bank borrowings	(37,075)	(34,360)
Repayment of lease liabilities	(28)	-
Interest paid	(1,394)	(577)
Net cash used in financing activities	(43,582)	(43,588)
Net changes in cash and cash equivalents	(39,752)	(2,830)
Cash and cash equivalents at 1 January 2020/2019	155,467	172,679
Cash and cash equivalents at 31 March 2020/2019	115,715	169,849
Cash and cash equivalents included in the cash flows comprise of:-		
Short term funds placed with financial institutions	57,518	19,230
Cash and bank balances	49,983	143,904
Deposits placed with licensed banks	10,898	7,144
	118,399	170,278
Less: Deposits pledged with licensed banks	(2,684)	(429)
	115,715	169,849

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 2019 and the accompanying explanatory notes attached to this interim financial report.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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 2019. 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 2019.

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 2019 except for the mandatory adoption of the following new and revised MFRSs and Issues Committee Interpretations ("IC Interpretations") effective for the financial period beginning on 1 January 2020:

MFRSs, amendments to MFRSs and IC Interpretations

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform

The Group has adopted the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January, 2020. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

Title	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2022
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.

A7. Dividend Paid

On 18 February 2020, the Company paid interim single tier dividend of 1.0 sen per ordinary share each amounting to RM4,334,556 in respect of the financial year ended 31 December 2019.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

A8. Operating Segment

The segmental analysis for the financial period ended 31 March 2020 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	12,784	1,316	-	-	14,100
Inter-segment revenues	103	869	-	(972)	-
	<u>12,887</u>	<u>2,185</u>	<u>-</u>	<u>(972)</u>	<u>14,100</u>
Results					
Profit from operations	(1,193)	2,997	15	(775)	1,044
Unallocated amount:					
- corporate expenses					<u>(73)</u>
Profit before tax					971
Tax expense					<u>(664)</u>
Profit for the period					<u>307</u>

A9. Subsequent Events

There were no material events subsequent to the financial period ended 31 March 2020 until 18 June 2020 (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.

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. 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 March 2020.

A13. Significant Related Party Transactions

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

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

	3 months ended 31-Mar-2020 RM'000
Lease payments made to companies of which a Director has interest	<u>27</u>

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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-Mar-2020 RM'000	31-Mar-2019 RM'000	%	RM'000
Revenue				
Property development and property management	12,784	34,083	-62.5%	(21,299)
Investment holdings	1,316	1,239	6.2%	77
	14,100	35,322	-60.1%	(21,222)
Profit before tax	971	13,365	-92.7%	(12,394)

The current quarter's revenue and profit before tax of RM14.1 million and RM0.97 million represented a 60.1% decrease in revenue and 92.7% decrease in profit before tax over the same quarter of the preceding year.

Property development & property management

Revenue was mainly contributed by residential property developments in Pearl City, Simpang Ampat which accounted for approximately 66.5% of the total revenue in the segment for the current quarter under review.

The lower revenue and profit before tax in the current quarter as compared to the same quarter of the preceding year was mainly due to two main factors. Firstly, new property sales for the first quarter in Year 2020 was subdued as buyers adopted a wait-and-see approach for further housing initiatives by the government, as the first Home Ownership Campaign ("HOC") which was launched in January 2019 had just ended on 31 December 2019. The Group recorded new property sales of RM9.1 million in the current quarter as compared to RM32.0 million in the same quarter in Year 2019.

Secondly, with the escalation of the COVID-19 pandemic, the Malaysian government had imposed a Movement Control Order ("MCO") with effect from 18 March 2020. In compliance with the MCO, the Group's offices were temporary closed from 18 March 2020 until 7 May 2020. The MCO had affected new property sales during this period and also slowed down the progress of the development projects.

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-Mar-2020 RM'000	31-Dec-2019 RM'000	%	RM'000
Revenue	14,100	40,032	-64.8%	(25,932)
Profit before tax	971	18,159	-94.7%	(17,188)

Compared to the immediate preceding quarter, the revenue and profit before tax were lower by 64.8% and 94.7%, respectively. The lower revenue and profit before tax were mainly due to the factors as explained in note B1 above.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

B3. Prospects for the current financial year

As at 31 March 2020, five (5) on-going projects of the Group with a total Gross Development Value of approximately RM334.5 million achieved an average take-up rate of 32.9% and unbilled sales of approximately RM55 million which should contribute positively to the Group's earnings for the next two to three years.

The property market condition remained challenging. The Malaysian economy was further affected by the COVID-19 pandemic and the Movement Control Order imposed by the Malaysian government since 18 March 2020. On 5 June 2020, a Short-Term Economic Recovery Plan was introduced by the Government. Amongst the many initiatives that were presented, HOC 2020 was reintroduced to benefit homebuyers. HOC2020 will take effect from June 2020 until 31 May 2021.

The Group remains cautious in its sales launches and carefully monitors the progress of development projects to ensure timely delivery to the buyers. In addition, the sound financial position of the Group provides the stability and flexibility in managing the challenges.

Based on the foregoing, the Group expects a modest performance in the current financial year.

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

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

B5. Statement by Board of Directors

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

B6. Income Tax

Income tax comprised:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31-Mar-2020 RM'000	31-Mar-2019 RM'000	31-Mar-2020 RM'000	31-Mar-2019 RM'000
Current income tax	478	5,074	478	5,074
Deferred taxation	260	(1,859)	260	(1,859)
Underprovision of deferred tax assets in respect of prior year	(74)	-	(74)	-
	<u>664</u>	<u>3,215</u>	<u>664</u>	<u>3,215</u>

The Group's effective tax rate for the financial year-to-date under review was higher compared to the statutory taxation rate mainly due to certain non-tax deductible expenses and unrecognition of deferred tax asset.

B7. Status of Corporate Proposals

Memorandum of Understanding ("MOU")

On 28 January 2020 the Company had entered into a MOU with Show Chwan Medical Care Corporation to collaborate efforts for the proposed establishment of a private specialist hospital at Pearl City (Bandar Tasek Mutiara), Simpang Ampat, Seberang Perai Selatan, Penang, a township under the development of Tambun Indah.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

B8. Borrowings and Debt Securities

Details of the Group's borrowings as at 31 March 2020 are as follows:

	Secured RM'000
<i>Long term borrowing:</i>	
Term loans	114,305
	<u>114,305</u>
<i>Short term borrowing:</i>	
Term loans	8,593
	<u>8,593</u>
Total	<u><u>122,898</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.

A final single tier dividend of 2.9 sen per ordinary share amounting to RM12,570,213 in respect of the financial year ended 31 December 2019 was proposed on 28 May 2020. The final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

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-Mar-2020	Preceding Year Corresponding Quarter 31-Mar-2019	Current Year- To-Date 31-Mar-2020	Preceding Year Corresponding Period 31-Mar-2019
Profit for the period attributable to equity holders of the Company (RM'000)	769	10,147	769	10,147
Weighted average number of ordinary shares in issue ('000)	433,456	433,382	433,456	433,382
Basic Earnings Per Share (sen)	0.18	2.34	0.18	2.34

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

	Current Quarter 31-Mar-2020 '000	Preceding Year Corresponding Quarter 31-Mar-2019 '000	Current Year- To-Date 31-Mar-2020 '000	Preceding Year Corresponding Period 31-Mar-2019 '000
Number of ordinary shares at beginning of the period/year	433,456	433,379	433,456	433,379
Effect of shares issued pursuant to: - exercise of ESOS	-	3	-	3
Weighted average number of ordinary shares	<u>433,456</u>	<u>433,382</u>	<u>433,456</u>	<u>433,382</u>

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

B11. Earnings Per Share (continued)

(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-Mar-2020	Preceding Year Corresponding Quarter 31-Mar-2019	Current Year- To-Date 31-Mar-2020	Preceding Year Corresponding Period 31-Mar-2019
Profit for the period attributable to equity holders of the Company (RM'000)	769	10,147	769	10,147
Weighted average number of ordinary shares ('000)	433,456	433,411	433,456	433,411
Diluted Earnings Per Share (sen)	0.18	2.34	0.18	2.34

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

	Current Quarter 31-Mar-2020 '000	Preceding Year Corresponding Quarter 31-Mar-2019 '000	Current Year- To-Date 31-Mar-2020 '000	Preceding Year Corresponding Period 31-Mar-2019 '000
Weighted average number of ordinary shares	433,456	433,382	433,456	433,382
Effect of potential exercise of ESOS	-	29	-	29
Weighted average number of ordinary shares	<u>433,456</u>	<u>433,411</u>	<u>433,456</u>	<u>433,411</u>

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 2019.

B13. Inventories

	Unaudited As at 31 March 2020 RM'000	Audited As at 31 December 2019 RM'000
Non-Current Assets		
Land held for property development	<u>284,184</u>	<u>284,144</u>
Current Assets		
Property development costs	132,236	123,557
Completed properties held for sales	<u>29,228</u>	<u>30,731</u>
	<u>161,464</u>	<u>154,288</u>
Total	<u><u>445,648</u></u>	<u><u>438,432</u></u>

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020**B14. Other income**

	Current quarter 31-Mar-2020 RM'000	Financial year to-date 31-Mar-2020 RM'000
Interest income	845	845
Miscellaneous income	52	52
	<u>897</u>	<u>897</u>

The Group did not receive any other income including investment income for the financial period ended 31 March 2020.

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

	Current quarter 31-Mar-2020 RM'000	Financial year to-date 31-Mar-2020 RM'000
Depreciation	88	88
Loss on disposal of property, plant and equipment	2	2
	<u>2</u>	<u>2</u>

Save as disclosed above, there were 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 March 2020.

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 25 June 2020.

By order of the Board of Directors
Lee Peng Loon
Company Secretary
25 June 2020