



INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019

**TROPICANA**

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Individual Quarter		Year to Date	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	Date	Corresponding
Note	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	209,769	453,005	209,769	453,005
Cost of sales	(113,001)	(308,379)	(113,001)	(308,379)
Gross profit	96,768	144,626	96,768	144,626
Other income	5,771	6,415	5,771	6,415
Selling and marketing expenses	(4,131)	(5,384)	(4,131)	(5,384)
Administrative expenses	(63,307)	(49,510)	(63,307)	(49,510)
Other expenses	(4,232)	(288)	(4,232)	(288)
Operating profit	30,869	95,859	30,869	95,859
Finance income	5,965	5,860	5,965	5,860
Finance costs	(17,011)	(16,472)	(17,011)	(16,472)
Share of results of joint ventures	967	773	967	773
Share of results of an associate	206	(578)	206	(578)
Profit before tax	20,996	85,442	20,996	85,442
Income tax	20,593	(33,234)	20,593	(33,234)
Profit for the period	41,589	52,208	41,589	52,208
Other comprehensive income/(loss)				
to be reclassified to profit or				
loss in subsequent period:				
Foreign currency translation	14	(8)	14	(8)
Total comprehensive income	41,603	52,200	41,603	52,200
Profit/(loss) attributable to:				
Owners of the parent	46,064	46,403	46,064	46,403
Non-controlling interests	(4,475)	5,805	(4,475)	5,805
	41,589	52,208	41,589	52,208

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	Individual Quarter		Year to Date	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	Date	Corresponding
Note	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income/(loss) attributable to:				
Owners of the parent	46,078	46,395	46,078	46,395
Non-controlling interests	(4,475)	5,805	(4,475)	5,805
	41,603	52,200	41,603	52,200
Earnings per share attributable to owners of the parent:				
(sen per share)				
- Basic	B10 3.21	3.17	3.21	3.17
- Diluted	B10 3.21	3.17	3.21	3.17

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At <u>31/03/2019</u> RM'000	As At <u>31/12/2018</u> RM'000
Assets			
Non-current assets			
Property, plant and equipment		891,915	887,009
Inventories		2,638,984	2,639,007
Investment properties		574,996	574,732
Investment in an associate		52,775	52,569
Investments in joint ventures		238,194	240,343
Other investments		312	312
Intangible assets		27,051	27,130
Deferred tax assets		94,071	84,545
Trade and other receivables		15,002	14,676
Contract assets		17,876	17,618
		<u>4,551,176</u>	<u>4,537,941</u>
Current assets			
Inventories		1,785,900	1,667,036
Trade and other receivables		556,683	488,705
Contract cost assets		25,853	46,516
Contract assets		122,189	288,955
Tax recoverable		32,422	30,789
Cash and bank balances		821,018	975,774
		<u>3,344,065</u>	<u>3,497,775</u>
Assets classified as held for sale		59,100	59,100
		<u>7,954,341</u>	<u>8,094,816</u>
Total assets		<u>7,954,341</u>	<u>8,094,816</u>

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At <u>31/03/2019</u> RM'000	As At <u>31/12/2018</u> RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		2,044,314	2,044,314
Treasury shares		(31,826)	(25,094)
Other reserves		1,390,565	1,384,450
		<u>3,403,053</u>	<u>3,403,670</u>
Non-controlling interests		409,057	409,205
Total equity		<u>3,812,110</u>	<u>3,812,875</u>
Non-current liabilities			
Deferred tax liabilities		181,274	192,434
Borrowings	B7	1,356,918	1,333,071
Trade and other payables		730,486	733,467
Contract liabilities		140,326	137,621
		<u>2,409,004</u>	<u>2,396,593</u>
Current liabilities			
Borrowings	B7	605,632	623,114
Trade and other payables		1,070,741	1,168,523
Contract liabilities		20,025	19,703
Tax payable		36,829	74,008
		<u>1,733,227</u>	<u>1,885,348</u>
Total liabilities		<u>4,142,231</u>	<u>4,281,941</u>
Total equity and liabilities		<u>7,954,341</u>	<u>8,094,816</u>
Net assets per share (RM)		<u>2.37</u>	<u>2.36</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent								Total Equity RM'000
	Non-distributable							Non-controlling Interests	
	Share Capital	Treasury Shares	Translation Reserve	Warrants 2009/2019 Reserve	Retained Earnings	Total Reserves	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2018	2,044,314	(6,692)	(110)	45,960	1,192,010	1,237,860	3,275,482	311,996	3,587,478
Total comprehensive (loss)/income	-	-	(19)	-	170,029	170,010	170,010	9,802	179,812
Transactions with owners									
Issuance of ordinary shares and preference shares to non-controlling interests	-	-	-	-	-	-	-	23,366	23,366
Acquisition of a subsidiary	-	-	-	-	-	-	-	64,689	64,689
Purchase of treasury shares	-	(18,402)	-	-	-	-	(18,402)	-	(18,402)
Dividend paid via:									
- cash	-	-	-	-	(23,420)	(23,420)	(23,420)	(648)	(24,068)
Total transaction with owners	-	(18,402)	-	-	(23,420)	(23,420)	(41,822)	87,407	45,585
As at 31 December 2018	2,044,314	(25,094)	(129)	45,960	1,338,619	1,384,450	3,403,670	409,205	3,812,875
As at 1 January 2019	2,044,314	(25,094)	(129)	45,960	1,338,619	1,384,450	3,403,670	409,205	3,812,875
Total comprehensive income/(loss)	-	-	14	-	46,064	46,078	46,078	(4,475)	41,603
Transactions with owners									
Issuance of preference shares to non-controlling interests	-	-	-	-	-	-	-	4,327	4,327
Purchase of treasury shares	-	(6,732)	-	-	-	-	(6,732)	-	(6,732)
Dividend paid via:									
- cash	-	-	-	-	(39,963)	(39,963)	(39,963)	-	(39,963)
Total transaction with owners	-	(6,732)	-	-	(39,963)	(39,963)	(46,695)	4,327	(42,368)
As at 31 March 2019	2,044,314	(31,826)	(115)	45,960	1,344,720	1,390,565	3,403,053	409,057	3,812,110

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/03/2019 RM'000	31/03/2018 RM'000
Cash flows from operating activities		
Profit before tax	20,996	85,442
Adjustments for:		
Depreciation of property, plant and equipment	9,514	5,575
Finance income	(5,965)	(5,860)
Finance costs	17,011	16,472
Share of results of an associate	(206)	578
Share of results of joint ventures	(967)	(773)
Net loss on disposal of property, plant and equipment	14	-
Property, plant and equipment written off	14	-
Reversal of impairment loss on trade and other receivables	-	(325)
Amortisation of deferred license fees	(1,106)	(632)
Amortisation of security retainers accumulation fund	3	2
Impairment loss on trade and other receivables	223	254
Unrealised returns on security retainers accumulation fund	(54)	(83)
Operating profit before working capital changes	39,477	100,650
Changes in working capital:		
Trade and other receivables	(68,476)	29,697
Contract assets	166,508	81,006
Inventories	(106,415)	12,229
Contract cost assets	21,201	35,906
Contract liabilities	4,133	805
Trade and other payables	(94,921)	(22,449)
Cash (used in)/generated from operations	(38,493)	237,844
Finance costs paid	(28,923)	(36,742)
Net taxes paid	(38,906)	(41,596)
Net cash (used in)/from operating activities	(106,322)	159,506

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/03/2019 RM'000	31/03/2018 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,916)	(34,227)
Purchase of investment properties	(265)	(202)
Subscription of shares in joint venture	(2,700)	-
Finance income received	5,965	5,860
Net cash outflow on acquisition of subsidiaries	-	(2,474)
Net cash used in investing activities	<u>(10,916)</u>	<u>(31,043)</u>
Cash flows from financing activities		
Payment of borrowing costs	(76)	(4,809)
Drawdown from borrowings	89,075	283,179
Repayment of borrowings	(83,259)	(230,626)
Repayment of hire purchase	(398)	(360)
Placements of debt service reserve, escrow accounts and deposits with licensed banks not available for use	65,628	12,634
Proceeds from issuance of shares to non-controlling interests	4,327	1,518
Purchase of treasury shares	(6,732)	-
Dividends paid to shareholders of the Company	(39,963)	(23,420)
Net cash from financing activities	<u>28,602</u>	<u>38,116</u>
Net (decrease)/increase in cash and cash equivalents	(88,636)	166,579
Effects of foreign exchange rate changes	14	(8)
Cash and cash equivalents at beginning of financial year	<u>721,583</u>	<u>561,563</u>
Cash and cash equivalents at end of financial period*	<u>632,961</u>	<u>728,134</u>

* Cash and cash equivalents at end of the financial period comprise the following:

	31/03/2019 RM'000	31/03/2018 RM'000
Cash and bank balances	821,018	1,095,654
Less: Bank overdrafts	(4,399)	(1,606)
	<u>816,619</u>	<u>1,094,048</u>
Less: Cash and cash equivalents not available for use	(183,658)	(365,914)
Total cash and cash equivalents at end of financial period	<u>632,961</u>	<u>728,134</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

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 other MFRSs issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 December 2018. 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 financial year ended 31 December 2018.

A2. Changes in accounting policies arising from adoption of new standards, amendments and interpretations

The accounting policies adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2018 except for the adoption of the following new amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendment to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendment to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Arrangements (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendment to MFRS 112	Income Taxes Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendment to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015-2017 Cycle)

The adoption of the above amendments to MFRSs did not result in material impact to the interim financial statements of the Group.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A2. Changes in accounting policies arising from adoption of new standards, amendments and interpretations (cont’d.)

The followings are new standards, amendments and interpretations that have been issued by the MASB but have not been early adopted by the Group:

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17 Insurance Contracts
This standard is not relevant and applicable to the Group.

Effective date deferred to a date to be determined by MASB:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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A3. Comments about seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134**

A4. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that is unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A5. Material changes in estimates

There were no material changes in estimates for the financial period ended 31 March 2019.

A6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review save and except as follows:

- 1) The Company has repurchased its equity securities of 7,660,800 ordinary shares at an average price of RM0.88 per share. As at 31 March 2019, the number of treasury shares held were 35,427,642 ordinary shares.

A7. Dividends paid

On 15 January 2019, a first interim single-tier dividend of 2.78 sen per ordinary share for the financial year ending 31 December 2019 was declared and paid on 20 February 2019 during the current quarter under review.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A8. Segmental information

Segmental information is presented in respect of the Group's principal business segments - property development, property management, property investment, recreation and resort and investment holding and others. The geographical information is not presented as the Group's activities are carried out predominantly in Malaysia.

Business segment analysis for the quarter and financial period ended:

Business Segments	Property development and property management RM'000	Property investment, recreation and resort RM'000	Investment holding and others RM'000	Total RM'000
Individual Quarter/Year to Date 31 March 2019				
Revenue	146,414	34,198	29,157	209,769
Results from operations	33,085	1,687	(3,903)	30,869
Net finance costs	(3,765)	(4,307)	(2,974)	(11,046)
Share of results of an associate	206	-	-	206
Share of results of joint ventures	967	-	-	967
Profit/(loss) before tax	30,493	(2,620)	(6,877)	20,996
Individual Quarter/Year to Date 31 March 2018				
Revenue	411,061	20,087	21,857	453,005
Results from operations	92,983	7,150	(4,274)	95,859
Net finance costs	(3,960)	(4,261)	(2,391)	(10,612)
Share of results of an associate	(578)	-	-	(578)
Share of results of joint ventures	773	-	-	773
Profit/(loss) before tax	89,218	2,889	(6,665)	85,442

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134**

A9. Material events subsequent to the end of interim period

There were no material events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the interim financial statements under review.

A10. Changes in composition of the Group

- 1) On 17 January 2019, the Company acquired the balance of 51 ordinary shares in Tropicana Urban Homes Sdn Bhd ("TUHSB") for a total cash consideration of RM51. Upon completion, TUHSB has become a wholly-owned subsidiary of the Company.
- 2) On 18 February 2019, Tropicana Mentari Development Sdn Bhd ("TMDSB"), a wholly-owned subsidiary of the Company, acquired 1 ordinary share of Urban Discovery Sdn Bhd ("Urban Discovery") representing 100% of the total paid-up share capital for a total cash consideration of RM1. Upon completion, Urban Discovery has become a wholly-owned subsidiary of TMDSB, which in turn is an indirect wholly-owned subsidiary of the Company.
- 3) Tropicana Marketplace Sdn Bhd ("TMSB"), a wholly-owned subsidiary of the Company, has on 26 February 2019 registered a wholly foreign owned enterprise by the name of Tropicana Marketplace (Hong Kong) Limited as a private limited liability company in Hong Kong, the People's Republic of China ("Registration"), with a total amount of investment of Hong Kong Dollar ("HKD") 1 and registered capital of HKD1.
- 4) On 4 March 2019, the Company acquired 1 ordinary share of Pixelcloud Sdn Bhd ("Pixelcloud") representing 100% of the total paid-up share capital for a total cash consideration of RM1. Upon completion, Pixelcloud has become a wholly-owned subsidiary of the Company.
- 5) On 16 April 2019, BK Utilities Sdn Bhd ("BK Utilities") was incorporated as a private company limited by shares in Malaysia under the Companies Act 2016. The entire issued share capital of BK Utilities of RM1 comprising 1 ordinary share is held by the Company.

Save as disclosed above, there were no other changes in the composition of the Group.

A11. Changes in contingent liabilities or contingent assets

Since the last annual audited position as at 31 December 2018, the Group's contingent liabilities have changed due to the decrease of RM89.83 million in corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

Save as disclosed above, there were no other changes in contingent liabilities of the Group.



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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134**

A12. Capital commitments

The amount of commitments for capital expenditure as at 31 March 2019 is as follows:

	As at 31/03/2019 RM'000	As at 31/12/2018 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	<u>316,097</u>	<u>406,869</u>
	316,097	406,869
Approved and not contracted for:		
- Property, plant and equipment	<u>61,847</u>	<u>41,850</u>
	<u>377,944</u>	<u>448,719</u>

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B1. Performance review

For the current quarter under review, the Group recorded revenue of RM209.8 million (Q1 2018: RM453.0 million) and profit before tax (“PBT”) of RM21.0 million (Q1 2018: RM85.4 million) which were lower when compared to the revenue and PBT of the corresponding quarter in the preceding year by 53.69% and 75.4% respectively.

This decrease in revenue and PBT is mainly due to lower sales in FY2018 which had a carry-through effect on the results for FY2019 and partly due to two development phases in Tropicana Aman which were completed in the first quarter of FY2018 leading to higher profit recognised in the said quarter.

However, the decrease in revenue and profit has been partly offset by the completion of the disposal of a piece of leasehold land in Bandar Damansara, District of Petaling, State of Selangor in Q1 2019. The disposal has contributed RM42.2 million to revenue and RM37.2 million to profit before tax.

B2. Variation of results against preceding quarter

For the current quarter under review, the Group recorded revenue of RM209.8 million (Q4 2018: RM593.9 million) and profit before tax (“PBT”) of RM21.0 million (Q4 2018: RM131.2 million) which were lower when compared to the revenue and PBT of the preceding quarter by 64.67% and 84.0% respectively.

This decrease in revenue and PBT is mainly due to a commercial phase in Tropicana Aman being completed in the last quarter of 2018, hence leading to higher profit as well as the completion of disposal of a piece of leasehold land in Pekan Country Height, District of Petaling, State of Selangor which contributed RM143.0 million to revenue and RM30.1 million to profit before tax.

Other than the above, the lower revenue and profit in the current quarter have been contributed by lower revenue across key projects in the Klang Valley region.

B3. Prospects

Whilst the overall prospects for the industry continue to remain challenging in the short term, the Group believes that there will still be demand for properties in prime locations with attractive pricing. The Group will continue to focus on being market-driven in its products offerings whilst continuing to unlock the value of its landbank, at strategic locations across the Klang Valley, Genting and Southern Regions.

With this in mind, Tropicana will continue to focus on the introduction of new phases across its signature developments, namely at Tropicana Heights, Tropicana Aman, Tropicana Metropark and Tropicana Danga Cove. Tropicana will also launch its maiden development at Genting towards the fourth quarter of 2019. The Gross Development Value of new launches are expected to be approximately RM3.0 billion for FY2019 and they are expected to contribute positively to the Group’s earnings.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2019

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BHD

B4. Profit forecast or profit guarantee

No profit forecast or profit guarantee was issued for the financial period.

B5. Income tax

	Individual Quarter		Year to Date	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	(10,566)	(48,923)	(10,566)	(48,923)
Overprovision of tax for previous financial period/year	9,930	102	9,930	102
Deferred tax transfers	21,229	15,587	21,229	15,587
Total Group's tax expense	20,593	(33,234)	20,593	(33,234)

The Group's effective tax rate was higher than the statutory tax rate mainly due to non-allowable expenses for tax deduction.

B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 9 May 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

- 1) On 15 April 2013, Tropicana Aman Sdn Bhd ("TASB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase cum development agreement with Menteri Besar Selangor (Pemerbadanan) ("MBI") and Permodalan Negeri Selangor Berhad ("PNSB") for the proposed acquisition cum development of 11 parcels of leasehold land, all in Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor measuring approximately 4,743,986.21 square metres (51,063,794 square feet) for a total cash consideration of RM1,297,259,264 ("Proposed Acquisition").

MBI, PNSB and TASB had entered into supplementary agreements in respect of the Proposed Acquisition on 7 August 2014 and 12 March 2015 respectively. As at the date of this report, TASB has paid for 6 sub-divided parcels and the acquisitions for these sub-divided parcels are completed. There are remaining 20 parcels of land to be paid.

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B6. Corporate Proposals (cont'd.)

- 2) On 21 August 2018, Tropicana Golf & Country Resort Berhad (“TGCRB”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA”) with One Residence Sdn. Bhd. (“ORSB”), an indirect wholly-owned subsidiary of MCT Berhad, for the disposal of a leasehold land with an area measuring approximately 7,143 square meters in Bandar Damansara, District of Petaling, State of Selangor (“Land”) for a cash consideration of RM42,287,000 (“Proposed Disposal”).

The Proposed Disposal is conditional upon the following conditions precedent being fulfilled/obtained within three months from the date of the SPA or such extended period as the parties may mutually agree in writing:

- i) the relevant state authority’s consent for ORSB’s acquisition of the Land pursuant to Section 433B of the National Land Code, 1965; and
- ii) the relevant state authority’s consent for the transfer of the Land from TGCRB to ORSB pursuant to the restriction-in-interest endorsed on the title of the Land, (“Conditions Precedent”).

The proposed disposal has been completed on 13 March 2019.

- 3) On 24 January 2019, Tropicana had entered into the following agreements in relation to the proposed acquisitions of 12 real estate holding companies:
- (a) conditional share purchase agreement (“SPA”) with Tan Sri Dato’ Tan Chee Sing (“TSDT”), Dato’ Dickson Tan Yong Loong (“DDT”), Dillon Tan Yong Chin (“Dillon Tan”), Diana Tan Sheik Ni (“Diana Tan”) and Dion Tan Yong Chien (“Dion Tan”) for the proposed acquisition of 100% equity interest in GP Views Development Sdn Bhd (“GP Views”) which is the registered owner of land located in the District of Pontian, Mukim Jeram Batu, State of Johor measuring approximately 304.44 acres in total (“Proposed Acquisition of GP Views”);
 - (b) conditional SPA with TSDT, DDT, Dillon Tan, Diana Tan and Dion Tan for the proposed acquisition of 100% equity interest in Tropicana Scenic Development Sdn Bhd (formerly known as Renown Empire Sdn Bhd) (“TS Development”) which is the registered owner of land located in the District of Pontian, Mukim Jeram Batu, State of Johor measuring approximately 5.63 acres (“Proposed Acquisition of TS Development”);
 - (c) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Firstwide Plus Sdn Bhd (“Firstwide Plus”) which is the registered owner of land located in the District of Johor Bahru, Mukim Pulai, State of Johor measuring approximately 294.4 acres in total (“Proposed Acquisition of Firstwide Plus”);

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B6. Corporate Proposals (cont'd.)

- (d) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Rhythm Crest Sdn Bhd (“Rhythm Crest”) which is the registered owner of land located at the District of Johor Bahru, Mukim Pulai, State of Johor measuring approximately 25.0 acres in total (“Proposed Acquisition of Rhythm Crest”);
- (e) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Lingkaran Utama Sdn Bhd (“Lingkaran Utama”) which holds 100% equity interest in Southern Gallery Sdn Bhd (“Southern Gallery”). Lingkaran Utama and Southern Gallery are the registered owner of land located in the District of Pontian, Mukim Jeram Batu, State of Johor measuring approximately 40.02 acres in total (“Proposed Acquisition of Lingkaran Utama”);
- (f) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Danga Lagoon Development Sdn Bhd (“DL Development”) which holds 100% equity interest in Danga Lapanbelas Sdn Bhd and Danga Lagoon Land Sdn Bhd (collectively “DL Development Subsidiaries”). DL Development and DL Development Subsidiaries are the registered owner of land located in the District of Johor Bahru, Mukim Pulai, State of Johor measuring approximately 7.61 acres in total (“Proposed Acquisition of DL Development”);
- (g) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Danga Lagoon Garden Sdn Bhd (“DL Garden”) which is the registered owner of land located in the District of Johor Bahru, Mukim Pulai, State of Johor measuring approximately 1.39 acres in total (“Proposed Acquisition of DL Garden”);
- (h) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 70% equity interest in Suasana Metro Sdn Bhd (“Suasana Metro”) which is the registered owner of land located in the District of Johor Bahru, Mukim Pulai, State of Johor measuring approximately 5.04 acres in total (“Proposed Acquisition of Suasana Metro”);
- (i) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Acehub Fortune Sdn Bhd (“Acehub”), which holds 65% equity interest in Lido Waterfront Boulevard Sdn Bhd (“Lido WB”) which is the registered owner of land located in the District of Johor Bahru, Bandar Johor Bahru, State of Johor measuring approximately 95.19 acres in total (“Proposed Acquisition of Acehub”);

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B6. Corporate Proposals (cont'd.)

- (j) conditional SPA with TSDT for the proposed acquisition of the remaining 49.9% equity interest in Tropicana Sanctuary Holdings Sdn Bhd (formerly known as Peluang Duta Sdn Bhd) (“Tropicana Sanctuary”), a 50.1%-owned subsidiary of the Company, which holds 70% equity interest in Tropicana Sanctuary Development Sdn Bhd (formerly known as T Sanctuary Development Sdn Bhd) (“T Sanctuary”), the registered owner of land located in the District of Johor Bahru, Mukim Jelutong, State of Johor measuring approximately 329.15 acres in total (“Proposed Acquisition of Peluang Duta”),
- (k) conditional SPA with TSDT and DDT for the proposed acquisition of 100% equity interest in T Kiara Lestari Development Sdn Bhd (“TKLD”) which is the registered owner of land located in the District of Kuala Lumpur, Wilayah Persekutuan measuring approximately 8.28 acres in total (“Proposed Acquisition of TKLD”); and
- (l) conditional SPA with TSDT and DDT for the proposed acquisition of 100% equity interest in T Kiara Lestari Land Sdn Bhd (“TKLL”) which is the registered owner of land located in the District of Kuala Lumpur, Wilayah Persekutuan measuring approximately 5.72 acres in total (“Proposed Acquisition of TKLL”),

for a total purchase consideration of approximately RM343.7 million, subject to adjustments, to be satisfied via the issuance of 286.5 million new redeemable convertible preference shares in the Company (“TCB RCPS”) at an issue price of RM1.20 per TCB RCPS.

Proposed Acquisition of GP Views, Proposed Acquisition of TS Development, Proposed Acquisition of Firstwide Plus, Proposed Acquisition of Rhythm Crest, Proposed Acquisition of Lingkaran Utama, Proposed Acquisition of DL Development, Proposed Acquisition of DL Garden, Proposed Acquisition of Suasana Metro, Proposed Acquisition of Acehub, Proposed Acquisition of Tropicana Sanctuary, Proposed Acquisition of TKLD and Proposed Acquisition of TKLL are collectively referred to as “Proposed Acquisitions”.

GP Views, TS Development, Firstwide Plus, Rhythm Crest, Lingkaran Utama, DL Development, DL Garden, Suasana Metro, Acehub, Tropicana Sanctuary, TKLD and TKLL are collectively referred to as “Acquiree Companies”.

As part of the Proposed Acquisitions, the Company had on the same date, entered into a deed of accord and satisfaction (“DAS”) and a mutual agreement (“MA”) with TSDT for the proposed settlement of all amounts owing by the Acquiree Companies to TSDT upon the completion of Proposed Acquisitions (“Proposed Debt Settlement”).

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B6. Corporate Proposals (cont'd.)

In conjunction with the Proposed Acquisitions and the Proposed Debt Settlement, the Company proposes to amend the Constitution of the Company (“Constitution”) to facilitate the issuance of the TCB RCPS for the implementation of the Proposed Acquisitions and Proposed Debt Settlement (“Proposed Amendments”).

In addition, the Company had on the same date entered into 5 memorandum of understanding (“MOUs”) to negotiate the terms of the proposed collaborations with the following parties:

- a) Pantai Kok Resort Development Sdn Bhd (“Pantai Kok”), to develop the land identified as Lot 60249 and Lot 60250, Section 2, Town of Padang Mat Sirat, District of Langkawi, Kedah (“Pantai Kok Land”) measuring approximately 44.61 acres (“Proposed Pantai Kok Collaboration”);
- b) Cenang Resort Sdn Bhd (“Cenang Resort”), to develop the land identified as Lot PT 375, Lot PT 535, Lot PT 536, Section 4, Town of Padang Mat Sirat, District of Langkawi, Kedah (“Pantai Cenang Land”) measuring approximately 6.46 acres (“Proposed Cenang Resort Collaboration”);
- c) Sinaran Ramah Sdn Bhd (“Sinaran Ramah”), to develop the land identified as Lot 1471, Mukim Kedawang, District of Langkawi, Kedah (“Pulau Rebak Kechik Land”) measuring approximately 2.476 acres (“Proposed Sinaran Ramah Collaboration”);
- d) Suci Padu Sdn Bhd (“Suci Padu”), to develop the land identified as HSD 13678 to HSD 13692, Mukim of Jeram Batu, District of Pontian, Johor (“Pekan Nenas Land 1”) measuring approximately 1,230.21 acres (“Proposed Suci Padu Collaboration”); and
- e) Ibarat Indah Sdn Bhd (“Ibarat Indah”), to develop the land identified as HSD 13676 and HSD 13677, Mukim of Jeram Batu, District of Pontian, Johor (“Pekan Nenas Land 2”) measuring approximately 45.00 acres (“Proposed Ibarat Indah Collaboration”).

Proposed Cenang Collaboration, Proposed Sinaran Ramah Collaboration, Proposed Pantai Kok Collaboration, Proposed Suci Padu Collaboration and Proposed Ibarat Indah Collaboration are collectively referred to as “Proposed Collaborations”.

The Proposed Acquisitions, Proposed Debt Settlement, Proposed Amendments and Proposed Collaborations to be collectively referred to as “Proposals”.

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B6. Corporate Proposals (cont'd.)

On 24 April 2019, Tropicana had entered into the following definitive agreements:

- a) joint development agreement (“JDA”) with Pantai Kok to develop Pantai Kok Land (“Pantai Kok JDA”);
- b) JDA with Sinaran Ramah to develop Pulau Rebak Kechik Land (“Sinaran Ramah JDA”);
- c) JDA with Suci Padu to develop Pekan Nenas Land 1 (“Suci Padu JDA”); and
- d) JDA with Ibarat Indah to develop Pekan Nenas Land 2 (“Ibarat Indah JDA”).

(Pantai Kok JDA, Sinaran Ramah JDA, Suci Padu JDA and Ibarat Indah JDA are collectively referred to as “JDAs”)

In addition, there is no further extension of time for Tropicana and Cenang Resort to execute the definitive agreements in relation to the Proposed Cenang Resort Collaboration. Accordingly, the MOU has lapsed on 24 April 2019 and ceased to have any effect on both parties.

As at the date of this report, the Proposed Acquisitions and Proposed Collaborations are pending fulfillment of conditions precedent. The Proposals are expected to be completed by the third quarter of 2019.

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B7. Borrowings

	As at 31/03/2019 RM'000	As at 31/12/2018 RM'000
Secured short term borrowings	605,632	623,114
Secured long term borrowings	1,356,918	1,333,071
	<u>1,962,550</u>	<u>1,956,185</u>

B8. Material litigation

On 26 August 2013, the Company received an order from the Arbitral Tribunal to add the Company as a party to the arbitration proceedings between Dijaya-Malind JV (Mauritius) Limited (“DMML”), Dijaya-Malind Properties (India) Private Limited (“DMPPL”) and Starlite Global Enterprise (India) Limited (“SGEIL”) (“Order”).

The arbitration proceedings were previously instituted by DMML and DMPPL against SGEIL to seek the return of the deposit sum and damages arising from termination of the Deed of Novation cum Joint Development Agreement.

The Company appealed to the City Civil Court of Hyderabad against the Order which was dismissed on 2 June 2014. As our legal counsel is in the opinion that the Order is erroneous and wrong in law, the Company has filed a further appeal to the High Court of Judicature of Andhra Pradesh and is pending a hearing date to be set.

B9. Dividend payable

There was no dividend proposed for the quarter under review.

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B10. Earnings per share

a) Basic earnings per share

Basic earnings per ordinary share were calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Individual Quarter		Year to Date	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit attributable to owners of the parent (RM'000)	46,064	46,403	46,064	46,043
Weighted average number of ordinary shares ('000)	1,436,891	1,463,771	1,436,891	1,463,771
Basic earnings per share (sen)	3.21	3.17	3.21	3.17

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the period have been adjusted for the dilutive effects of all potential ordinary shares from the exercise of the Warrants.

	Individual Quarter		Year to Date	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Profit attributable to owners of the parent (RM'000)	46,064	46,403	46,064	46,403
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,436,891	1,463,771	1,436,891	1,463,771
Diluted earnings per share (sen)	3.21	3.17	3.21	3.17

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B11. Notes to the statements of comprehensive income

	Individual Quarter 31/03/2019 RM'000	Year to Date 31/03/2019 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(5,965)	(5,965)
Other income	(4,880)	(4,880)
Finance costs	17,011	17,011
Depreciation of property, plant and equipment	9,514	9,514
Impairment loss on trade and other receivables	223	223
Net loss on disposal of property, plant and equipment	14	14
Net foreign exchange loss (realised and unrealised)	39	39
	<hr/>	<hr/>

B12. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

B13. Authorisation for issue

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 16 May 2019.