



INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2016

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Note	Individual Period		Cumulative Periods	
	Current Year 31/12/2016 RM'000	Preceding Year 31/12/2015 RM'000	Current Year 31/12/2016 RM'000	Preceding Year 31/12/2015 RM'000
Continuing operations				
Revenue	457,324	304,881	1,459,405	1,252,714
Cost of sales	(326,836)	(198,381)	(1,075,744)	(842,502)
Gross profit	130,488	106,500	383,661	410,212
Other income	8,758	13,511	33,753	26,991
Gain on disposals of properties	6,052	6,278	12,866	135,513
Gain on disposal of a subsidiary	-	-	-	27,533
Administrative and other expenses	(92,084)	(80,034)	(285,900)	(281,920)
Finance income	1,426	7,495	22,254	25,820
Finance costs	(18,583)	(8,168)	(40,327)	(65,005)
Share of results of an associate	(1,432)	-	(2,184)	-
Share of results of joint ventures	6,059	9,086	43,854	17,944
Profit before tax	40,684	54,668	167,977	297,088
Taxation	(11,203)	(21,321)	(52,976)	(60,753)
Profit for the period from continuing operations	29,481	33,347	115,001	236,335
Profit for the period from discontinued operations	-	-	-	12,146
Profit for the period	29,481	33,347	115,001	248,481
Other comprehensive income				
Foreign currency translation	(18)	9	(17)	1,723
Total comprehensive income	29,463	33,356	114,984	250,204
Profit attributable to:				
Owners of the parent	29,256	29,077	112,537	223,302
Non-controlling interests	225	4,270	2,464	25,179
	29,481	33,347	115,001	248,481

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Note	Individual Period		Cumulative Periods	
	Current Year	Preceding Year	Current Year	Preceding Year
	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>31/12/2016</u>	<u>31/12/2015</u>
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:				
Owners of the parent	29,067	29,086	112,349	224,421
Non-controlling interests	396	4,270	2,635	25,783
	29,463	33,356	114,984	250,204
Earnings per share attributable to owners of the parent:				
<i>Basic</i>				
- for profit from continuing operations (sen)	2.05	2.01	7.87	15.03
- for profit from discontinued operations (sen)	-	-	-	0.50
B10	2.05	2.01	7.87	15.53
<i>Diluted (sen)</i>				
- for profit from continuing operations (sen)	2.04	2.01	7.84	15.01
- for profit from discontinued operations (sen)	-	-	-	0.50
B10	2.04	2.01	7.84	15.51

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 31/12/2016 RM'000	As At 31/12/2015 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	741,864	615,972
Investment properties		447,519	389,622
Land held for property development		2,236,335	2,389,921
Intangible assets		1,475	3,439
Interest in an associate		38,145	40,328
Investments in joint ventures		396,926	338,790
Other investments		312	312
Deferred tax assets		24,544	26,513
Security retainers accumulation fund		4,497	4,270
Trade and other receivables		34,641	20,695
		3,926,258	3,829,862
Current assets			
Property development costs		1,593,795	1,077,125
Inventories		34,931	40,355
Trade and other receivables		393,521	281,959
Other current assets		492,220	464,790
Tax recoverable		47,228	28,640
Cash and bank balances		841,273	837,493
		3,402,968	2,730,362
Assets of disposal group classified as held for sale		-	180,740
		3,402,968	2,911,102
TOTAL ASSETS		7,329,226	6,740,964

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 31/12/2016 RM'000	As At 31/12/2015 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		1,447,466	1,447,466
Treasury shares		(23,648)	(15,498)
Reserves		1,703,082	1,654,854
		<u>3,126,900</u>	<u>3,086,822</u>
Non-controlling interests		289,084	268,190
Total equity		<u>3,415,984</u>	<u>3,355,012</u>
Non-current liabilities			
Provision for liabilities		341,668	298,643
Borrowings	B7	1,242,395	1,265,092
Deferred tax liabilities		54,492	66,499
Sinking fund		4,328	3,217
Security retainers		1,817	1,702
Deferred license fees		82,190	83,083
Trade and other payables		775,631	456,810
		<u>2,502,521</u>	<u>2,175,046</u>
Current liabilities			
Deferred license fees		2,492	2,411
Borrowings	B7	570,869	488,350
Trade and other payables		823,653	697,731
Other current liabilities		883	3,143
Tax payable		12,824	19,271
		<u>1,410,721</u>	<u>1,210,906</u>
TOTAL LIABILITIES		<u>3,913,242</u>	<u>3,385,952</u>
TOTAL EQUITY AND LIABILITIES		<u>7,329,226</u>	<u>6,740,964</u>
Net assets per share (RM)		<u>2.19</u>	<u>2.15</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

Certain figures included in the previous financial year have been restated to conform with the current financial year's presentation.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

←-----Attributable to owners of the parent-----→
←-----Non-distributable-----→

	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Warrant Reserve RM'000	Share Options Reserve RM'000	RCULS Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Profit RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
As at 1 January 2015	1,396,268	(42,779)	568,388	45,960	20,186	66,227	823	877,896	2,932,969	252,212	3,185,181
Total comprehensive income	-	-	-	-	-	-	1,119	223,302	224,421	25,783	250,204
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	344	-	-	-	-	-	-	-	344	-	344
Issuance of ordinary shares pursuant to RCULS	50,854	-	25,612	-	-	(66,227)	-	-	10,239	-	10,239
Effects pursuant to ESOS on:											
- conversion	-	-	96	-	(96)	-	-	-	-	-	-
- forfeiture	-	-	-	-	(2,057)	-	-	2,057	-	-	-
- lapsed of ESOS	-	-	-	-	(18,033)	-	-	18,033	-	-	-
Purchase of treasury shares	-	(7,350)	-	-	-	-	-	-	(7,350)	-	(7,350)
Disposal of a subsidiary	-	-	-	-	-	-	(2,000)	-	(2,000)	(18,885)	(20,885)
Issuance of equity to non-controlling interests	-	-	-	-	-	-	-	-	-	9,080	9,080
Dividends	-	34,631	(16,112)	-	-	-	-	(90,320)	(71,801)	-	(71,801)
Total transaction with owners	51,198	27,281	9,596	-	(20,186)	(66,227)	(2,000)	(70,230)	(70,568)	(9,805)	(80,373)
As at 31 December 2015	1,447,466	(15,498)	577,984	45,960	-	-	(58)	1,030,968	3,086,822	268,190	3,355,012
As at 1 January 2016	1,447,466	(15,498)	577,984	45,960	-	-	(58)	1,030,968	3,086,822	268,190	3,355,012
Total comprehensive income	-	-	-	-	-	-	(17)	112,537	112,520	2,635	115,155
Transactions with owners											
Issuance of equity to non-controlling interests	-	-	-	-	-	-	-	-	-	18,259	18,259
Purchase of treasury shares	-	(8,150)	-	-	-	-	-	-	(8,150)	-	(8,150)
Dividend	-	-	-	-	-	-	-	(64,292)	(64,292)	-	(64,292)
Total transaction with owners	-	(8,150)	-	-	-	-	-	(64,292)	(72,442)	18,259	(54,183)
As at 31 December 2016	1,447,466	(23,648)	577,984	45,960	-	-	(75)	1,079,213	3,126,900	289,084	3,415,984

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/12/2016 RM'000	31/12/2015 RM'000
Cash flows from operating activities		
Profit before tax		
- from continuing operations	167,977	269,557
- from discontinued operations	-	43,272
	<u>167,977</u>	<u>312,829</u>
Adjustments for:		
Interest income	(22,254)	(25,873)
Interest expense	39,816	49,109
Depreciation of property, plant and equipment	25,474	28,268
Property, plant and equipment written off	5,587	3,582
Gain on disposal of property, plant and equipment	-	(12,149)
Gain on disposal of a subsidiary	-	(27,531)
Gain on disposals of properties	(12,866)	(126,032)
Share of results of an associate	2,184	17
Share of results of joint ventures	(43,854)	(19,616)
Unwinding of discount	415	1,585
Amortisation of borrowings expenses	10,411	14,647
Amortisation of deferred license fees	(2,492)	(2,411)
Allowance for impairment loss for trade and other receivables	-	450
Amortisation of endowment fund premium	11	11
Impairment of intangible assets	1,964	10,662
Impairment of inventories	31,723	-
Net fair value loss/(gains) of investment properties	462	(3,298)
Unrealised returns on endowment policy	(238)	(231)
Unrealised foreign exchange loss	-	310
Total adjustments	<u>36,343</u>	<u>(108,500)</u>
Operating profit before working capital changes	204,320	204,329
Changes in working capital:		
Inventories	100,268	10,166
Receivables	(153,238)	378,348
Property development costs	(79,399)	(174,266)
Land held for property development	(30,544)	(189,399)
Payables	90,288	(133,302)
Deposits with licensed banks not available for use	192,883	(219,402)
Provision for liabilities	43,025	254,066
Cash generated from operations	367,603	130,540
Increase in sinking fund reserve	1,110	1,224
Increase in deferred license fees	1,679	4,805
Interest paid	(110,362)	(129,625)
Taxes paid, net of refunds	(88,050)	(120,845)
Net cash generated from/(used in) operating activities	171,980	(113,901)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/12/2016 RM'000	31/12/2015 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(154,555)	(138,452)
Purchase of investment properties	(57,411)	(7,297)
Addition to investment properties classified as assets held for sales	-	(41,132)
Proceeds from disposals of properties	198,000	1,086,654
Proceeds from disposal of a subsidiary, net of cash at banks disposed of	-	167,286
Interest received	22,254	25,873
Increase in investment in joint ventures	(14,500)	(70,243)
Dividend received from a joint venture	-	966
Net cash (used in)/generated from investing activities	(6,212)	1,023,655
Cash flows from financing activities		
Payment of issuance expenses for borrowings	(10,841)	(23,550)
Issuance of equity interest to non-controlling interests	18,259	9,267
Drawdown from borrowings	680,452	669,787
Repayment of borrowings	(617,681)	(1,309,969)
Hire purchase	(4,565)	(2,721)
Issuance of ordinary shares pursuant to ESOS	-	344
Purchase of treasury shares	(8,150)	(7,350)
Dividends paid to equity holders of the Company	(28,606)	(71,801)
Net cash generated from/(used in) financing activities	28,868	(735,993)
Net increase in cash and cash equivalents	194,636	173,761
Effects of foreign exchange rate changes	(16)	1,080
Cash and cash equivalents at beginning of financial year	565,447	390,606
Cash and cash equivalents at end of financial year *	760,067	565,447

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

	31/12/2016 RM'000	31/12/2015 RM'000
Cash and bank balances	841,273	837,493
Less: Bank overdrafts	(3,049)	(1,006)
	838,224	836,487
Less: Cash and cash equivalents not available for use	(78,157)	(271,040)
	760,067	565,447
Continuing operations	760,067	565,447
Discontinued operations	-	-
Total cash and cash equivalents at end of financial year	760,067	565,447

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting 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 audited financial statements for the year ended 31 December 2015. 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 2015.

A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2015 except for the adoption of the following new/revised FRSs and Interpretations:

Effective for financial periods beginning on or after 1 January 2016:

Amendment to FRS 5	Non-current Assets held for sales and Discontinued Operations (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)
Amendments to FRS 7	Financial Instruments: Disclosure (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Disclosure Initiatives
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 119	Employee Benefits (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 134	Interim Financial Reporting (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

Adoption of the above standards and interpretations did not have any effect on the financial performance or position and policy of the Group.

The following revised FRSs and Amendments to FRSs applicable to the Group have been issued by the MASB but not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2017:

Amendment to FRS 12	Disclosure of Interests in Other Entities (Annual Improvement to FRS Standards 2014-2016 Cycle)
Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018:

MFRS 2	Classification and Measurement of Share-based Payment Transactions
FRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Revenue from Contracts with Customers-Clarifications to MFRS 15
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions
MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
MFRS 140	Transfers of Investment Property

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

MFRS 16	Leases
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Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

On 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017. Subsequently on 28 October 2015, Transitioning Entities are allowed to defer adoption of MFRS Framework for an additional one year. Consequently, adoption of MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects of the differences between the currently applied FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

A3. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

A4. Comments about seasonal or cyclical factors

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

A5. 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.

A6. Changes in estimates

There were no material changes in estimates for the financial year ended 31 December 2016.

A7. Debt and equity securities

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

- 1) The Company has repurchased its equity securities of 8,082,200 ordinary shares at an average price of RM1.01 per share. As at 31 December 2016, the number of treasury shares held were 20,096,036 ordinary shares of RM1.00 each.

A8. Dividends paid

No dividend was paid during the current quarter under review.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

A9. Segmental information

Segmental information is presented in respect of the Group’s principal business segments - property development, property investment and resort and investment holding and others.

The geographically information is not presented as the Group’s activities are carried out predominantly in Malaysia.

Business segment analysis for the quarter and financial year ended:

Business Segments	<-----Continuing operations ----->				Discontinued operations	TOTAL RM'000
	Property development	Property investment and resort	Investment holding and others	Total	Investment holding and others	
	RM'000	RM'000	RM'000	RM'000	RM'000	
INDIVIDUAL QUARTER						
31 December 2016						
Revenue	420,624	17,597	19,103	457,324	-	457,324
Results from operations	52,739	8,667	(8,192)	53,214	-	53,214
Net finance costs	(4,051)	(1,751)	(11,355)	(17,157)	-	(17,157)
Share of results of an associate	-	-	(1,432)	(1,432)	-	(1,432)
Share of results of joint ventures	-	-	6,059	6,059	-	6,059
Profit/(Loss) before tax	48,688	6,916	(14,920)	40,684	-	40,684
INDIVIDUAL QUARTER						
31 December 2015						
Revenue	275,512	20,768	8,601	304,881	-	304,881
Results from operations	35,559	19,491	(8,795)	46,255	-	46,255
Net finance (costs)/income	(3,248)	(6,167)	8,742	(673)	-	(673)
Share of results of joint ventures	-	-	9,086	9,086	-	9,086
Profit before tax	32,311	13,324	9,033	54,668	-	54,668

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

Business Segments	<-----Continuing operations ----->				Discontinued operations	TOTAL RM'000
	Property development	Property investment and resort	Investment holding and others	Total	Investment holding and others	
	RM'000	RM'000	RM'000	RM'000	RM'000	
YEAR TO DATE						
31 December 2016						
Revenue	1,330,758	74,338	54,309	1,459,405	-	1,459,405
Results from operations	145,691	36,137	(37,448)	144,380	-	144,380
Net finance cost	(7,435)	(3,733)	(6,905)	(18,073)	-	(18,073)
Share of results of an associate	-	-	(2,184)	(2,184)	-	(2,184)
Share of results of joint ventures	-	-	43,854	43,854	-	43,854
Profit before tax	138,256	32,404	(2,683)	167,977	-	167,977
YEAR TO DATE						
31 December 2015						
Revenue	1,087,385	111,446	53,883	1,252,714	98,990	1,351,704
Results from operations	137,398	171,577	9,355	318,330	14,389	332,719
Net finance cost	(11,523)	(20,053)	(7,610)	(39,186)	(303)	(39,489)
Share of results of associates	-	-	-	-	(17)	(17)
Share of results of joint ventures	-	-	17,944	17,944	1,673	19,617
Profit before tax	125,875	151,524	19,689	297,088	15,742	312,830

A10. Valuations of property, plant and equipment

Valuations of property, plant and equipment remain unchanged from the audited financial statements for the financial year ended 31 December 2015.

A11. 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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

A12. Changes in composition of the Group

During the quarter under review, Kuasa Cekapmas Sdn Bhd (“KCSB”), a wholly-owned subsidiary of the Company, had on 28 November 2016, divested its 100 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Tropicana Urban Homes Sdn Bhd (formerly known as Antara Tuah Sdn Bhd) (“TUHSB”) to 49 ordinary shares of RM1.00 each and 51 ordinary shares of RM1.00 each to the Company and Harmony Influx Sdn Bhd respectively. Subsequent to the above divestments, TUHSB is now a 49%-owned subsidiary of the Company.

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

A13. Changes in contingent liabilities or contingent assets

Since the last annual audited position at 31 December 2015, the Group’s contingent liabilities have changed due to the decrease in corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to the subsidiaries of the Group amounting to RM137.9million.

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

A14. Capital commitments

The amount of commitments for capital expenditures as at 31 December 2016 is as follows:

	As at 31/12/16 RM’000	As at 31/12/15 RM’000
Capital expenditure:		
Approved and contracted for	346,200	742,814
Approved but not contracted for	557,800	539,844
Share of joint venture’s capital commitment in relation to land held for property development	153,600	221,500
	1,057,600	1,504,158

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

Quarterly Results

For the current quarter under review, the Group recorded revenue of RM457.3 million which is RM152.4 million higher when compared to the preceding year corresponding quarter. The higher revenue is contributed from land sale of RM33.4 million and higher sales take up rate from projects with higher work in progress.

Profit before tax (“PBT”) was lower by RM14.0 million for the current quarter under review as compared to the preceding year corresponding quarter. The lower PBT in the current quarter was attributed from write off of capital assets that were no longer in use and impairment of intangible assets amounting to RM12.0 million.

Year-to-date Results

For the financial year ended 31 December 2016, the Group recorded revenue of RM1,459.4 million, which is RM206.7 million higher when compared to the preceding year corresponding period due to higher work in progress across projects in the Klang Valley and Northern Region.

Notwithstanding the increase in revenue, the Group PBT decreased by RM129.1 million to RM168.0 million against the preceding year. The decrease in PBT arose mainly from the one off gain of RM163.0 million from the disposals of properties and a subsidiary during the preceding year. Excluding the one off gain of RM12.9 million in the current year as compared to RM163.0 million in the preceding year, the Group PBT is higher by RM21.1 million.

B2. Variation of results against preceding quarter

The Group’s revenue of RM457.3 million in the current quarter is RM100.2 million higher when compared to the preceding quarter ended 30 September 2016.

The Group’s PBT for the current quarter under review decreased by RM12.7 million against RM53.4 million recorded in the preceding quarter ended 30 September 2016, mainly attributed from write off of capital assets that were no longer in use and impairment of intangible assets amounting to RM12.0 million in the current quarter.

B3. Prospects

While the short term prospects are expected to remain challenging, the Group believes that there will still be demand for properties in prime locations with accessibility to good amenities and attractive pricing.

The Group’s strategy will continue to be market driven and to adapt to market demand while focusing in unlocking value of its land bank in Klang Valley, in the Northern Region, as well as in the Southern Region.

The Group’s current land bank across Malaysia provides the Group with the potential of unlocking the gross development value of more than RM50.0 billion. The Group’s unbilled sales stood at RM2.54 billion

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

as at 31 December 2016, which is expected to continue to contribute positively to the earnings in the near future.

B4. Profit forecast or profit guarantee

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

B5. Taxation

	Individual quarter		Year to date	
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Tax expense for the period	12,993	21,482	57,684	81,310
Under provision of tax for previous financial period	(170)	194	7,198	699
Real property gain tax	1,095	(72)	3,329	30,116
Deferred tax transfers	(2,715)	(283)	(15,235)	(47,777)
Total Group's tax expense	11,203	21,321	52,976	64,348
Represented by:				
Continuing operations	11,203	21,321	52,976	60,753
Discontinued operations	-	-	-	3,595
	11,203	21,321	52,976	64,348

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 20 February 2017, 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, Sapphire Index Sdn. Bhd. ("SISB"), 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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

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 SISB 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, SISB has paid for two sub-divided parcels measuring 41.11 acres and 34.42 acres respectively and the acquisitions of these sub-divided parcels are considered completed. The remaining 28 sub-divided parcels are pending completion.

- 2) On 12 January 2016, Advent Nexus Sdn. Bhd. (“ANSB”), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (“SPA”) with Pinnacle Supreme Sdn Bhd (“PSSB”) for the disposal of a piece of land held under Geran 5826, Lot 474 Seksyen 19, Bandar Kuala Lumpur, Daerah Kuala Lumpur measuring approximately 1,106 square meters, erected upon which is a 10-storey building known as “Sky Express Hotel, Kuala Lumpur” for a total cash consideration of RM55.0 million (“Proposed Disposal”).

On 9 May 2016, all the conditions precedent in the SPA have been satisfied and the SPA has become unconditional.

On 8 August 2016, ANSB had received a sum of RM2.0 million from PSSB and both parties have agreed to a further extension of fifty (50) days from 9 August 2016 to 27 September 2016 for PSSB to settle the balance sales consideration of RM47.5 million (“Remaining Balance Sales Consideration”) and the late payment interest.

On 27 September 2016, both ANSB and PSSB (“the Parties”) had entered into a Second Supplemental Agreement whereby ANSB granted a further extension of seven (7) days from 28 September 2016 to 4 October 2016 for PSSB to pay the Remaining Balance Sales Consideration and late payment interest.

On 5 October 2016, the Company announced that the Parties had on 4 October 2016 entered into a Third Supplemental Agreement to grant a further extension of forty five (45) days from 5 October 2016 to 18 November for PSSB to pay the Remaining Balance Sales Consideration and the late payment interest.

On 10 October 2016, the Company announced that the Parties had on 7 October 2016 entered into a Fourth Supplemental Agreement to revise the total sales consideration of RM55.0 million to RM58.0 million (“Revised Sales Consideration”) and a further extension of sixty (60) days would be granted from 7 October 2016 to 5 December 2016 for PSSB to pay the Revised Sales Consideration less the deposit and part payment (“Revised Remaining Balance Sales Consideration”) together with the late payment interest subject to the payments of RM3.0 million by PSSB to ANSB on or before 14 October 2016.

The Parties have agreed that the aforesaid RM3.0 million shall form part of the Revised Remaining Balance Sales Consideration and as such, PSSB shall pay the remaining balance of the Revised

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

Remaining Balance Sales Consideration (“Final Revised Remaining Balance Sales Consideration”) and the late payment interest to ANSB on or before 5 December 2016.

On 5 December 2016, the Parties entered into a Fifth Supplemental Agreement to grant a further extension of twenty six (26) days from 5 December 2011 to 30 December 2016 for PSSB to pay the Final Revised Remaining Balance Sales Consideration less the differential sum together with late payment interest.

The Proposed Disposal was completed on 30th December 2016.

- 3) On 30 May 2016, Tropicana Desa Mentari Sdn. Bhd. (“TDMSB”), a wholly-owned subsidiary of Tropicana Golf & Country Resort Berhad, which in turn is a wholly-owned subsidiary of the Company, entered into a Heads of Agreement (“HOA”) with Terran Property Sdn. Bhd. (“TPSB”) for the proposed disposal of and/or granting of development rights on the freehold land measuring in aggregate approximately 131.964 hectares in gross area in the Mukim of Pulai, District of Johor Bahru, Negeri Johor (“Land”) to TPSB and/or its nominees(s), subject to adjustment for :-
- a) the existing water tank/reservoir on the Land;
 - b) the existing transmission tower and electricity pylons erected on the Land;
 - c) any acquisitions of land designated for highway use by the relevant authorities; and
 - d) such other deductible areas as mutually agreed by the relevant parties and stipulated in the Definitive Agreement (where applicable);

to be agreed by all parties prior to the signing of a Definitive Agreement.

On 1 July 2016, TDMSB entered into a sales and purchase agreement (“SPA”) with Tiarn Oversea Group Sdn. Bhd. for the disposal of the Land with developable area measuring in aggregate of approximately 251.5855 acres in area for a cash consideration of RM569,871,328 (“Proposed Disposal”).

As at the date of this report, the Proposed Disposal is pending fulfillment of the conditions precedent in accordance with the terms of the SPA.

- 4) On 1 September 2016, Dicorp Land Sdn. Bhd. (“DLSB”), a wholly-owned subsidiary of Bakat Rampai Sdn. Bhd. (“BRSB”), which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA”) with SCP Assets Sdn. Bhd. (“SCP”) for the disposal of all that parcel of all that office premises held under Hakmilik Strata Geran 54975/M1-A/5/113, No. Petak 113, Tingkat No. 5, Bangunan No.M1-A, Lot No.9, Pekan Sungai Penchala, Daerah Petaling, Negeri Selangor and bearing the postal address of Unit A-3A-10, Block A, Damansara Intan, No. 1 Jalan SS20/27 47400 Petaling Jaya, Selangor (“Complex”) and measuring in area approximately 107 square metres (“Unit”) together with accessory parcels Nos. A1 to A338 and A341 to A676 as endorsed on the strata title to the said Unit, comprising approximately 1,519 car parking bays, and boom gates, ticket issuing machines, auto pay stations, exit verifiers and such other car parking

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

equipments and machineries and signages as the same are listed in the SPA installed and affixed on various areas within the Complex for a cash consideration of RM24,902,650 (“Disposal”).

The above Disposal was completed on 1 December 2016.

B7. Interest-bearing loans and borrowings

	As at 31/12/16 RM'000	As at 31/12/15 RM'000
Secured short term borrowings	570,869	488,350
Secured long term borrowings	1,242,395	1,265,092
	1,813,264	1,753,442

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

On 24 November 2016, a single-tier interim dividend of 2.5 sen per ordinary share of RM1.00 each of the Company (“**Shares**”) for the financial year ended 31 December 2016 (“**Interim Dividend**”) was declared. The existing Dividend Reinvestment Scheme (“DRS”) of the Company shall apply to the entire portion of the Interim Dividend. The issue price for each new share to be issued under the DRS has been fixed at RM1.00 per share.

The book closure date for the Interim Dividend in relation to the DRS was fixed on 3 February 2017 and the Interim Dividend was paid on 24 February 2017.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

B10. Earnings per share

a) Basic earnings per ordinary share

Basic earnings per share were calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Individual quarter		Year to date	
	31/12/16	31/12/15	31/12/16	31/12/15
Profit attributable to ordinary equity holders of the Company (RM'000):				
- continuing operations	29,256	29,077	112,537	216,092
- discontinued operations	-	-	-	7,210
Total	29,256	29,077	112,537	223,302
Weighted average number of ordinary shares in issue ('000)	1,427,632	1,447,466	1,429,223	1,437,801
Basic earnings per share (sen)				
- continuing operations	2.05	2.01	7.87	15.03
- discontinued operations	-	-	-	0.50
Total	2.05	2.01	7.87	15.53

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

(b) Diluted earnings per ordinary share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue 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	
	31/12/16	31/12/15	31/12/16	31/12/15
Profit attributable to ordinary equity holder of the Company (RM'000)				
- continuing operations	29,256	29,077	112,537	216,092
- discontinued operations	-	-	-	7,210
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	29,256	29,077	112,537	223,302
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	1,427,632	1,447,466	1,429,223	1,437,801
Add: Effects of dilution :				
- Warrants ('000)	5,736	1,731	5,736	1,731
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	1,433,368	1,449,197	1,434,959	1,439,532
Diluted earnings per share (sen)				
- continuing operations	2.04	2.01	7.84	15.01
- discontinued operations	-	-	-	0.50
Total	2.04	2.01	7.84	15.51

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016

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

B11. Realised/Unrealised Retained Profits

	Current quarter RM'000	Immediate preceding quarter RM'000
Total retained profits of the Group:		
- Realised	1,247,297	1,244,270
- Unrealised	62,177	60,956
	<u>1,309,474</u>	<u>1,305,226</u>
Total share of retained profits from joint ventures		
- Realised	147,326	141,260
Total share of accumulated loss from an associate		
- Realised	(2,184)	(752)
Consolidation adjustments	<u>(375,403)</u>	<u>(360,090)</u>
Total retained profits carried forward	<u>1,079,213</u>	<u>1,085,644</u>

B12. Notes to the Statement of Comprehensive Income

	Individual quarter 31/12/16 RM'000	Year to date 31/12/16 RM'000
Profit for the period/year is arrived at after crediting/(charging):-		
Interest income	1,426	22,254
Other income	8,758	33,753
Interest expense	(18,583)	(40,327)
Depreciation of property, plant and equipment	(8,093)	(25,474)
Provision for and write off of receivables	-	-
Impairment loss and write off of inventories	237	(31,723)
Gain on disposal of properties	6,052	12,866
Impairment of assets	-	-
Foreign exchange gain/(loss)	(89)	(118)
Gain/(Loss) on derivatives	-	-
Net fair value loss of investment properties	(462)	(462)
Exceptional items	<u>-</u>	<u>-</u>

B13. Authorisation for issue

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 27 February 2017.