



INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Note	Individual Period		Cumulative Periods	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	date	Corresponding
	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	619,039	457,324	1,908,768	1,459,405
Cost of sales	(392,051)	(326,836)	(1,395,826)	(1,074,869)
Gross profit	226,988	130,488	512,942	384,536
Other income	13,368	14,810	63,497	46,720
Administrative expenses	(101,764)	(77,679)	(257,724)	(255,125)
Other expenses	(12,445)	(14,405)	(13,632)	(31,481)
Operating profit	126,147	53,214	305,083	144,650
Finance income	5,860	1,426	20,631	22,180
Finance costs	(28,034)	(18,583)	(62,478)	(40,447)
Share of results of joint ventures	11,323	6,059	29,651	43,854
Share of results of an associate	(1,057)	(1,432)	(1,121)	(2,184)
Profit before tax	114,239	40,684	291,766	168,053
Income tax expense	(39,476)	(11,203)	(91,778)	(53,052)
Profit for the period	74,763	29,481	199,988	115,001
Other comprehensive income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation	(35)	(18)	(35)	154
Total comprehensive income	74,728	29,463	199,953	115,155
Profit attributable to:				
Owners of the Company	69,617	29,256	190,475	112,537
Non-controlling interests	5,146	225	9,513	2,464
	74,763	29,481	199,988	115,001



丽阳机构

(Company No. 47908-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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	Note	Individual Period		Cumulative Periods	
		Current Year	Preceding Year	Current Year to	Preceding Year
		Quarter	Corresponding	date	Corresponding
		<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
		RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:					
Owners of the Company		69,582	29,067	190,440	112,520
Non-controlling interests		5,146	396	9,513	2,635
		74,728	29,463	199,953	115,155
Earnings per share attributable to owners of the Company: (sen per share)					
- Basic	B10	4.77	2.05	13.10	7.87
- Diluted	B10	4.77	2.04	13.10	7.84

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 31/12/2017 RM'000	As At 31/12/2016 (Audited) RM'000
Assets			
Non-current assets			
Property, plant and equipment		820,193	741,864
Land held for property development		2,035,390	2,236,335
Investment properties		556,551	447,519
Investment in an associate		37,023	38,144
Investments in joint ventures		426,577	396,926
Other investment		312	312
Intangible assets		1,475	1,475
Deferred tax assets		52,783	26,468
Other receivables		13,700	39,138
		3,944,004	3,928,181
Current assets			
Property development costs		1,537,427	1,593,795
Inventories		31,893	34,931
Trade and other receivables		1,061,664	880,006
Tax recoverable		39,979	47,328
Cash and bank balances		941,410	841,265
		3,612,373	3,397,325
Total assets		7,556,377	7,325,506

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 31/12/2017 RM'000	As At 31/12/2016 (Audited) RM'000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		2,044,314	1,447,466
Treasury shares		(6,692)	(23,648)
Share premium		-	577,984
Other reserves		1,269,005	1,125,098
		<u>3,306,627</u>	<u>3,126,900</u>
Non-controlling interests		309,737	289,084
Total equity		<u>3,616,364</u>	<u>3,415,984</u>
Non-current liabilities			
Provision for liabilities		243,429	341,668
Deferred tax liabilities		55,935	54,491
Borrowings	B7	1,165,678	1,261,505
Trade and other payables		803,397	863,966
		<u>2,268,439</u>	<u>2,521,630</u>
Current liabilities			
Borrowings	B7	682,096	551,759
Trade and other payables		955,995	823,308
Tax payable		33,483	12,825
		<u>1,671,574</u>	<u>1,387,892</u>
Total liabilities		<u>3,940,013</u>	<u>3,909,522</u>
Total equity and liabilities		<u>7,556,377</u>	<u>7,325,506</u>
Net assets per share (RM)		<u>2.26</u>	<u>2.19</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Translation Reserve RM'000	Warrants 2009/2019 Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	
As at 1 January 2016	1,447,466	(15,498)	577,984	(58)	45,960	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 equities to non-controlling interests	-	-	-	-	-	-	-	18,259	18,259
Purchase of treasury shares	-	(8,150)	-	-	-	-	(8,150)	-	(8,150)
Dividends	-	-	-	-	-	(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	(75)	45,960	1,079,213	3,126,900	289,084	3,415,984
As at 1 January 2017	1,447,466	(23,648)	577,984	(75)	45,960	1,079,213	3,126,900	289,084	3,415,984
Total comprehensive income	-	-	-	(35)	-	190,475	190,440	9,513	199,953
Transactions with owners									
Issuance of equities to non-controlling interests	-	-	-	-	-	-	-	11,140	11,140
Purchase of treasury shares	-	(3,683)	-	-	-	-	(3,683)	-	(3,683)
Dividends paid via:									
- issuance of equities pursuant to Dividend Reinvestment Scheme	22,159	-	-	-	-	(3,864)	18,295	-	18,295
- issuance of equities from share premium account	-	-	(3,295)	-	-	3,295	-	-	-
- distribution of treasury shares	-	20,639	-	-	-	(20,639)	-	-	-
- cash	-	-	-	-	-	(25,325)	(25,325)	-	(25,325)
Transition to no par value regime ¹	574,689	-	(574,689)	-	-	-	-	-	-
Total transaction with owners	596,848	16,956	(577,984)	-	-	(46,533)	(10,713)	11,140	427
As at 31 December 2017	2,044,314	(6,692)	-	(110)	45,960	1,223,155	3,306,627	309,737	3,616,364

Note

¹ Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/12/2017	31/12/2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	291,766	168,053
Adjustments for:		
Depreciation of property, plant and equipment	23,711	26,448
Finance income	(20,631)	(22,180)
Finance costs	62,478	40,447
Share of results of an associate	1,121	2,184
Share of results of joint ventures	(29,651)	(43,854)
Gain on disposal of assets classified as held for sale	-	(13,594)
Net gain on disposal of property, plant and equipment	(1,957)	(811)
Net gain on disposal of investment property	(1,444)	-
Property, plant and equipment written off	4,843	7,816
Property development costs written off	-	3,587
Reversal of impairment loss on trade and other receivables	(180)	-
Receivables written off	432	-
Provision for liabilities	21,797	-
Fair value (gain)/loss of investment properties	(32,743)	463
Amortisation of deferred license fees	(2,543)	(2,491)
Amortisation of security retainers accumulation fund	12	11
Impairment loss of intangible assets	-	1,964
Impairment loss on trade and other receivables	4,928	1,846
Net unrealised foreign exchange loss	117	-
Unrealised returns on security retainers accumulation fund	(216)	(238)
Operating profit before working capital changes	321,840	169,651
Changes in working capital:		
Trade and other receivables	(161,394)	(149,351)
Deposits with licensed banks not available for use	63,319	161,219
Inventories	99,200	57,109
Property development costs	(13,231)	(3,081)
Land held for property development	178,844	(68,288)
Provision for liabilities	(120,036)	43,025
Trade and other payables	129,823	87,436
Cash generated from operations	498,365	297,720
Finance costs paid	(101,610)	(113,634)
Net taxes paid	(88,640)	(90,152)
Net cash from operating activities	308,115	93,934
Cash flows from investing activities		
Purchase of property, plant and equipment	(177,739)	(143,357)
Purchase of investment properties	(2,017)	(20,473)
Proceeds from disposal of property, plant and equipment	2,797	3,434
Proceeds from disposal of assets classified as held for sale	-	198,000
Addition to assets classified as assets held for sale	-	(3,666)
Proceeds from disposal of investment properties	22,302	-
Acquisition of shares in joint ventures	-	(14,500)
Finance income received	20,631	22,180
Net cash (used in)/from investing activities	(134,026)	41,618

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/12/2017 RM'000	31/12/2016 RM'000
Cash flows from financing activities		
Payment of borrowing costs	(2,919)	(14,215)
Drawdown from borrowings	531,580	680,000
Repayment of borrowings	(499,945)	(617,682)
Repayment of hire purchase	(1,371)	(3,113)
Proceeds from issuance of shares to non-controlling interests	11,140	18,259
Purchase of treasury shares	(3,683)	(8,150)
Dividends paid	(42,716)	(28,606)
Net cash (used in)/from financing activities	(7,914)	26,493
Net increase in cash and cash equivalents	166,175	162,045
Effects of foreign exchange rate changes	(35)	(23)
Cash and cash equivalents at beginning of financial year	727,469	565,447
Cash and cash equivalents at end of financial year *	893,609	727,469

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

	31/12/2017 RM'000	31/12/2016 RM'000
Cash and bank balances	941,410	841,265
Less: Bank overdrafts	(1,299)	(3,975)
	940,111	837,290
Less: Cash and cash equivalents not available for use	(46,502)	(109,821)
Total cash and cash equivalents at end of financial year	893,609	727,469

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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 other FRSs 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 2016. 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 2016.

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 2016 except for the adoption of the following new amendments to FRSs:

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

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

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

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 2018:

MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 15	Clarifications to MFRS 15
MFRS 9	Financial Instruments
Amendments to MFRS 1	First-Time Adoption of MFRS 1 (Annual Improvements to MFRSs 2014 - 2016 Cycle)
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Translations and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 – Financial Instruments with MFRS 4 – Insurance Contracts

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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

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

Effective for financial periods beginning on or after 1 January 2018 (cont’d.):

Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014-2016 Cycle)
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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 Interest in Joint Ventures and Associates
Amendment to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Operation (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)
Amendment to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015-2017 Cycle)

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

MFRS 17	Insurance Contracts
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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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Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the 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 2017

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

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

Malaysian Financial Reporting Standards (MFRS Framework) (cont’d.)

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 financial year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against opening retained earnings.

A3. Comments about seasonal or cyclical factors

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

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 for the financial year ended 31 December 2017.

A5. Material changes in estimates

There were no material changes in estimates for the financial year ended 31 December 2017.

A6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial year ended 31 December 2017 save and except as follows:

- 1) On 24 February 2017, the Company issued and allotted 18,294,918 new ordinary shares arising from the Dividend Reinvestment Scheme for the first interim single-tier dividend of 2.5 sen per share of the Company in respect of the financial year ended 31 December 2016 of the Company at an issue price of RM1.00 per share. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 27 February 2017. With the listing of the new shares, the enlarged issued and paid-up share capital of the Company is 1,465,761,346 shares;

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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

A6. Debt and equity securities (cont’d.)

- 2) On 10 November 2017, the Company issued and allotted 4,655,815 new ordinary shares arising from the Dividend Reinvestment Scheme for the first interim single-tier dividend of 2 sen per share of the Company in respect of the financial year ended 31 December 2017 of the Company at an issue price of RM0.83 per share. The new shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 13 November 2017. With the listing of the new shares, the enlarged issued and paid-up share capital of the Company is 1,470,417,161 shares; and
- 3) The Company has repurchased its equity securities of 3,893,700 ordinary shares at an average price of RM0.95 per share. As at 31 December 2017, the number of treasury shares held were 6,645,943 ordinary shares.

A7. Dividends paid

First interim single-tier dividend in respect of financial year ended 31 December 2017

First interim single-tier dividend of 2 sen per ordinary share was declared on 21 August 2017 and paid on 10 November 2017 during the current quarter under review. The existing Dividend Reinvestment Scheme (“DRS”) of TCB shall apply to the entire portion of the Interim Dividend. The issue price for each new share to be issued under the DRS was fixed at RM0.83 per share.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 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				
31 December 2017				
Revenue	575,502	34,044	9,493	619,039
Results from operations	128,823	11,086	(13,762)	126,147
Net finance costs	(17,761)	(10,831)	6,418	(22,174)
Share of results of an associate	(1,057)	-	-	(1,057)
Share of results of joint ventures	11,323	-	-	11,323
Profit/(Loss) before tax	121,328	255	(7,344)	114,239
INDIVIDUAL QUARTER				
31 December 2016				
Revenue	420,624	17,597	19,103	457,324
Results from operations	52,739	8,667	(8,192)	53,214
Net finance costs	(4,051)	(1,751)	(11,355)	(17,157)
Share of results of an associate	(1,432)	-	-	(1,432)
Share of results of joint ventures	6,059	-	-	6,059
Profit/(Loss) before tax	53,315	6,916	(19,547)	40,684

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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

A8. Segmental information (cont’d.)

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
YEAR TO DATE				
31 December 2017				
Revenue	1,739,369	87,718	81,681	1,908,768
Results from operations	279,567	57,730	(32,213)	305,084
Net finance cost	(18,031)	(15,590)	(8,226)	(41,847)
Share of results of an associate	(1,121)	-	-	(1,121)
Share of results of joint ventures	29,651	-	-	29,651
Profit/(Loss) before tax	290,066	42,140	(40,439)	291,767
YEAR TO DATE				
31 December 2016				
Revenue	1,330,758	74,338	54,309	1,459,405
Results from operations	145,691	36,137	(37,372)	144,456
Net finance cost	(7,435)	(3,733)	(6,905)	(18,073)
Share of results of an associate	(2,184)	-	-	(2,184)
Share of results of joint ventures	43,854	-	-	43,854
Profit/(Loss) before tax	179,926	32,404	(44,277)	168,053

A9. Material events subsequent to the end of the financial year

There were no material events subsequent to the end of the financial year up to the date of this report that have not been reflected in the interim financial statements except for the acquisition of 1,000,000 ordinary shares representing 100% of the issued and paid-up share capital of Myxon (M) Sdn Bhd (“Myxon”) for a total cash consideration of RM2,500,000 on 11 January 2018. With this acquisition, Myxon became a wholly-owned subsidiary of Tropicana Corporation Berhad (“TCB”).

A10. Changes in composition of the Group

There were no changes in composition of the Group during the current quarter and financial year ended 31 December 2017.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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

A11. Changes in contingent liabilities or contingent assets

Since the last annual audited position as at 31 December 2016, the Group’s contingent liabilities have changed due to the decrease of RM188.95 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.

A12. Capital commitments

The amount of commitments for capital expenditure as at 31 December 2017 is as follows:

	As at 31/12/2017 RM’000	As at 31/12/2016 RM’000
Capital expenditure:		
Approved and contracted for:		
- Land held for property development	10,200	10,200
- Property, plant and equipment	646,300	336,000
	656,500	346,200
Approved and not contracted for:		
- Property, plant and equipment	115,500	557,800
Share of joint venture’s capital commitment:		
- Land held for property development	84,464	84,464
	856,464	988,464

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

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 RM619.0 million which is RM161.7 million or 35.4% higher when compared to the corresponding quarter in the preceding year. The increase in revenue in the current quarter reflects higher progress billings from advanced stages of construction work for many of the Group's on-going projects.

Profit before tax ("PBT") was higher by RM73.6 million or 180.8% for the current quarter under review as compared to the corresponding quarter in the preceding year. This is mainly due to cost savings, release of low cost provisions and advanced progress of projects as mentioned above.

Year-to-date Results

For the year ended 31 December 2017, the Group recorded revenue of RM1,908.8 million, which is RM449.4 million or 30.8% higher when compared to the corresponding period in the preceding year. This was also due to more advanced progress of projects resulting in higher progress billings across projects in the Klang Valley and Northern Region.

Consequently, the Group's PBT was higher by RM123.7 million or 73.6% for the year under review as compared to the preceding year.

B2. Variation of results against preceding quarter

The Group's revenue of RM619.0 million in the current quarter is RM155.6 million or 33.6% higher when compared to the preceding quarter ended 30 September 2017. The higher revenue in the current quarter was mainly contributed by higher revenue across key projects in the Klang Valley and Northern Region.

The current quarter PBT was RM65.2 million or 132.9% higher than the preceding quarter ended 30 September 2017 mainly attributed to cost savings and release of low cost provisions as mentioned above.

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B3. Prospects

Whilst the overall short-term prospects for the industry are expected to remain challenging, the Group believes that there will still be demand for properties in prime locations with attractive pricing. In addition, the Group is also changing its product mix to better cater for market demand, coupled with great accessibility, generous open spaces, facilities, innovative concepts and designs.

The Group has also unveiled “Tropicana Urban Homes” to address underlying needs of the middle-income community and this new product line allows us to target a wider pool of customers and progressively grow our customer base.

The Group’s unbilled sales stood at RM1.52 billion as at 31 December 2017, which is expected to continue to contribute positively to the Group’s earnings in the near future.

B4. Profit forecast or profit guarantee

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

B5. Income tax expense

	Individual quarter		Year to date	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	31,517	12,993	104,330	58,775
Under/(Over) provision of tax for previous financial period/year	17,678	(170)	16,096	3,078
Real property gain tax	(1,449)	1,095	(4,004)	3,162
Deferred tax transfers	(8,270)	(2,715)	(24,644)	(11,963)
Total Group’s tax expense	39,476	11,203	91,778	53,052

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

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B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 27 February 2018, 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 (formerly known as Sapphire Index 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 two sub-divided parcels measuring 41.11 acres and 34.42 acres respectively and the acquisitions of these sub-divided parcels are completed. The remaining 24 sub-divided parcels are pending completion.

- 2) On 1 July 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 sale and purchase agreement (“SPA”) with Tiarn Oversea Group Sdn. Bhd.(“TIARN”) for the disposal of freehold lands in the Mukim of Pulai, District of Johor Bahru, Negeri Johor (“Land”) with developable area measuring in aggregate of approximately 251.5855 acres in area for a cash consideration of RM569,871,328 (“Disposal”).

Upon expiry of the Extended CP Period on 29 December 2017, TDMSB and Tiarn agreed to a further extension of one month from 30 December 2017 until 30 January 2018. On 30 January 2018, TDMSB and Tiarn had entered into a supplemental agreement (“Supplemental Agreement”) to amend, vary and replace some provisions of the SPA. As at the date of this report, the Disposal is pending fulfillment of the conditions precedent in accordance with the terms of the Supplemental Agreement.

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B7. Borrowings

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Secured short term borrowings	682,096	551,759
Secured long term borrowings	1,165,678	1,261,505
	<u>1,847,774</u>	<u>1,813,264</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

On 22 January 2018, the Board of Directors declared a first interim single-tier dividend of 1.6 sen per ordinary share in respect of the financial year ending 31 December 2018. The dividend was paid on 22 February 2018 to the shareholders and will be accounted as distributions to owners in the financial year ending 31 December 2018.

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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 Company by the weighted average number of ordinary shares outstanding during the financial year.

	Individual quarter		Year to date	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Profit attributable to owners of the Company (RM'000)	69,617	29,256	190,475	112,537
Weighted average number of ordinary shares ('000)	1,460,769	1,427,632	1,453,987	1,429,233
Basic earnings per share (sen)	4.77	2.05	13.10	7.87

(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 Company 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Profit attributable to owners of the Company (RM'000)	69,617	29,256	190,475	112,537
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	1,460,769	1,427,632	1,453,987	1,429,233
Add: Effects of dilution of Warrants ('000)	-	5,736	-	5,736
Adjusted weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,460,769	1,433,368	1,453,987	1,434,969
Diluted earnings per share (sen)	4.77	2.04	13.10	7.84

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B11. Realised/Unrealised retained earnings

	Current quarter RM'000	Immediate preceding quarter RM'000
Total retained earnings of the Group:		
- Realised profits	1,344,582	1,244,322
- Unrealised profits	72,148	63,306
	<u>1,416,730</u>	<u>1,307,628</u>
Total share of retained earnings from joint ventures:		
- Realised profits	176,977	165,654
Total share of accumulated losses from an associate		
- Realised losses	(3,305)	(2,249)
	<u>1,590,402</u>	<u>1,471,033</u>
Consolidation adjustments	(367,247)	(317,495)
Total retained earnings of the Group	<u>1,223,155</u>	<u>1,153,538</u>

B12. Notes to the statement of comprehensive income

	Individual quarter 31/12/2017 RM'000	Year to date 31/12/2017 RM'000
Profit for the period/year is arrived at after charging/(crediting):-		
Finance income	(5,859)	(20,631)
Other income	(9,065)	(21,249)
Finance costs	27,783	62,478
Depreciation of property, plant and equipment	3,379	23,711
Impairment loss on trade and other receivables	4,212	4,928
Reversal of impairment loss on trade and other receivables	(180)	(180)
Receivables written off	432	432
Net gain on disposal of investment properties	(1,628)	(1,444)
Net gain on disposal of property, plant and equipment	(542)	(1,957)
Fair value gain of investment properties	(1,342)	(32,743)
Grant income	(584)	(5,466)
Net foreign exchange loss (realised/unrealised)	99	62

B13. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

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B14. 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 2018.