



INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2019

**TROPICANA**

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Revenue	246,125	307,107	755,348	1,041,540
Cost of sales	(143,419)	(204,414)	(430,725)	(696,084)
Gross profit	102,706	102,693	324,623	345,456
Other income	25,961	11,946	35,801	53,547
Selling and marketing expenses	(10,828)	(4,689)	(19,586)	(14,099)
Administrative expenses	(73,806)	(61,679)	(194,800)	(166,542)
Other expenses	(233)	(405)	(5,479)	(883)
Operating profit	43,800	47,866	140,559	217,479
Finance income	2,438	7,502	14,040	21,034
Finance costs	(17,622)	(16,603)	(51,668)	(48,523)
Share of results of joint ventures	4,111	846	6,855	395
Share of results of an associate	101	(983)	653	(1,350)
Profit before tax	32,828	38,628	110,439	189,035
Income tax	(16,637)	(9,209)	(14,820)	(64,920)
Profit for the period	16,191	29,419	95,619	124,115
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation	(8)	(6)	58	(16)
Total comprehensive income	16,183	29,413	95,677	124,099
Profit/(loss) attributable to:				
Owners of the parent	16,798	34,150	101,884	118,553
Holder of perpetual bond	285	-	285	-
Non-controlling interests	(892)	(4,731)	(6,550)	5,562
	16,191	29,419	95,619	124,115

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	Individual Quarter		Year to Date	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	Date	Corresponding
Note	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income/(loss)				
attributable to:				
Owners of the parent	16,790	34,144	101,942	118,537
Holders of perpetual bond	285	-	285	-
Non-controlling interests	(892)	(4,731)	(6,550)	5,562
	<u>16,183</u>	<u>29,413</u>	<u>95,677</u>	<u>124,099</u>
Earnings per share attributable				
to owners of the parent:				
(sen per share)				
- Basic	B10 1.18	2.34	7.11	8.11
- Diluted	B10 1.18	2.34	7.11	8.11

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 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 30/09/2019 RM'000	As At 31/12/2018 RM'000
Assets			
Non-current assets			
Property, plant and equipment		847,080	887,009
Inventories		3,123,691	2,639,007
Investment properties		575,128	574,732
Investment in an associate		53,222	52,569
Investments in joint ventures		244,430	240,343
Other investments		312	312
Intangible assets		26,751	27,130
Deferred tax assets		98,090	84,545
Trade and other receivables		15,198	14,676
Contract assets		18,405	17,618
		<u>5,002,307</u>	<u>4,537,941</u>
Current assets			
Inventories		1,430,502	1,667,036
Trade and other receivables		583,012	488,705
Contract cost assets		21,931	46,516
Contract assets		262,108	288,955
Tax recoverable		30,672	30,789
Cash and bank balances		847,750	975,774
		<u>3,175,975</u>	<u>3,497,775</u>
Assets classified as held for sale		-	59,100
		<u>8,178,282</u>	<u>8,094,816</u>
Total assets		8,178,282	8,094,816

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 30/09/2019 RM'000	As At 31/12/2018 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		2,044,314	2,044,314
Treasury shares		(40,312)	(25,094)
Other reserves		1,438,464	1,384,450
		<u>3,442,466</u>	<u>3,403,670</u>
Perpetual bond		248,285	-
Non-controlling interests		411,078	409,205
Total equity		<u>4,101,829</u>	<u>3,812,875</u>
Non-current liabilities			
Deferred tax liabilities		178,709	192,434
Borrowings	B7	1,299,021	1,333,071
Trade and other payables		765,428	733,467
Contract liabilities		137,785	137,621
Tax payable		6,800	-
		<u>2,387,743</u>	<u>2,396,593</u>
Current liabilities			
Borrowings	B7	676,263	623,114
Trade and other payables		966,947	1,168,523
Contract liabilities		24,939	19,703
Tax payable		20,561	74,008
		<u>1,688,710</u>	<u>1,885,348</u>
Total liabilities		<u>4,076,453</u>	<u>4,281,941</u>
Total equity and liabilities		<u>8,178,282</u>	<u>8,094,816</u>
Net assets per share (RM)		<u>2.42</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 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	-----> Attributable to owners of the parent <----->									
	<-----Non-distributable----->			Warrants				Perpetual Bond	Non-controlling Interests	Total Equity
	Share Capital	Treasury Shares	Translation Reserve	2009/2019 Reserve	Retained Earnings	Total Reserves	Total			
	RM'000	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	-	-	(16)	-	118,553	118,537	118,537	-	5,562	124,099
Transactions with owners										
Issuance of preference shares to non-controlling interests	-	-	-	-	-	-	-	-	25,252	25,252
Purchase of treasury shares	-	(6,577)	-	-	-	-	(6,577)	-	-	(6,577)
Dividend paid via:										
- cash	-	-	-	-	(23,420)	(23,420)	(23,420)	-	-	(23,420)
Total transaction with owners	-	(6,577)	-	-	(23,420)	(23,420)	(29,997)	-	25,252	(4,745)
As at 30 September 2018	2,044,314	(13,269)	(126)	45,960	1,287,143	1,332,977	3,364,022	-	342,810	3,706,832
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)	-	-	58	-	101,884	101,942	101,942	-	(6,550)	95,392
Distribution for the period	-	-	-	-	-	-	-	285	-	285
Transactions with owners										
Issuance of preference shares to non-controlling interests	-	-	-	-	-	-	-	-	6,662	6,662
Issuance of perpetual bond	-	-	-	-	-	-	-	248,000	-	248,000
Acquisition of non-controlling interests	-	-	-	-	(7,965)	(7,965)	(7,965)	-	1,761	(6,204)
Purchase of treasury shares	-	(15,218)	-	-	-	-	(15,218)	-	-	(15,218)
Dividend paid via:										
- cash	-	-	-	-	(39,963)	(39,963)	(39,963)	-	-	(39,963)
Total transaction with owners	-	(15,218)	-	-	(47,928)	(47,928)	(63,146)	248,000	8,423	193,277
As at 30 September 2019	2,044,314	(40,312)	(71)	45,960	1,392,575	1,438,464	3,442,466	248,285	411,078	4,101,829

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 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/09/2019	30/09/2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	110,439	189,035
Adjustments for:		
Depreciation of property, plant and equipment	24,249	16,275
Finance income	(14,040)	(21,034)
Finance costs	51,668	48,523
Fair value gain of investment property	-	(30,464)
Share of results of an associate	(653)	1,350
Share of results of joint ventures	(6,855)	(395)
Net gain on disposal of assets classified as held for sale	(322)	-
Net loss/(gain) on disposal of property, plant and equipment	111	(323)
Net gain on disposal of investment property	-	(14)
Property, plant and equipment written off	48	14
Reversal of impairment loss on trade and other receivables	-	(325)
Amortisation of deferred license fees	(3,329)	(1,900)
Amortisation of security retainers accumulation fund	9	8
Impairment loss on trade and other receivables	850	599
Unrealised returns on security retainers accumulation fund	(162)	(191)
Operating profit before working capital changes	162,013	201,158
Changes in working capital:		
Trade and other receivables	(95,525)	14,210
Contract assets	26,061	245,208
Inventories	(209,310)	(302,612)
Contract cost assets	26,302	61,586
Contract liabilities	8,201	1,703
Trade and other payables	(117,809)	107,807
Cash (used in)/from operations	(200,067)	329,060
Finance costs paid	(85,175)	(128,691)
Net taxes paid	(88,621)	(63,608)
Net cash (used in)/from operating activities	(373,863)	136,761

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/09/2019 RM'000	30/09/2018 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,554)	(52,261)
Purchase of investment properties	(397)	(510)
Proceeds from disposal of property, plant and equipment	168	372
Proceeds from disposal of assets held for sale	59,422	-
Subscription of shares in joint venture	(3,325)	-
Finance income received	14,041	21,034
Net cash outflow on acquisition of subsidiaries	-	(17,551)
Additional investment in an associate	-	(15,000)
Net cash from/(used in) investing activities	41,355	(63,916)
Cash flows from financing activities		
Payment of borrowing costs	(4,114)	(7,415)
Drawdown from borrowings	441,685	629,611
Repayment of borrowings	(420,628)	(479,301)
Repayment of hire purchase	(886)	(752)
Placements of debt service reserve, escrow accounts and deposits with licensed banks not available for use	71,563	71,123
Proceeds from issuance of perpetual bond	248,000	-
Proceeds from issuance of shares to non-controlling interests	455	25,252
Purchase of treasury shares	(15,218)	(6,577)
Dividends paid to shareholders of the Company	(39,963)	(23,420)
Net cash from financing activities	280,894	208,521
Net (decrease)/increase in cash and cash equivalents	(51,614)	281,366
Effects of foreign exchange rate changes	58	(14)
Cash and cash equivalents at beginning of financial year	721,583	561,563
Cash and cash equivalents at end of financial period*	670,027	842,915

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

	30/09/2019 RM'000	30/09/2018 RM'000
Cash and bank balances	847,750	1,150,340
Less: Cash and cash equivalents not available for use	(177,723)	(307,425)
Total cash and cash equivalents at end of financial period	670,027	842,915

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 30 SEPTEMBER 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
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Operation (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendments 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
Amendments 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 30 SEPTEMBER 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

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 30 SEPTEMBER 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 30 September 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 17,564,400 ordinary shares at an average price of RM0.87 per share. As at 30 September 2019, the number of treasury shares held were 45,331,242 ordinary shares.
- 2) Further to the Company's announcement on 21 June 2019 with regard to the lodgement of an unrated perpetual sukuk issuance programme of RM2.0 billion in nominal value ("Perpetual Sukuk Programme"), the Company had on 25 September 2019, completed the first issuance of the perpetual sukuk of RM248 million ("Perpetual Sukuk") under the Perpetual Sukuk Programme. The net proceeds from the Perpetual Sukuk, which has a first call option at the end of 5 years from issue date, are intended to be utilised by Tropicana for group working capital and refinancing of corporate and operational debts.

A7. Dividends

No dividend was paid during the current quarter under review.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 30 September 2019				
Revenue	185,517	36,479	24,129	246,125
Results from operations	55,654	7,385	(19,239)	43,800
Net finance costs	(3,595)	(6,408)	(5,181)	(15,184)
Share of results of an associate	101	-	-	101
Share of results of joint ventures	4,111	-	-	4,111
Profit/(loss) before tax	56,271	977	(24,420)	32,828
Individual Quarter 30 September 2018				
Revenue	259,520	23,603	23,984	307,107
Results from operations	50,289	9,390	(11,813)	47,866
Net finance costs	(1,900)	(4,225)	(2,976)	(9,101)
Share of results of an associate	(983)	-	-	(983)
Share of results of joint ventures	846	-	-	846
Profit/(loss) before tax	48,252	5,165	(14,789)	38,628

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134****A8. Segmental information (cont'd.)**

Business segment analysis for the quarter and financial period ended (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				
30 September 2019				
Revenue	571,432	107,462	76,454	755,348
Results from operations	154,554	11,974	(25,969)	140,559
Net finance cost	(7,810)	(18,466)	(11,352)	(37,628)
Share of results of an associate	653	-	-	653
Share of results of joint ventures	6,855	-	-	6,855
Profit/(loss) before tax	154,252	(6,492)	(37,321)	110,439
Year To Date				
30 September 2018				
Revenue	910,630	63,429	67,481	1,041,540
Results from operations	189,005	50,302	(21,828)	217,479
Net finance cost	(7,034)	(12,712)	(7,743)	(27,489)
Share of results of an associate	(1,350)	-	-	(1,350)
Share of results of joint ventures	395	-	-	395
Profit/(loss) before tax	181,016	37,590	(29,571)	189,035

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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

On 2 July 2019, the Company acquired 1 ordinary share each of Tropicana Central Garden Mall Sdn. Bhd. ("TCGMSB"), Tropicana Central Department Store Sdn. Bhd. ("TCDSSB"), Mighty Valley Sdn. Bhd. ("MVSB") and Megaxis Sdn. Bhd. ("MXSB"). Each of the acquisition representing 100% of the total paid-up share capital for a cash consideration of RM1 each. Upon completion, TCGMSB, TCDSSB, MVSB and MXSB have become wholly-owned subsidiaries of the Company.

On 20 September 2019, the Company acquired the remaining 2 ordinary shares of Tropicana Danga Lagoon Sdn Bhd ("TDLSB"). Following the acquisition, TDLSB has become a wholly-owned subsidiary of 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 RM80.47 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 30 SEPTEMBER 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 30 September 2019 is as follows:

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	71,198	5,126
- Investment properties	159,614	401,743
	230,812	406,869
Approved and not contracted for:		
- Investment properties	71,847	41,850
	302,659	448,719

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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

Quarterly Results

For the current quarter under review, the Group recorded revenue of RM246.1 million (Q3 2018: RM307.1 million) which was RM61.0 million or 19.9% lower when compared to the corresponding quarter in the preceding year. The decrease in revenue in the current quarter reflected lower progress billings across some of the Group's key existing on-going projects and lower sales due to weak real estate conditions.

The Group's profit before tax ("PBT") was lower by RM5.8 million or 15.0% for the current quarter under review as compared to the corresponding quarter in the preceding year. This was mainly due to fixed general and administrative expenses which do not reduce commensurate to the decrease in revenue as well as having one-off professional fees incurred on corporate exercise.

Year to date Results

For the financial period ended 30 September 2019, the Group recorded revenue of RM755.3 million, which was RM286.2 million or 27.5% lower when compared to the corresponding period in the preceding year. This was due to lower sales resulting from weak real estate conditions and lower progress billings across projects in the Klang Valley as well as the Southern Regions.

The Group's PBT was recorded at RM110.4 million, which was RM78.6 million or 41.6% lower when compared to the corresponding period in the preceding year. This was mainly due to the reduction in revenue in the current period as well as having fixed general and administrative expenses in the current period which do not reduce commensurate to the decrease in revenue.

B2. Variation of results against preceding quarter

The Group's revenue of RM246.1 million in the current quarter was RM53.3 million or 17.8% lower when compared to preceding quarter ended 30 June 2019 and which was mainly due to lower sales and progress billings across key projects in the Klang Valley and Southern Regions.

The current quarter Group's PBT was recorded at RM32.8 million which was RM23.8 million lower than the preceding quarter ended 30 June 2019 mainly attributed to the lower revenue coupled with higher general and administrative expenses incurred by the Group.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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

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, particularly in Tropicana's established developed townships. 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.

Predicated on this, Tropicana will continue to focus on the introduction of new phases across its signature established developments, namely at Tropicana Heights, Tropicana Aman, Tropicana Metropark, Tropicana Danga Cove and Tropicana Gardens. Tropicana will be launching the final next phase of serviced apartments and SOFOs at Tropicana Gardens, along with terrace and super-link houses in Tropicana Aman and retail and service apartments in Tropicana Metropark during the latter part of the financial year.

In FY2019, the targeted Gross Development Value (GDV) of all new launches are expected to be approximately RM2.5 billion, which are expected to contribute positively to the Group's earnings in the next few years.

Additionally, the Government, in addressing the challenges faced by local property developers, has introduced the following incentives targeted to boost home ownerships in the recent National Budget:-

- Lowering of purchase price threshold on unsold apartments and condominiums in urban areas to foreign ownership, from current RM1 million to RM0.6 million;
- Market value as of 1 January 2013 is to be used as the base acquisition cost for disposal of real property(ies) acquired prior to year 2013 for real property gain tax (RPGT) assessment purpose;
- Introduction of Rent-To-Own (RTO) financing scheme with a collaboration between the Government and financial institutions to assist first time home ownership, where up to RM10 billion will be provided by the financial institutions. In addition, full stamp duty exemption is given on respective instruments of transfer under the RTO scheme for up to RM0.5 million property price.
- Extension of the Home Ownership Campaign to 31 December 2019.

B4. Profit forecast or profit guarantee

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

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B5. Income tax

	Individual Quarter		Year to Date	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	(3,426)	(13,114)	(45,031)	(75,205)
Overprovision of tax for previous financial period	1,857	2,802	2,642	3,300
Real property gain tax	(347)	-	(243)	(34)
Deferred tax transfers	(14,721)	1,103	27,812	7,019
Total Group's tax expense	(16,637)	(9,209)	(14,820)	(64,920)

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 21 November 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.

- 2) 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) (“TSanc Holdings”), 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) (“TSanc Development”), 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 TSanc Holdings”);
- (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 TSanc Holdings, 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, TSanc Holdings, 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.

On 28 June 2019, Tropicana had entered into the following supplemental agreements (“Supplemental Agreements”):

- (a) 11 conditional supplemental SPAs with the respective Vendors for the Proposed Acquisitions (excluding Proposed Acquisition of TSanc Holdings);
- (b) a supplemental DAS with TSDT, Acquiree Companies, TSanc Development and Lido WB, and a supplemental MA with TSDT for the Proposed Debt Settlement; and
- (c) 4 conditional supplemental JDAs with the respective Landowners for the Proposed Collaborations,

to vary, supplement and amend certain terms and conditions, including but not limit to the issuance of new irredeemable convertible preference shares (“TCB ICPS”) instead of new TCB RCPS to partially satisfy the purchase consideration and settlement amount pursuant to the Proposed Acquisitions and Proposed Debt Settlement, of the existing SPAs, DAS, MA and JDAs (collectively, the “Existing Agreements”) (“Proposed Variations to the Existing Agreements”).

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B6. Corporate Proposals (cont'd.)

In addition, Company had on 28 June 2019 entered into a termination agreement (“Termination Agreement”) with TSDT to terminate the existing SPA in relation to the Proposed Acquisition of TSanc Holdings and in its place, Tropicana had entered into the following agreements:

- (a) a conditional share sale agreement (“SSA”) with TSDT for the proposed disposal of the Company’s entire equity interest of 50.1% in TSanc Holdings (“Proposed Disposal of TSanc Holdings”); and
- (b) a conditional SPA with TSanc Holdings for the proposed acquisition of 70.0% equity interest in TSanc Development (“Proposed Acquisition of TSanc Development”).

(The Proposed Disposal of TSanc Holdings and Proposed Acquisition of TSanc Development are collectively referred to as “Proposed TSanc Transactions”)

(The Proposed Variations to the Existing Agreements and Proposed TSanc Transactions are collectively referred to as “Proposed Variations”)

On 16 July 2019, Tropicana and the Vendors for the Proposed Acquisitions (save for TSanc Holdings) had mutually agreed to extend the CP Period in relation to the Proposed Acquisitions (save for the Proposed Acquisition of TSanc Development) for a further period of 4 months until 25 November 2019.

On 19 August 2019, the Company announced that Bursa Securities, had on 16 August 2019, approved the listing of and quotation for new TCB Shares to be issued pursuant to the conversion of TCB ICPS to be issued in relation to the SPA and DAS.

The approval by Bursa Securities is subject to, among others, the following conditions:

- (a) Tropicana and Maybank IB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities (“LR”) pertaining to the implementation of the Proposed Acquisitions and Proposed Debt Settlement, including compliance with the public shareholding spread requirements upon the issuance of ordinary shares pursuant to the conversion of the TCB ICPS;
- (b) Tropicana and Maybank IB to inform Bursa Securities upon the completion of the Proposals respectively;
- (c) Tropicana and Maybank IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed respectively;

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B6. Corporate Proposals (cont'd.)

- (d) Tropicana to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposals;
- (e) Tropicana to furnish Bursa Securities with a letter of compliance in relation to the amended Constitution of TCB pursuant to Paragraph 2.12 of the LR together with a copy of the duly executed amended Constitution; and
- (f) Tropicana to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the conversion of the TCB ICPS as at the end of each quarter together with a detailed computation of listing fees payable.

On 13 September 2019, the Company announced that at its Extraordinary General Meeting, the shareholders of the Company had approved the resolutions for the Proposals.

On 17 September 2019, the Company announced that all the conditions precedent as stipulated in the JDAs dated 24 April 2019, as supplemented by the supplemental JDAs dated 28 June 2019, entered by the Company with Pantai Kok, Sinaran Ramah, Suci Padu and Ibarat Indah for the Proposed Collaborations have been satisfied and the Proposed Collaborations have become unconditional on 13 September 2019.

On 25 November 2019, the Company announced that all the conditions precedent as stipulated in the SPAs in relation to the Proposed Acquisitions (save for the Proposed Acquisition of TSanc Development), have been fulfilled and the SPAs (save for the SPA of TSanc Development) have become unconditional on 25 November 2019.

The Proposed Acquisitions and Proposed Debt Settlement are expected to be completed by the end of November 2019.

- 3) On 25 October 2019, notice is given to the warrant holders that pursuant to the terms and conditions stipulated in the deed poll dated 28 October 2009 governing the warrants 2009/2019, the exercise period for the warrant holders to exercise the exercise rights, will expire at 5.00 p.m. on Friday, 6 December 2019, being the last market day of the exercise period.

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B7. Borrowings

	As at 30/09/2019 RM'000	As at 31/12/2018 RM'000
Secured short term borrowings	676,263	623,114
Secured long term borrowings	1,299,021	1,333,071
	1,975,284	1,956,185

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 3 September 2019, the Board of Directors had declared a second interim single-tier dividend for the financial year ending 31 December 2019 via distribution of treasury shares on the basis of 3 treasury shares for every 100 existing ordinary shares held in the Company (“Share Dividend”). Any fractional entitlement arising from the distribution of Share Dividend was disregarded.

The entitlement date for the Share Dividend was 20 September 2019 and 42,787,501 treasury shares distributed under the Share Dividend were credited into the entitled securities accounts maintained with Bursa Malaysia Depository Sdn Bhd on 4 October 2019.

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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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit attributable to owners of the parent (RM'000)	16,798	34,150	101,884	118,553
Weighted average number of ordinary shares ('000)	1,428,004	1,458,386	1,432,514	1,461,652
Basic earnings per share (sen)	1.18	2.34	7.11	8.11

(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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit attributable to owners of the parent (RM'000)	16,798	34,150	101,884	118,553
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,428,004	1,458,386	1,432,514	1,461,652
Diluted earnings per share (sen)	1.18	2.34	7.11	8.11

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B11. Notes to the statements of comprehensive income

	Individual Quarter 30/09/2019 RM'000	Year to Date 30/09/2019 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(2,438)	(14,040)
Other income	(24,956)	(34,793)
Finance costs	17,622	51,668
Depreciation of property, plant and equipment	7,148	24,249
Impairment loss on trade and other receivables	520	850
Net gain on disposal of assets classified as held for sale	(844)	(322)
Net loss on disposal of property, plant and equipment	25	111
Net foreign exchange loss (realised and unrealised)	32	96

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 28 November 2019.