TROPICANA
CORPORATION BERHAD
丽阳机构

(formerly known as Dijaya Corporation Berhad)
(Company No. 47908-K)

# INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2013

## PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134

### A1. Basis of preparation

The interim financial statements are audited 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 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

### 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 year ended 31 December 2012 except for the adoption of the following new/revised FRSs/MFRSs and Interpretations:

Effective for financial periods beginning on or after 1 July 2012:

| | |
|---|---|
| Amendments to FRS 101 | Presentations of Items of Other Comprehensive Income FRS 3 Business Combinations |

Effective for financial periods beginning on or after 1 January 2013:

| | |
|---|---|
| FRS 10 | Consolidated Financial Statements |
| FRS 11 | Joint Arrangements |
| FRS 12 | Disclosure of interests in Other Entities |
| FRS 13 | Fair Value Measurements |
| FRS 119 | Employee Benefits |
| FRS 127 | Separate Financial Statements |
| FRS 128 | Investments in Associates and Joint Ventures |

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

| | |
|---|---|
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine |
| Amendments to FRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| Amendments to FRS 1 | First-time Adoption of Malaysian Financial Reporting Standards – Government Loans |
| Amendments to FRS 1 | First-time Adoption of Malaysian Financial Reporting Standards – (Improvements to FRSs (2012)) |
| Amendments to FRS 116 | Property, Plant and Equipment (Improvements to FRSs (2012)) |

| | |
|---|---|
| Amendments to FRS 132 | Financial Instruments: Presentation (Improvements to FRSs (2012)) |
| Amendments to FRS 134 | Interim Financial Reporting (Improvements to FRSs (2012)) |
| Amendments to FRS 10 | Consolidated Financial Statements: Transition Guidance |
| Amendments to FRS 11 | Joint Arrangements: Transition Guidance |
| Amendments to FRS 12 | Disclosure of Interests in Other Entities: Transition Guidance |

Annual Improvements 2009-2011 Cycle

Adoption of the above standards and interpretations did not have any effect on the financial performance or position and policy of the Group except for those discussed below:

**Amendments to FRS 101: Presentation of Items of Other Comprehensive Income**

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

**FRS 127 Separate Financial Statements**

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

**FRS 128 Investments in Associates and Joint Ventures**

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates

**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').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2016.

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 2016.

**A3. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

**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 year under review other than the fair value gain of RM29.7million on re-measurement of an associate when it became a subsidiary of the Group.

**A6. Changes in estimates**

There were no material changes in estimates for the financial year ended 31 December 2013.

**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) Issuance of 190,000,000 new ordinary shares of RM1.00 each due to conversion of RM247,000,000 of 10 year 3% Redeemable Convertible Unsecured Loan Stocks ("RCULS") at conversion price of RM1.30 per share;

2) Issuance of 30,741,507 new ordinary shares of RM1.00 each due to the exercise of 30,741,507 options pursuant the Employee Share Option Scheme of the Company;

3) Issuance of 7,146,020 new ordinary shares of RM1.00 each due to exercise of 7,146,020 Warrants 2009/2019 of the Company;

4) Issuance of 86,307,200 new ordinary shares of RM1.00 each at an issue price of RM1.78 per share from a private placement of up to ten percent (10%) of the issued and paid–up share capital of the Company to third-party investors; and

5) During the financial year-to-date, the Company has bought back 22,816,300 of its issued ordinary shares at an average cost of RM1.87 per share. As at 31 December 2013, the number of treasury shares held were 22,816,300 ordinary shares of RM1.00 each.

## A8. Dividends paid

a) On 6 September 2013, the Company paid the first and final dividend in respect of the financial year ended 31 December 2012 of 6.4% or 6.4 sen per ordinary share less 25% tax which was approved by the shareholders during the Annual General Meeting held on 28 June 2013.

b) On 26 December 2013, the Company paid the first interim dividend in respect of the financial year ended 31 December 2013 of 4.5% or 4.5 sen per ordinary share less 25% tax.

## A9. Segmental information

Segmental information is presented in respect of the Group's business segments which are based on the internal reporting structure presented to the management of the Company.

The Group's principal business segments are property development, property investment and resort operations and investment holding.

The information by geographical location is not presented as the Group's activities are carried out predominantly in Malaysia.

| Business segment Analysis | QTR ended 31 Dec 2013 | | | | YTD ended 31 Dec 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Property development | Property Investment and resort operations | Investment holding and others | Consolidated | Property development | Property Investment and resort operations | Investment holding and others | Consolidated |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 363,415 | 36,604 | 44,661 | **444,680** | 1,215,141 | 142,384 | 117,978 | **1,475,503** |
| Results from operations | 127,271 | 106,311 | 27,475 | **261,057** | 298,457 | 169,093 | 21,263 | **488,813** |
| Net finance cost | (7,072) | (1,268) | (6,067) | **(14,407)** | (37,143) | (4,675) | (27,061) | **(68,879)** |
| Share of results of associates | - | - | 1 | **1** | - | - | 4,381 | **4,381** |
| Share of results of jointly controlled entities | - | - | 78,524 | **78,524** | - | - | 79,333 | **79,333** |
| Profit/ (loss) before tax | **120,199** | **105,043** | **99,933** | **325,175** | **261,314** | **164,418** | **77,916** | **503,648** |

## PART A – EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134

| Business segment analysis | QTR ended 31 Dec 2012 | | | | YTD ended 31 Dec 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Property development | Property Investment and resort operations | Investment holding and others | Consolidated | Property development | Property Investment and resort operations | Investment holding and others | Consolidated |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 202,738 | 29,853 | 1,771 | **234,362** | 536,833 | 91,029 | 2,501 | **630,363** |
| Results from operations | 40,473 | 26,897 | 6,877 | **74,247** | 98,231 | 142,493 | 3,956 | **244,680** |
| Net finance cost | (3,448) | (2,768) | (5,014) | **(11,230)** | (8,977) | (5,525) | (11,536) | **(26,038)** |
| Share of results of associates | - | - | 2,819 | **2,819** | - | - | 7,807 | **7,807** |
| Share of results of jointly controlled entities | - | - | (686) | **(686)** | - | - | (1,505) | **(1,505)** |
| Profit/ (loss) before tax | **37,025** | **24,129** | **3,996** | **65,150** | **89,254** | **136,968** | **(1,278)** | **224,944** |

*Property development* segment
Revenue and Profit Before Taxation ('PBT') of RM363.4million and RM120.2million respectively in the current quarter under review were significantly higher as compared to RM202.7million and RM37.0million recorded in the corresponding quarter last year. The significant improvement in PBT was mainly contributed by the projects launched and sale of parcels of land in Greater Kuala Lumpur and Iskandar Malaysia.

*Property investment and resort operations* segment
For the current quarter under review, the segment recorded revenue and profit before taxation of RM36.6million and RM105.0million as compared to RM29.8million and RM24.1million respectively in the corresponding quarter last year.

Excluding the gain in fair value adjustment of RM92.8million and RM10.9million respectively in the current quarter and corresponding quarter last year, the profit before taxation was slightly lower at RM12.2million as compared to RM13.2million in the corresponding quarter last year, primarily caused by an increase in operating expenses.

*Investment holding and others* segment
For the current quarter under review, the segment recorded revenue and profit before taxation of RM44.7million and RM99.9million respectively. The increased in revenue and profit for the segment was partly contributed by the acquistion of a new subsidiary into the Group in May 2013 and also due to net gain in fair value adjustment recorded by a jointly controlled entity. Excluding the gain in fair value of re-measurement of an associate of RM29.7million and gain in fair value of investment property of RM84.6million in the current quarter, the segment recorded a loss before taxation of RM14.4million in the current quarter as compared to a PBT of RM2.0million in the corresponding period last year which was mainly due to higher expenses incurred.

**A10. Valuations of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 December 2012.

**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.

**A12. Changes in composition of the Group**

There were no changes in composition of the Group during the current quarter under review, except as follows:

1) On 16 December 2013, the Company acquired the entire issued and paid-up share capital of Golddust United Sdn. Bhd. ("GUSB") for a cash consideration of RM2.00 and GUSB had on even date acquired the entire issued and paid-up share capital of Renown Dynamic Sdn. Bhd. ("RDSB") for a cash consideration of RM2.00 ("Acquisition"). With the Acquisition, both GUSB and RDSB became wholly-owned subsidiaries of the Company.

**A13. Changes in contingent liabilities or contingent assets**

There were no changes in contingent liabilities since the last annual audited position at 31 December 2012 except for 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 RM41,368,000.

**A14. Capital commitments**

The amount of commitments for capital expenditure as at 31/12/2013 is as follows:

| | **As at 31/12/13 RM'000** | **As at 31/12/12 RM'000** |
|---|---|---|
| Capital expenditure | | |
| Approved and contracted for | 2,098,700 | 180,900 |
| Approved but not contracted for | 846,100 | - |
| Share of joint venture's capital commitment in relation to land held for development | 462,600 | 522,600 |
| | 3,407,400 | 703,500 |

## 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 registered a revenue of RM444.7million, which was 90% or RM210.3million higher than the RM234.4million registered in the corresponding quarter last year. The higher revenue was mainly contributed by the property development segment where strong sales performance was recorded for the projects and sale of parcels of land in Greater Kuala Lumpur and Iskandar Malaysia.

There was a net gain in fair value adjustments of RM207.2million in the current quarter compared to RM10.1million in the corresponding quarter last year. The fair value adjustments mainly derived from investment properties and re-measurement of an associate during the quarter under review. Excluding the adjustments on fair value, the Group registered a profit before tax of RM117.9million as compared to RM55.0million in the corresponding quarter last year which was in line with the higher revenue achieved.

**Year-to-date Results**

For the year ended 31 December 2013, the Group registered a higher revenue of RM1,475.5million as compared to RM630.4million in the corresponding period last year, mainly due to higher sales achieved as explained above.

There was a net gain in fair value adjustments of RM217.6million in the current year under review as compared to RM103.4million in the corresponding period last year. The fair value adjustments were mainly derived from marketable securities, investment properties and re-measurement of an associate for the currrent year under review. Excluding the adjustments on fair value, the Group registered a PBT of RM286.1million, an improvement of 135% as compared to the RM121.5million PBT in the corresponding period last year.

**B2. Variation of results against preceding quarter**

The current quarter's revenue of RM444.7million has improved by 22% as compared to RM363.4million in the immediate preceding quarter. The improved performance was mainly due to the recent successful launches of Tropicana Danga Bay, Tropicana Metropark and Tropicana Landmark.

The current quarter has reported a profit before taxation of RM325.2million as compared to RM49.3million in the immediate preceding quarter. Included in the PBT of the current quarter were fair value adjustments from investment properties and re-measurement of an associate amounted to RM207.2million in addition to a land sales gain of RM135.0million.

**B3. Prospects**

The Group achieved a sales level of RM2.2billion for the year ended 31 December 2013, of which RM0.4billion was from the current quarter under review. Current unbilled sales stood at RM2.2billion.

With the momentum created from the Group's strong performance for the financial year ended 2013 and the various pipelines of on-going projects, the Board remains cautiously optimistic of a satisfactory performance in FY2014 amid a more challenging business environment.

**B4. Profit forecast or profit guarantee**

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

**B5. Taxation**

| | Individual quarter | | Year to date | |
|---|---|---|---|---|
| | 31/12/13 RM'000 | 31/12/12 RM'000 | 31/12/13 RM'000 | 31/12/12 RM'000 |
| Tax expense for the period | 50,983 | 19,851 | 112,273 | 43,813 |
| (Over)/ under provision of tax for the previous financial year | 6,893 | (80) | 4,056 | 168 |
| Deferred tax transfers | 7,572 | (18,241) | 8,947 | 432 |
| | 65,448 | 1,530 | 125,276 | 44,413 |

The Group's effective tax rate was slightly lower than the statutory tax rate principally due to real property gains tax on disposal of certain properties.

## B6. Corporate Proposals
### Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 14 February 2014, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim Financial Report:

1) On 12 February 2014, the Company had entered into the following :

   i) Shareholders Agreement with Lasallian Asia Partnership for International Schools (Reg. No. 201315250G) ("LAPIS") and Tropicana SJII Education Management Sdn Bhd (formerly known as Tropicana Education Sdn Bhd), a subsidiary of the Company ("TSEM") ("TSEM Shareholders Agreement"); and

   ii) Shareholders Agreement with LAPIS, Warisan Istimewa Sdn Bhd ("WISB") and Tropicana Education Management Sdn Bhd, a subsidiary of the Company ("TEM") ("TEM Shareholders Agreement").

   The purpose of the TSEM Shareholders Agreement and the TEM Shareholders Agreement is for the purpose of establishing an international school to be known as "St. Joseph's Institution International (Malaysia) (Tropicana PJ Campus)" or such other name as may be mutually agreed upon and approved by the relevant authorities.

2) On 23 December 2013, Golddust United Sdn Bhd ("GUSB"), a wholly-owned subsidiary of the Company, had entered into a Shareholders Agreement with Tebrau Bay Sdn Bhd ("TBSB" or the "Vendor"), a wholly-owned subsidiary of Tebrau Teguh Berhad ("TTB"), ("Shareholders Agreement"), to regulate their relationship as shareholders of Renown Dynamic Sdn Bhd ("RDSB" or the "Purchaser") which is the special purpose vehicle used to acquire the Property (as defined below) and to develop the Property into a mixed development comprising commercial and residential components ("Proposed Joint Venture"). Pursuant to the Shareholders Agreement, GUSB and TBSB will hold equity interest in RDSB in proportion of 70% and 30% respectively.

   RDSB had entered into a conditional Sale and Purchase Agreement with TBSB whereby the Vendor agreed to sell and the Purchaser agreed to purchase a parcel of land measuring approximately 60 acres which is presently a portion of a piece of leasehold land measuring 84.614 acres held under HS(D) 437846 PTD 194795 in the District of Johor Bahru, Mukim Plentong, State of Johor to be held under a new title ("Property") for a total cash consideration of RM444,312,000 ("Proposed Land Acquisition").

   As at the date of this report, the Proposed Joint Venture and Proposed Land Acquisition are pending fulfillment of the conditions precedent in accordance with the terms of the sales and purchase agreement.

3) On 29 November 2013, Tropicana Kia Peng Sdn Bhd (formerly known as Image Pertiwi Sdn Bhd) ("TKP"), a 100%-owned subsidiary of the Company had entered into a sale and purchase agreement with City View Ventures Sdn Bhd ("CVV"), a 100%-owned subsidiary of GSH Corporation Ltd. ("GSH"), whereby TKP agreed to sell and CVV agreed to purchase a parcel of leasehold land held under PN 39256, Lot 371 Section 63, District of Kuala Lumpur, Federal Territory of Kuala Lumpur measuring approximately 5,861 square metres (63,087 square feet) with a 2 storey building erected thereon bearing postal address of No. 28, Jalan Kia Peng, 50450 Kuala Lumpur for a total cash consideration of RM132,435,156.00 ("Proposed Disposal").

   As at the date of this report, the Proposed Land Acquisition is pending fulfillment of the conditions precedent in accordance with the terms of the sales and purchase agreement.

4) On 13 September 2013, Tropicana Desa Mentari Sdn Bhd ("TDM"), a 100%-owned subsidiary company of Tropicana Golf & Country Resort Berhad, which in turn a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with Lee Pineapple Company (Pte.) Limited ("LPC"), whereby LPC agreed to sell and TDM agreed to purchase 18 pieces of freehold land measuring a total size of approximately 103.8222 hectares located in Mukim of Pulai, District of Johor Bahru, Johor for a total cash consideration of RM366,550,573.30 ("Proposed Land Acquisition").

   The sale and purchase agreement for the Proposed Land Acquisition has become unconditional on 27 December 2013 and is pending completion in accordance with the terms of the sale and purchase agreement.

5) On 23 July 2013, the Company announced the proposal to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company to investor(s) to be identified and at an issue price to be determined later ("Proposed Private Placement").

   As at the date of this report, shareholders' approval was obtained at an Extraordinary General Meeting held on 13 September 2013 and the Bursa Malaysia Securities Berhad had, vide its letter dated 26 August 2013, approved the listing and quotation of up to 129,202,300 Placement Shares to be issued.

6) On 15 April 2013, Sapphire Index Sdn Bhd ("SISB"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase cum development agreement with Menteri Besar Selangor (Pemerbadanan) 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").

The sale and purchase agreement for the Proposed Acquisition has become unconditional on 13 February 2014 and is pending completion in accordance with the terms of the sale and purchase agreement.

7) Wisdom 88 Sdn Bhd ("WSB"), a wholly-owned subsidiary of the Company, had on 7 February 2013 entered into a Shareholders' Agreement with Danga Bay Sdn Bhd ("DBSB" or the "Vendor") ("Shareholders' Agreement"), to regulate their relationship as shareholders of Rhythm Quest Sdn Bhd ("RQSB" or the "Purchaser") which is the special purpose vehicle used to acquire the Property (as defined below) and to undertake the development and construction of a hotel and any mixed development, if so decided by the said parties ("Proposed Joint Venture"). Pursuant to the Shareholders' Agreement, WSB and DBSB will hold equity interest in RQSB in proportion of 60% and 40% respectively.

   On 7 February 2013, RQSB had entered into a conditional Sale and Purchase Agreement with DBSB whereby the Vendor agreed to sell and the Purchaser agreed to purchase all that parcel of land measuring approximately 260,227 square feet presently comprising part of 2 parcels of freehold land held under title number HS(D) 455043 PTB 21345 and HS(D) 455049 PTB 21346, all in the Township and District of Johor Bahru, State of Johor and part of state lands identified as PTB 22534, PTB 22536 and a road reserve ("Property") to be held under a new title for a total cash consideration of RM85,874,910 ("Proposed Land Acquisition").

   The sale and purchase agreement for the Proposed Land Acquisition has become unconditional on 7 January 2014 and is pending completion in accordance with the terms of the sale and purchase agreement.

8) On 7 October 2011, Tropicana KL Development Sdn Bhd ("TKLDSB"), then a 99.99% owned subsidiary (now a 100% owned subsidiary) of the Company had, on the same date, entered into the following agreements:

   (a) a conditional sale and purchase agreement between TKLDSB and G.P.Y. (Holding) Sdn Bhd ("GPY"), wherein GPY shall sell and TKLDSB shall purchase two (2) parcels of freehold vacant land held under GRN 28463, Lot 779 and GRN 28423, Lot 780, all in Seksyen 0057, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan thereon for a total cash consideration of RM22,129,936; and

   (b) a conditional sale and purchase agreement between TKLDSB and Ong Soo Keok, Ong Ghee Sai, Ong Ghee Soon and Ong Soo Keok as executors of the estate of Loh Ah Moy ("Vendors"), wherein the Vendors shall sell and TKLDSB shall purchase a parcel of freehold vacant land held under GRN 28425, Lot 784, Seksyen 0057, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with the building erected thereon for a total cash consideration of RM43,123,200.

As at the date of this report, the above-mentioned proposed land acquisitions are pending fulfillment of the conditions precedent.

**B7. Interest-bearing loans and borrowings**

| | As at 31/12/13 RM'000 | As at 31/12/12 RM'000 |
|---|---|---|
| Secured short term borrowings | 350,759 | 231,779 |
| Secured long term borrowings | 1,478,708 | 1,448,901 |
| Unsecured long term borrowings | 88,043 | 147,634 |
| | 1,917,510 | 1,828,314 |

Included in the above Group loans and borrowings is the following loan and borrowing raised by a subsidiary and denominated in foreign currency:

| | Foreign Currency '000 | RM'000 |
|---|---|---|
| US Dollar | 8,000 | 26,204 |

**B8. Material litigation**

The Company has on 26 August 2013 received an order made by the Arbitral Tribunal, India 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**"), both then indirect subsidiaries of the Company, and Starlite Global Enterprise (India) Limited ("**SGEIL**") ("**Order**") in relation to a claim petition filed by DMML and DMPPL against SGEIL in April 2012 to seek among others the return of the refundable deposit as a result of the termination of the Deed of Novation cum Joint Development Agreement ("**Joint Development Agreement**") arising from the breach of the Joint Development Agreement by SGEIL, which was counter-claimed by SGEIL.

Our legal counsel opines that the Order was wrong in law and the Company has filed an appeal to the civil court against the Order on 27 August 2013 ("**Appeal**"). The Appeal which was posted for hearing on 13 February 2014 has been postponed and is now pending a new hearing date to be fixed by the Court.

DMPPL and DMML had ceased to be the indirect subsidiaries of the Company on 18 October 2012.

The Order does not have any financial implication and operational impact on the Company as the Order was only to add the Company as a party to the arbitration proceedings.

**B9. Dividend payable**

The payment of a second interim dividend or proposed final dividend has not been determined at the date of issuance of the interim financial statements.

**B10. Earnings per share**

a) Basic earnings per ordinary share

Basic earnings per share amounts 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 period.

| | Individual quarter | | Year to date | |
|---|---|---|---|---|
| | **31/12/13** | **31/12/12** | **31/12/13** | **31/12/12** |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 256,453 | 62,068 | 362,308 | 171,057 |
| Weighted average number of ordinary shares in issue ('000) | 1,106,271 | 724,436 | 1,056,027 | 526,578 |
| Basic earnings per share (sen) | 23.18 | 8.57 | 34.31 | 32.48 |

(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 share options under the ESOS, the Warrants and the RCULS.

| | Individual quarter | | Year to date | |
|---|---|---|---|---|
| | **31/12/13** | **31/12/12** | **31/12/13** | **31/12/12** |
| Profit attributable to ordinary equity holders of the Company (RM'000) | 256,453 | 62,068 | 362,308 | 171,057 |
| Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share | 1,106,271 | 724,436 | 1,056,027 | 526,578 |
| Effects of dilution : | | | | |
| - ESOS (‘000) | 31,313 | 19,408 | 31,313 | 19,408 |
| - Warrants (‘000) | 153,558 | 154,323 | 153,558 | 135,971 |
| - RCULS (‘000) | 175,072 | 273,873 | 175,072 | 273,873 |
| Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share | 1,466,214 | 1,172,040 | 1,415,970 | 955,830 |
| Diluted earnings per share (sen) | 17.49 | 5.29 | 25.59 | 17.90 |

## 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/Losses

| | Current Quarter RM'000 | Immediate preceding quarter RM'000 |
|---|---|---|
| Total retained profits of the Group: | | |
| - Realised | 258,318 | 225,172 |
| - Unrealised | 477,675 | 385,412 |
| | 735,993 | 610,584 |
| Total share of retained earnings from jointly controlled entities | | |
| - Realised | 84,316 | (785) |
| Total share of retained earnings from associate | | |
| - Realised | 4,381 | 4,380 |
| Consolidation Adjustment | (227,557) | (237,255) |
| **Total retained profits c/f** | **597,133** | **376,924** |

### B12. Notes to the Statement of Comprehensive Income

| | Individual quarter 31/12/13 RM'000 | Year to date 31/12/13 RM'000 |
|---|---|---|
| Profit for the period is arrived at after crediting/(charging):- | | |
| Interest income | 3,825 | 9,064 |
| Other income including investment income | 181,430 | 206,881 |
| Interest expense | (18,232) | (77,943) |
| Depreciation and amortization | (7,997) | (22,658) |
| Provision for and write off of receivables | (266) | (266) |
| Gain/(loss) on disposal of quoted investment | - | (623) |
| Impairment of assets (fair value adjustments) | - | (861) |
| Foreign exchange gain/(loss) | 226 | 323 |

### B13. Authorisation for issue

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 20 February 2014.