

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2018

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 before taking into consideration the effects of Addendum to FRSIC Consensus 17 - Clarification on the use of FRSIC Consensus 17 Development of Affordable Housing issued on 7 March 2018 (Addendum). This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 – Revenue from Customers (“MFRS 15”) in conjunction with the adoption of the MFRS Framework as explained below, hence the upfront recognition of provision for foreseeable losses on the development of affordable housing on an involuntary basis may no longer be required. As it is understood that post-issuance of this Addendum, there would be further official clarification on the accounting for the development of affordable housing in the near future, the Group expects and intends to fully comply with the requirement of this Addendum when the clarification has been made.

The interim financial statements should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 December 2017. 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 2017.

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 2017 except for the adoption of the following new amendments to MFRSs:

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
Amendments to MFRS 128	Investments in Associates and Joint Ventures (Annual Improvements to MFRSs 2014-2016 Cycle)



TROPICANA

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

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("MFRS") 134**

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

The adoption of the above amendments to MFRSs did not result in material impact to the interim financial statements of the Group except for the adoption of MFRS 15 where the impact is shown below.

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables:

Reconciliation of statements of comprehensive income

	Individual Quarter			Year to Date		
	As previously reported 31/03/2017 RM'000	Effect of MFRS15 31/03/2017 RM'000	Restated 31/03/2017 RM'000	As previously reported 31/03/2017 RM'000	Effect of MFRS15 31/03/2017 RM'000	Restated 31/03/2017 RM'000
Revenue	381,868	(8,186)	373,682	381,868	(8,186)	373,682
Cost of sales	(282,635)	(2,343)	(284,978)	(282,635)	(2,343)	(284,978)
Gross profit	99,233	(10,529)	88,704	99,233	(10,529)	88,704
Other income	3,840	-	3,840	3,840	-	3,840
Administrative expenses	(57,347)	5,352	(51,995)	(57,347)	5,352	(51,995)
Other expenses	(499)	-	(499)	(499)	-	(499)
Operating profit	45,227	(5,177)	40,050	45,227	(5,177)	40,050
Finance income	5,402	-	5,402	5,402	-	5,402
Finance costs	(11,552)	-	(11,552)	(11,552)	-	(11,552)
Share of results of joint ventures	7,312	(678)	6,634	7,312	(678)	6,634
Share of results of an associate	14	-	14	14	-	14
Profit before tax	46,403	(5,855)	40,548	46,403	(5,855)	40,548
Income tax expense	(12,429)	157	(12,272)	(12,429)	157	(12,272)
Profit for the period	33,974	(5,698)	28,276	33,974	(5,698)	28,276

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables: (cont’d.)

Reconciliation of statements of comprehensive income (cont’d.)

	Individual Quarter			Year to Date		
	As previously reported	Effect of MFRS15	Restated	As previously reported	Effect of MFRS15	Restated
	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive loss to be reclassified to profit or loss in subsequent period:						
Foreign currency translation	(1)	-	(1)	(1)	-	(1)
Total comprehensive income	<u>33,973</u>	<u>(5,698)</u>	<u>28,275</u>	<u>33,973</u>	<u>(5,698)</u>	<u>28,275</u>
Profit attributable to:						
Owners of the Parent	32,517	(5,459)	27,058	32,517	(5,459)	27,058
Non-controlling interests	1,457	(239)	1,218	1,457	(239)	1,218
	<u>33,974</u>	<u>(5,698)</u>	<u>28,276</u>	<u>33,974</u>	<u>(5,698)</u>	<u>28,276</u>

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables: (cont’d.)

Reconciliation of statements of comprehensive income (cont’d.)

	Individual Quarter			Year to Date		
	As previously reported	Effect of MFRS15	Restated	As previously reported	Effect of MFRS15	Restated
	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>	<u>31/03/2017</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total comprehensive income attributable to:						
Owners of the Parent	32,516	(5,459)	27,057	32,516	(5,459)	27,057
Non-controlling interests	1,457	(239)	1,218	1,457	(239)	1,218
	<u>33,973</u>	<u>(5,698)</u>	<u>28,275</u>	<u>33,973</u>	<u>(5,698)</u>	<u>28,275</u>
Earnings per share attributable to owners of the Parent:						
(sen per share)						
- Basic	2.27	-	1.89	2.27	-	1.89
- Diluted	2.27	-	1.89	2.27	-	1.89

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables:

Reconciliation of statements of financial position

	Audited as at <u>31/12/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>31/12/2017</u> RM'000	Audited as at <u>01/01/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>01/01/2017</u> RM'000
Assets						
Non-current assets						
Property, plant and equipment	820,193	-	820,193	741,864	-	741,864
Land held for property development	2,035,390	-	2,035,390	2,236,335	-	2,236,335
Investment properties	560,099	-	560,099	447,519	-	447,519
Investment in an associate	37,023	-	37,023	38,144	-	38,144
Investments in joint ventures	426,577	(4,693)	421,884	396,926	4,758	401,684
Other investments	312	-	312	312	-	312
Intangible assets	1,475	-	1,475	1,475	-	1,475
Deferred tax assets	52,783	(3,828)	48,955	26,468	(2,748)	23,720
Other receivables	27,941	-	27,941	39,138	-	39,138
	<u>3,961,793</u>	<u>(8,521)</u>	<u>3,953,272</u>	<u>3,928,181</u>	<u>2,010</u>	<u>3,930,191</u>

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables: (cont’d.)

Reconciliation of statements of financial position (cont’d.)

	Audited as at <u>31/12/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>31/12/2017</u> RM'000	Audited as at <u>01/01/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>01/01/2017</u> RM'000
Current assets						
Property development costs	1,537,428	19,015	1,556,443	1,593,795	28,209	1,622,004
Inventories	31,893	-	31,893	34,931	-	34,931
Trade and other receivables	1,040,875	12,492	1,053,367	880,006	26,143	906,149
Tax recoverable	39,979	-	39,979	47,328	-	47,328
Cash and bank balances	941,410	-	941,410	841,265	-	841,265
	<u>3,591,585</u>	<u>31,507</u>	<u>3,623,092</u>	<u>3,397,325</u>	<u>54,352</u>	<u>3,451,677</u>
Total assets	<u>7,553,378</u>	<u>22,986</u>	<u>7,576,364</u>	<u>7,325,506</u>	<u>56,362</u>	<u>7,381,868</u>

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables: (cont’d.)

Reconciliation of statements of financial position (cont’d.)

	Audited as at <u>31/12/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>31/12/2017</u> RM'000	Audited as at <u>01/01/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>01/01/2017</u> RM'000
Equity and liabilities						
Equity attributable to owners of the Parent						
Share capital	2,044,314	-	2,044,314	1,447,466	-	1,447,466
Treasury shares	(6,692)	-	(6,692)	(23,648)	-	(23,648)
Share premium	-	-	-	577,984	-	577,984
Other reserves	1,266,006	8,836	1,274,842	1,125,098	41,041	1,166,139
	<u>3,303,628</u>	8,836	<u>3,312,464</u>	<u>3,126,900</u>	41,041	<u>3,167,941</u>
Non-controlling interests	309,737	117	309,854	289,084	1,405	290,489
Total equity	<u>3,613,365</u>	8,953	<u>3,622,318</u>	<u>3,415,984</u>	42,446	<u>3,458,430</u>

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

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS 15 are disclosed in the following tables: (cont’d.)

Reconciliation of statements of financial position (cont’d.)

	Audited as at <u>31/12/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>31/12/2017</u> RM'000	Audited as at <u>01/01/2017</u> RM'000	Effect of MFRS15 RM'000	Restated as at <u>01/01/2017</u> RM'000
Non-current liabilities						
Provision for liabilities	133,658	-	133,658	218,192	-	218,192
Deferred tax liabilities	55,935	989	56,924	54,491	5,143	59,634
Borrowings	1,166,038	-	1,166,038	1,261,505	-	1,261,505
Trade and other payables	923,015	1,007	924,022	987,442	-	987,442
	2,278,646	1,996	2,280,642	2,521,630	5,143	2,526,773
Current liabilities						
Borrowings	681,736	-	681,736	551,759	-	551,759
Trade and other payables	946,148	12,037	958,185	823,308	8,773	832,081
Tax payable	33,483	-	33,483	12,825	-	12,825
	1,661,367	12,037	1,673,404	1,387,892	8,773	1,396,665
Total liabilities	3,940,013	14,033	3,954,046	3,909,522	13,916	3,923,438
Total equity and liabilities	7,553,378	22,986	7,576,364	7,325,506	56,362	7,381,868

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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 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)
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendment to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015-2017 Cycle)

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.

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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 during the financial period under review.

A5. Material changes in estimates

There were no material changes in estimates for the financial period ended 31 March 2018.

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.

A7. Dividends paid

On 22 January 2018, a first interim single-tier dividend of 1.6 sen per ordinary share for the financial year ending 31 December 2018 was declared and paid on 22 February 2018 during the current quarter under review.

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A8. Segmental information

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

Business segment analysis for the quarter and financial period ended:

Business Segments	Property development and property management RM'000	Property investment, recreation and resort RM'000	Investment holding and others RM'000	Total RM'000
Individual Quarter/ Year to Date 31 March 2018				
Revenue	411,061	20,087	21,857	453,005
Results from operations	92,983	7,150	(4,274)	95,859
Net finance costs	(3,960)	(4,261)	(2,391)	(10,612)
Share of results of an associate	(578)	-	-	(578)
Share of results of joint ventures	773	-	-	773
Profit/(Loss) before tax	89,218	2,889	(6,665)	85,442
Individual Quarter/ Year to Date Restated 31 March 2017				
Revenue	330,928	16,900	25,854	373,682
Results from operations	45,141	4,050	(9,141)	40,050
Net finance costs	(199)	(1,437)	(4,514)	(6,150)
Share of results of an associate	14	-	-	14
Share of results of joint ventures	6,634	-	-	6,634
Profit/(Loss) before tax	51,590	2,613	(13,655)	40,548

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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 except for the acquisition of 560,000 ordinary shares representing 100% of the issued and paid-up share capital of Marivaux Holdings Sdn Bhd ("**Marivaux**") for a total cash consideration of RM78,254,668 on 27 February 2018 by Tropicana Mentari Development Sdn Bhd ("**TMDSB**"). The acquisition has been completed on 8 May 2018. Following the completion of the acquisition, Marivaux has become a wholly-owned subsidiary of TMDSB, which in turn is a wholly-owned subsidiary of the Company.

A10. Changes in composition of the Group

- 1) On 11 January 2018, the Company acquired 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 RM2,500,000.00. Following the completion of the acquisition, Myxon has become a wholly-owned subsidiary of the Company.
- 2) On 27 February 2018, Tropicana Mentari Development Sdn Bhd ("**TMDSB**"), a wholly-owned subsidiary of the Company entered into a conditional Shares Sale Agreement to acquire 560,000 ordinary shares representing 100% of the issued and paid-up share capital of Marivaux Holdings Sdn Bhd ("**Marivaux**") for a total cash consideration of RM78,254,668. Following the completion of the acquisition, Marivaux has become a wholly-owned subsidiary of TMDSB, which in turn is a wholly-owned subsidiary of the Company.

A11. Changes in contingent liabilities or contingent assets

Since the last annual audited position as at 31 December 2017, the Group's contingent liabilities have changed due to the decrease of RM41.10million 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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A12. Capital commitments

The amount of commitments for capital expenditure as at 31 March 2018 is as follows:

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Capital expenditure:		
Approved and contracted for:		
- Land held for property development	10,200	10,200
- Property, plant and equipment	708,374	654,900
	718,574	665,100
Approved and not contracted for:		
- Property, plant and equipment	75,200	75,200
Share of joint venture's capital commitment:		
- Land held for property development	84,464	84,464
	878,238	824,764

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

B1. Performance review

For the current quarter under review, the Group recorded revenue of RM453.0 million which is RM79.3 million or 21.2% 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 RM44.9 million or 110.7% for the current quarter under review as compared to the corresponding quarter in the preceding year. This is mainly due to cost savings and advanced progress of projects.

B2. Variation of results against preceding quarter

The Group's revenue of RM453.0 million in the current quarter is RM166.0 million or 26.8% lower when compared to the preceding quarter ended 31 December 2017. The lower revenue in the current quarter was mainly contributed by land disposals in the preceding quarter and lower revenue across key projects in the Northern and Southern Regions.

The current quarter PBT was RM28.8 million or 25.2% lower than the preceding quarter ended 31 December 2017 mainly attributed to the lower revenue recognised during the current quarter.

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. The Group will continue to focus on being market-driven and unlock the value of its landbank, at strategic locations across the Klang Valley, Northern and Southern Regions.

With this in mind, Tropicana will continue to focus on the introduction of new phases across its signature developments, namely at Tropicana Heights, Tropicana Aman, Tropicana Metropark and Tropicana Danga Cove, which are expected to continue to contribute positively to the Group's earnings.

Tropicana is also confident of registering steady recurring income stream from its property investment portfolio that includes International schools namely St. Joseph's Institution International School Malaysia, GEMS International School and the latest addition, Tenby International School which is expected to have its first intake of students in September 2018. We are also expecting positive contribution from the 150-room W Hotel at Kuala Lumpur City Centre which is targeted to be operational in second half of 2018.

B4. Profit forecast or profit guarantee

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

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

B5. Income tax expense

	Individual quarter		Year to date	
	31/03/2018	Restated 31/03/2017	31/03/2018	Restated 31/03/2017
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	48,923	13,055	48,923	13,055
Overprovision of tax for previous financial period/year	(102)	(34)	(102)	(34)
Real property gain tax	-	(2,651)	-	(2,651)
Deferred tax transfers	(15,587)	1,902	(15,587)	1,902
Total Group's tax expense	33,234	12,272	33,234	12,272

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

B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 15 May 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 ("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.

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

B6. Corporate Proposals (cont'd.)

- 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.

- 3) On 13 April 2018, Tropicana Metropark Sdn. Bhd. (“TMSB”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA”) with Next Delta Sdn. Bhd. (“NDSB”), a wholly-owned subsidiary of MCT Berhad, for the disposal of freehold land with an area measuring in aggregate approximately 9.12 acres in Pekan Country Height, District of Petaling, Negeri Selangor (“Land”) for a cash consideration of RM143,000,000 (“Proposed Disposal”).

The completion of the Proposed Disposal is conditional upon the following conditions precedent being fulfilled/ obtained within three months from the date of the SPA:

- i) the State Authority’s Consent; and
- ii) confirmation from the Economic Planning Unit, Prime Minister’s Department (that its approval is not required) to facilitate the application for the State Authority’s Consent, if required.

B7. Borrowings

	As at 31/03/2018 RM'000	As at 31/12/2017 RM'000
Secured short term borrowings	668,161	681,736
Secured long term borrowings	1,230,615	1,166,038
	1,898,776	1,847,774

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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, a first interim single-tier dividend of 1.6 sen per ordinary share for the financial year ending 31 December 2018 was declared and paid on 22 February 2018 during the current quarter under review.

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B10. Earnings per share

a) Basic earnings per share

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

	Individual quarter		Year to date	
	31/03/2018	Restated 31/03/2017	31/03/2018	Restated 31/03/2017
Profit attributable to owners of the Parent (RM'000)	46,403	27,058	46,403	27,058
Weighted average number of ordinary shares ('000)	1,463,771	1,433,874	1,463,771	1,433,874
Basic earnings per share (sen)	3.17	1.89	3.17	1.89

(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	
	31/03/2018	Restated 31/03/2017	31/03/2018	Restated 31/03/2017
Profit attributable to owners of the Parent (RM'000)	46,403	27,058	46,403	27,058
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,463,771	1,433,874	1,463,771	1,433,874
Diluted earnings per share (sen)	3.17	1.89	3.17	1.89

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B11. Notes to the statement of comprehensive income

	Individual quarter 31/03/2018 RM'000	Year to date 31/03/2018 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(5,860)	(5,860)
Other income	(6,090)	(6,090)
Finance costs	16,472	16,472
Depreciation of property, plant and equipment	5,575	5,575
Impairment loss on trade and other receivables	254	254
Reversal of impairment loss on trade and other receivables	(325)	(325)
Net foreign exchange loss (realised/unrealised)	30	30

B12. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2017 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 22 May 2018.