TROPICANA
CORPORATION BERHAD
丽阳机构
(Company No. 47908-K)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 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 This Addendum has rendered the FRSIC Consensus 17 no longer applicable upon the adoption of MFRS 15 – Revenue from Customers (“MFRS 15”) in conjunction with the adoption of the MFRS Framework as explained below, hence the upfront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 Transactions 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)

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.

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 30/06/2017 RM'000	Effect of MFRS15 30/06/2017 RM'000	Restated 30/06/2017 RM'000	As previously reported 30/06/2017 RM'000	Effect of MFRS15 30/06/2017 RM'000	Restated 30/06/2017 RM'000
Revenue	444,395	(5,333)	439,062	826,263	(13,519)	812,744
Cost of sales	(329,773)	(14,302)	(344,075)	(612,408)	(16,645)	(629,053)
Gross profit	114,622	(19,635)	94,987	213,855	(30,164)	183,691
Other income	35,590	-	35,590	39,430	-	39,430
Administrative expenses	(61,764)	15,074	(46,690)	(119,112)	20,426	(98,686)
Other expenses	(255)	-	(255)	(754)	-	(754)
Operating profit	88,193	(4,561)	83,632	133,419	(9,738)	123,681
Finance income	4,096	-	4,096	9,498	-	9,498
Finance costs	(16,365)	-	(16,365)	(27,917)	-	(27,917)
Share of results of joint ventures	6,173	(1,864)	4,309	13,485	(2,542)	10,943
Share of results of an associate	(13)	-	(13)	1	-	1
Profit before tax	82,084	(6,425)	75,659	128,486	(12,280)	116,206
Income tax expense	(26,727)	176	(26,551)	(39,155)	333	(38,822)
Profit for the period	55,357	(6,249)	49,108	89,331	(11,947)	77,384

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 30/06/2017 RM'000	Effect of MFRS15 30/06/2017 RM'000	Restated 30/06/2017 RM'000	As previously reported 30/06/2017 RM'000	Effect of MFRS15 30/06/2017 RM'000	Restated 30/06/2017 RM'000
Other comprehensive loss to be reclassified to profit or loss in subsequent period:						
Foreign currency translation	(1)	-	(1)	(2)	-	(2)
Total comprehensive income	55,356	(6,249)	49,107	89,329	(11,947)	77,382
Profit attributable to:						
Owners of the Parent	52,849	(6,374)	46,475	85,366	(11,833)	73,533
Non-controlling interests	2,508	125	2,633	3,965	(114)	3,851
	55,357	(6,249)	49,108	89,331	(11,947)	77,384

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 30/06/2017 RM'000	Effect of MFRS15 30/06/2017 RM'000	Restated 30/06/2017 RM'000	As previously reported 30/06/2017 RM'000	Effect of MFRS15 30/06/2017 RM'000	Restated 30/06/2017 RM'000
Total comprehensive income attributable to:						
Owners of the Parent	52,848	(6,374)	46,474	85,364	(11,833)	73,531
Non-controlling interests	2,508	125	2,633	3,965	(114)	3,851
	55,356	(6,249)	49,107	89,329	(11,947)	77,382
Earnings per share attributable to owners of the Parent: (sen per share)						
- Basic	3.63	-	3.19	5.90	-	5.09
- Diluted	3.63	-	3.19	5.90	-	5.09

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 31/12/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 31/12/2017 RM'000	Audited as at 01/01/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 01/01/2017 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
	3,961,793	(8,521)	3,953,272	3,928,181	2,010	3,930,191

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 31/12/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 31/12/2017 RM'000	Audited as at 01/01/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 01/01/2017 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
	3,591,585	31,507	3,623,092	3,397,325	54,352	3,451,677
Total assets	7,553,378	22,986	7,576,364	7,325,506	56,362	7,381,868

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 31/12/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 31/12/2017 RM'000	Audited as at 01/01/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 01/01/2017 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
	3,303,628	8,836	3,312,464	3,126,900	41,041	3,167,941
Non-controlling interests	309,737	117	309,854	289,084	1,405	290,489
Total equity	3,613,365	8,953	3,622,318	3,415,984	42,446	3,458,430

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 31/12/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 31/12/2017 RM'000	Audited as at 01/01/2017 RM'000	Effect of MFRS15 RM'000	Restated as at 01/01/2017 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

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 Interests in Associates and Joint Ventures
Amendment to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Arrangements (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 2020:

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
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 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

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: (cont'd.)

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

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.

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 30 June 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 save and except as follows:

1) The Company has repurchased its equity securities of 3,249,800 ordinary shares at an average price of RM0.86 per share. As at 30 June 2018, the number of treasury shares held were 9,895,742 ordinary shares.

A7. Dividends paid

No dividend was paid during the current quarter under review.

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 June 2018				
Revenue	**240,049**	**19,739**	**21,640**	**281,428**
Results from operations	**45,733**	**33,762**	**(5,741)**	**73,754**
Net finance costs	**(1,175)**	**(4,226)**	**(2,375)**	**(7,776)**
Share of results of an associate	**211**	**-**	**-**	**211**
Share of results of joint ventures	**(1,224)**	**-**	**-**	**(1,224)**
Profit/(Loss) before tax	**43,545**	**29,536**	**(8,116)**	**64,965**
Individual Quarter Restated 30 June 2017				
Revenue	397,328	18,861	22,873	439,062
Results from operations	51,298	34,576	(2,242)	83,632
Net finance costs	(4,313)	(2,072)	(5,884)	(12,269)
Share of results of an associate	(13)	-	-	(13)
Share of results of joint ventures	4,309	-	-	4,309
Profit/(Loss) before tax	51,281	32,504	(8,126)	75,659

A8. Segmental information (cont'd.)

Business Segments	Property development and property management RM'000	Property investment, recreation and resort RM'000	Investment holding and others RM'000	Total RM'000
Year To Date 30 June 2018				
Revenue	**651,110**	**39,826**	**43,497**	**734,433**
Results from operations	**138,716**	**40,912**	**(10,015)**	**169,613**
Net finance cost	**(5,135)**	**(8,487)**	**(4,766)**	**(18,388)**
Share of results of an associate	**(367)**	**-**	**-**	**(367)**
Share of results of joint ventures	**(451)**	**-**	**-**	**(451)**
Profit/(Loss) before tax	**132,763**	**32,425**	**(14,781)**	**150,407**
Year To Date Restated 30 June 2017				
Revenue	728,256	35,761	48,727	812,744
Results from operations	96,439	38,625	(11,383)	123,681
Net finance cost	(4,512)	(3,508)	(10,399)	(18,419)
Share of results of an associate	1	-	-	1
Share of results of joint ventures	10,943	-	-	10,943
Profit/(Loss) before tax	102,871	35,117	(21,782)	116,206

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 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. The acquisition had been completed on 8 May 2018 and Marivaux has become a wholly-owned subsidiary of TMDSB, which in turn is 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 2017, the Group's contingent liabilities have changed due to the decrease of RM31.03 million in corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

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

A12. Capital commitments

The amount of commitments for capital expenditure as at 30 June 2018 is as follows:

	As at 30/06/2018 RM'000	As at 31/12/2017 RM'000
Capital expenditure:		
Approved and contracted for:		
- Land held for property development	**-**	10,200
- Property, plant and equipment	**570,164**	654,900
	570,164	665,100
Approved and not contracted for:		
- Property, plant and equipment	**30,282**	75,200
Share of joint venture's capital commitment:		
- Land held for property development	**84,464**	84,464
	684,910	824,764

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 RM281.4 million which was RM157.6 million or 35.9% lower when compared to the corresponding quarter in the preceding year. The decrease in revenue in the current quarter reflected lower sales and progress billings from stages of construction work for the Group's existing on-going projects where many projects were completed in 2017 and early 2018.

Profit before tax ("PBT") was lower by RM10.7 million or 14.1% for the current quarter under review as compared to the corresponding quarter in the preceding year. This was mainly due to the fixed general and administrative expenses which do not reduce commensurate to the decrease in revenue. The Group has also incurred additional staff costs since second quarter 2018 in preparation to commence operations of the W Hotel at Kuala Lumpur City Centre.

Year to date Results

For the period ended 30 June 2018, the Group recorded revenue of RM734.4 million, which was RM78.3 million or 9.6% lower when compared to the corresponding period in the preceding year. This was due to lower sales and progress billings across projects in the Klang Valley as well as the Southern and Northern Regions.

Notwithstanding the decrease in revenue, the Group's PBT increased by RM34.2 million or 29.4% to RM150.4 million against the corresponding period in the preceding year, mainly due to improved gross profit margins resulting from cost savings from projects.

B2. Variation of results against preceding quarter

The Group's revenue of RM281.4 million in the current quarter was RM171.6 million or 37.9% lower when compared to the preceding quarter ended 31 March 2018. The lower revenue in the current quarter was mainly contributed by lower revenue across key projects in the Klang Valley and Northern Region.

The current quarter PBT was RM20.5 million or 24.0% lower than the preceding quarter ended 31 March 2018 mainly attributed to the lower revenue recognised during the current quarter which has been mitigated by a one-off fair value gain on one of the Group's investment properties.

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B3. Prospects

Whilst the overall short-term prospects for the industry are expected to remain challenging, the Group believes that there will still be demand for properties in prime locations with attractive pricing. 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 positive contribution from the 150-room W Hotel at Kuala Lumpur City Centre which commenced business on 23 August 2018.

B4. Profit forecast or profit guarantee

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

B5. Income tax expense

	Individual Quarter		**Year to Date**	
		Restated		Restated
	30/06/2018	30/06/2017	**30/06/2018**	30/06/2017
	RM'000	RM'000	**RM'000**	RM'000
Tax expense for the period	**13,168**	30,081	**62,091**	43,136
(Over)/Under provision of tax for previous financial period/year	**(396)**	65	**(498)**	31
Real property gain tax	**34**	222	**34**	(2,429)
Deferred tax transfers	**9,671**	(3,817)	**(5,916)**	(1,916)
Total Group's tax expense	**22,477**	26,551	**55,711**	38,822

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 16 August 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 six sub-divided parcels and the acquisitions for 2 of these sub-divided parcels are completed. There are remaining 20 parcels of land to be paid.

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, State of 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. On 30 July 2018, parties had agreed to an extension until 1 February 2019 for the fulfillment of conditions precedent. 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.

B6. Corporate Proposals (cont'd.)

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, State of 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.

   The conditions precedent have been fulfilled and the SPA became unconditional on 4 July 2018. Following thereto, the Completion Period will expire on 3 October 2018 and the Extended Completion Period will expire on 3 November 2018.

4) On 21 August 2018, Tropicana Golf & Country Resort Berhad ("TGCRB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with One Residence Sdn. Bhd. ("ORSB"), an indirect wholly-owned subsidiary of MCT Berhad, for the disposal of a leasehold land with an area measuring approximately 7,143 square meters in Bandar Damansara, District of Petaling, State of Selangor ("Land") for a cash consideration of RM42,287,000 ("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 or such extended period as the parties may mutually agree in writing:
   i) the relevant state authority granting its consent for ORSB's acquisition of the Land pursuant to Section 433B of the National Land Code, 1965; and
   ii) the relevant state authority granting its consent for the transfer of the Land from TGCRB to ORSB pursuant to the restriction-in-interest endorsed on the title of the Land.

B7. Borrowings

	As at 30/06/2018 RM'000	As at 31/12/2017 RM'000
Secured short term borrowings	**678,851**	681,736
Secured long term borrowings	**1,364,423**	1,166,038
	2,043,274	1,847,774

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

There was no dividend proposed for the quarter under review.

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

B10. Earnings per share

a) Basic earnings per 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	
		Restated		Restated
	30/06/2018	30/06/2017	**30/06/2018**	30/06/2017
Profit attributable to owners of the Parent (RM'000)	**38,000**	46,475	**84,403**	73,533
Weighted average number of ordinary shares ('000)	**1,462,858**	1,457,655	**1,463,312**	1,445,830
Basic earnings per share (sen)	**2.60**	3.19	**5.77**	5.09

(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	
		Restated		Restated
	30/06/2018	30/06/2017	**30/06/2018**	30/06/2017
Profit attributable to owners of the Parent (RM'000)	**38,000**	46,475	**84,403**	73,533
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	**1,462,858**	1,457,655	**1,463,312**	1,445,830
Diluted earnings per share (sen)	**2.60**	3.19	**5.77**	5.09

B11. Notes to the statements of comprehensive income

	Individual Quarter 30/06/2018 RM'000	Year to Date 30/06/2018 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(7,672)	(13,532)
Other income	(4,756)	(10,846)
Finance costs	15,448	31,920
Depreciation of property, plant and equipment	5,452	11,027
Impairment loss on trade and other receivables	107	361
Reversal of impairment loss on trade and other receivables	-	(325)
Fair value gain on investment property	(30,189)	(30,189)
Net gain on disposal of investment property	(14)	(14)
Net gain on disposal of property, plant and equipment	(218)	(218)
Net foreign exchange loss (realised/unrealised)	80	110

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 23 August 2018.