

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and other MFRSs issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 December 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

**A2. Changes in accounting policies arising from adoption of new standards, amendments and interpretations**

The accounting policies adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2018 except for the adoption of the following new amendments to MFRSs:

**Effective for financial periods beginning on or after 1 January 2019:**

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
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 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)

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

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

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

The followings are new standards, amendments and interpretations that have been issued by the MASB but have not been early adopted by the Group:

**Effective for financial periods beginning on or after 1 January 2020:**

Amendments to MFRS 2	Share-based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets - Web Site Costs

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

MFRS 17 Insurance Contracts  
This standard is not relevant and applicable to the Group.

**Effective date deferred to a date to be determined by MASB:**

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

**A3. Comments about seasonal or cyclical factors**

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



**TROPICANA**

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD  
("MFRS") 134**

**A4. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that is unusual because of their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**A5. Material changes in estimates**

There were no material changes in estimates for the financial period ended 30 June 2019.

**A6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period under review save and except as follows:

- 1) The Company has repurchased its equity securities of 12,096,400 ordinary shares at an average price of RM0.87 per share. As at 30 June 2019, the number of treasury shares held were 39,863,242 ordinary shares.

**A7. Dividends**

No dividend was paid during the current quarter under review.

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A8. Segmental information**

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

Business segment analysis for the quarter and financial period ended:

<b>Business Segments</b>	<b>Property development and property management RM'000</b>	<b>Property investment, recreation and resort RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Total RM'000</b>
<b>Individual Quarter 30 June 2019</b>				
<b>Revenue</b>	<b>239,501</b>	<b>36,785</b>	<b>23,168</b>	<b>299,454</b>
Results from operations	65,815	2,903	(2,828)	65,890
Net finance costs	(451)	(7,750)	(3,197)	(11,398)
Share of results of an associate	346	-	-	346
Share of results of joint ventures	1,777	-	-	1,777
<b>Profit/(loss) before tax</b>	<b>67,487</b>	<b>(4,847)</b>	<b>(6,025)</b>	<b>56,615</b>
<b>Individual Quarter 30 June 2018</b>				
<b>Revenue</b>	<b>240,049</b>	<b>19,739</b>	<b>21,640</b>	<b>281,428</b>
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)
<b>Profit/(loss) before tax</b>	<b>43,545</b>	<b>29,536</b>	<b>(8,116)</b>	<b>64,965</b>

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

**A8. Segmental information (cont’d.)**

Business segment analysis for the quarter and financial period ended (cont’d):

<b>Business Segments</b>	<b>Property development and property management RM'000</b>	<b>Property investment, recreation and resort RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Total RM'000</b>
<b>Year To Date 30 June 2019</b>				
<b>Revenue</b>	<b>385,915</b>	<b>70,983</b>	<b>52,325</b>	<b>509,223</b>
Results from operations	98,900	4,589	(6,730)	96,759
Net finance cost	(4,215)	(12,058)	(6,171)	(22,444)
Share of results of an associate	552	-	-	552
Share of results of joint ventures	2,744	-	-	2,744
<b>Profit/(loss) before tax</b>	<b>97,981</b>	<b>(7,469)</b>	<b>(12,901)</b>	<b>77,611</b>
<b>Year To Date 30 June 2018</b>				
<b>Revenue</b>	<b>651,110</b>	<b>39,826</b>	<b>43,497</b>	<b>734,433</b>
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)
<b>Profit/(loss) before tax</b>	<b>132,763</b>	<b>32,425</b>	<b>(14,781)</b>	<b>150,407</b>

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD  
("MFRS") 134**

**A9. Material events subsequent to the end of interim period**

There were no material events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the interim financial statements under review.

**A10. Changes in composition of the Group**

- 1) On 3 June 2019, the Company acquired 1 ordinary share of Marvelscape Sdn. Bhd. ("MSSB") representing 100% of the total paid-up share capital for a total cash consideration of RM1. Upon completion, MSSB has become a wholly-owned subsidiary of the Company.
- 2) On 14 June 2019, Tropicana KK City Sdn. Bhd. had been struck off from the Register of the Companies Commission of Malaysia and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette.
- 3) On 2 July 2019, the Company acquired 1 ordinary share each of Tropicana Central Garden Mall Sdn. Bhd. ("TCGMSB"), Tropicana Central Department Store Sdn. Bhd. ("TCDSSB"), Mighty Valley Sdn. Bhd. ("MVSb") and Megaxis Sdn. Bhd. ("MXSB"). Each of the acquisitions representing 100% of the total paid-up share capital for a cash consideration of RM1 each. Upon completion, TCGMSB, TCDSSB, MVSb and MXSB have become wholly-owned subsidiaries of the Company.

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

**A11. Changes in contingent liabilities or contingent assets**

Since the last annual audited position as at 31 December 2018, the Group's contingent liabilities have changed due to the decrease of RM113.64 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.



**TROPICANA**

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD  
("MFRS") 134**

**A12. Capital commitments**

The amount of commitments for capital expenditure as at 30 June 2019 is as follows:

	<b>As at 30/06/2019 RM'000</b>	<b>As at 31/12/2018 RM'000</b>
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	<b>45,855</b>	5,126
- Investment properties	<b>255,597</b>	401,743
	<b>301,452</b>	406,869
Approved and not contracted for:		
- Investment properties	<b>80,647</b>	41,850
	<b>382,099</b>	448,719

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

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

**B1. Performance review**

**Quarterly Results**

For the current quarter under review, the Group recorded revenue of RM299.5 million (Q2 2018: RM281.4 million) which was RM18.1 million or 6.4% higher when compared to the corresponding quarter in the preceding year. The increase in revenue in the current quarter reflected higher progress billings across some of the Group's key existing on-going projects.

The Group's profit before tax ("PBT") was lower by RM8.4million or 12.9% for the current quarter under review as compared to the corresponding quarter in the preceding year. This was mainly attributed to the recognition of a one-off fair value gain of RM30.2 million on one of the Group's investment properties in the preceding year. However, the lower PBT in the current period has been mitigated by cost savings from a few projects in the current quarter.

**Year to date Results**

For the financial period ended 30 June 2019, the Group recorded revenue of RM509.2 million, which was RM225.2 million or 30.7% lower when compared to the corresponding period in the preceding year. This was due to a few of the Group's projects being completed and nearing completion in the first half of 2018 which led to higher revenue being recognised then.

The Group's PBT was recorded at RM77.6 million, which was RM72.8 million or 48.4% lower when compared to the corresponding period in the preceding year. This was mainly due to recognition of a one-off fair value gain on one of the Group's investment properties in the preceding year and having fixed general and administrative expenses in the current period which do not reduce commensurate to the decrease in revenue.

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

The Group's revenue of RM299.5 million in the current quarter was RM89.7 million or 42.8% higher when compared to preceding quarter ended 31 March 2019, notwithstanding that there was also completion of disposal of a piece of leasehold land in that preceding quarter which contributed RM42.3 million to revenue and RM37.2 million to PBT. The higher revenue in the current quarter was mainly contributed by higher revenue across key projects in the Klang Valley and Southern Regions.

The current quarter Group's PBT was recorded at RM56.6 million which was RM35.6 million higher than the preceding quarter ended 31 March 2019 mainly attributed to the higher revenue coupled with cost savings across key projects of the Group.



**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

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

**B3. Prospects**

Whilst the overall prospects for the industry continue to remain challenging in the short term, the Group believes that there will still be demand for properties in prime locations with attractive pricing. The Group will continue to focus on being market-driven in its products offerings whilst continuing to unlock the value of its landbank, at strategic locations across the Klang Valley, Genting and Southern Regions.

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. Tropicana will also launch condominiums at Jalan Harapan, Petaling Jaya and also a new phase of serviced apartments and SOFOs at Tropicana Gardens, Kota Damansara towards the fourth quarter of 2019. The Gross Development Value of new launches are expected to be approximately RM3.0 billion for FY2019 and they are expected to contribute positively to the Group's earnings.

**B4. Profit forecast or profit guarantee**

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

**B5. Income tax**

	Individual Quarter		Year to Date	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	<b>(31,039)</b>	(13,168)	<b>(41,605)</b>	(62,091)
(Under)/overprovision of tax for previous financial period	<b>(9,145)</b>	396	<b>785</b>	498
Real property gain tax	<b>104</b>	(34)	<b>104</b>	(34)
Deferred tax transfers	<b>21,304</b>	(9,671)	<b>42,533</b>	5,916
Total Group's tax (expense)/benefit	<b>(18,776)</b>	(22,477)	<b>1,817</b>	(55,711)

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

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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**

**Status of corporate proposals**

The following corporate proposals announced by the Company have not been completed as at 15 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

- 1) On 15 April 2013, Tropicana Aman Sdn Bhd (“TASB”), a wholly-owned subsidiary of the Company, entered into a sale and purchase cum development agreement with Menteri Besar Selangor (Pemerbadanan) (“MBI”) and Permodalan Negeri Selangor Berhad (“PNSB”) for the proposed acquisition cum development of 11 parcels of leasehold land, all in Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor measuring approximately 4,743,986.21 square metres (51,063,794 square feet) for a total cash consideration of RM1,297,259,264 (“Proposed Acquisition”).

MBI, PNSB and TASB had entered into supplementary agreements in respect of the Proposed Acquisition on 7 August 2014 and 12 March 2015 respectively. As at the date of this report, TASB has paid for 6 sub-divided parcels and the acquisitions for these sub-divided parcels are completed. There are remaining 20 parcels of land to be paid.

- 2) On 24 January 2019, Tropicana had entered into the following agreements in relation to the proposed acquisitions of 12 real estate holding companies:
  - (a) conditional share purchase agreement (“SPA”) with Tan Sri Dato’ Tan Chee Sing (“TSDT”), Dato’ Dickson Tan Yong Loong (“DDT”), Dillon Tan Yong Chin (“Dillon Tan”), Diana Tan Sheik Ni (“Diana Tan”) and Dion Tan Yong Chien (“Dion Tan”) for the proposed acquisition of 100% equity interest in GP Views Development Sdn Bhd (“GP Views”) which is the registered owner of land located in the District of Pontian, Mukim Jeram Batu, State of Johor measuring approximately 304.44 acres in total (“Proposed Acquisition of GP Views”);
  - (b) conditional SPA with TSDT, DDT, Dillon Tan, Diana Tan and Dion Tan for the proposed acquisition of 100% equity interest in Tropicana Scenic Development Sdn Bhd (formerly known as Renown Empire Sdn Bhd) (“TS Development”) which is the registered owner of land located in the District of Pontian, Mukim Jeram Batu, State of Johor measuring approximately 5.63 acres (“Proposed Acquisition of TS Development”);
  - (c) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Firstwide Plus Sdn Bhd (“Firstwide Plus”) which is the registered owner of land located in the District of Johor Bahru, Mukim Pulai, State of Johor measuring approximately 294.4 acres in total (“Proposed Acquisition of Firstwide Plus”);

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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.)**

- (d) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Rhythm Crest Sdn Bhd (“Rhythm Crest”) which is the registered owner of land located at the District of Johor Bahru, Mukim Pulau, State of Johor measuring approximately 25.0 acres in total (“Proposed Acquisition of Rhythm Crest”);
- (e) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Lingkaran Utama Sdn Bhd (“Lingkaran Utama”) which holds 100% equity interest in Southern Gallery Sdn Bhd (“Southern Gallery”). Lingkaran Utama and Southern Gallery are the registered owner of land located in the District of Pontian, Mukim Jeram Batu, State of Johor measuring approximately 40.02 acres in total (“Proposed Acquisition of Lingkaran Utama”);
- (f) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Danga Lagoon Development Sdn Bhd (“DL Development”) which holds 100% equity interest in Danga Lapanbelas Sdn Bhd and Danga Lagoon Land Sdn Bhd (collectively “DL Development Subsidiaries”). DL Development and DL Development Subsidiaries are the registered owner of land located in the District of Johor Bahru, Mukim Pulau, State of Johor measuring approximately 7.61 acres in total (“Proposed Acquisition of DL Development”);
- (g) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Danga Lagoon Garden Sdn Bhd (“DL Garden”) which is the registered owner of land located in the District of Johor Bahru, Mukim Pulau, State of Johor measuring approximately 1.39 acres in total (“Proposed Acquisition of DL Garden”);
- (h) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 70% equity interest in Suasana Metro Sdn Bhd (“Suasana Metro”) which is the registered owner of land located in the District of Johor Bahru, Mukim Pulau, State of Johor measuring approximately 5.04 acres in total (“Proposed Acquisition of Suasana Metro”);
- (i) conditional SPA with TSDT, DDT, Dillon Tan and Diana Tan for the proposed acquisition of 100% equity interest in Acehub Fortune Sdn Bhd (“Acehub”), which holds 65% equity interest in Lido Waterfront Boulevard Sdn Bhd (“Lido WB”) which is the registered owner of land located in the District of Johor Bahru, Bandar Johor Bahru, State of Johor measuring approximately 95.19 acres in total (“Proposed Acquisition of Acehub”);

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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.)**

- (j) conditional SPA with TSDT for the proposed acquisition of the remaining 49.9% equity interest in Tropicana Sanctuary Holdings Sdn Bhd (formerly known as Peluang Duta Sdn Bhd) (“TSanc Holdings”), a 50.1%-owned subsidiary of the Company, which holds 70% equity interest in Tropicana Sanctuary Development Sdn Bhd (formerly known as T Sanctuary Development Sdn Bhd) (“TSanc Development”), the registered owner of land located in the District of Johor Bahru, Mukim Jelutong, State of Johor measuring approximately 329.15 acres in total (“Proposed Acquisition of Peluang Duta”),
- (k) conditional SPA with TSDT and DDT for the proposed acquisition of 100% equity interest in T Kiara Lestari Development Sdn Bhd (“TKLD”) which is the registered owner of land located in the District of Kuala Lumpur, Wilayah Persekutuan measuring approximately 8.28 acres in total (“Proposed Acquisition of TKLD”); and
- (l) conditional SPA with TSDT and DDT for the proposed acquisition of 100% equity interest in T Kiara Lestari Land Sdn Bhd (“TKLL”) which is the registered owner of land located in the District of Kuala Lumpur, Wilayah Persekutuan measuring approximately 5.72 acres in total (“Proposed Acquisition of TKLL”),

for a total purchase consideration of approximately RM343.7 million, subject to adjustments, to be satisfied via the issuance of 286.5 million new redeemable convertible preference shares in the Company (“TCB RCPS”) at an issue price of RM1.20 per TCB RCPS.

Proposed Acquisition of GP Views, Proposed Acquisition of TS Development, Proposed Acquisition of Firstwide Plus, Proposed Acquisition of Rhythm Crest, Proposed Acquisition of Lingkaran Utama, Proposed Acquisition of DL Development, Proposed Acquisition of DL Garden, Proposed Acquisition of Suasana Metro, Proposed Acquisition of Acehub, Proposed Acquisition of TSanc Holdings, Proposed Acquisition of TKLD and Proposed Acquisition of TKLL are collectively referred to as “Proposed Acquisitions”.

GP Views, TS Development, Firstwide Plus, Rhythm Crest, Lingkaran Utama, DL Development, DL Garden, Suasana Metro, Acehub, TSanc Holdings, TKLD and TKLL are collectively referred to as “Acquiree Companies”.

As part of the Proposed Acquisitions, the Company had on the same date, entered into a deed of accord and satisfaction (“DAS”) and a mutual agreement (“MA”) with TSDT for the proposed settlement of all amounts owing by the Acquiree Companies to TSDT upon the completion of Proposed Acquisitions (“Proposed Debt Settlement”).

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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.)**

In conjunction with the Proposed Acquisitions and the Proposed Debt Settlement, the Company proposes to amend the Constitution of the Company (“Constitution”) to facilitate the issuance of the TCB RCPS for the implementation of the Proposed Acquisitions and Proposed Debt Settlement (“Proposed Amendments”).

In addition, the Company had on the same date entered into 5 memorandum of understanding (“MOUs”) to negotiate the terms of the proposed collaborations with the following parties:

- a) Pantai Kok Resort Development Sdn Bhd (“Pantai Kok”), to develop the land identified as Lot 60249 and Lot 60250, Section 2, Town of Padang Mat Sirat, District of Langkawi, Kedah (“Pantai Kok Land”) measuring approximately 44.61 acres (“Proposed Pantai Kok Collaboration”);
- b) Cenang Resort Sdn Bhd (“Cenang Resort”), to develop the land identified as Lot PT 375, Lot PT 535, Lot PT 536, Section 4, Town of Padang Mat Sirat, District of Langkawi, Kedah (“Pantai Cenang Land”) measuring approximately 6.46 acres (“Proposed Cenang Resort Collaboration”);
- c) Sinaran Ramah Sdn Bhd (“Sinaran Ramah”), to develop the land identified as Lot 1471, Mukim Kedawang, District of Langkawi, Kedah (“Pulau Rebak Kechik Land”) measuring approximately 2.476 acres (“Proposed Sinaran Ramah Collaboration”);
- d) Suci Padu Sdn Bhd (“Suci Padu”), to develop the land identified as HSD 13678 to HSD 13692, Mukim of Jeram Batu, District of Pontian, Johor (“Pekan Nenas Land 1”) measuring approximately 1,230.21 acres (“Proposed Suci Padu Collaboration”); and
- e) Ibarat Indah Sdn Bhd (“Ibarat Indah”), to develop the land identified as HSD 13676 and HSD 13677, Mukim of Jeram Batu, District of Pontian, Johor (“Pekan Nenas Land 2”) measuring approximately 45.00 acres (“Proposed Ibarat Indah Collaboration”).

Proposed Cenang Collaboration, Proposed Sinaran Ramah Collaboration, Proposed Pantai Kok Collaboration, Proposed Suci Padu Collaboration and Proposed Ibarat Indah Collaboration are collectively referred to as “Proposed Collaborations”.

The Proposed Acquisitions, Proposed Debt Settlement, Proposed Amendments and Proposed Collaborations to be collectively referred to as “Proposals”.

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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.)**

On 24 April 2019, Tropicana had entered into the following definitive agreements:

- a) joint development agreement (“JDA”) with Pantai Kok to develop Pantai Kok Land (“Pantai Kok JDA”);
- b) JDA with Sinaran Ramah to develop Pulau Rebak Kechik Land (“Sinaran Ramah JDA”);
- c) JDA with Suci Padu to develop Pekan Nenas Land 1 (“Suci Padu JDA”); and
- d) JDA with Ibarat Indah to develop Pekan Nenas Land 2 (“Ibarat Indah JDA”).

(Pantai Kok JDA, Sinaran Ramah JDA, Suci Padu JDA and Ibarat Indah JDA are collectively referred to as “JDAs”)

In addition, there is no further extension of time for Tropicana and Cenang Resort to execute the definitive agreements in relation to the Proposed Cenang Resort Collaboration. Accordingly, the MOU has lapsed on 24 April 2019 and ceased to have any effect on both parties.

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

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

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

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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.)**

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

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

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

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

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

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

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

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



**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

**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.)**

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

As at the date of this report, the Proposed Acquisitions and Proposed Collaborations are pending fulfillment of conditions precedent. The Proposals are expected to be completed by the end of 2019.

- 3) On 21 June 2019, Tropicana had lodged the proposed establishment of a senior unrated perpetual sukuk issuance programme of RM2.0 billion in nominal value (“Perpetual Sukuk Programme”) with the Securities Commission Malaysia (“SC”) pursuant to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (issued by the SC on 9 March 2015 and revised on 11 October 2018, as amended from time to time).

The Perpetual Sukuk Programme allows for the issuance of unrated and senior ranking perpetual sukuk (“Perpetual Sukuk”) from time to time, with flexibility for Tropicana to issue secured and/or unsecured Perpetual Sukuk subject to the aggregate outstanding nominal amount of the Perpetual Sukuk not exceeding RM2.0 billion at any point in time.

The net proceeds raised from the Perpetual Sukuk Programme are intended to be utilised by Tropicana to refinance existing financing/debt obligations (whether in whole or in part), and/or to finance working capital requirements, investments, capital expenditure and/or general corporate purposes of Tropicana and/or its subsidiaries, associated companies and/or jointly controlled entities.

The Perpetual Sukuk Programme Information Memorandum has been lodged with SC on 9 August 2019.



**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

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

**B7. Borrowings**

	As at 30/06/2019 RM'000	As at 31/12/2018 RM'000
Secured short term borrowings	636,886	623,114
Secured long term borrowings	1,288,075	1,333,071
	<b>1,924,961</b>	<b>1,956,185</b>

**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.

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

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

	Individual Quarter		Year to Date	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Profit attributable to owners of the parent (RM'000)	<b>39,022</b>	38,000	<b>85,086</b>	84,403
Weighted average number of ordinary shares ('000)	<b>1,432,745</b>	1,462,858	<b>1,434,806</b>	1,463,312
Basic earnings per share (sen)	<b>2.72</b>	2.60	<b>5.93</b>	5.77

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the period have been adjusted for the dilutive effects of all potential ordinary shares from the exercise of the Warrants.

	Individual Quarter		Year to Date	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Profit attributable to owners of the parent (RM'000)	<b>39,022</b>	38,000	<b>85,086</b>	84,403
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	<b>1,432,745</b>	1,462,858	<b>1,434,806</b>	1,463,312
Diluted earnings per share (sen)	<b>2.72</b>	2.60	<b>5.93</b>	5.77

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2019**

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

**B11. Notes to the statements of comprehensive income**

	<b>Individual Quarter 30/06/2019 RM'000</b>	<b>Year to Date 30/06/2019 RM'000</b>
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(5,637)	(11,602)
Other income	(4,957)	(9,837)
Finance costs	17,035	34,046
Depreciation of property, plant and equipment	7,587	17,101
Impairment loss on trade and other receivables	107	330
Loss on disposal of investment properties	522	522
Net loss on disposal of property, plant and equipment	72	86
Net foreign exchange loss (realised and unrealised)	25	64

**B12. Auditors' report on preceding annual financial statements**

The auditors' report of the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

**B13. Authorisation for issue**

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 22 August 2019.