

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021**

**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 2020. 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 2020.

**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 2020 except for the adoption of the following new amendments to MFRSs:

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

Amendments to MFRS 9, Interest Rate Benchmark Reform-Phase 2  
MFRS 139, MFRS 7,  
MFRS 4 and MFRS 16\*

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

Amendments to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

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

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 2022:**

Amendments to MFRS 1	First-time Adoption of MFRS-Subsidiary as a First-time Adopter
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments-Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture-Taxation in Fair Value Measurements

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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: (cont’d.)

**Effective for financial periods beginning on or after 1 January 2023:**

MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

**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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\*These standards are not relevant and applicable to the Group.

**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 2021.

**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 except as follows:

- 1) The Company has repurchased its equity securities of 12,420,700 ordinary shares at an average price of RM0.88 per share. As at 30 June 2021, the number of treasury shares held was 20,798,943 ordinary shares.

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**A7. Dividends**

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:

<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</b>				
<b>30 June 2021</b>				
<b>Revenue</b>	<b>160,358</b>	<b>18,032</b>	<b>16,586</b>	<b>194,976</b>
Results from operations	18,883	(9,975)	(10,363)	(1,455)
Net finance costs	(16,260)	(15,017)	(18,006)	(49,283)
Share of results of an associate	2,954	-	-	2,954
Share of results of joint ventures	4,295	-	-	4,295
<b>Profit/(loss) before tax</b>	<b>9,872</b>	<b>(24,992)</b>	<b>(28,369)</b>	<b>(43,489)</b>
<b>30 June 2020</b>				
<b>Revenue</b>	<b>302,508</b>	<b>14,949</b>	<b>18,210</b>	<b>335,667</b>
Results from operations	129,123	(4,626)	3,561	128,058
Net finance costs	(3,399)	(11,195)	(16,435)	(31,029)
Share of results of an associate	3,759	-	-	3,759
Share of results of joint ventures	812	-	-	812
<b>Profit/(loss) before tax</b>	<b>130,295</b>	<b>(15,821)</b>	<b>(12,874)</b>	<b>101,600</b>

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**A8. Segmental information**

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 2021</b>				
<b>Revenue</b>	<b>346,094</b>	<b>43,231</b>	<b>46,183</b>	<b>435,508</b>
Results from operations	71,880	(8,150)	(11,191)	52,539
Net finance cost	(32,607)	(26,680)	(33,692)	(92,979)
Share of results of an associate	11,247	-	-	11,247
Share of results of joint ventures	5,046	-	-	5,046
<b>Profit/(loss) before tax</b>	<b>55,566</b>	<b>(34,830)</b>	<b>(44,883)</b>	<b>(24,147)</b>
<b>Year To Date 30 June 2020</b>				
<b>Revenue</b>	<b>401,915</b>	<b>43,623</b>	<b>32,857</b>	<b>478,395</b>
Results from operations	162,917	(5,796)	(2,160)	154,961
Net finance cost	(4,154)	(23,236)	(27,780)	(55,170)
Share of results of an associate	5,216	-	-	5,216
Share of results of joint ventures	4,445	-	-	4,445
<b>Profit/(loss) before tax</b>	<b>168,424</b>	<b>(29,032)</b>	<b>(29,940)</b>	<b>109,452</b>

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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 under review.

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

- 1) On 2 April 2021, the Company disposed its entire 1 ordinary share in Spring Garden Star Sdn Bhd (formerly known as Mighty Valley Sdn Bhd) (“SGSSB”) representing 100% of the total paid-up capital to Tropicana Golf & Country Resort Berhad (“TGCR”), a wholly-owned subsidiary of the Company, for a total cash consideration of RM1.

Subsequent on 19 April 2021, TGCR had further subscribed 50,999 new ordinary shares for a total subscription price of RM50,999 when SGSSB enlarged its total paid-up capital by issuance of 99,999 new ordinary shares. Upon completion of the shares allotment, SGSSB had become a 51% owned subsidiary of TGCR, which in turn is an 51% indirect owned subsidiary of the Company.

- 2) On 20 April 2021, TGCR had incorporated Tropicana Cuisines Catered Sdn Bhd (“TCCSB”) with 2 ordinary shares representing 100% of total paid-up capital for a total cash consideration of RM2. With this incorporation, TCCSB became a wholly-owned subsidiary of TGCR, which in turn is an indirect wholly-owned subsidiary of the Company.
- 3) On 3 June 2021, Tropicana Inspirasi Impian Sdn Bhd (formerly known as Elkwood Realty Sdn Bhd) (“TIMSB”) and Tropicana Inspirasi Indah Sdn Bhd (formerly known as Snowflakes Realty Sdn Bhd) (“TIISB”) had enlarged each of their total paid-up capital by issuance of 48,900 new ordinary shares for total cash consideration of RM48,900 each. These were fully subscribed by Tropicana Inspirasi Sdn Bhd (formerly known as Sumber Saujana Sdn Bhd) (“TISB”), a wholly-owned subsidiary of the Company. Upon completion of the shares allotment, TIMSB and TIISB, which were initially 51% owned subsidiaries of TISB, had both become 99.90% owned subsidiaries of TISB.

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 2020, the Group’s contingent liabilities have changed due to the increase of RM39.9million 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 30 June 2021 is as follows:

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	21,455	8,894
- Investment properties	9,062	14,190
	30,517	23,084
Approved and not contracted for:		
- Investment properties	18,537	19,747
	49,054	42,831

## INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

### 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 RM195.0 million (Q2 2020: RM335.7 million) which was RM140.7 million or 41.9% lower when compared to the corresponding quarter in the preceding year. Higher revenue in the corresponding quarter in the preceding year reflected the completion of the disposals of two parcels of freehold development lands in Johor Bahru, for a total cash consideration of RM241.8 million whereby comparatively there were no land disposals in the current quarter. Excluding these said lands disposals, the revenue in the current quarter would have been higher by RM101.1 million as compared to the corresponding quarter in the preceding year which reflected higher sales and progress billings across some of the Group's key on-going projects despite the enforcement of various phases of Movement Control Order ("MCO") by the Malaysian Government starting from 1 June 2021.

The Group recorded loss before tax ("LBT") of RM43.5 million as compared to profit before tax of RM101.6 million in the corresponding quarter in the preceding year which was mainly due to recognition of gains arising from the sale of the two parcels of freehold development lands mentioned above amounting to RM108.7 million. In the current period, the Group's property development and property management division still performed strongly and profitably despite the enforcement of various phases of MCO on 1 June 2021. However, the performance of the Group's property investment, recreation and resort operations were negatively impacted due to the enforcement of various phases of MCO leading to disruptions in operations and resulting in a loss for the quarter.

##### Year to date Results

For the financial period ended 30 June 2021, the Group recorded revenue of RM435.5 million, which was RM42.9 million lower when compared to the corresponding period in the preceding year. Notwithstanding the lands disposals as mentioned above, the revenue would have been higher in the current period which contributed by higher sales and progress billings across key projects in the Klang Valley and Southern Region which have picked up during the period as compared to the corresponding period in the preceding year.

The Group's LBT was recorded at RM24.1 million, which was RM133.6 million lower when compared to the corresponding period in the preceding year, mainly due to the gains arising from the sale of the two parcels of development lands. Despite the loss for the period, the Group's property development and property management division still performed strongly with profit of RM55.6 million for the period which were backed by strong sales and cost savings from projects.

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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

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

The Group's revenue of RM195.0 million in the current quarter was RM45.6 million or 18.9% lower when compared to the preceding quarter ended 31 March 2021. This was due to lower progress billings across some of the Group's key on-going projects as a result of the enforcement of various phases MCO starting from 1 June 2021.

The Group recorded LBT of RM43.5 million in the current quarter which was RM62.8 million lower than the preceding quarter ended 31 March 2021 mainly attributed to the lower revenue recognised during the current quarter. Besides that, the performance of the Group's property investment, recreation and resort operations were also negatively impacted due to the Covid-19 outbreaks resulting in a loss for the quarter. However, the Group's property development and property management division still performed strongly and profitably despite the enforcement of various phases MCO which were backed by strong sales and cost savings from projects.

#### B3. Prospects

The resurgence in Covid-19 cases has subsequently led to the re-enforcement of the Full MCO on 1 June 2021. Although consumer sentiment has been affected by the prolonged lockdown, it is optimistic that the property market is expected to gradually recover with the mass vaccination effort by the Government by setting up large-scale integrated vaccination centres ("PPVs") nationwide.

The government has extended the Home Ownership Campaign ("HOC") under the Short-Term Economic Recovery Plan ("PENJANA") until 31 December 2021, which is a Government initiative designed to support residential home purchasers. The Overnight Policy Rate ("OPR") has been kept at 1.75% since 2020 as an effort by Bank Negara Malaysia to cushion the negative impact on the economy arising from the Covid-19 pandemic, to bring down home loan interest rates nationwide. As such, the local property sector has been injected with some stimulus.

Although the industry remains challenging in the short term, the Group believes that there will still be demand for properties in prime locations in Tropicana's established, matured and developing townships, with attractive pricing and innovative ownership packages and offerings. Therefore, the Group will continue to focus on being market-driven in its product offerings whilst continuing to unlock the value of its land bank, at strategic locations across the Klang Valley, Genting Highlands and Southern Regions.

Tropicana will also continue to focus on the introduction of new phases across its signature and established developments, namely at Tropicana Heights, Tropicana Aman, Tropicana Metropark, as well as Tropicana Uplands and Tropicana Alma in Johor.

Despite the prevailing challenges, the Group remains positive and confident on the long term business prospects and will continue to actively pursue various opportunities to unlock the value of its strategic land bank which will deliver sustainable returns to the shareholders.



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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**

**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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	<b>(9,643)</b>	(18,431)	<b>(40,920)</b>	(27,871)
Overprovision of tax for previous financial period	<b>1,171</b>	61	<b>479</b>	930
Real property gain tax	-	(540)	<b>(10)</b>	(540)
Deferred tax transfers	<b>36,537</b>	(34,741)	<b>57,549</b>	(28,663)
Total Group's tax benefit/(expense)	<b>28,065</b>	(53,651)	<b>17,098</b>	(56,144)

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

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**B6. Corporate Proposals**

**Status of corporate proposals**

The following corporate proposals announced by the Company has not been completed as at 21 September 2021, 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 19 sub-divided parcels. The acquisitions for 18 sub-divided parcels are completed and TASB is in the midst of completing the transfer process for 1 sub-divided parcel. There are remaining 10 parcels of land to be paid.

- 2) On 10 November 2020, Tropicana Inspirasi Impian Sdn Bhd (formerly known as Elkwood Realty Sdn Bhd) (“TI Impian”) and Tropicana Inspirasi Indah Sdn Bhd (formerly known as Snowflakes Realty Sdn Bhd) (“TI Indah”), both indirect subsidiaries of the Company, have entered into the following agreements:
  - (i) a sale and purchase agreement between TI Impian and Satria Sewira Sdn Bhd (“Satria Sewira”), for the proposed acquisition of freehold land measuring approximately 102 acres held under H.S.(D) 2097, Lot No. PT 2134/118, Mukim of Bentong, District of Bentong, State of Pahang Darul Makmur from Satria Sewira for a total cash consideration of RM178,160,400 (“Satria Sewira SPA”); and
  - (ii) a sale and purchase agreement between TI Indah and Emerald Hectares Sdn Bhd (“Emerald Hectares”), for the proposed acquisition of freehold land measuring approximately 206 acres held under H.S.(D) 2099, Lot No. PT 2136/120, Mukim of Bentong, District of Bentong, State of Pahang Darul Makmur from Emerald Hectares for a total cash consideration of RM224,334,000 (“Emerald Hectares SPA”).

On 10 November 2020, TI Indah and TI Impian have respectively paid RM22,433,400 and RM17,816,040 being 10% of the purchase consideration.

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**B6. Corporate Proposals (cont'd.)**

**Status of corporate proposals**

On 8 June 2021, TI Indah and TI Impian have respectively paid RM22,433,400 and RM17,816,040 being the second 10% of the purchase consideration and pursuant thereto, both parties have agreed to extend the completion period for the payment of the balance 80% of the purchase consideration for a further 2 months commencing from 11 July 2021 until 11 September 2021.

On 13 August 2021, TI Indah has paid the balance 80% of the purchase consideration and completed the Emerald Hectares SPA

On 18 August 2021, TI Impian has paid the balance 80% of the purchase consideration and completed the Satria Sewira SPA.

**B7. Borrowings**

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Secured short term borrowings	548,907	518,729
Secured long term borrowings	3,357,142	3,078,042
	<b>3,906,049</b>	<b>3,596,771</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.

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**B9. Dividend payable**

There was no dividend proposed for the quarter under review.

**B10. (Loss)/earnings per share**

a) Basic (loss)/earnings per share

Basic (loss)/earnings per ordinary share were calculated by dividing (loss)/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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
(Loss)/profit attributable to owners of the parent (RM'000)	<b>(25,045)</b>	24,289	<b>(22,701)</b>	29,447
Weighted average number of ordinary shares ('000)	<b>1,453,106</b>	1,430,881	<b>1,455,328</b>	1,439,442
Basic (loss)/earnings per share (sen)	<b>(1.72)</b>	1.69	<b>(1.56)</b>	2.05

(b) Diluted (loss)/earnings per share

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

	Individual Quarter		Year to Date	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
(Loss)/profit attributable to owners of the parent (RM'000)	<b>(25,045)</b>	24,289	<b>(22,701)</b>	29,447
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	<b>1,453,106</b>	1,430,881	<b>1,455,328</b>	1,439,442
Effect of conversion of ICPS to ordinary shares	<b>982,386</b>	982,386	<b>982,386</b>	982,386
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	<b>2,435,492</b>	2,413,267	<b>2,437,714</b>	2,421,828
Diluted (loss)/earnings per share (sen)	<b>(1.03)</b>	1.01	<b>(0.93)</b>	1.22

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

	<b>Individual Quarter 30/06/2021 RM'000</b>	<b>Year to Date 30/06/2021 RM'000</b>
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(3,147)	(4,058)
Finance costs	52,430	97,037
Amortisation of intangible assets	114	229
Depreciation of property, plant and equipment	8,899	16,593
Depreciation of right-of-use assets	1,313	2,336

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

The auditors' report of the financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

**B13. Authorisation for issue**

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 28 September 2021.