

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015

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

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the adoption of the following new/revised FRSs and Interpretations:

Effective for financial periods beginning on or after 1 July 2014:

Amendments to FRS 2	Share-based Payment
Amendments to FRS 3	Business Combinations
Amendments to FRS 8	Operating Segments
Amendments to FRS 13	Fair Value Measurement
Amendments to FRS 116	Property, plant and equipment (<i>Annual Improvements to FRSs 2010 – 2013 Cycle</i>)
Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 124	Related Party Disclosures (<i>Annual Improvements to FRSs 2010-2013 Cycle</i>)
Amendments to FRS 138	Intangible Assets
Amendments to FRS 140	Investment Property (<i>Annual Improvements to FRSs 2011-2013 Cycle</i>)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position and policy of the Group.

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The following revised FRSs and Amendments to FRSs applicable to the Group have been issued by the MASB but not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2016:

Amendments to FRS 5	Non-current Assets held for sales and Discontinued Operations (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)
Amendments to FRS 7	Financial Instruments: Disclosure (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)
Amendment to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Disclosure Initiatives
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 119	Employee Benefits (<i>Annual Improvements to FRSs 2012-2014 Cycle</i>)
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 134	Annual Improvements to FRSs 2012-2014 Cycle

Effective for financial periods beginning on or after 1 January 2018:

FRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

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.

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The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects of the differences between the currently applied FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

A3. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the year ended 31 December 2014 was not subject to any qualification.

A4. Comments about seasonal or cyclical factors

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

A5. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that is unusual because of their nature, size or incidence

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

A6. Changes in estimates

There were no material changes in estimates for the financial year ended 31 December 2015.

A7. Debt and equity securities

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

- 1) Issuance of 50,854,290 new ordinary shares of RM1.00 each arising from conversion of RM76,281,435 of 10-year 3% Redeemable Convertible Unsecured Loan Stocks (“RCULS”) at conversion price of RM1.50 per share;
- 2) Issuance of 343,800 new ordinary shares of RM1.00 each arising from exercise of 343,800 options pursuant to the Employee Share Option Scheme of the Company; and
- 3) The Company has repurchased its equity securities of 7,716,600 ordinary shares at an average price of RM0.95 per share. As at 31 December 2015, the number of treasury shares held were 12,013,835 ordinary shares of RM1.00 each.

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A8. Dividends paid

- a) On 15 July 2015, the single tier Share Dividend was credited into the entitled depositors' securities accounts via a distribution of Treasury Shares on the basis of 1.3 Treasury Shares for every 100 existing ordinary shares of RM1.00 each held in the Company, in respect of the financial year ended 31 December 2014, which was approved by the shareholders during the 36th Annual General Meeting held on 18 June 2015.
- b) On 23 December 2015, the Company paid the first interim single-tier dividend of 5.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015.

A9. Segmental information

Segmental information is presented in respect of the Group's principal business segments - property development, property investment and resort operations and investment holding.

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

Business segment analysis for the quarter and year ended:

	<-----Continuing operations ----->				Discontinued Operations	TOTAL
	Property development	Property investment and resort operations	Investment holding and others	Total	Investment holding and others	
	RM'000	RM'000	RM'000	RM'000	RM'000	
INDIVIDUAL QUARTER						
31 December 2015						
Revenue	275,512	20,768	8,601	304,881	-	304,881
Results from operations	35,559	19,491	(8,795)	46,255	-	46,255
Net finance costs	(3,248)	(6,167)	8,742	(673)	-	(673)
Share of results of joint ventures	-	-	9,086	9,086	-	9,086
Profit before tax	32,311	13,324	9,033	54,668	-	54,668

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	<-----Continuing operations ----->				Discontinued Operations	
	Property development	Property investment and resort operations	Investment holding and others	Total	Investment holding and others	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
INDIVIDUAL QUARTER						
31 December 2014						
Revenue	850,966	34,652	18,342	903,960	60,333	964,293
Results from operations	212,046	33,222	(9,889)	235,379	9,979	245,358
Net finance costs	13,407	(8,827)	(5,066)	(486)	(90)	(576)
Share of results of associates	-	-	-	-	66	66
Share of results of joint ventures	-	-	(431)	(431)	1,801	1,370
Profit/(loss) before tax	225,453	24,395	(15,386)	234,462	11,756	246,218
YEAR TO DATE						
31 December 2015						
Revenue	1,087,385	111,446	53,883	1,252,714	98,990	1,351,704
Results from operations	137,398	171,577	9,355	318,330	14,389	332,719
Net finance cost	(11,523)	(20,053)	(7,610)	(39,186)	(303)	(39,489)
Share of results of associates	-	-	-	-	(17)	(17)
Share of results of joint ventures	-	-	17,944	17,944	1,673	19,617
Profit before tax	125,875	151,524	19,689	297,088	15,742	312,830
31 December 2014						
Revenue	1,569,287	143,354	46,204	1,758,845	213,513	1,972,358
Results from operations	319,381	144,526	(25,153)	438,754	35,260	474,014
Net finance cost	5,014	(22,116)	(21,525)	(38,627)	(281)	(38,908)
Share of results of associates	-	-	-	-	993	993
Share of results of joint ventures	-	-	11,492	11,492	3,865	15,357
Profit/ (loss) before tax	324,395	122,410	(35,186)	411,619	39,837	451,456

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A10. Valuations of property, plant and equipment

Valuations of property, plant and equipment remain unchanged from the audited financial statements for the year ended 31 December 2014.

A11. Material events subsequent to the end of interim period

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

A12. Changes in composition of the Group

There were no changes in composition of the Group during the current quarter under review.

A13. Changes in contingent liabilities or contingent assets

Since the last annual audited position at 31 December 2014, the Group’s contingent liabilities have changed due to the increase in corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to the subsidiaries of the Group amounting to RM612.5million.

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

A14. Capital commitments

The amount of commitments for capital expenditures as at 31 December 2015 is as follows:

	As at 31/12/15 RM'000	As at 31/12/14 RM'000
Capital expenditure:		
Approved and contracted for	742,800	899,900
Approved but not contracted for	539,800	737,500
Share of joint venture's capital commitment in relation to land held for development	221,500	351,000
	<u>1,504,100</u>	<u>1,988,400</u>

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

B1. Performance review

Quarterly results

For the current quarter under review, the Group recorded revenue of RM304.9million which is lower by RM599.1million in comparison to the corresponding quarter last year. Included in the revenue in the corresponding quarter last year was revenue from land sale of RM470.7million and higher contribution from projects that were near completion stage.

Profit before tax ("PBT") was lower by RM179.8million for current quarter under review as compared to the corresponding quarter last year. The higher PBT in the corresponding quarter last year was contributed by the gain from land sales of RM167.9million and RM17.1million fair value adjustments from investment properties.

Year-to-date results

Excluding the revenue from land sales of RM476.0million in 2014 and RM107.0million in 2015, the Group recorded a 10.7% decrease in its operating revenue.

The Group's PBT decreased by 27.8% to RM297.1million against the corresponding period of last year. The decrease was contributed mainly from the higher recognitions across key projects and gain from land sales during the corresponding period of last year as explained above.

B2. Variation of results against preceding quarter

The Group's reported revenue of RM304.9million in the current quarter is 24.6% or RM60.3million higher compared to the preceding quarter ended 30 September 2015. The higher revenue was contributed by higher work progress in property development segment.

The Group's current quarter PBT decreased by RM120.7million against RM175.4million in preceding quarter ended 30 September 2015. The lower PBT was mainly due to the one off gain in disposals of investment properties and a subsidiary amounted to RM161.0million in the preceding quarter.

B3. Prospects

Near term prospects is expected to remain challenging due to the lacklustre property market as a results of the cooling measures by the Government, the introduction of GST and the stringent lending policies by end financing banks. In spite of this, the Group has achieved a total sale of RM1.55 billion as at 31 December 2015 and has exceeded last year's total sales. In addition, the Group has achieved a record unbilled sales of RM3.1billion which places it in a position to deliver sustainable performance in the coming years.

The Group's strategy for 2016 will continue to be market driven and adapt to market demand while focusing to unlock value of its land bank in Klang Valley, as well as in the Northern Region. The Group possesses a sizeable land bank of more than 1,600 acres across Malaysia with potential gross development value of more than RM50.0billion.

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B4. Profit forecast or profit guarantee

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

B5. Taxation

	Individual quarter		Year to date	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period/year	21,482	37,910	81,310	89,590
Under/(Over) provision of tax for the previous financial period/year	194	(4,100)	699	(16,930)
Real property gain tax	(72)	-	30,116	-
Deferred tax transfers	(283)	178	(47,777)	(4,285)
Total Group's tax expense	21,321	33,988	64,348	68,375
Represented by:				
Continuing operations	21,321	31,017	60,753	60,037
Discontinued operations	-	2,971	3,595	8,338
	21,321	33,988	64,348	68,375

The Group's effective tax rate was slightly lower than the statutory tax rate principally due to recognition of deferred tax assets and liabilities, as well as 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 12 February 2016, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report:

- 1) On 28 January 2016, Tropicana Plaza Sdn Bhd ("TPSB") (formerly known as Dijaya Plaza Sdn Bhd), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Kenanga Investment Bank Bhd, a wholly-owned subsidiary of K & N Kenanga Holdings Bhd for the disposal of property comprising a piece of freehold land measuring approximately 3,674 square meters under Geran 74958, Lot 11672, Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur together with a 19-storey office building currently known as "Dijaya Plaza" at 237, Jalan Tun Razak, 50400 Kuala Lumpur for a cash consideration of RM140.0million ("Proposed Disposal").

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Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the 2nd quarter of 2016.

- 2) On 12 January 2016, Advent Nexus Sdn Bhd ("ANSB"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Pinnacle Supreme Sdn Bhd for the disposal of a piece of land under Geran 5826, Lot 474 Seksyen 19, Bandar Kuala Lumpur, Daerah Kuala Lumpur comprising land area of approximately 1,106 square meters together with a 10-storey building currently known as "Sky Express Hotel, Kuala Lumpur" for a total cash consideration of RM55.0million ("Proposed Disposal").

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the 2nd quarter of 2016.

- 3) On 15 April 2013, Sapphire Index Sdn. Bhd. ("SISB"), 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 SISB 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, SISB has paid for and completed a sub-divided parcel measuring 41.11 acres. The remaining 29 sub-divided parcels are pending for completion.

B7. Interest-bearing loans and borrowings

	As at 31/12/15 RM'000	As at 31/12/14 RM'000
Secured short term borrowings	488,350	765,071
Secured long term borrowings	1,265,092	1,658,291
Unsecured long term borrowings	-	14,606
	1,753,442	2,437,968

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B8. Material litigation

On 26 August 2013, the Company received an order from the Arbitral Tribunal to add the Company as a party to the arbitration proceedings between Dijaya-Malind JV (Mauritius) Limited ("DMML"), Dijaya-Malind Properties (India) Private Limited ("DMPPL") and Starlite Global Enterprise (India) Limited ("SGEIL") ("Order").

The arbitration proceedings were previously instituted by DMML and DMPPL against SGEIL to seek the return of the deposit sum and damages arising from termination of the Deed of Novation cum Joint Development Agreement.

The Company appealed to the City Civil Court of Hyderabad against the Order which was dismissed on 2 June 2014. As our legal counsel is in the opinion that the Order is erroneous and wrong in law, the Company has filed a further appeal to the High Court of Judicature of Andhra Pradesh and is pending a hearing date to be set.

B9. Dividend payable

The Board of Directors has declared a single-tier interim dividend of 2.0 sen per share in respect of the financial year ended 31 December 2015, which will be paid on 17 March 2016. In respect of deposited securities, entitlement to dividends will be based on the record of depositors of the Company as at 7 March 2016.

B10. Earnings per share

a) Basic earnings per ordinary share

Basic earnings per share were calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual quarter		Year to date	
	31/12/15	31/12/14	31/12/15	31/12/14
Profit attributable to ordinary equity holders of the Company (RM'000):				
- continuing operation	29,077	192,359	216,092	312,219
- discontinued operation	-	6,303	7,210	21,717
Total	29,077	198,662	223,302	333,936
Weighted average number of ordinary shares in issue ('000)	1,447,466	1,395,075	1,437,801	1,343,615
Basic earnings per share (sen)				
- continuing operations	2.01	13.79	15.03	23.24
- discontinued operations	-	0.45	0.50	1.62
Total	2.01	14.24	15.53	24.86



TROPICANA

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

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(b) Diluted earnings per ordinary share

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares from the exercise of share options under the ESOS, the Warrants and the RCULS.

	Individual quarter		Year to date	
	31/12/15	31/12/14	31/12/15	31/12/14
Profit attributable to ordinary equity holder of the Company (RM'000)				
- continuing operations	29,077	192,359	216,092	312,219
- discontinued operations	-	6,303	7,210	21,717
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	29,077	198,662	223,302	333,936
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	1,447,466	1,395,075	1,437,801	1,343,615
Add: Effects of dilution :				
- ESOS ('000)	-	1,857	-	1,857
- Warrants ('000)	1,731	13,960	1,731	13,960
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	1,449,197	1,410,892	1,439,532	1,359,432
Diluted earnings per share (sen)				
- continuing operations	2.01	13.63	15.01	22.97
- discontinued operations	-	0.45	0.50	1.60
Total	2.01	14.08	15.51	24.57

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B11. Realised/Unrealised Retained Profits

	Current quarter RM'000	Immediate preceding quarter RM'000
Total retained profits of the Group:		
- Realised	1,264,382	1,298,661
- Unrealised	84,348	84,331
	1,348,730	1,382,992
Total share of retained earnings from joint ventures		
- Realised	103,799	94,714
Consolidation adjustments	(421,561)	(404,013)
Total retained profits carried forward	1,030,968	1,073,693

B12. Notes to the Statement of Comprehensive Income

	Individual quarter 31/12/15 RM'000	Year to date 31/12/15 RM'000
Profit for the period/year is arrived at after crediting/(charging):-		
Interest income	7,495	25,820
Other income	13,511	26,991
Interest expense	(8,168)	(65,005)
Depreciation of property, plant and equipment	(7,058)	(25,994)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of a subsidiary	-	27,533
Gain/(loss) on disposal of investment properties	6,278	135,513
Impairment of intangible assets	(884)	(10,662)
Foreign exchange gain/(loss)	(221)	(450)
Gain/(Loss) on derivatives	-	-
Exceptional items	-	-
	-	-

B13. Authorisation for issue

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 19 February 2016.