

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2016**

**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 2015. 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 2015.

**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 2015 except for the adoption of the following new/revised FRSs and Interpretations:

**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

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 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.

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 2015 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 period under review.

#### **A6. Changes in estimates**

There were no material changes in estimates for the financial period ended 31 March 2016.

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**A7. 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 5,228,500 ordinary shares at an average price of RM1.01 per share. As at 31 March 2016, the number of treasury shares held were 17,242,335 ordinary shares of RM1.00 each.

**A8. Dividends paid**

On 17 March 2016, the Company paid the second interim single-tier dividend of 2.0 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 geographically information is not presented as the Group’s activities are carried out predominantly in Malaysia.

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Business segment analysis for the quarter and year ended:

Business Segments	<-----Continuing operations ----->				Discontinued Operations	TOTAL RM'000
	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	
<b>Quarter / Year-to-date ended 31 March 2016</b>						
Revenue	261,067	19,596	6,262	<b>286,925</b>	-	<b>286,925</b>
Results from operations	28,595	6,350	(8,030)	<b>26,915</b>	-	<b>26,915</b>
Net finance costs	(1,216)	(621)	(1,248)	<b>(3,085)</b>	-	<b>(3,085)</b>
Share of results of joint ventures	-	-	6,001	<b>6,001</b>	-	<b>6,001</b>
Profit/(loss) before tax	<b>27,379</b>	<b>5,729</b>	<b>(3,277)</b>	<b>29,831</b>	-	<b>29,831</b>
<b>Quarter / Year-to-date ended 31 March 2015</b>						
Revenue	337,428	35,771	17,721	<b>390,920</b>	<b>46,465</b>	<b>437,385</b>
Results from operations	48,452	1,168	1,529	<b>51,149</b>	<b>5,481</b>	<b>56,630</b>
Net finance costs	407	(7,316)	(5,904)	<b>(12,813)</b>	<b>(130)</b>	<b>(12,943)</b>
Share of results of associates	-	-	-	-	<b>480</b>	<b>480</b>
Share of results of joint ventures	-	-	2,734	<b>2,734</b>	<b>1,084</b>	<b>3,818</b>
Profit/(loss) before tax	<b>48,859</b>	<b>(6,148)</b>	<b>(1,641)</b>	<b>41,070</b>	<b>6,915</b>	<b>47,985</b>

**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 2015.

**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.

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**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 2015, 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 RM227.1million.

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 March 2016 is as follows:

	<b>As at 31/03/16 RM’000</b>	<b>As at 31/12/15 RM’000</b>
Capital expenditure:		
Approved and contracted for	544,200	742,814
Approved but not contracted for	539,800	539,844
Share of joint venture’s capital commitment in relation to land held for development	221,500	221,500
	1,305,500	1,504,158

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

**B1. Performance review**

For the current quarter under review, the Group recorded revenue of RM286.9million which is lower by RM104.0million in comparison to the corresponding quarter last year. Included in the revenue in the corresponding quarter last year was revenue from land sale of RM106.8million.

Profit before tax (“PBT”) was lower by RM11.2million 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 RM5.9million and higher contributions across key projects.

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

The Group’s reported revenue of RM286.9million in the current quarter is 5.9% or RM18.0million lower compared to the preceding quarter ended 31 December 2015. The higher revenue in the preceding quarter was contributed by higher contributions from projects that were near completion in the property development segment.

The Group’s current quarter PBT decreased by RM24.9million against RM54.7million in preceding quarter ended 31 December 2015. Included in the fourth quarter 2015 PBT were fair value adjustments from investment properties of RM3.2million and higher profits from development as mentioned above.

**B3. Prospects**

Near term prospects is expected to remain challenging due to the lacklustre property market as a result of the cooling measures by the Government and the stringent lending policies by end financing banks.

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.

**TROPICANA**

CORPORATION BERHAD

丽阳机构

(Company No. 47908-K)

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

**B5. Taxation**

	Individual quarter		Year to date	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	10,512	37,552	10,512	37,552
Under provision of tax for the previous financial period	-	1	-	1
Real property gain tax	-	1,528	-	1,528
Deferred tax transfers	2,519	(18,067)	2,519	(18,067)
<b>Total Group's tax expense</b>	<b>13,031</b>	<b>21,014</b>	<b>13,031</b>	<b>21,014</b>
<b>Represented by:</b>				
Continuing operations	13,031	19,772	13,031	19,772
Discontinued operations	-	1,242	-	1,242
	<b>13,031</b>	<b>21,014</b>	<b>13,031</b>	<b>21,014</b>

The Group's effective tax rate was higher 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 May 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"), 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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On 11 April 2016, all the Conditions Precedents in the SPA have been satisfied and the SPA has become unconditional.

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

- 2) On 12 January 2016, Advent Nexus Sdn Bhd, 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 measuring approximately 1,106 square meters on which has been erected a 10-storey building currently known as “Sky Express Hotel, Kuala Lumpur” for a total cash consideration of RM55.0million (“**Proposed Disposal**”).

On 9 May 2016, all the Conditions Precedents in the SPA have been satisfied and the SPA has become unconditional.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the 3<sup>rd</sup> 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 two sub-divided parcels measuring 41.11 acres and 34.42 acres respectively and the acquisitions of these sub-divided parcels are considered completed. The remaining 28 sub-divided parcels are pending completion.

**B7. Interest-bearing loans and borrowings**

	As at 31/03/16 RM'000	As at 31/12/15 RM'000
Secured short term borrowings	554,322	488,350
Secured long term borrowings	1,310,808	1,265,092
	1,865,130	1,753,442



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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**

There was no dividend proposed for the quarter under review.

**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	
	31/03/16	31/03/15	31/03/16	31/03/15
Profit attributable to ordinary equity holders of the Company (RM'000):				
- continuing operation	15,170	14,782	15,170	14,782
- discontinued operation	-	4,495	-	4,495
<b>Total</b>	<b>15,170</b>	<b>19,277</b>	<b>15,170</b>	<b>19,277</b>
Weighted average number of ordinary shares in issue ('000)	1,447,466	1,408,283	1,447,466	1,408,283
Basic earnings per share (sen)				
- continuing operations	1.05	1.05	1.05	1.05
- discontinued operations	-	0.32	-	0.32
<b>Total</b>	<b>1.05</b>	<b>1.37</b>	<b>1.05</b>	<b>1.37</b>

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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	
	31/03/16	31/03/15	31/03/16	31/03/15
Profit attributable to ordinary equity holder of the Company (RM'000)				
- continuing operations	15,170	14,782	15,170	14,782
- discontinued operations	-	4,495	-	4,495
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	15,170	19,277	15,170	19,277
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	1,447,466	1,408,283	1,447,466	1,408,283
Add: Effects of dilution :				
- ESOS ('000)	-	2,314	-	2,314
- Warrants ('000)	10,099	17,666	10,099	17,666
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	1,457,565	1,428,263	1,457,565	1,428,263
Diluted earnings per share (sen)				
- continuing operations	1.04	1.04	1.04	1.04
- discontinued operations	-	0.31	-	0.31
<b>Total</b>	<b>1.04</b>	<b>1.35</b>	<b>1.04</b>	<b>1.35</b>

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**B11. Realised/Unrealised Retained Profits**

	<b>Current quarter RM'000</b>	<b>Immediate preceding quarter RM'000</b>
Total retained profits of the Group:		
- Realised	1,177,807	1,209,627
- Unrealised	86,696	84,348
	<u>1,264,503</u>	<u>1,293,975</u>
Total share of retained earnings from joint ventures		
- Realised	109,567	103,690
Consolidation adjustments	<u>(356,538)</u>	<u>(366,697)</u>
<b>Total retained profits carried forward</b>	<u>1,017,532</u>	<u>1,030,968</u>

**B12. Notes to the Statement of Comprehensive Income**

	<b>Individual quarter 31/03/16 RM'000</b>	<b>Year to date 31/03/16 RM'000</b>
Profit for the period/year is arrived at after crediting/(charging):-		
Interest income	4,707	4,707
Other income	5,165	5,165
Interest expense	(7,792)	(7,792)
Depreciation of property, plant and equipment	(6,314)	(6,314)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of a subsidiary	-	-
Gain/(loss) on disposal of investment properties	-	-
Impairment of intangible assets	-	-
Foreign exchange gain/(loss)	53	53
Gain/(Loss) on derivatives	-	-
Exceptional items	<u>-</u>	<u>-</u>

**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 May 2016.