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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 financial 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 financial 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 *(Annual Improvements to FRSs 2012-2014 Cycle)*
Amendments to FRS 7	Financial Instruments: Disclosure *(Annual Improvements to FRSs 2012-2014 Cycle)*
Amendments 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 *(Annual Improvements to FRSs 2012-2014 Cycle)*
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 134	Interim Financial Reporting (*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.

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 2017:

Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 107	Disclosure Initiative

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

FRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	Revenue from Contracts with Customers
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions

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

MFRS 16	Leases

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 financial 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 30 September 2016.

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 7,591,600 ordinary shares at an average price of RM1.01 per share. As at 30 September 2016, the number of treasury shares held were 19,605,435 ordinary shares of RM1.00 each.

A8. Dividends paid

No dividend was paid during the current quarter under review.

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

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.

Business segment analysis for the quarter and year ended:

	<------------------Continuing operations ------------------>				Discontinued Operations	
Business Segments	**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 30 September 2016						
Revenue	320,070	17,478	19,528	**357,076**	**-**	**357,076**
Results from operations	47,899	7,526	(16,271)	**39,154**	**-**	**39,154**
Net finance income	(1,096)	(100)	5,316	**4,120**	**-**	**4,120**
Share of results of an associate	-	-	(752)	**(752)**	**-**	**(752)**
Share of results of joint ventures	-	-	10,874	**10,874**	**-**	**10,874**
Profit/(Loss) before tax	**46,803**	**7,426**	**(833)**	**53,396**	**-**	**53,396**
INDIVIDUAL QUARTER 30 September 2015						
Revenue	210,161	21,772	12,643	**244,576**	**-**	**244,576**
Results from operations	25,385	132,348	21,577	**179,310**	**-**	**179,310**
Net finance costs	(6,675)	2,806	(3,944)	**(7,813)**	**-**	**(7,813)**
Share of results of joint ventures	-	-	3,883	**3,883**	**-**	**3,883**
Profit before tax	**18,710**	**135,154**	**21,516**	**175,380**	**-**	**175,380**

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

	<------------------Continuing operations ------------------>				Discontinued Operations	
Business Segments	**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**
YEAR TO DATE						
30 September 2016						
Revenue	910,134	56,742	35,204	**1,002,080**	**-**	**1,002,080**
Results from operations	92,952	27,471	(29,257)	**91,166**	**-**	**91,166**
Net finance cost	(3,384)	(1,981)	4,450	**(915)**	**-**	**(915)**
Share of results of an associate	-	-	(752)	**(752)**	**-**	**(752)**
Share of results of joint ventures	-	-	37,795	**37,795**	**-**	**37,795**
Profit before tax	**89,568**	**25,490**	**12,236**	**127,294**	**-**	**127,294**
YEAR TO DATE						
30 September 2015						
Revenue	811,871	90,679	45,282	**947,832**	**98,990**	**1,046,822**
Results from operations	101,838	152,086	18,150	**272,074**	**14,389**	**286,463**
Net finance cost	(8,275)	(13,885)	(16,352)	**(38,512)**	**(303)**	**(38,815)**
Share of results of associates	-	-	-	**-**	**(17)**	**(17)**
Share of results of joint ventures	-	-	8,859	**8,859**	**1,673**	**10,532**
Profit before tax	**93,563**	**138,201**	**10,657**	**242,421**	**15,742**	**258,163**

A10. Valuations of property, plant and equipment

Valuations of property, plant and equipment remain unchanged from the audited financial statements for the financial 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.

A12. Changes in composition of the Group

During the quarter under review, Tropicana Holding (Hong Kong) Limited ("THHKL"), a wholly-owned subsidiary of the Company, received notification on 7 September 2016 that THHKL has been deregistered pursuant to section 751 of the Companies Ordinance under Gazette Notice No. 4964, which was published on 2 September 2016. THHKL was accordingly dissolved as from the date of publication of the said Gazette Notice.

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

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 RM281.5million.

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 30 September 2016 is as follows:

	As at 30/09/16 RM'000	As at 31/12/15 RM'000
Capital expenditure:		
Approved and contracted for	474,100	742,814
Approved but not contracted for	547,900	539,844
Share of joint venture's capital commitment in relation to land held for development	221,500	221,500
	1,243,500	1,504,158

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 RM357.1 million which is RM112.5 million higher in comparison to the corresponding quarter last year. The higher revenue arose from higher work in progress across projects in the Klang Valley and Northern Region.

Profit before tax ("PBT") was lower by RM122.0 million for the 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 one off gain of RM161.7 million from the disposals of properties and a subsidiary.

Year-to-date Results

For the period ended 30 September 2016, the Group recorded revenue of RM1,002.1 million, which is RM54.2 million higher in comparison to the corresponding period of last year.

Notwithstanding the increase in revenue, the Group PBT decreased by RM115.1 million to RM127.3 million against the corresponding period of last year. The decrease in PBT arose mainly from the aforesaid one off gain of RM161.7 million from the disposals of properties and a subsidiary during the corresponding period of last year.

B2. Variation of results against preceding quarter

The Group's revenue of RM357.1 million in the current quarter is RM1.0 million lower compared to the preceding quarter ended 30 June 2016.

The Group's PBT for the current quarter under review increased by RM9.3 million against RM44.1 million recorded in the preceding quarter ended 30 June 2016, mainly due to higher gross profit contributed from development projects as mentioned above.

B3. Prospects

While the short term prospects are expected to remain challenging, the Group believes that there will still be demand for landed properties and integrated developments in prime locations with accessibility to good amenities and attractive pricing.

The Group's strategy will continue to be market driven and to adapt to market demand while focusing in unlocking value of its land bank in Klang Valley, in the Northern Region, as well as in the Southern Region.

The Group is also exploring opportunities in strategically located land bank as well as developing affordable products.

The Group's current land bank across Malaysia provides the Group with the potential of unlocking the gross development value of more than RM50.0 billion. The Group's unbilled sales stood at RM2.64 billion as at 30 September 2016, which is expected to continue to contribute positively to the earnings in the near future.

B4. Profit forecast or profit guarantee

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

B5. Taxation

	Individual quarter		Year to date	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	16,424	11,062	44,691	59,828
Under provision of tax for previous financial period	7,367	505	7,368	505
Real property gain tax	73	28,660	2,234	30,188
Deferred tax transfers	(7,421)	(21,557)	(12,520)	(47,494)
Total Group's tax expense	16,443	18,670	41,773	43,027
Represented by:				
Continuing operations	16,443	18,670	41,773	39,432
Discontinued operations	-	-	-	3,595
	16,443	18,670	41,773	43,027

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

B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 17 November 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 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.

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 ("SPA") with Pinnacle Supreme Sdn Bhd ("PSSB") for the disposal of a piece of land held under Geran 5826, Lot 474 Seksyen 19, Bandar Kuala Lumpur, Daerah Kuala Lumpur measuring approximately 1,106 square meters, erected upon which is a 10-storey building known as "Sky Express Hotel, Kuala Lumpur" for a total cash consideration of RM55.0 million ("Proposed Disposal").

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

   On 8 August 2016, ANSB had received a sum of RM2.0 million from PSSB and both parties have agreed to a further extension of fifty (50) days from 9 August 2016 to 27 September 2016 for PSSB to settle the balance sales consideration of RM47.5 million ("Remaining Balance Sales Consideration") and the late payment interest.

   On 27 September 2016, both ANSB and PSSB ("the Parties") had entered into a Second Supplemental Agreement whereby ANSB granted a further extension of seven (7) days from 28 September 2016 to 4 October 2016 for PSSB to pay the Remaining Balance Sales Consideration and late payment interest.

   On 5 October 2016, the Company announced that the Parties had on 4 October 2016 entered into a Third Supplemental Agreement to grant a further extension of forty five (45) days from 5 October 2016 to 18 November for PSSB to pay the Remaining Balance Sales Consideration and the late payment interest.

   On 10 October 2016, the Company announced that the Parties had on 7 October 2016 entered into a Fourth Supplemental Agreement to revise the total sales consideration of RM55.0 million to RM58.0 million ("Revised Sales Consideration") and a further extension of sixty (60) days would be granted from 7 October 2016 to 5 December 2016 for PSSB to pay the Revised Sales Consideration less the deposit and part payment ("Revised Remaining Balance Sales Consideration") together with the late payment interest subject to the payments of RM3.0 million by PSSB to ANSB on or before 14 October 2016.

   The Parties have agreed that the aforesaid RM3.0 million shall form part of the Revised Remaining Balance Sales Consideration and as such, PSSB shall pay the remaining balance of the Revised Remaining Balance Sales Consideration ("Final Revised Remaining Balance Sales Consideration") and the late payment interest to ANSB on or before 5 December 2016 ("Final Revised Extended Completion Date").

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

3) On 30 May 2016, Tropicana Desa Mentari Sdn. Bhd. ("TDMSB"), a wholly-owned subsidiary of Tropicana Golf & Country Resort Berhad, which in turn is a wholly-owned subsidiary of the Company, entered into a Heads of Agreement ("HOA") with Terran Property Sdn. Bhd. ("TPSB") for the proposed disposal of and/or granting of development rights on the freehold land measuring in aggregate approximately 131.964 hectares in gross area in the Mukim of Pulai, District of Johor Bahru, Negeri Johor ("Land") to TPSB and/or its nominees(s), subject to adjustment for :-

   a) the existing water tank/reservoir on the Land;
   b) the existing transmission tower and electricity pylons erected on the Land;
   c) any acquisitions of land designated for highway use by the relevant authorities; and
   d) such other deductible areas as mutually agreed by the relevant parties and stipulated in the Definitve Agreement (where applicable);

   to be agreed by all parties prior to the signing of a Definitive Agreement.

   On 1 July 2016, TDMSB entered into a sales and purchase agreement ("SPA") with Tiarn Oversea Group Sdn. Bhd. for the disposal of the Land with developable area measuring in aggregate of approximately 251.5855 acres in area for a cash consideration of RM569,871,328 ("Proposed Disposal").

   As at the date of this report, the Proposed Disposal is pending fulfillment of the conditions precedent in accordance with the terms of the SPA and the Proposed Disposal is expected to be completed in the 2nd half of 2022.

4) On 1 September 2016, Dicorp Land Sdn. Bhd. ("DLSB"), a wholly-owned subsidiary of Bakat Rampai Sdn. Bhd. ("BRSB"), which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with SCP Assets Sdn. Bhd. ("SCP") for the disposal of all that parcel of all that office premises held under Hakmilik Strata Geran 54975/M1-A/5/113, No. Petak 113, Tingkat No. 5, Bangunan No.M1-A, Lot No.9, Pekan Sungai Penchala, Daerah Petaling, Negeri Selangor and bearing the postal address of Unit A-3A-10, Block A, Damansara Intan, No. 1 Jalan SS20/27 47400 Petaling Jaya, Selangor ("Complex") and measuring in area approximately 107 square metres ("Unit") together with accessory parcels Nos. A1 to A338 and A341 to A676 as endorsed on the strata title to the said Unit, comprising approximately 1,519 car parking bays, and boom gates, ticket issuing machines, auto pay stations, exit verifiers and such other car parking equipments and machineries and signages as the same are listed in the SPA installed and affixed on various areas within the Complex for a cash consideration of RM24,902,650 ("Disposal").

   Barring any unforeseen circumstances, the Disposal is expected to be completed in the 4th quarter of 2016.

5) On 14 October 2016, the Company had fully redeemed the entire outstanding Medium Term Notes of RM280.0 million in nominal value issued under its bank guaranteed Commercial Papers and/or Medium Terms Notes ("CP/MTN") Programme of up to RM500,000,000 only and the CP/MTN Programme has since been terminated.

B7. Interest-bearing loans and borrowings

	As at 30/09/16 RM'000	As at 31/12/15 RM'000
Secured short term borrowings	606,782	488,350
Secured long term borrowings	1,356,050	1,265,092
	1,962,832	1,753,442

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 have declared a first single-tier interim dividend of 2.5 sen in respect of the financial year ending 31 December 2016. The dividend consists of an electable portion of 2.5 sen which can be elected to be reinvested in new ordinary shares of the Company in accordance with the Dividend Reinvestment Scheme.

The Book Closure Date will be announced by the Company at a later date.

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 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	
	30/09/16	**30/09/15**	**30/09/16**	**30/09/15**
Profit attributable to ordinary equity holders of the Company (RM'000):				
- continuing operations	34,797	151,783	83,282	187,016
- discontinued operations	-	-	-	7,210
Total	34,797	151,783	83,282	194,226
Weighted average number of ordinary shares in issue ('000)	1,427,873	1,447,466	1,429,757	1,434,544
Basic earnings per share (sen)				
- continuing operations	2.44	10.49	5.82	13.04
- discontinued operations	-	-	-	0.50
Total	**2.44**	**10.49**	**5.82**	**13.54**

(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 and the Warrants.

	Individual quarter		**Year to date**	
	30/09/16	**30/09/15**	**30/09/16**	**30/09/15**
Profit attributable to ordinary equity holder of the Company (RM'000)				
- continuing operations	34,797	151,783	83,282	187,016
- discontinued operations	-	-	-	7,210
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	34,797	151,783	83,282	194,226
Weighted average number of ordinary shares in issue ('000) for the purpose of basic earnings per share	1,427,873	1,447,466	1,429,757	1,434,544
Add: Effects of dilution :				
- ESOS ('000)	-	-	-	-
- Warrants ('000)	7,103	16,243	7,103	18,775
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	1,434,976	1,463,709	1,436,860	1,453,319
Diluted earnings per share (sen)				
- continuing operations	2.42	10.37	5.80	12.86
- discontinued operations	-	-	-	0.50
Total	**2.42**	**10.37**	**5.80**	**13.36**

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

B11. Realised/Unrealised Retained Profits

	Current quarter RM'000	Immediate preceding quarter RM'000
Total retained profits of the Group:		
- Realised	1,244,270	1,223,481
- Unrealised	60,956	51,935
	1,305,226	1,275,416
Total share of retained profits from joint ventures		
- Realised	141,260	130,436
Total share of accumulated loss from an associate		
- Realised	(752)	-
Consolidation adjustments	(360,090)	(355,003)
Total retained profits carried forward	1,085,644	1,050,849

B12. Notes to the Statement of Comprehensive Income

	Individual quarter 30/09/16 RM'000	Year to date 30/09/16 RM'000
Profit for the period/year is arrived at after crediting/(charging):-		
Interest income	10,431	20,828
Other income	9,660	24,995
Interest expense	(6,311)	(21,743)
Depreciation of property, plant and equipment	(4,794)	(17,381)
Provision for and write off of receivables	-	-
Impairment loss and write off of inventories	908	(31,960)
Gain on disposal of properties	-	6,814
Impairment of assets	-	-
Foreign exchange gain/(loss)	254	(29)
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 24 November 2016.