TROPICANA
CORPORATION BERHAD
丽阳机构
[Registration No.197901003695 (47908-K)]

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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, MFRS 139, MFRS 7, MFRS 4 and MFRS 16*	Interest Rate Benchmark Reform-Phase 2

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

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

*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 September 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 19,673,900 ordinary shares at an average price of RM0.91 per share. As at 30 September 2021, the number of treasury shares held was 28,052,143 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:

Business Segments	Property development and property management RM'000	Property investment, recreation and resort RM'000	Investment holding and others RM'000	Total RM'000
Individual Quarter				
30 September 2021				
Revenue	**138,673**	**13,313**	**18,469**	**170,455**
Results from operations	**32,069**	**(8,749)**	**(9,651)**	**13,669**
Net finance costs	**(18,250)**	**(13,578)**	**(19,043)**	**(50,871)**
Share of results of an associate	**3,243**	**-**	**-**	**3,243**
Share of results of joint ventures	**2,554**	**-**	**-**	**2,554**
Profit/(loss) before tax	**19,616**	**(22,327)**	**(28,694)**	**(31,405)**
30 September 2020				
Revenue	185,281	25,049	13,643	223,973
Results from operations	30,828	(273)	634	31,189
Net finance costs	(8,065)	(11,356)	(11,115)	(30,536)
Share of results of an associate	1,101	-	-	1,101
Share of results of joint ventures	3,932	-	-	3,932
Profit/(loss) before tax	27,796	(11,629)	(10,481)	5,686

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A8. Segmental information

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

Business Segments	Property development and property management RM'000	Property investment, recreation and resort RM'000	Investment holding and others RM'000	Total RM'000
Year To Date 30 September 2021				
Revenue	**484,767**	**56,544**	**64,652**	**605,963**
Results from operations	**103,949**	**(16,899)**	**(20,842)**	**66,208**
Net finance cost	**(50,856)**	**(40,257)**	**(52,737)**	**(143,850)**
Share of results of an associate	**14,490**	**-**	**-**	**14,490**
Share of results of joint ventures	**7,600**	**-**	**-**	**7,600**
Profit/(loss) before tax	**75,183**	**(57,156)**	**(73,579)**	**(55,552)**
Year To Date 30 September 2020				
Revenue	587,197	68,672	46,499	702,368
Results from operations	193,743	(6,067)	(1,526)	186,150
Net finance cost	(12,218)	(34,592)	(38,896)	(85,706)
Share of results of an associate	6,317	-	-	6,317
Share of results of joint ventures	8,377	-	-	8,377
Profit/(loss) before tax	196,219	(40,659)	(40,422)	115,138

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 19 July 2021, Tropicana Inspirasi Sdn Bhd (formerly known as Sumber Saujana Sdn Bhd) ("TISB") had acquired remaining 49 ordinary shares in 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") for a total consideration of RM49. Upon completion of the acquisitions, TI Impian and TI Indah both had become wholly-owned subsidiaries of TISB, which in turn are indirect wholly-owned subsidiaries of the Company.

2) On 17 August 2021, the Company had incorporated Tropicana Gloves Sdn Bhd ("TGSB") with 1,000,000 ordinary shares which representing 100% of total paid-up capital for a total cash consideration of RM1,000,000. With this incorporation, TGSB became a wholly-owned subsidiary of the Company.

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

A11. Changes in contingent liabilities or contingent assets

Since the last annual audited position as at 31 December 2020, the Group's contingent liabilities have changed due to the increase of RM173.6million 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.

A12. Capital commitments

The amount of commitments for capital expenditure as at 30 September 2021 is as follows:

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	**20,094**	8,894
- Investment properties	**6,136**	14,190
	26,230	23,084
Approved and not contracted for:		
- Investment properties	**14,707**	19,747
	40,937	42,831

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 RM170.5 million (Q3 2020: RM224.0 million) which was RM53.5 million or 23.9% lower when compared to the corresponding quarter in the preceding year. The decrease in revenue in the current quarter reflected lower progress billings across some of the Group's key on-going projects and lower sales as a result of the enforcement of various phases of the Movement Control Order ("MCO") by the Malaysian Government starting from 1 June 2021.

The Group recorded a loss before tax ("LBT") of RM31.4 million as compared to a profit before tax of RM5.7 million in the corresponding quarter in the preceding year. This was mainly due to the performance of the Group's property investment, recreation and resort operations which were negatively impacted as a result of the various phases of MCO leading to disruptions in operations and resulting in a loss for the quarter. However, in the current period, the Group's property development and property management divisions still performed strongly and profitably.

Year to date Results

For the financial period ended 30 September 2021, the Group recorded revenue of RM606.0 million, which was RM96.4 million lower when compared to the corresponding period in the preceding year. Higher revenue in the corresponding period 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 there were no land disposals in the current period. Excluding these said lands disposals, the revenue in the current period would have been higher by RM145.4 million which was contributed by higher sales and progress billings across key on-going projects in the Klang Valley and Southern Region which have picked up during this period as compared to the corresponding period in the preceding year.

The Group recorded a loss before tax ("LBT") of RM55.6 million, which was RM170.7 million lower when compared to the corresponding period in the preceding year, which had gains arising from the sale of the two parcels of development lands amounting to RM108.7 million whereby there were no sales of land in the current year to date. Despite the loss for the period, the Group's property development and property management division still performed strongly with profit of RM75.2 million for the period which were backed by strong sales and cost savings from projects.

B2. Variation of results against preceding quarter

The Group's revenue of RM170.5 million in the current quarter was RM24.5 million or 12.6% lower when compared to the preceding quarter ended 30 June 2021. This was due to lower progress billings across some of the Group's key on-going projects and lower sales as a result of the enforcement of various phases of Movement Control Order ("MCO") by the Malaysian Government starting from 1 June 2021.

The Group recorded a LBT of RM31.4 million in the current quarter which was RM12.1 million lower than the preceding quarter ended 30 June 2021. This was mainly attributed to the recognition of cost savings from key on-going projects. 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 profitable despite the enforcement of various phases MCO which were backed by strong sales and cost savings from projects.

B3. Prospects

Prolonged Covid-19 pandemic and continuing economic uncertainty continues to have a major impact on consumer confidence and business activities. As Malaysian vaccination rate improved and Covid-19 cases are under control, Malaysian government has gradually re-opened the economy responsibly and safely and it is hoped that business activities will start to normalise in the near future which subsequently will help to improve the property market sentiment.

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 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.

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**	
	30/09/2021	30/09/2020	**30/09/2021**	30/09/2020
	RM'000	RM'000	**RM'000**	RM'000
Tax expense for the period	**(16,902)**	(4,146)	**(57,822)**	(32,017)
Overprovision of tax for previous financial period	**552**	(274)	**1,031**	656
Real property gain tax	**-**	(737)	**(10)**	(1,277)
Deferred tax transfers	**9,978**	8,017	**67,527**	(20,646)
Total Group's tax (expense)/benefit	**(6,372)**	2,860	**10,726**	(53,284)

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 has not been completed as at 23 November 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 1,172.26 acres 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 23 August 2021, the Company has announced that the Company proposes to undertake a proposed private placement of up to 10% of the total number of issued ordinary shares in the Company (excluding treasury shares) ("Tropicana Shares") ("Private Placement"). The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016. The Company has completed the issuance of 2,000,000 new Tropicana Shares, being the first tranche of the Private Placement, on 11 October 2021.

   The actual utilisation of the gross proceeds of RM1,846,200 raised from the first tranche of the Private Placement were mainly used for funding for existing property development projects and estimated expenses relating to the Private Placement.

3) On 1 November 2021 and 5 November 2021, the Company has announced that Tropicana Senibong Sdn Bhd, a wholly-owned subsidiary of the Company, have on 1 November 2021, entered into a joint venture agreement with Puncak Alam Housing Sdn Bhd, a non-related party, to form an unincorporated joint venture for the purpose of developing three parcels of leasehold land, all situated in Mukim of Ijok, District of Kuala Selangor, State of Selangor, having an aggregate area of approximately 362.74 acres.

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

B7. Borrowings

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Secured short term borrowings	**510,519**	518,729
Secured long term borrowings	**3,423,306**	3,078,042
	3,933,825	3,596,771

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. (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	
	30/09/2021	30/09/2020	**30/09/2021**	30/09/2020
(Loss)/profit attributable to owners of the parent (RM'000)	**(37,409)**	14,507	**(60,110)**	43,954
Weighted average number of ordinary shares ('000)	**1,446,321**	1,419,891	**1,452,293**	1,432,877
Basic (loss)/earnings per share (sen)	**(2.59)**	1.02	**(4.15)**	3.07

(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	
	30/09/2021	30/09/2020	**30/09/2021**	30/09/2020
(Loss)/profit attributable to owners of the parent (RM'000)	**(37,409)**	14,507	**(60,110)**	43,954
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	**1,446,321**	1,419,891	**1,452,293**	1,432,877
Effect of conversion of ICPS to ordinary shares	**982,386**	982,386	**982,386**	982,386
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	**2,428,707**	2,402,277	**2,434,679**	2,415,263
Diluted (loss)/earnings per share (sen)	**(1.54)**	0.60	**(2.47)**	1.82

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

B11. Notes to the statements of comprehensive income

	Individual Quarter 30/09/2021 RM'000	Year to Date 30/09/2021 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(1,219)	(5,277)
Finance costs	52,090	149,127
Amortisation of intangible assets	115	344
Depreciation of property, plant and equipment	7,849	24,442
Depreciation of right-of-use assets	1,262	3,598

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 30 November 2021.