

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022**

**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 2021. 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 2021.

**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 2021 except for the adoption of the following new amendments to MFRSs:

**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

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

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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:

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

MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Initial Application of MFRS 17 and MFRS 9-Comparative Information
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 31 March 2022.

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**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 150,000 ordinary shares at an average price of RM1.07 per share. As at 31 March 2022, the number of treasury shares held was 29,494,743 ordinary shares.
- 2) On 19 January 2022, there was an issuance of 72,000,000 ordinary shares of RM1.20 each pursuant to the conversion of 72,000,000 irredeemable convertible preference shares ("ICPS") to 72,000,000 new ordinary shares by the conversion ratio of 1 unit ICPS to 1 new ordinary share.

**A7. Dividends**

No dividend was paid during the current quarter under review.

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**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/Year To Date</b>				
<b>31 March 2022</b>				
<b>Revenue</b>	<b>152,527</b>	<b>33,723</b>	<b>37,048</b>	<b>223,298</b>
Results from operations	12,667	(702)	(7,501)	4,464
Net finance costs	(14,140)	(12,218)	(17,023)	(43,381)
Share of results of an associate	2,300	-	-	2,300
Share of results of joint ventures	1,115	-	-	1,115
<b>Profit/(loss) before tax</b>	<b>1,942</b>	<b>(12,920)</b>	<b>(24,524)</b>	<b>(35,502)</b>
<b>31 March 2022</b>				
<b>Revenue</b>	<b>185,736</b>	<b>25,199</b>	<b>29,597</b>	<b>240,532</b>
Results from operations	52,997	1,825	(828)	53,994
Net finance costs	(16,347)	(11,663)	(15,686)	(43,696)
Share of results of an associate	8,293	-	-	8,293
Share of results of joint ventures	751	-	-	751
<b>Profit/(loss) before tax</b>	<b>45,694</b>	<b>(9,838)</b>	<b>(16,514)</b>	<b>19,342</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, except for the following:-

- 1) On 8 April 2022, there was an issuance of 148,000,000 ordinary shares of RM1.20 each pursuant to the conversion of 148,000,000 ICPS to 148,000,000 new ordinary shares by the conversion ratio of 1 unit ICPS to 1 new ordinary share.

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

- 1) On 14 January 2022, the Company acquired the balance of 4,900,000 ordinary shares in Tropicana SJII Education Management Sdn Bhd ("TSEM") for a total consideration of RM4,900,000. Following the completion of the acquisition, TSEM has become a wholly-owned subsidiary of the Company.
- 2) On 24 January 2022, the Company divested its 1 ordinary share in Tropicana Property Services Sdn Bhd ("TPSSB") representing 100% of the total paid-up capital, for a total cash consideration of RM1 to Megaxis Sdn Bhd ("MSB"). Accordingly, TPSSB has become a wholly-owned subsidiary of MSB, which in turn is an indirect wholly-owned subsidiary of the Company.
- 3) On 27 January 2022, Tropicana Plaza Sdn Bhd ("TPLSB"), a wholly-owned subsidiary of MSB acquired 84,000 ordinary shares in Mesatria Sdn Bhd ("MSSB") representing 42% of the total paid-up share capital for a total cash consideration of RM783,720.
- 4) On 27 January 2022, Tropicana Paisley Sdn Bhd ("TPSSB"), a wholly-owned subsidiary of MSB acquired 84,042 ordinary shares in Tencomurni Sdn Bhd ("TSB") representing 42% of the total paid-up share capital for a total cash consideration of RM783,720.
- 5) On 27 January 2022, Tropicana Saujana Sdn Bhd ("TSSB"), a wholly-owned subsidiary of MSB acquired 84,000 ordinary shares in Alam Tiasa Sdn Bhd ("ATSB") representing 42% of the total paid-up share capital for a total cash consideration of RM588,840.
- 6) On 14 February 2022, the Company had incorporated a wholly-owned subsidiary, Tropicana Entertainment And Retail Sdn Bhd with 1 ordinary share representing 100% of a total paid-up capital, for a total consideration of RM1.

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

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**A11. Changes in contingent liabilities or contingent assets**

Since the last annual audited position as at 31 December 2021, the Group’s contingent liabilities have changed due to the decrease of RM37.2million 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 31 March 2022 is as follows:

	<b>As at 31/03/2022 RM’000</b>	<b>As at 31/12/2021 RM’000</b>
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	<b>21,299</b>	18,746
- Investment properties	<b>11,339</b>	14,329
	<b>32,638</b>	33,075
Approved and not contracted for:		
- Investment properties	<b>4,028</b>	2,533
	<b>36,666</b>	35,608

**INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022**

**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 RM223.3 million (Q1 2021: RM240.5 million) which was RM17.2 million or 7.2% lower when compared to the corresponding quarter in the preceding year. The decrease in revenue in the current quarter is mainly contributed by lower progress billings across key projects in the Klang Valley and Southern Region as compared to the corresponding quarter in the preceding year.

The Group recorded a loss before tax of RM35.5 million compared to the profit before tax of RM19.3 million in the corresponding quarter in the preceding year. The loss before tax in the current quarter was mainly attributed to the hotel business which has not fully recovered from the COVID-19 pandemic.

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

The Group's revenue of RM223.3 million in the current quarter was RM40.5 million or 15.3% lower when compared to preceding quarter ended 31 December 2021. This was due to lower sales as compared to preceding quarter where buyers were rushing to sign sales and purchase agreements to take advantage of the incentives under the Home Ownership Campaign ("HOC") before the HOC ended on 31 December 2021. Lower progress billings across projects in the Klang Valley and the Southern Region also resulted in a lower revenue in the current quarter.

The Group's recorded loss before tax of RM35.5 million which was RM55.8 million lower than the preceding quarter ended 31 December 2021 was mainly attributed to the higher sales and marketing expenses due to new project launches in Tropicana Aman, Kota Kemuning and Gelang Patah, Johor Bahru as well as higher general and administrative expenses incurred by the Group as mentioned above.

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**B3. Prospects**

The federal government of Malaysia had on 8 March 2022, announced the reopening of its borders from 1 April 2022 onwards to transition to the endemic phase of Covid-19. Thus, it will bring Malaysia's economy back on track for recovery and improve overall business sentiments.

With the reopening of the international borders, the Group believes that there will be demand for properties in prime locations in Tropicana's established, mature and developing townships, with attractive pricing and various promotional packages. Premised on the expected demand, the Group will continue to launch its properties at strategic locations across the Klang Valley, Genting Highlands, Northern Regions and Southern Regions. Moving forward, the Group will also continue to launch new phases in its established development sites, namely Tropicana Heights, Tropicana Aman, Tropicana Metropark and Tropicana Danga Cove.

The Group remains positive and confident on the long-term prospects of its property development business as the Group will continue to develop and market its properties located at various strategic locations, which subsequently are expected to contribute positively to the future earnings of the Group. In addition, the Group believes that its various sales and marketing initiatives will continue to bear fruit and ultimately secure more sales in the coming years.



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**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	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	(13,699)	(31,277)	(13,699)	(31,277)
Over/(under) provision of tax for previous financial period	6	(692)	6	(692)
Real property gain tax	-	(10)	-	(10)
Deferred tax transfers	23,950	21,012	23,950	21,012
Total Group's tax benefit/(expense)	<b>10,257</b>	<b>(10,967)</b>	<b>10,257</b>	<b>(10,967)</b>

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 18 May 2022, 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 1 November 2021 and 5 November 2021, the Company has announced that Tropicana Alam Sdn. Bhd. (formerly known as 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.
- 3) 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 Company had on 11 February 2022, made an application to Bursa Securities for an extension of time of 6 months up to 29 August 2022 in which approval was then granted by Bursa Securities on 15 February 2022.

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**B7. Borrowings**

	As at 31/03/2022 RM'000	As at 31/12/2021 RM'000
Secured short term borrowings	548,814	544,636
Secured long term borrowings	3,330,160	3,371,167
	<b>3,878,974</b>	<b>3,915,803</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.

**B9. Dividend payable**

There was no dividend proposed for the quarter under review.

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

a) Basic (loss)/earnings per share

Basic earnings/(loss) 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	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
(Loss)/profit attributable to owners of the parent (RM'000)	<b>(33,394)</b>	2,344	<b>(33,394)</b>	2,344
Weighted average number of ordinary shares ('000)	<b>1,500,586</b>	1,457,575	<b>1,500,586</b>	1,457,575
Basic (loss)/earnings per share (sen)	<b>(2.23)</b>	0.16	<b>(2.23)</b>	0.16

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	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
(Loss)/Profit attributable to owners of the parent (RM'000)	<b>(33,394)</b>	2,344	<b>(33,394)</b>	2,344
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	<b>1,500,586</b>	1,457,575	<b>1,500,586</b>	1,457,575
Effect of conversion of ICPS to ordinary shares	<b>924,473</b>	924,473	<b>924,473</b>	924,473
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	<b>2,425,059</b>	2,439,961	<b>2,425,059</b>	2,439,961
Diluted (loss)/earnings per share (sen)	<b>(1.38)</b>	0.10	<b>(1.38)</b>	0.10

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

	<b>Individual Quarter 31/03/2022 RM'000</b>	<b>Year to Date 31/03/2022 RM'000</b>
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(2,316)	(2,316)
Finance costs	45,697	45,697
Amortisation of intangible assets	115	115
Depreciation of property, plant and equipment	8,691	8,691
Depreciation of right-of-use assets	1,412	1,412
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**B12. Auditors' report on preceding annual financial statements**

The auditors' report of the financial statements for the financial year ended 31 December 2021 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 25 May 2022.