

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

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
------------------------------------	---

*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 June 2022.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134**

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 736,300 ordinary shares at an average price of RM0.97 per share. As at 30 June 2022, the number of treasury shares held was 30,231,043 ordinary shares.
- 2) On 6 April 2022, there was an issuance of 148,000,000 ordinary shares of RM1.20 each pursuant to the conversion of 148,000,000 irredeemable convertible preference shares ("ICPS") to 148,000,000 new ordinary shares by the conversion ratio of 1 unit ICPS to 1 new ordinary share.
- 3) On 17 May 2022, there was an issuance of 20,000,000 ordinary shares of RM1.20 each pursuant to the conversion of 20,000,000 ICPS to 20,000,000 new ordinary shares by the conversion ratio of 1 unit ICPS to 1 new ordinary share.
- 4) On 16 June 2022, there was an issuance of 70,000,000 ordinary shares of RM1.20 each pursuant to the conversion of 70,000,000 ICPS to 70,000,000 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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

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 and resort RM'000	Investment holding and others RM'000	Total RM'000
Individual Quarter 30 June 2022				
Revenue	131,634	49,133	30,660	211,427
Results from operations	(17,234)	15,483	(18,184)	(19,935)
Net finance costs	(16,742)	(12,941)	(17,782)	(47,465)
Share of results of an associate	1,782	-	-	1,782
Share of results of joint ventures	4,157	-	-	4,157
(Loss)/profit before tax	(28,037)	2,542	(35,966)	(61,461)
Individual Quarter 30 June 2021				
Revenue	160,358	18,032	16,586	194,976
Results from operations	18,883	(9,975)	(10,363)	(1,455)
Net finance costs	(16,260)	(15,017)	(18,006)	(49,283)
Share of results of an associate	2,954	-	-	2,954
Share of results of joint ventures	4,295	-	-	4,295
Profit/(loss) before tax	9,872	(24,992)	(28,369)	(43,489)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

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 June 2022				
Revenue	284,161	82,856	67,708	434,725
Results from operations	(4,568)	14,782	(25,685)	(15,471)
Net finance cost	(30,880)	(25,160)	(34,806)	(90,846)
Share of results of an associate	4,082	-	-	4,082
Share of results of joint ventures	5,272	-	-	5,272
Loss before tax	(26,094)	(10,378)	(60,491)	(96,963)
Year To Date				
30 June 2021				
Revenue	346,094	43,231	46,183	435,508
Results from operations	71,880	(8,150)	(11,191)	52,539
Net finance cost	(32,607)	(26,680)	(33,692)	(92,979)
Share of results of an associate	11,247	-	-	11,247
Share of results of joint ventures	5,046	-	-	5,046
Profit/(loss) before tax	55,566	(34,830)	(44,883)	(24,147)

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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134

A10. Changes in composition of the Group

- 1) On 20 June 2022, the Company had incorporated a wholly-owned subsidiary, Tropicana Solar 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.

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 RM150.8million 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 June 2022 is as follows:

	As at 30/06/2022 RM'000	As at 31/12/2021 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	21,194	18,746
- Investment properties	12,083	14,329
	<u>33,277</u>	<u>33,075</u>
Approved and not contracted for:		
- Investment properties	3,952	2,533
	<u>37,229</u>	<u>35,608</u>

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 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

Quarterly Results

For the current quarter under review, the Group recorded revenue of RM211.4 million (Q2 2021: RM195.0 million) which was RM16.5 million or 8.4% higher when compared to the corresponding quarter in the preceding year. Higher revenue in the current quarter reflected the improvement in the Group's property investment, recreation and resort operations on the back of reopening of borders since 1 April 2022.

The Group recorded a loss before tax ("LBT") of RM61.5 million as compared to LBT of RM43.5 million in the corresponding quarter in the preceding year which was mainly due to lower progress billings across key projects in the Klang Valley and Southern Region as most of the projects are in the early to mid stages of construction.

Year to date Results

For the financial period ended 30 June 2022, the Group recorded revenue of RM434.7 million, which was RM0.8 million lower when compared to the corresponding period in the preceding year. Despite higher sales achieved during the financial period ended 30 June 2022, the slight decrease in the revenue was mainly attributed by lower progress billings across key projects in the Klang Valley and Southern Region as most of the projects are in the early to mid stages of construction.

The Group's LBT was recorded at RM97.0 million as compared to LBT of RM24.1million in the corresponding period in the preceding year mainly due to lower progress billings as mentioned above. Despite the loss for the period, the Group's property investment, recreation and resort operations have shown a significant improvement in their performance as a result of the reopening of borders for travellers from all countries effective from 1 April 2022.

B2. Variation of results against preceding quarter

The Group's revenue of RM211.4 million in the current quarter was RM11.9 million or 5.3% lower when compared to the preceding quarter ended 31 March 2022. The Group has achieved higher sales in the current quarter when compared to the preceding quarter. Despite higher sales, lower revenue was mainly due to lower progress billings across some of the Group's key on-going projects as most of the projects are in the early to mid stages of construction.

The Group recorded LBT of RM61.5 million in the current quarter as compared to RM35.5 million in the preceding quarter ended 31 March 2022 mainly attributed to the lower revenue recognised during the current quarter as well as higher general and administrative expenses incurred by the Group.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

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

B3. Prospects

The domestic economy continues to face persistent challenges caused by labor shortages, raw material price increases, inflationary pressures and supply-chain disruptions resulting from lockdowns in China's major cities and military tension between Russia and Ukraine. On a side note, Bank Negara Malaysia has announced an increase in the Overnight Policy Rate by 25 basis points to 2% on 11 May 2022 to curb global inflationary pressures.

Amidst the current challenging economic environment, the Group believes that the demand for properties in prime locations in Tropicana's established, mature and developing townships will persist, 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 Aman, Tropicana Metropark and Tropicana Danga Cove.

The Group will continue to leverage on its various sales initiatives and marketing campaigns to secure more sales and therefore remaining positive and confident on the long-term prospects of its property development business. In addition, the Group will continue to develop and market its properties located at various strategic locations, which are expected to contribute positively to the future earnings of the Group.

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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	(7,892)	(9,643)	(21,591)	(40,920)
Over provision of tax for previous financial period	12,459	1,171	12,465	479
Real property gain tax	(47)	-	(47)	(10)
Deferred tax transfers	(3,859)	36,537	20,091	57,549
Total Group's tax benefit	661	28,065	10,918	17,098

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

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

B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company has not been completed as at 17 August 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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

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 30/06/2022 RM'000	As at 31/12/2021 RM'000
Secured short term borrowings	971,843	544,636
Secured long term borrowings	2,795,074	3,371,167
	<u>3,766,917</u>	<u>3,915,803</u>

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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

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

B10. Loss per share

a) Basic loss per share

Basic loss per ordinary share were calculated by dividing loss 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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Loss attributable to owners of the parent (RM'000)	(61,553)	(25,045)	(94,947)	(22,701)
Weighted average number of ordinary shares ('000)	1,644,080	1,453,106	1,589,613	1,455,328
Basic loss per share (sen)	(3.74)	(1.72)	(5.97)	(1.56)

b) Diluted loss per share

For the purpose of calculating diluted loss per share, the net loss 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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Loss attributable to owners of the parent (RM'000)	(61,553)	(25,045)	(94,947)	(22,701)
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,676,080	1,453,106	1,589,613	1,455,328
Effect of conversion of ICPS to ordinary shares	749,089	982,386	835,657	982,386
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	2,425,169	2,435,492	2,425,270	2,437,714
Diluted loss per share (sen)	(2.54)	(1.03)	(3.91)	(0.93)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2022

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 30/06/2022 RM'000	Year to Date 30/06/2022 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(615)	(2,931)
Finance costs	48,080	93,777
Amortisation of intangible assets	115	230
Depreciation of property, plant and equipment	7,952	16,643
Depreciation of right-of-use assets	1,433	2,845

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 August 2022.