



[Registration No.197901003695 (47908-K)]

**INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2021**

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Year to Date	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
Note	<u>30/06/2021</u>	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2020</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	194,976	335,667	435,508	478,395
Cost of sales	(115,841)	(151,856)	(257,204)	(206,569)
Gross profit	79,135	183,811	178,304	271,826
Other income	1,667	6,346	37,867	17,757
Selling and marketing expenses	(6,957)	(5,868)	(10,441)	(11,254)
Administrative expenses	(66,979)	(51,697)	(135,127)	(117,418)
Other expenses	(8,321)	(4,534)	(18,064)	(5,950)
Operating (loss)/profit	(1,455)	128,058	52,539	154,961
Finance income	3,147	4,013	4,058	8,732
Finance costs	(52,430)	(35,042)	(97,037)	(63,902)
Share of results of joint ventures	4,295	812	5,046	4,445
Share of results of an associate	2,954	3,759	11,247	5,216
(Loss)/profit before tax	(43,489)	101,600	(24,147)	109,452
Income tax	28,065	(53,651)	17,098	(56,144)
(Loss)/profit for the period	(15,424)	47,949	(7,049)	53,308
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation	34	(21)	124	(14)
Total comprehensive (loss)/income	(15,390)	47,928	(6,925)	53,294
(Loss)/profit attributable to:				
Owners of the parent	(25,045)	24,289	(22,701)	29,447
Holders of perpetual bond	4,328	4,328	8,609	8,609
Non-controlling interests	5,293	19,332	7,043	15,252
	(15,424)	47,949	(7,049)	53,308

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Year to Date	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
Note	<u>30/06/2021</u>	<u>30/06/2020</u>	<u>30/06/2021</u>	<u>30/06/2020</u>
	RM'000	RM'000	RM'000	RM'000
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(25,011)	24,268	(22,577)	29,433
Holders of perpetual bond	4,328	4,328	8,609	8,609
Non-controlling interests	5,293	19,332	7,043	15,252
	<u>(15,390)</u>	<u>47,928</u>	<u>(6,925)</u>	<u>53,294</u>
(Loss)/earnings per share attributable to owners of the parent:				
(sen per share)				
- Basic	B10 (1.72)	1.69	(1.56)	2.05
- Diluted	B10 (1.03)	1.01	(0.93)	1.22

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

	Note	As At 30/06/2021 RM'000	As At 31/12/2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment		664,767	770,546
Inventories		6,501,414	6,517,540
Investment properties		1,625,730	1,614,481
Right-of-use assets		234,379	139,285
Investment in an associate		107,131	95,884
Investments in joint ventures		283,452	278,328
Other investments		128,558	151,861
Intangible assets		3,699	3,927
Deferred tax assets		178,413	122,862
Trade and other receivables		11,333	18,072
		<u>9,738,876</u>	<u>9,712,786</u>
Current assets			
Inventories		567,141	591,105
Trade and other receivables		543,259	518,070
Contract cost assets		73,190	40,695
Contract assets		280,493	298,664
Tax recoverable		11,721	18,300
Cash and bank balances		790,458	621,892
Biological assets		41	219
		<u>2,266,303</u>	<u>2,088,945</u>
Total assets		<u>12,005,179</u>	<u>11,801,731</u>

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

	Note	As At 30/06/2021 RM'000	As At 31/12/2020 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		2,044,322	2,044,322
Irredeemable convertible preference shares		1,004,593	1,004,593
Treasury shares		(17,822)	(6,882)
Other reserves		1,640,815	1,664,148
		<u>4,671,908</u>	<u>4,706,181</u>
Perpetual bond		252,613	252,613
Non-controlling interests		808,359	800,512
Total equity		<u>5,732,880</u>	<u>5,759,306</u>
Non-current liabilities			
Deferred tax liabilities		542,329	543,877
Borrowings	B7	3,357,142	3,078,042
Trade and other payables		495,111	461,952
Irredeemable convertible preference shares		169,133	174,007
Contract liabilities		136,071	135,052
Lease liabilities		7,267	6,126
		<u>4,707,053</u>	<u>4,399,056</u>
Current liabilities			
Borrowings	B7	548,907	518,729
Trade and other payables		932,445	1,057,505
Irredeemable convertible preference shares		6,683	3,593
Contract liabilities		61,021	48,902
Tax payable		13,492	12,067
Lease liabilities		2,698	2,573
		<u>1,565,246</u>	<u>1,643,369</u>
Total liabilities		<u>6,272,299</u>	<u>6,042,425</u>
Total equity and liabilities		<u>12,005,179</u>	<u>11,801,731</u>
Net assets per share (RM)		<u>3.22</u>	<u>3.22</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent									
	Non-distributable									
	Share Capital	Irredeemable Convertible Preference Shares	Treasury Shares	Translation Reserve	Retained Earnings	Total Reserves	Total	Perpetual Bond	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	2,044,322	1,004,593	(13,648)	(64)	1,626,779	1,626,715	4,661,982	252,661	734,045	5,648,688
Total comprehensive (loss)/income	-	-	-	(14)	29,447	29,433	29,433	-	15,252	44,685
Distribution for the financial period	-	-	-	-	-	-	-	8,609	-	8,609
Distribution paid for the financial period	-	-	-	-	-	-	-	(8,657)	-	(8,657)
Transactions with owners										
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	-	-	-	20,711	20,711
Purchase of treasury shares	-	-	(25,019)	-	-	-	(25,019)	-	-	(25,019)
Total transactions with owners	-	-	(25,019)	-	-	-	(25,019)	-	20,711	(4,308)
As at 30 June 2020	2,044,322	1,004,593	(38,667)	(78)	1,656,226	1,656,148	4,666,396	252,613	770,008	5,689,017
As at 1 January 2021	2,044,322	1,004,593	(6,882)	(109)	1,664,257	1,664,148	4,706,181	252,613	800,512	5,759,306
Total comprehensive income/(loss)	-	-	-	124	(22,701)	(22,577)	(22,577)	-	7,043	(15,534)
Distribution for the financial period	-	-	-	-	-	-	-	8,609	-	8,609
Distribution paid for the financial period	-	-	-	-	-	-	-	(8,609)	-	(8,609)
Transactions with owners										
Acquisition of non-controlling interests	-	-	-	-	(756)	(756)	(756)	-	756	-
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	-	-	-	48	48
Purchase of treasury shares	-	-	(10,940)	-	-	-	(10,940)	-	-	(10,940)
Total transactions with owners	-	-	(10,940)	-	(756)	(756)	(11,696)	-	804	(10,892)
As at 30 June 2021	2,044,322	1,004,593	(17,822)	15	1,640,800	1,640,815	4,671,908	252,613	808,359	5,732,880

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/06/2021	30/06/2020
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(24,147)	109,452
Adjustments for:		
Depreciation of property, plant and equipment	16,593	12,859
Depreciation of right-of-use assets	2,336	3,314
Amortisation of intangible assets	229	141
Finance income	(4,058)	(8,732)
Finance costs	97,037	63,902
Share of results of an associate	(11,247)	(5,216)
Share of results of joint ventures	(5,046)	(4,445)
Net gain on disposal of property, plant and equipment	(141)	(3)
Net gain on disposal of quoted shares	(10,400)	-
Fair value loss on quoted shares	14,067	-
Dividend income on quoted shares	(6,347)	-
Property, plant and equipment written off	66	266
Amortisation of deferred license fees	(2,283)	(2,260)
Amortisation of security retainers accumulation fund	6	6
Fair value loss on biological assets	27	-
Loss on disposal of assets held for sale	-	1,182
Inventories written down	2,930	-
Unrealised returns on security retainers accumulation fund	(26)	(20)
Operating profit before working capital changes	69,596	170,446
Changes in working capital:		
Trade and other receivables	(17,516)	(239,179)
Contract assets	18,172	130,456
Inventories	(54,378)	(344,389)
Contract cost assets	65,471	24,205
Contract liabilities	(8,479)	(7,681)
Trade and other payables	(70,858)	(232,444)
Cash generated from/(used in) operations	2,008	(498,586)
Finance costs paid	(98,820)	(77,954)
Net taxes paid	(31,996)	(22,856)
Net cash used in operating activities	(128,808)	(599,396)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/06/2021	30/06/2020
	RM'000	RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,403)	(19,545)
Purchase of investment properties	(10,172)	(30,515)
Acquisition of intangible assets	-	(2,353)
Proceeds from disposal of quoted shares	45,031	-
Proceeds from disposal of property, plant and equipment	197	16
Proceeds from disposal of assets held for sale	-	18,200
Subscription of shares in joint ventures	-	(2,300)
Advances to a joint venture	-	(275)
Acquisition of quoted shares	(25,395)	-
Dividend income received	6,347	-
Finance income received	4,058	8,732
Net cash generated from/(used in) investing activities	13,663	(28,040)
Cash flows from financing activities		
Payment of borrowing costs	(767)	(11,956)
Drawdown from borrowings	281,694	655,855
Repayment of borrowings	(269,436)	(499,031)
Repayment of hire purchase	-	(862)
Repayment of principal portion of lease liabilities	(1,799)	(2,991)
Uplift/(placement) of debt service reserve, escrow accounts and deposits with licensed banks not available for use	16,705	(224,825)
Proceeds from issuance of shares to non-controlling interests	48	20,711
Proceeds from issuance of Islamic Medium Term Notes	293,000	789,000
Purchase of treasury shares	(10,940)	(25,019)
Perpetual bond distribution paid	(8,609)	(8,657)
Net cash generated from financing activities	299,896	692,225
Net increase in cash and cash equivalents	184,751	64,789
Effects of foreign exchange rate changes	125	(14)
Cash and cash equivalents at beginning of financial period	404,092	591,338
Cash and cash equivalents at end of financial period*	588,968	656,113

* Cash and cash equivalents at end of financial period comprise the following:

	30/06/2021	30/06/2020
	RM'000	RM'000
Cash and bank balances	790,458	1,074,513
Less: Bank overdrafts	(20,007)	(29,964)
Less: Cash and cash equivalents not available for use	(181,483)	(388,436)
Total cash and cash equivalents at end of financial period	588,968	656,113

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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: (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
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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 30 June 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 12,420,700 ordinary shares at an average price of RM0.88 per share. As at 30 June 2021, the number of treasury shares held was 20,798,943 ordinary shares.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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

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 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)
30 June 2020				
Revenue	302,508	14,949	18,210	335,667
Results from operations	129,123	(4,626)	3,561	128,058
Net finance costs	(3,399)	(11,195)	(16,435)	(31,029)
Share of results of an associate	3,759	-	-	3,759
Share of results of joint ventures	812	-	-	812
Profit/(loss) before tax	130,295	(15,821)	(12,874)	101,600

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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 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)
Year To Date				
30 June 2020				
Revenue	401,915	43,623	32,857	478,395
Results from operations	162,917	(5,796)	(2,160)	154,961
Net finance cost	(4,154)	(23,236)	(27,780)	(55,170)
Share of results of an associate	5,216	-	-	5,216
Share of results of joint ventures	4,445	-	-	4,445
Profit/(loss) before tax	168,424	(29,032)	(29,940)	109,452

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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

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 2 April 2021, the Company disposed its entire 1 ordinary share in Spring Garden Star Sdn Bhd (formerly known as Mighty Valley Sdn Bhd) ("SGSSB") representing 100% of the total paid-up capital to Tropicana Golf & Country Resort Berhad ("TGCR"), a wholly-owned subsidiary of the Company, for a total cash consideration of RM1.

Subsequent on 19 April 2021, TGCR had further subscribed 50,999 new ordinary shares for a total subscription price of RM50,999 when SGSSB enlarged its total paid-up capital by issuance of 99,999 new ordinary shares. Upon completion of the shares allotment, SGSSB had become a 51% owned subsidiary of TGCR, which in turn is an 51% indirect owned subsidiary of the Company.

- 2) On 20 April 2021, TGCR had incorporated Tropicana Cuisines Catered Sdn Bhd ("TCCSB") with 2 ordinary shares representing 100% of total paid-up capital for a total cash consideration of RM2. With this incorporation, TCCSB became a wholly-owned subsidiary of TGCR, which in turn is an indirect wholly-owned subsidiary of the Company.
- 3) On 3 June 2021, Tropicana Inspirasi Impian Sdn Bhd (formerly known as Elkwood Realty Sdn Bhd) ("TIMSB") and Tropicana Inspirasi Indah Sdn Bhd (formerly known as Snowflakes Realty Sdn Bhd) ("TIISB") had enlarged each of their total paid-up capital by issuance of 48,900 new ordinary shares for total cash consideration of RM48,900 each. These were fully subscribed by Tropicana Inspirasi Sdn Bhd (formerly known as Sumber Saujana Sdn Bhd) ("TISB"), a wholly-owned subsidiary of the Company. Upon completion of the shares allotment, TIMSB and TIISB, which were initially 51% owned subsidiaries of TISB, had both become 99.90% owned subsidiaries of TISB.

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 RM39.9million 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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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

A12. Capital commitments

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

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	21,455	8,894
- Investment properties	9,062	14,190
	30,517	23,084
Approved and not contracted for:		
- Investment properties	18,537	19,747
	49,054	42,831

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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 RM195.0 million (Q2 2020: RM335.7 million) which was RM140.7 million or 41.9% lower when compared to the corresponding quarter in the preceding year. Higher revenue in the corresponding quarter 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 comparatively there were no land disposals in the current quarter. Excluding these said lands disposals, the revenue in the current quarter would have been higher by RM101.1 million as compared to the corresponding quarter in the preceding year which reflected higher sales and progress billings across some of the Group's key on-going projects despite the enforcement of various phases of Movement Control Order ("MCO") by the Malaysian Government starting from 1 June 2021.

The Group recorded loss before tax ("LBT") of RM43.5 million as compared to profit before tax of RM101.6 million in the corresponding quarter in the preceding year which was mainly due to recognition of gains arising from the sale of the two parcels of freehold development lands mentioned above amounting to RM108.7 million. In the current period, the Group's property development and property management division still performed strongly and profitably despite the enforcement of various phases of MCO on 1 June 2021. However, the performance of the Group's property investment, recreation and resort operations were negatively impacted due to the enforcement of various phases of MCO leading to disruptions in operations and resulting in a loss for the quarter.

Year to date Results

For the financial period ended 30 June 2021, the Group recorded revenue of RM435.5 million, which was RM42.9 million lower when compared to the corresponding period in the preceding year. Notwithstanding the lands disposals as mentioned above, the revenue would have been higher in the current period which contributed by higher sales and progress billings across key projects in the Klang Valley and Southern Region which have picked up during the period as compared to the corresponding period in the preceding year.

The Group's LBT was recorded at RM24.1 million, which was RM133.6 million lower when compared to the corresponding period in the preceding year, mainly due to the gains arising from the sale of the two parcels of development lands. Despite the loss for the period, the Group's property development and property management division still performed strongly with profit of RM55.6 million for the period which were backed by strong sales and cost savings from projects.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2021

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

B2. Variation of results against preceding quarter

The Group's revenue of RM195.0 million in the current quarter was RM45.6 million or 18.9% lower when compared to the preceding quarter ended 31 March 2021. This was due to lower progress billings across some of the Group's key on-going projects as a result of the enforcement of various phases MCO starting from 1 June 2021.

The Group recorded LBT of RM43.5 million in the current quarter which was RM62.8 million lower than the preceding quarter ended 31 March 2021 mainly attributed to the lower revenue recognised during the current quarter. 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 profitably despite the enforcement of various phases MCO which were backed by strong sales and cost savings from projects.

B3. Prospects

The resurgence in Covid-19 cases has subsequently led to the re-enforcement of the Full MCO on 1 June 2021. Although consumer sentiment has been affected by the prolonged lockdown, it is optimistic that the property market is expected to gradually recover with the mass vaccination effort by the Government by setting up large-scale integrated vaccination centres ("PPVs") nationwide.

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 Heights, 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.

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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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	(9,643)	(18,431)	(40,920)	(27,871)
Overprovision of tax for previous financial period	1,171	61	479	930
Real property gain tax	-	(540)	(10)	(540)
Deferred tax transfers	36,537	(34,741)	57,549	(28,663)
Total Group's tax benefit/(expense)	28,065	(53,651)	17,098	(56,144)

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 21 September 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 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 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 10 November 2020, 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”), both indirect subsidiaries of the Company, have entered into the following agreements:
 - (i) a sale and purchase agreement between TI Impian and Satria Sewira Sdn Bhd (“Satria Sewira”), for the proposed acquisition of freehold land measuring approximately 102 acres held under H.S.(D) 2097, Lot No. PT 2134/118, Mukim of Bentong, District of Bentong, State of Pahang Darul Makmur from Satria Sewira for a total cash consideration of RM178,160,400 (“Satria Sewira SPA”); and
 - (ii) a sale and purchase agreement between TI Indah and Emerald Hectares Sdn Bhd (“Emerald Hectares”), for the proposed acquisition of freehold land measuring approximately 206 acres held under H.S.(D) 2099, Lot No. PT 2136/120, Mukim of Bentong, District of Bentong, State of Pahang Darul Makmur from Emerald Hectares for a total cash consideration of RM224,334,000 (“Emerald Hectares SPA”).

On 10 November 2020, TI Indah and TI Impian have respectively paid RM22,433,400 and RM17,816,040 being 10% of the purchase consideration.

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B6. Corporate Proposals (cont'd.)

Status of corporate proposals

On 8 June 2021, TI Indah and TI Impian have respectively paid RM22,433,400 and RM17,816,040 being the second 10% of the purchase consideration and pursuant thereto, both parties have agreed to extend the completion period for the payment of the balance 80% of the purchase consideration for a further 2 months commencing from 11 July 2021 until 11 September 2021.

On 13 August 2021, TI Indah has paid the balance 80% of the purchase consideration and completed the Emerald Hectares SPA

On 18 August 2021, TI Impian has paid the balance 80% of the purchase consideration and completed the Satria Sewira SPA.

B7. Borrowings

	As at 30/06/2021 RM'000	As at 31/12/2020 RM'000
Secured short term borrowings	548,907	518,729
Secured long term borrowings	3,357,142	3,078,042
	3,906,049	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.

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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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
(Loss)/profit attributable to owners of the parent (RM'000)	(25,045)	24,289	(22,701)	29,447
Weighted average number of ordinary shares ('000)	1,453,106	1,430,881	1,455,328	1,439,442
Basic (loss)/earnings per share (sen)	(1.72)	1.69	(1.56)	2.05

(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	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
(Loss)/profit attributable to owners of the parent (RM'000)	(25,045)	24,289	(22,701)	29,447
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,453,106	1,430,881	1,455,328	1,439,442
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	2,435,492	2,413,267	2,437,714	2,421,828
Diluted (loss)/earnings per share (sen)	(1.03)	1.01	(0.93)	1.22

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B11. Notes to the statements of comprehensive income

	Individual Quarter 30/06/2021 RM'000	Year to Date 30/06/2021 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(3,147)	(4,058)
Finance costs	52,430	97,037
Amortisation of intangible assets	114	229
Depreciation of property, plant and equipment	8,899	16,593
Depreciation of right-of-use assets	1,313	2,336

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 28 September 2021.