TROPICANA
CORPORATION BERHAD
丽阳机构

[Registration No.197901003695 (47908-K)]

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 JUNE 2024

TROPICANA
CORPORATION BERHAD
丽阳机构

[Registration No.197901003695 (47908-K)]

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Individual Quarter		Year to Date	
	Note	**Current Year Quarter** 30/06/2024	Preceding Year Corresponding Quarter 30/06/2023	**Current Year to Date** 30/06/2024	Preceding Year Corresponding Period 30/06/2023
		RM'000	RM'000	**RM'000**	RM'000
Revenue		**384,698**	464,511	**675,973**	721,242
Cost of sales		**(253,962)**	(351,316)	**(447,228)**	(522,108)
Gross profit		**130,736**	113,195	**228,745**	199,134
Other income		**64,976**	181	**107,295**	29,442
Selling and marketing expenses		**(9,103)**	(6,491)	**(13,495)**	(14,455)
Administrative expenses		**(76,566)**	(52,968)	**(144,966)**	(117,222)
Other expenses		**(1,029)**	(8,795)	**(12,173)**	(10,759)
Operating profit		**109,014**	45,122	**165,406**	86,140
Finance income		**1,292**	1,758	**3,011**	3,138
Finance costs		**(42,639)**	(50,217)	**(86,576)**	(100,312)
Share of results of joint ventures		**3,195**	3,444	**4,678**	9,072
Share of results of an associate		**5,204**	1,696	**11,803**	4,563
Profit before tax		**76,066**	1,803	**98,322**	2,601
Income tax	B5	**(21,749)**	14,184	**(38,287)**	16,388
Profit for the period		**54,317**	15,987	**60,035**	18,989
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period:					
Foreign currency translation		**(60)**	(292)	**58**	144
Total comprehensive income		**54,257**	15,695	**60,093**	19,133
Profit/(loss) attributable to:					
Owners of the parent		**43,566**	305	**34,485**	(4,929)
Holders of perpetual bond		**11,120**	11,121	**22,241**	22,119
Non-controlling interests		**(369)**	4,561	**3,309**	1,799
		54,317	15,987	**60,035**	18,989

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Individual Quarter		Year to Date	
	Note	**Current Year Quarter**	Preceding Year Corresponding Quarter	**Current Year to Date**	Preceding Year Corresponding Period
		30/06/2024	30/06/2023	**30/06/2024**	30/06/2023
		RM'000	RM'000	**RM'000**	RM'000
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**43,506**	13	**34,543**	(4,785)
Holders of perpetual bond		**11,120**	11,121	**22,241**	22,119
Non-controlling interests		**(369)**	4,561	**3,309**	1,799
		54,257	15,695	**60,093**	19,133
Earnings/(loss) per share attributable to owners of the parent: (sen per share)					
- Basic	B10	**1.92**	0.02	**1.52**	(0.24)
- Diluted	B10	**1.70**	0.02	**1.35**	(0.20)

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 30/06/2024 RM'000	As At 31/12/2023 RM'000
Assets			
Non-current assets			
Property, plant and equipment		**389,177**	401,753
Biological assets		**4,020**	3,676
Inventories		**6,403,513**	6,618,313
Investment properties		**1,453,997**	1,447,766
Right-of-use assets		**51,347**	52,790
Investments in joint ventures		**282,449**	288,388
Other investments		**887**	887
Intangible assets		**5,626**	5,648
Deferred tax assets		**304,764**	214,860
Trade and other receivables		**5,869**	5,767
		8,901,649	9,039,848
Current assets			
Inventories		**750,013**	598,921
Trade and other receivables		**475,312**	358,252
Contract cost assets		**268,629**	276,243
Contract assets		**389,250**	547,389
Tax recoverable		**7,681**	9,274
Cash and bank balances		**607,606**	500,502
Other investments		**221,399**	174,554
		2,719,890	2,465,135
Assets classified as held for sale		**210,226**	473,628
		2,930,116	2,938,763
Total assets		**11,831,765**	11,978,611

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 30/06/2024 RM'000	As At 31/12/2023 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		**3,051,570**	3,051,570
Irredeemable convertible preference shares		**301,210**	301,210
Treasury shares		**(28,440)**	(28,440)
Other reserves		**1,013,396**	978,853
		4,337,736	4,303,193
Perpetual bond		**660,103**	660,103
Non-controlling interests		**846,698**	843,389
Total equity		**5,844,537**	5,806,685
Non-current liabilities			
Deferred tax liabilities		**550,955**	463,128
Borrowings	B7	**1,546,220**	1,807,855
Trade and other payables		**504,738**	507,011
Irredeemable convertible preference shares		**38,107**	41,686
Contract liabilities		**126,005**	126,484
Lease liabilities		**5,066**	5,848
		2,771,091	2,952,012
Current liabilities			
Borrowings	B7	**1,154,985**	1,353,171
Trade and other payables		**1,900,387**	1,740,500
Irredeemable convertible preference shares		**5,638**	3,754
Contract liabilities		**115,054**	104,233
Tax payable		**37,644**	15,836
Lease liabilities		**2,429**	2,420
		3,216,137	3,219,914
Total liabilities		**5,987,228**	6,171,926
Total equity and liabilities		**11,831,765**	11,978,611
Net assets per share (RM)		**1.91**	1.90

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---------- Attributable to owners of the parent ---------->									
	<---------Non-distributable--------->				Distributable					
	Share Capital RM'000	Irredeemable Convertible Preference Shares RM'000	Treasury Shares RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Reserves RM'000	Total RM'000	Perpetual Bond RM'000	Non-controlling Interests RM'000	Total Equity RM'000
As at 1 January 2023	2,677,890	466,258	(28,440)	(168)	1,153,009	1,152,841	4,268,549	660,004	826,458	5,755,011
Total comprehensive income/(loss)	-	-	-	144	(4,929)	(4,785)	(4,785)	-	1,799	(2,986)
Distribution for the financial year	-	-	-	-	-	-	-	22,119	-	22,119
Distribution paid for the financial year	-	-	-	-	-	-	-	(22,167)	-	(22,167)
Transactions with owners:										
Issuance of ordinary shares	180,000	-	-	-	-	-	180,000	-	-	180,000
Conversion of irredeemable convertible preference shares to ordinary shares	193,680	(165,049)	-	-	-	-	28,631	-	-	28,631
Total transactions with owners	373,680	(165,049)	-	-	-	-	208,631	-	-	208,631
As at 30 June 2023	3,051,570	301,209	(28,440)	(24)	1,148,080	1,148,056	4,472,395	659,956	828,257	5,960,608
As at 1 January 2024	**3,051,570**	**301,210**	**(28,440)**	**32**	**978,821**	**978,853**	**4,303,193**	**660,103**	**843,389**	**5,806,685**
Total comprehensive income	**-**	**-**	**-**	**58**	**34,485**	**34,543**	**34,543**	**-**	**3,309**	**37,852**
Distribution for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22,241**	**-**	**22,241**
Distribution paid for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(22,241)**	**-**	**(22,241)**
As at 30 June 2024	**3,051,570**	**301,210**	**(28,440)**	**90**	**1,013,306**	**1,013,396**	**4,337,736**	**660,103**	**846,698**	**5,844,537**

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/06/2024	30/06/2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	**98,322**	2,601
Adjustments for:		
Depreciation of property, plant and equipment	**11,957**	15,003
Depreciation of right-of-use assets	**2,507**	3,212
Amortisation of intangible assets	**22**	230
Finance income	**(3,011)**	(3,138)
Finance costs	**86,576**	100,312
Fair value loss/(gain) on investment properties	**693**	(733)
Share of results of an associate	**(11,803)**	(4,563)
Share of results of joint ventures	**(4,678)**	(9,072)
Unrealised profit arising from transaction with a joint venture	**(889)**	-
Reversal of impairment loss on trade and other receivables	**(98)**	-
Net gain on disposal of assets classified as held for sale	**(4,973)**	-
Net loss/(gain) on disposal of property, plant and equipment	**699**	(164)
Unrealised foreign exchange loss	**2,935**	3,513
Net loss/(gain) on disposal of quoted shares	**19,720**	(1,473)
Fair value gain on quoted shares	**(86,378)**	(15,550)
Property, plant and equipment written off	**2,522**	37
Amortisation of deferred license fees	**(2,543)**	(2,545)
Amortisation of security retainers accumulation fund	**6**	6
Impairment loss on trade and other receivables	**-**	971
Bad debt written off	**835**	135
Dividend income from other investments	**(742)**	(175)
Impairment loss on asset classified as held for sale	**83**	-
Inventories written down	**-**	2,030
Land held for property development written off	**3,534**	-
Fair value gain on other investments	**(69)**	(133)
Unrealised returns on security retainers accumulation fund	**(108)**	(108)
Operating profit before working capital changes	**115,119**	90,396
Changes in working capital:		
Trade and other receivables	**(116,172)**	(86,245)
Contract assets	**158,139**	(222,329)
Inventories	**184,324**	219,024
Contract cost assets	**(109,153)**	(116,810)
Contract liabilities	**(284)**	10,440
Biological assets	**(344)**	(346)
Trade and other payables	**152,785**	308,822
Cash generated from operations	**384,414**	202,952
Finance costs paid	**(82,317)**	(108,458)
Net taxes paid	**(16,963)**	(5,667)
Net cash generated from operating activities	**285,134**	88,827

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/06/2024 RM'000	30/06/2023 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(5,752)**	(2,023)
Purchase of investment properties	**(6,914)**	(1,011)
Proceeds from disposal of quoted shares	**26,322**	34,050
Proceeds from disposal of property, plant and equipment	**1,080**	331
Proceeds from disposal of assets classified as held for sale	**296,200**	-
Repayment from a joint venture	**1,507**	-
Acquisition of quoted shares	**(6,440)**	(23,591)
Addition of right of use assets	**(238)**	-
Dividend income received	**10,742**	15,175
Finance income received	**3,011**	3,138
Net cash generated from investing activities	**319,518**	26,069
Cash flows from financing activities		
Payment of borrowing costs	**(9,543)**	(6,052)
Drawdown from a borrowings	**351,454**	461,570
Repayment of borrowings	**(708,026)**	(207,046)
Repayment of principal portion of lease liabilities	**(1,269)**	(2,177)
Repayment of Islamic Medium Term Notes	**(110,000)**	(465,500)
(Placement)/uplift of debt service reserve, escrow accounts and deposits with licensed banks not available for use	**(23,479)**	151,670
Perpetual bond distribution paid	**(22,241)**	(22,167)
Net cash used in financing activities	**(523,104)**	(89,702)
Net increase in cash and cash equivalents	**81,548**	25,194
Effects of foreign exchange rate changes	**58**	144
Cash and cash equivalents at beginning of financial period	**308,837**	263,075
Cash and cash equivalents at end of financial period*	**390,443**	288,413

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

Cash and bank balances	**607,606**	517,545
Less: Cash and cash equivalents not available for use	**(195,052)**	(215,199)
Less: Bank overdrafts	**(22,111)**	(13,933)
Total cash and cash equivalents at end of financial period	**390,443**	288,413

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

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 2023. 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 2023.

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 2023 except for the adoption of the following new amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2024:

Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

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 2025:

Amendments to MFRS 121	Lack of Exchangeability

Effective for financial periods beginning on or after 1 January 2027:

MFRS 18	Presentation and Disclosure in Financial Statements

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

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

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 2024.

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.

A7. Dividends

No dividend was paid during the current quarter under review.

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 RM'000	Investment holding and others RM'000	Total RM'000
Individual Quarter 30 June 2024				
Revenue	**338,289**	**41,160**	**5,249**	**384,698**
Results from operations	**52,614**	**26,327**	**30,073**	**109,014**
Net finance costs	**(5,915)**	**(8,285)**	**(27,147)**	**(41,347)**
Share of results of an associate	**5,204**	**-**	**-**	**5,204**
Share of results of joint ventures	**3,195**	**-**	**-**	**3,195**
Profit before tax	**55,098**	**18,042**	**2,926**	**76,066**
30 June 2023				
Revenue	363,224	59,629	41,658	464,511
Results from operations	19,005	11,870	14,247	45,122
Net finance costs	(14,453)	(14,398)	(19,608)	(48,459)
Share of results of an associate	1,696	-	-	1,696
Share of results of joint ventures	3,444	-	-	3,444
Profit/(loss) before tax	9,692	(2,528)	(5,361)	1,803

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 2024				
Revenue	**572,884**	**91,260**	**11,829**	**675,973**
Results from operations	**90,988**	**32,981**	**41,437**	**165,406**
Net finance cost	**(9,561)**	**(17,257)**	**(56,747)**	**(83,565)**
Share of results of an associate	**11,803**	**-**	**-**	**11,803**
Share of results of joint ventures	**4,678**	**-**	**-**	**4,678**
Profit/(loss) before tax	**97,908**	**15,724**	**(15,310)**	**98,322**
30 June 2023				
Revenue	504,536	119,026	97,680	721,242
Results from operations	18,230	24,301	43,609	86,140
Net finance cost	(30,108)	(29,198)	(37,868)	(97,174)
Share of results of an associate	4,563	-	-	4,563
Share of results of joint ventures	9,072	-	-	9,072
Profit/(loss) before tax	1,757	(4,897)	5,741	2,601

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

There were no changes in the composition of the Group during the current quarter under review.

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

A11. Changes in contingent liabilities or contingent assets

Since the last annual audited position as at 31 December 2023, the Group's contingent liabilities have changed due to the decrease of RM290.5million 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 2024 is as follows:

	As at 30/06/2024 RM'000	As at 31/12/2023 RM'000
Capital expenditure:		
Approved and contracted for:		
- Investment properties	**5,084**	7,484
	5,084	7,484
Approved and not contracted for:		
- Property, plant and equipment	**6,662**	6,450
- Investment properties	**4,209**	4,414
	10,871	10,864
	15,955	18,348

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2024

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 a revenue of RM384.7 million (Q2 2023: RM464.5 million) which was RM79.8 million or 17.2% lower when compared to the corresponding quarter in the preceding year. Lower revenue for the current quarter was mainly due to the completion of divestment on our investment properties namely St. Joseph's Institution International School Malaysia and W Kuala Lumpur on September 2023 and January 2024 respectively. Hence, there were no revenue being generated from these investment properties subsequent to the completion of the said disposals. Apart from that, the decline in revenue was also attributed to lower sale consideration related to the disposal of development land as compared to the corresponding quarter in the preceding year. Excluding the land disposal, the property development segment has been performing better compared to the corresponding quarter in the preceding year due to the higher progress billings across key projects in the Klang Valley, Southern and Northern Regions.

The Group recorded a higher profit before tax ("PBT") of RM76.1 million as compared to RM1.8 million in the corresponding quarter in the preceding year which was mainly due to recognition of higher unrealised gain on quoted shares coupled with lower finance costs incurred which was consistent with the Group's strategy to reduce the overall debt level via assets monetisation.

Year to date Results

For the financial period ended 30 June 2024, the Group recorded a revenue of RM676.0 million, which was RM45.3 million or 6.3% lower when compared to the preceding year which was mainly due to the completion of the divestment of investment properties which resulted in lower revenue being recognised as mentioned above. Despite lower revenue generated from these investment properties upon the completion of the diposals, the property development segment has shown significant improvement compared to the preceding year reflects higher progress billings from advances stages of construction work for the Group's on-going projects.

The Group's recorded a higher PBT of RM98.3 million as compared to RM2.6 million which was mainly due to the higher progress billings coupled with the recognition of higher unrealised gain on quoted shares as well as lower finance costs incurred as mentioned above.

B2. Variation of results against preceding quarter

The Group's revenue of RM384.7 million in the current quarter was RM93.4 million or 32.1% higher when compared to the preceding quarter ended 31 March 2024. The Group also recorded a higher PBT of RM76.1 million in the current quarter as compared to RM22.3 million in the preceding quarter ended 31 March 2024.

B2. Variation of results against preceding quarter (cont'd)

The significant improvement in revenue and PBT was mainly due to the Group has achieved higher sales from the new launches and higher progress billings across key projects in the Klang Valley, Southern and Northern Regions which have picked up during this quarter as compared to the preceding quarter. Besides that, higher PBT in the current quarter was also contributed from the recognition of higher unrealised gain on quoted shares coupled with lower finance costs incurred which was consistent with the Group's strategy to reduce the overall debt level via assets monetisation.

B3. Prospects

Malaysia's gross domestic product grew at a rate of 4.2% in the first quarter of 2024, an increase from 2.9% growth in the preceding quarter as the economy was bolstered by strong private expenditure and a positive turnaround in exports. Further, in July 2024, Bank Negara Malaysia, as expected, announced that the Overnight Policy Rate ("OPR") will be maintained at 3% and at this current OPR level, the monetary policy stance remains supportive of the economy and is consistent with the current assessment of inflation and growth prospects.

The property sector is expected to remain resilient on the back of a positive economic outlook and consumer sentiment. A number of factors have a direct and favourable impact on the real estate market in the first half of 2024, with more developers are turning optimistic on the local property market amid positive news flow on potential infrastructure projects, active land transactions and influx of foreign direct investments. The country's overhang numbers, which have decreased in 2023 as compared to 2022 (especially in Klang Valley where the overhang fell by 12% year-on-year), suggested that the housing market is strengthening. Further, the overall real estate market activity increased dramatically in terms of transaction value, indicating high demand for houses, as Malaysia's total property transaction value increased by 2% for landed properties and 22% for non-landed properties in 2023 as compared to 2022. Budget 2024, which was tabled in the Dewan Rakyat in October 2023, is also seen as a catalyst for the property sector, where it proposed relaxation of the Malaysia My Second Home requirements and an increase in funding from RM5 billion to RM10 billion for Skim Jaminan Kredit Perumahan, which will assist about 40,000 borrowers. 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. Further, the Group expects improved sales especially for its properties in Johor, as a result of the Johor Bahru-Singapore Rapid Transit System Link project, as well as the positive growth effects from the possible resuscitation of the High Speed Rail project, additional ferry crossings, and possibly even a third link bridge. Premised on the expected demand, the Group will continue to launch its properties at strategic locations across the Klang Valley, Genting Highlands, Northern and Southern Regions. Moving forward, the Group will also continue to launch new phases in its established development sites, namely Tropicana Aman and Tropicana Metropark.

B3. Prospects (cont'd)

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 will in turn, translates to higher sales and positive contributions 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	
	30/06/2024	30/06/2023	**30/06/2024**	30/06/2023
	RM'000	RM'000	**RM'000**	RM'000
Tax expense for the period	**(30,343)**	(5,590)	**(38,876)**	(4,936)
Underprovision of tax for previous financial period	**(972)**	-	**(1,144)**	-
Real property gain tax	**417**	-	**-**	-
Deferred tax transfers	**9,149**	19,774	**1,733**	21,324
Total Group's tax (expense)/benefit	**(21,749)**	14,184	**(38,287)**	16,388

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

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 22 August 2024, 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 23 sub-divided parcels. The acquisitions for 22 sub-divided parcels are completed. There are remaining 5 parcels of land to be paid.

2) On 1 November 2021 and 5 November 2021, the Company has announced that Tropicana Alam 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 29 February 2024, Tropicana Kajang Hill Sdn Bhd ("TKHSB"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Perbadanan Kemajuan Negeri Selangor ("PKNS") for the proposed acquisition of a parcel of leasehold land, situated in Pekan Baru Sungai Buloh, District of Petaling, Selangor measuring approximately 7.79 acres.

4) On 23 July 2024, Tropicana Indah Sdn Bhd, an indirect 70%-owned subsidiary of the Company, entered into a SPA with IOI Mall Damansara Sdn Bhd (IOI MD"), a wholly-owned subsidiary of IOI Properties Group Berhad ("IOIPG"), for the sale of Tropicana Gardens Mall for a total cash consideration of RM680,000,000.

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 30/06/2024 RM'000	As at 31/12/2023 RM'000
Secured short term borrowings	**1,154,985**	1,353,171
Secured long term borrowings	**1,546,220**	1,807,855
	2,701,205	3,161,026

B8. Material litigation

1) 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.

2) On 25 August 2023, a suit ("Suit") was brought by RHB Trustees Berhad, Sunway REIT Management Sdn Bhd ("Sunway REIT") and Sunway Education Group Sdn Bhd ("Sunway Education") (collectively, "Plaintiffs") against the Company and Tropicana Education Management Sdn Bhd ("TEM") (collectively, "Defendants") in relation to the letter of offer concerning the proposed sale of all that piece of land where the St. Joseph's Institution International School Malaysia (Tropicana PJ Campus) is located ("Property) by TEM to Sunway REIT and the proposed sale of all the shares in Tropicana SJII Education Management Sdn Bhd ("TSEM") by the Company to a "Sunway Group of Company to be identified". On 10 October 2023, a counterclaim was brought by the Defendants against the Plaintiffs. On 11 October 2023, the Defendants filed a striking out application against the Suit. On 23 November 2023, the Defendants filed a leave application to file the Reply to Defence to Counterclaim. On 2 February 2024, the Plaintiffs filed a notice of application for interrogatories. On 2 February 2024, the Plaintiffs filed a notice of application for discovery. On 18.06.2024, TEM applied for leave to amend the Defence and Counterclaim. The hearing for all the aforesaid applications has been adjourned from 7 August 2024 to 14 November 2024 save for the Plaintiffs' notice of application for interrogatories and the Plaintiffs' notice of application for discovery which are being fixed for case management on 14 November 2024.

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

B9. Dividend payable

There was no dividend proposed for the quarter under review.

B10. Earnings/(loss) per share

a) Basic earnings/(loss) per share

Basic loss per ordinary share were calculated by dividing profit/(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	
	30/06/2024	30/06/2023	**30/06/2024**	30/06/2023
Profit/(loss) attributable to owners of the parent (RM'000)	**43,566**	305	**34,485**	(4,929)
Weighted average number of ordinary shares ('000)	**2,266,339**	2,028,207	**2,266,339**	2,084,036
Basic earnings/(loss) per share (sen)	**1.92**	0.02	**1.52**	(0.24)

b) Diluted earnings/(loss) per share

For the purpose of calculating diluted profit/(loss) per share, the net profit/(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	
	30/06/2024	30/06/2023	**30/06/2024**	30/06/2023
Profit/(loss) attributable to owners of the parent (RM'000)	**43,566**	305	**34,485**	(4,929)
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	**2,266,339**	1,728,207	**2,266,339**	2,084,036
Effect of conversion of ICPS to ordinary shares	**294,551**	301,056	**294,551**	342,218
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	**2,560,890**	2,029,263	**2,560,890**	2,426,254
Diluted earnings/(loss) per share (sen)	**1.70**	0.02	**1.35**	(0.20)

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 30/06/2024 RM'000	Year to Date 30/06/2024 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(1,292)	(3,011)
Finance costs	42,639	86,576
Amortisation of intangible assets	11	22
Depreciation of property, plant and equipment	5,949	11,957
Depreciation of right-of-use assets	1,221	2,507

B12. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2023 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 29 August 2024.