



[Registration No.197901003695 (47908-K)]

INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2022



INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Year to Date	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	Date	Corresponding
Note	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	223,298	240,532	223,298	240,532
Cost of sales	(119,289)	(141,363)	(119,289)	(141,363)
Gross profit	104,009	99,169	104,009	99,169
Other income	9,047	36,200	9,047	36,200
Selling and marketing expenses	(7,765)	(3,484)	(7,765)	(3,484)
Administrative expenses	(71,857)	(68,148)	(71,857)	(68,148)
Other expenses	(28,970)	(9,743)	(28,970)	(9,743)
Operating (loss)/profit	4,464	53,994	4,464	53,994
Finance income	2,316	911	2,316	911
Finance costs	(45,697)	(44,607)	(45,697)	(44,607)
Share of results of joint ventures	1,115	751	1,115	751
Share of results of an associate	2,300	8,293	2,300	8,293
(Loss)/profit before tax	(35,502)	19,342	(35,502)	19,342
Income tax	10,257	(10,967)	10,257	(10,967)
(Loss)/profit for the period	(25,245)	8,375	(25,245)	8,375
Other comprehensive income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation	117	90	117	90
Total comprehensive (loss)/income	(25,128)	8,465	(25,128)	8,465
(Loss)/profit attributable to:				
Owners of the parent	(33,394)	2,344	(33,394)	2,344
Holders of perpetual bond	8,626	4,281	8,626	4,281
Non-controlling interests	(477)	1,750	(477)	1,750
	(25,245)	8,375	(25,245)	8,375

**TROPICANA**

CORPORATION BERHAD

丽阳机构

[Registration No.197901003695 (47908-K)]

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Individual Quarter		Year to Date	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	Date	Corresponding
Note	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(33,277)	2,434	(33,277)	2,434
Holders of perpetual bond	8,626	4,281	8,626	4,281
Non-controlling interests	(477)	1,750	(477)	1,750
	(25,128)	8,465	(25,128)	8,465
(Loss)/earnings per share attributable to owners of the parent:				
(sen per share)				
- Basic	B10 (2.23)	0.16	(2.23)	0.16
- Diluted	B10 (1.38)	0.10	(1.38)	0.10

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 31/03/2022 RM'000	As At 31/12/2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment		749,695	756,666
Biological assets		2,203	1,469
Inventories		7,065,155	7,071,745
Investment properties		1,509,003	1,505,658
Right-of-use assets		140,489	141,079
Investment in an associate		116,771	114,471
Investments in joint ventures		302,450	300,825
Other investments		887	887
Intangible assets		6,309	6,424
Deferred tax assets		223,925	150,665
Trade and other receivables		5,273	5,223
		<u>10,122,160</u>	<u>10,055,112</u>
Current assets			
Biological assets	12		17
Inventories		599,831	566,007
Trade and other receivables		539,313	485,324
Contract cost assets		119,482	120,399
Contract assets		245,485	230,152
Tax recoverable		27,502	15,927
Other investments		157,189	166,700
Cash and bank balances		513,718	638,603
		<u>2,202,532</u>	<u>2,223,129</u>
Asset classified as held for sale		17,500	17,500
		<u>2,220,032</u>	<u>2,240,629</u>
Total assets		<u>12,342,192</u>	<u>12,295,741</u>

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 31/03/2022 RM'000	As At 31/12/2021 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		2,132,568	2,046,168
Irredeemable convertible preference shares		918,193	1,004,593
Treasury shares		(26,263)	(26,103)
Other reserves		1,555,475	1,611,486
		<u>4,579,973</u>	<u>4,636,144</u>
Perpetual bond		519,067	527,791
Non-controlling interests		837,539	820,182
Total equity		<u>5,936,579</u>	<u>5,984,117</u>
Non-current liabilities			
Deferred tax liabilities		568,534	507,147
Borrowings	B7	3,330,160	3,371,167
Trade and other payables		513,165	516,818
Irredeemable convertible preference shares		159,429	164,193
Contract liabilities		136,059	133,206
Lease liabilities		8,618	5,609
		<u>4,715,965</u>	<u>4,698,140</u>
Current liabilities			
Borrowings	B7	548,814	544,636
Trade and other payables		1,046,800	1,000,254
Irredeemable convertible preference shares		10,009	9,814
Contract liabilities		68,493	47,216
Tax payable		12,320	8,340
Lease liabilities		3,212	3,224
		<u>1,689,648</u>	<u>1,613,484</u>
Total liabilities		<u>6,405,613</u>	<u>6,311,624</u>
Total equity and liabilities		<u>12,342,192</u>	<u>12,295,741</u>
Net assets per share (RM)		<u>3.02</u>	<u>3.21</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

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 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	-	-	-	90	2,344	2,434	2,434	-	1,750	4,184
Distribution for the financial period	-	-	-	-	-	-	-	4,281	-	4,281
Distribution paid for the financial period	-	-	-	-	-	-	-	(8,609)	-	(8,609)
Transaction with owners:										
Purchase of treasury shares	-	-	(4,549)	-	-	-	(4,549)	-	-	(4,549)
Total transaction with owners	-	-	(4,549)	-	-	-	(4,549)	-	-	(4,549)
As at 31 March 2021	2,044,322	1,004,593	(11,431)	(19)	1,666,601	1,666,582	4,704,066	248,285	802,262	5,754,613
As at 1 January 2022	2,046,168	1,004,593	(26,103)	156	1,611,330	1,611,486	4,636,144	527,791	820,182	5,984,117
Total comprehensive income/(loss)	-	-	-	117	(33,394)	(33,277)	(33,277)	-	(477)	(33,754)
Distribution for the financial period	-	-	-	-	-	-	-	8,626	-	8,626
Distribution paid for the financial period	-	-	-	-	-	-	-	(17,350)	-	(17,350)
Transactions with owners:										
Acquisition of non-controlling interests	-	-	-	-	(22,734)	(22,734)	(22,734)	-	17,834	(4,900)
Conversion of irredeemable convertible preference shares to ordinary shares	86,400	(86,400)	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(160)	-	-	-	(160)	-	-	(160)
Total transactions with owners	86,400	(86,400)	(160)	-	(22,734)	(22,734)	(22,894)	-	17,834	(5,060)
As at 31 March 2022	2,132,568	918,193	(26,263)	273	1,555,202	1,555,475	4,579,973	519,067	837,539	5,936,579

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/03/2022 RM'000	31/03/2021 RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(35,502)	19,342
Adjustments for:		
Depreciation of property, plant and equipment	8,691	7,694
Depreciation of right-of-use assets	1,412	1,023
Amortisation of intangible assets	115	115
Finance income	(2,316)	(911)
Finance costs	45,697	44,607
Share of results of an associate	(2,300)	(8,293)
Share of results of joint ventures	(1,115)	(751)
Net gain on disposal of quoted shares	(22,848)	(12,937)
Fair value loss on quoted shares	28,167	6,184
Dividend income on quoted shares	(534)	(2,835)
Property, plant and equipment written off	3	62
Right-of-use assets written off	360	-
Amortisation of deferred license fees	(1,380)	(1,139)
Amortisation of security retainers accumulation fund	3	3
Fair value loss on biological assets	46	-
Unrealised returns on security retainers accumulation fund	(54)	(26)
Operating profit before working capital changes	18,445	52,138
Changes in working capital:		
Trade and other receivables	(54,000)	(158,930)
Contract assets	(15,333)	(13,504)
Inventories	(4,715)	(30,034)
Contract cost assets	(21,602)	36,917
Contract liabilities	3,257	2,746
Biological assets	(775)	-
Trade and other payables	60,023	89,537
Cash used in operations	(14,700)	(21,130)
Finance costs paid	(38,635)	(45,215)
Net taxes paid	(9,210)	(25,957)
Net cash used in operating activities	(62,545)	(92,302)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,722)	(6,288)
Purchase of investment properties	(3,345)	(1,718)
Addition of right-of-use assets	(1,181)	(495)
Proceeds from disposal of quoted shares	40,046	49,497
Proceeds from disposal of property, plant and equipment	-	23
Acquisition of quoted shares	(35,854)	(25,395)
Dividend income received	534	2,835
Finance income received	2,316	911
Net cash generated from investing activities	794	19,370

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	31/03/2022 RM'000	31/03/2021 RM'000
Cash flows from financing activities		
Payment of borrowing costs	(2,282)	(10)
Drawdown from borrowings	101,637	130,254
Repayment of borrowings	(144,570)	(46,125)
Repayment of principal portion of lease liabilities	(956)	(705)
Placement of debt service reserve, escrow accounts and deposits with licensed banks not available for use	(51,494)	(18,755)
Proceeds from issuance of shares to non-controlling interests	(4,900)	-
Purchase of treasury shares	(160)	(4,549)
Perpetual bond distribution paid	(17,350)	(8,609)
Net cash (used in)/generated from financing activities	(120,075)	51,501
Net decrease in cash and cash equivalents	(181,826)	(21,431)
Effects of foreign exchange rate changes	117	90
Cash and cash equivalents at beginning of financial period	436,394	404,092
Cash and cash equivalents at end of financial period*	254,685	382,751

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

Cash and bank balances	513,718	619,701
Less: Cash and cash equivalents not available for use	(235,489)	(216,943)
Less: Bank overdrafts	(23,544)	(20,007)
Total cash and cash equivalents at end of financial period	254,685	382,751

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

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

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and other MFRSs issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

A2. Changes in accounting policies arising from adoption of new standards, amendments and interpretations

The accounting policies adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following new amendments to MFRSs:

Effective for financial periods beginning on or after 1 January 2022:

Amendments to MFRS 1	First-time Adoption of MFRS-Subsidiary as a First-time Adopter
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments-Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture-Taxation in Fair Value Measurements

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 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
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*These standards are not relevant and applicable to the Group.

A3. Comments about seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A4. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that is unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A5. Material changes in estimates

There were no material changes in estimates for the financial period ended 31 March 2022.

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

A7. Dividends

No dividend was paid during the current quarter under review.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 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 RM'000	Investment holding and others RM'000	Total RM'000
Individual Quarter/Year To Date				
31 March 2022				
Revenue	152,527	33,723	37,048	223,298
Results from operations	12,667	(702)	(7,501)	4,464
Net finance costs	(14,140)	(12,218)	(17,023)	(43,381)
Share of results of an associate	2,300	-	-	2,300
Share of results of joint ventures	1,115	-	-	1,115
Profit/(loss) before tax	1,942	(12,920)	(24,524)	(35,502)
31 March 2022				
Revenue	185,736	25,199	29,597	240,532
Results from operations	52,997	1,825	(828)	53,994
Net finance costs	(16,347)	(11,663)	(15,686)	(43,696)
Share of results of an associate	8,293	-	-	8,293
Share of results of joint ventures	751	-	-	751
Profit/(loss) before tax	45,694	(9,838)	(16,514)	19,342

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

**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, except for the following:-

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

A10. Changes in composition of the Group

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

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

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 2021, the Group’s contingent liabilities have changed due to the decrease of RM37.2million in corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

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

A12. Capital commitments

The amount of commitments for capital expenditure as at 31 March 2022 is as follows:

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

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

B1. Performance review

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

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

B2. Variation of results against preceding quarter

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

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

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

B3. Prospects

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

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

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2022

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

B4. Profit forecast or profit guarantee

No profit forecast or profit guarantee was issued for the financial period.

B5. Income tax

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

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 31 MARCH 2022

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

B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company has not been completed as at 18 May 2022, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

- 1) On 15 April 2013, Tropicana Aman Sdn Bhd (“TASB”), a wholly-owned subsidiary of the Company, entered into a sale and purchase cum development agreement with Menteri Besar Selangor (Pemerbadanan) (“MBI”) and Permodalan Negeri Selangor Berhad (“PNSB”) for the proposed acquisition cum development of 11 parcels of leasehold land, all in Mukim Tanjong Duabelas, District of Kuala Langat, State of Selangor measuring approximately 1,172.26 acres for a total cash consideration of RM1,297,259,264 (“Proposed Acquisition”).

MBI, PNSB and TASB had entered into supplementary agreements in respect of the Proposed Acquisition on 7 August 2014 and 12 March 2015 respectively. As at the date of this report, TASB has paid for 19 sub-divided parcels. The acquisitions for 18 sub-divided parcels are completed and TASB is in the midst of completing the transfer process for 1 sub-divided parcel. There are remaining 10 parcels of land to be paid.

- 2) On 1 November 2021 and 5 November 2021, the Company has announced that Tropicana Alam Sdn. Bhd. (formerly known as Tropicana Senibong Sdn Bhd), a wholly-owned subsidiary of the Company, have on 1 November 2021, entered into a joint venture agreement with Puncak Alam Housing Sdn Bhd, a non-related party, to form an unincorporated joint venture for the purpose of developing three parcels of leasehold land, all situated in Mukim of Ijok, District of Kuala Selangor, State of Selangor, having an aggregate area of approximately 362.74 acres.
- 3) On 23 August 2021, the Company has announced that the Company proposes to undertake a proposed private placement of up to 10% of the total number of issued ordinary shares in the Company (excluding treasury shares) (“Tropicana Shares”) (“Private Placement”). The Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016. The Company has completed the issuance of 2,000,000 new Tropicana Shares, being the first tranche of the Private Placement, on 11 October 2021. The Company had on 11 February 2022, made an application to Bursa Securities for an extension of time of 6 months up to 29 August 2022 in which approval was then granted by Bursa Securities on 15 February 2022.

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

B8. Material litigation

On 26 August 2013, the Company received an order from the Arbitral Tribunal to add the Company as a party to the arbitration proceedings between Dijaya-Malind JV (Mauritius) Limited ("DMML"), Dijaya-Malind Properties (India) Private Limited ("DMPPL") and Starlite Global Enterprise (India) Limited ("SGEIL") ("Order").

The arbitration proceedings were previously instituted by DMML and DMPPL against SGEIL to seek the return of the deposit sum and damages arising from termination of the Deed of Novation cum Joint Development Agreement.

The Company appealed to the City Civil Court of Hyderabad against the Order which was dismissed on 2 June 2014. As our legal counsel is in the opinion that the Order is erroneous and wrong in law, the Company has filed a further appeal to the High Court of Judicature of Andhra Pradesh and is pending a hearing date to be set.

B9. Dividend payable

There was no dividend proposed for the quarter under review.

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

B10. (Loss)/ earnings per share

a) Basic (loss)/earnings per share

Basic earnings/(loss) per ordinary share were calculated by dividing (loss)/profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

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

b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, the net (loss)/profit for the period attributable to owners of the parent and the weighted average number of ordinary shares and ICPS outstanding during the period have been adjusted for the dilutive effects of all potential ordinary shares.

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

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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 31/03/2022 RM'000	Year to Date 31/03/2022 RM'000
Profit for the period/year is arrived at after (crediting)/charging:-		
Finance income	(2,316)	(2,316)
Finance costs	45,697	45,697
Amortisation of intangible assets	115	115
Depreciation of property, plant and equipment	8,691	8,691
Depreciation of right-of-use assets	1,412	1,412

B12. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

B13. Authorisation for issue

The interim financial statements were authorised for issuance by the Board of Directors in accordance with the Directors' resolution dated 25 May 2022.