



INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2023



TROPICANA
CORPORATION BERHAD
丽阳机构

[Registration No.197901003695 (47908-K)]

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	464,511	211,427	721,242	434,725
Cost of sales	(351,316)	(133,184)	(522,108)	(252,473)
Gross profit	113,195	78,243	199,134	182,252
Other income	181	14,017	29,442	23,064
Selling and marketing expenses	(6,491)	(9,668)	(14,455)	(17,433)
Administrative expenses	(52,968)	(66,072)	(117,222)	(137,929)
Other expenses	(8,795)	(36,455)	(10,759)	(65,425)
Operating profit/(loss)	45,122	(19,935)	86,140	(15,471)
Finance income	1,758	615	3,138	2,931
Finance costs	(50,217)	(48,080)	(100,312)	(93,777)
Share of results of joint ventures	3,444	4,157	9,072	5,272
Share of results of an associate	1,696	1,782	4,563	4,082
Profit/(loss) before tax	1,803	(61,461)	2,601	(96,963)
Income tax	14,184	9,661	16,388	19,918
Profit/(loss) for the period	15,987	(51,800)	18,989	(77,045)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation	(292)	(53)	144	64
Total comprehensive income/(loss)	15,695	(51,853)	19,133	(76,981)
Profit/(loss) attributable to:				
Owners of the parent	305	(61,553)	(4,929)	(94,947)
Holders of perpetual bond	11,121	10,940	22,119	19,566
Non-controlling interests	4,561	(1,187)	1,799	(1,664)
	15,987	(51,800)	18,989	(77,045)

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	Individual Quarter		Year to Date	
	Current Year	Preceding Year	Current Year to	Preceding Year
	Quarter	Corresponding	Date	Corresponding
Note	<u>30/06/2023</u>	<u>30/06/2022</u>	<u>30/06/2023</u>	<u>30/06/2022</u>
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income/(loss) attributable to:				
Owners of the parent	13	(61,606)	(4,785)	(94,883)
Holders of perpetual bond	11,121	10,940	22,119	19,566
Non-controlling interests	4,561	(1,187)	1,799	(1,664)
	15,695	(51,853)	19,133	(76,981)
Earnings/(loss) per share attributable to owners of the parent:				
(sen per share)				
- Basic	B10 0.02	(3.74)	(0.24)	(5.97)
- Diluted	B10 0.02	(2.53)	(0.20)	(3.91)

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 30/06/2023 RM'000	As At 31/12/2022 RM'000
Assets			
Non-current assets			
Property, plant and equipment		807,289	822,208
Biological assets		3,224	2,879
Inventories		6,260,370	6,293,893
Investment properties		1,464,073	1,457,968
Right-of-use assets		158,340	161,847
Investment in an associate		114,606	110,043
Investments in joint ventures		283,284	290,487
Other investments		887	887
Intangible assets		5,735	5,965
Deferred tax assets		319,309	216,951
Trade and other receivables		5,537	5,436
		9,422,654	9,368,564
Current assets			
Inventories		1,152,118	1,231,325
Trade and other receivables		390,166	305,019
Contract cost assets		250,135	229,571
Contract assets		520,641	298,312
Tax recoverable		16,903	22,068
Cash and bank balances		517,545	649,884
Other investments		181,326	174,630
		3,028,834	2,910,809
Total assets		12,451,488	12,279,373

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As At 30/06/2023 RM'000	As At 31/12/2022 RM'000
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital		3,051,570	2,677,890
Irredeemable convertible preference shares		301,209	466,258
Treasury shares		(28,440)	(28,440)
Other reserves		1,148,056	1,152,841
		<u>4,472,395</u>	<u>4,268,549</u>
Perpetual bond		659,956	660,004
Non-controlling interests		828,257	826,458
Total equity		<u>5,960,608</u>	<u>5,755,011</u>
Non-current liabilities			
Deferred tax liabilities		559,796	479,284
Borrowings	B7	2,311,298	2,420,194
Trade and other payables		507,344	539,467
Irredeemable convertible preference shares		43,745	70,339
Contract liabilities		131,461	129,739
Lease liabilities		6,697	7,925
		<u>3,560,341</u>	<u>3,646,948</u>
Current liabilities			
Borrowings	B7	1,246,092	1,352,771
Trade and other payables		1,565,039	1,392,304
Irredeemable convertible preference shares		3,309	4,921
Contract liabilities		112,161	117,054
Tax payable		1,151	6,526
Lease liabilities		2,787	3,838
		<u>2,930,539</u>	<u>2,877,414</u>
Total liabilities		<u>6,490,880</u>	<u>6,524,362</u>
Total equity and liabilities		<u>12,451,488</u>	<u>12,279,373</u>
Net assets per share (RM)		<u>1.97</u>	<u>2.17</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 2022 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 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)	-	-	-	64	(94,947)	(94,883)	(94,883)	-	(1,664)	(96,547)
Distribution for the financial year	-	-	-	-	-	-	-	19,566	-	19,566
Distribution paid for the financial year	-	-	-	-	-	-	-	(17,351)	-	(17,351)
Transactions with owners:										
Acquisition of non-controlling interests	-	-	-	-	(22,734)	(22,734)	(22,734)	-	17,834	(4,900)
Issuance of perpetual bond	-	-	-	-	-	-	-	130,000	-	130,000
Conversion of irredeemable convertible preference shares to ordinary shares	372,000	(372,000)	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(873)	-	-	-	(873)	-	-	(873)
Total transactions with owners	372,000	(372,000)	(873)	-	(22,734)	(22,734)	(23,607)	130,000	17,834	124,227
As at 30 June 2022	2,418,168	632,593	(26,976)	220	1,493,649	1,493,869	4,517,654	660,006	836,352	6,014,012
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

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/06/2023 RM'000	30/06/2022 RM'000
Cash flows from operating activities		
Profit/(loss) before tax	2,601	(96,963)
Adjustments for:		
Depreciation of property, plant and equipment	15,003	16,643
Depreciation of right-of-use assets	3,212	2,845
Amortisation of intangible assets	230	230
Finance income	(3,138)	(2,931)
Finance costs	100,312	93,777
Fair value gain on investment properties	(733)	(6,340)
Share of results of an associate	(4,563)	(4,082)
Share of results of joint ventures	(9,072)	(5,272)
Impairment loss on trade and other receivables	971	-
Net loss on disposal of asset classified as held for sale	-	459
Net gain on disposal of property, plant and equipment	(164)	(149)
Unrealised foreign exchange loss	3,513	-
Net gain on disposal of quoted shares	(1,473)	(39,533)
Fair value (gain)/loss on quoted shares	(15,550)	62,250
Dividend income on quoted shares	-	(673)
Property, plant and equipment written off	37	3
Right-of-use assets written off	-	340
Amortisation of deferred license fees	(2,545)	(2,797)
Amortisation of security retainers accumulation fund	6	6
Fair value loss on biological assets	-	17
Bad debt written off	135	-
Dividend income from other investments	(175)	-
Inventories written down	2,030	-
Fair value gain on other investments	(133)	-
Unrealised returns on security retainers accumulation fund	(108)	(108)
Operating profit before working capital changes	90,396	17,722
Changes in working capital:		
Trade and other receivables	(86,245)	(47,569)
Contract assets	(222,329)	(2,086)
Inventories	219,024	60,745
Contract cost assets	(116,810)	(94,626)
Contract liabilities	10,440	(6,606)
Biological assets	(346)	(734)
Trade and other payables	308,822	60,486
Cash generated from/(used in) operations	202,952	(12,668)
Finance costs paid	(108,458)	(88,373)
Net taxes paid	(5,667)	(20,068)
Net cash generated from/(used in) operating activities	88,827	(121,109)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	30/06/2023 RM'000	30/06/2022 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,023)	(5,682)
Purchase of investment properties	(1,011)	(3,353)
Proceeds from disposal of quoted shares	34,050	64,565
Proceeds from disposal of property, plant and equipment	331	164
Proceeds from disposal of asset held for sale	-	17,042
Acquisition of quoted shares	(23,591)	(39,154)
Dividend income received	175	673
Dividend income received from joint venture	15,000	15,466
Finance income received	3,138	2,931
Net cash generated from investing activities	26,069	52,652
Cash flows from financing activities		
Payment of borrowing costs	(6,052)	(1,336)
Drawdown from borrowings	461,570	137,830
Repayment of borrowings	(207,046)	(295,716)
Repayment of principal portion of lease liabilities	(2,177)	(2,042)
Repayment of Islamic Medium Term Notes	(465,500)	-
Uplift/(placement) of debt service reserve, escrow accounts and deposits with licensed banks not available for use	151,670	(58,040)
Proceeds from issuance of perpetual bond	-	130,000
Proceeds from issuance of shares to non-controlling interests	-	(4,900)
Purchase of treasury shares	-	(873)
Perpetual bond distribution paid	(22,167)	(17,351)
Net cash used in financing activities	(89,702)	(112,428)
Net increase/(decrease) in cash and cash equivalents	25,194	(180,885)
Effects of foreign exchange rate changes	144	64
Cash and cash equivalents at beginning of financial period	263,075	436,394
Cash and cash equivalents at end of financial period*	288,413	255,573
 * Cash and cash equivalents at end of financial period comprise the following:		
Cash and bank balances	517,545	521,153
Less: Cash and cash equivalents not available for use	(215,199)	(242,036)
Less: Bank overdrafts	(13,933)	(23,544)
Total cash and cash equivalents at end of financial period	288,413	255,573

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 2022. 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 2022.

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 2022 except for the adoption of the following new amendments to MFRSs:

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

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

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 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

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 2023.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

**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) On 14 June 2023, there was an issuance of 8,000,000 ordinary shares of RM1.20 each pursuant to the conversion of 8,000,000 irredeemable convertible preference shares ("ICPS") to 8,000,000 new ordinary shares by the conversion ratio of 1 unit ICPS to 1 ordinary share.
- 2) On 27 June 2023, there was an issuance of 137,677,833 ordinary shares of RM1.3074 each pursuant to the capitalisation of the advances amounting to RM180,000,000 owing to Tan Sri Dato' Tan Chee Sing.

A7. Dividends

No dividend was paid during the current quarter under review.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 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
30 June 2022				
Revenue	131,634	49,133	30,660	211,427
Results from operations	(17,234)	15,483	(18,184)	(19,935)
Net finance costs	(16,742)	(12,941)	(17,782)	(47,465)
Share of results of an associate	1,782	-	-	1,782
Share of results of joint ventures	4,157	-	-	4,157
(Loss)/profit before tax	(28,037)	2,542	(35,966)	(61,461)

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 2023				
Revenue	504,535	119,027	97,680	721,242
Results from operations	18,228	24,303	43,609	86,140
Net finance cost	(30,108)	(29,199)	(37,867)	(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	1,755	(4,896)	5,742	2,601
30 June 2022				
Revenue	284,161	82,856	67,708	434,725
Results from operations	(4,568)	14,782	(25,685)	(15,471)
Net finance cost	(30,880)	(25,160)	(34,806)	(90,846)
Share of results of an associate	4,082	-	-	4,082
Share of results of joint ventures	5,272	-	-	5,272
Loss before tax	(26,094)	(10,378)	(60,491)	(96,963)

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.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 2022, the Group’s contingent liabilities have changed due to the increase of RM295.8million in corporate guarantees (unsecured) issued by the Company to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

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

A12. Capital commitments

The amount of commitments for capital expenditure as at 30 June 2023 is as follows:

	As at 30/06/2023 RM'000	As at 31/12/2022 RM'000
Capital expenditure:		
Approved and contracted for:		
- Property, plant and equipment	25,658	24,245
- Investment properties	12,186	9,182
	37,844	33,427
Approved and not contracted for:		
- Property, plant and equipment	6,450	14,200
- Investment properties	5,908	3,622
	12,358	17,822
	50,202	51,249

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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 RM464.5 million (Q2 2022: RM211.4 million) which was RM253.1 million or 119.7% higher when compared to the corresponding quarter in the preceding year. The Group recorded a profit before tax (“PBT”) of RM1.8 million as compared to a loss before tax (“LBT”) of RM61.5 million in the corresponding quarter in the preceding year.

The significant increase in revenue and PBT in the current quarter is mainly attributed by higher progress billings and higher sales achieved across key projects in the Klang Valley, Southern and Northern Region. Besides that, the Group has continued with the cost rationalisation measures resulting in a reduction in general and administrative expenses during the current quarter while adhering to prudent risk management to sustain its financial recovery.

Year to date Results

For the financial period ended 30 June 2023, the Group recorded revenue of RM721.2 million, which was RM286.5 million or 65.9% higher when compared to the preceding year. The Group’s PBT was recorded at RM2.6 million as compared to LBT of RM97.0 million. Significant loss in the preceding year was mainly due to recognition of higher unrealised loss on quoted shares.

The increase in the revenue and PBT was mainly attributed by higher progress billings across key projects in the Klang Valley, Southern and Northern Region as well as higher sales achieved during the financial period ended 30 June 2023 coupled with the cost rationalisation measures carried out by the Group as mentioned above. The strong sales performance for this financial period is on the back of a generally improved local market sentiment. The group has also seen an uptick in tourist arrivals which is evidenced by the increase in the occupancy rates of the hotels owned by the Group. This has also resulted in a higher revenue and profit in the current quarter for the Group’s property investment, recreation and resort segment.

B2. Variation of results against preceding quarter

The Group’s revenue of RM464.5 million in the current quarter was RM207.8 million or 80.9% higher when compared to the preceding quarter ended 31 March 2023. The Group also recorded a higher PBT of RM1.8 million in the current quarter as compared to RM0.8 million in the preceding quarter ended 31 March 2023.

Higher revenue and PBT in the current quarter reflected higher progress billings and higher sales across some of the Group’s key on-going projects as well as good response received from the recent launches. The strong sales performance for this current quarter is on the back of a generally improved local market sentiment.

INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2023

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

B3. Prospects

Malaysia's economic growth will be supported by continued expansion in domestic demand, benefitting mainly from the realisation of multi-year projects and higher inbound tourism activity due to the expected increase in Chinese tourists. Further, on 6 July 2023, Bank Negara Malaysia announced that the Overnight Policy Rate ("OPR") will be maintained at 3% and at this current OPR level, the monetary policy stance is slightly accommodative and remains supportive of the economy.

With the continued price hikes of building materials and labour shortage, productivity in the property sector is severely affected. Amidst the current challenging economic environment, a number of factors will have a direct and favourable impact on the real estate market in the second half of this year. The country's overhang numbers, which have decreased since the beginning of this year, show that the housing market is strengthening. Housing developments started to increase by 31 per cent in March 2023, indicating that banks and developers are putting their money into constructing new homes. Further, the overall real estate market activity increased dramatically in terms of transaction volume and value, indicating high demand for houses. 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 implementation of higher stamp duty amounting to 60% by Singapore government on foreigners buying residential properties in Singapore. The higher stamp duty imposed by Singapore government has caused residential properties in Singapore to become more expensive to foreigners, and consequently they have shift their preference to more affordable properties in Johor. Premised on the expected demand, the Group will continue to launch its properties at strategic locations across the Klang Valley, Genting Highlands, Northern Regions and Southern Regions. Moving forward, the Group will also continue to launch new phases in its established development sites, namely Tropicana Aman, Tropicana Metropark and Tropicana Alam.

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.

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B5. Income tax

	Individual Quarter		Year to Date	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Tax expense for the period	(5,590)	(7,892)	(4,936)	(21,591)
Overprovision of tax for previous financial period	-	12,459	-	12,465
Real property gain tax	-	(47)	-	(47)
Deferred tax transfers	19,774	5,141	21,324	29,091
Total Group's tax benefit	14,184	9,661	16,388	19,918

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

B6. Corporate Proposals

Status of corporate proposals

The following corporate proposals announced by the Company has not been completed as at 22 August 2023, 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 20 sub-divided parcels. The acquisitions for 20 sub-divided parcels are completed. There are remaining 8 parcels of land to be paid.

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B6. Corporate Proposals (cont'd.)

- 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 24 November 2022, the Company has announced that the Company proposed to undertake a private placement of up to 10% of the total number of issued ordinary shares in the Company (excluding treasury 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. Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 8 December 2022, resolved to approve the listing of and quotation for up to 196,726,100 new ordinary shares in the Company to be issued pursuant to the Private Placement. The Company had on 11 May 2023, made an application to Bursa Securities for an extension of time of 6 months up to 7 December 2023 for the Company to complete the implementation of the Private Placement ("Extension of Time"). Bursa had on, 17 May 2023, resolved to grant the Company the Extension of Time.
- 4) On 3 February 2023, the Company has announced that Tropicana GP Views Sdn Bhd ("TGPVSB"), a wholly-owned subsidiary of the Company, have on 3 February 2023 entered into a sale and purchase agreement ("SPA for Disposal 3") with KSL Medini Development Sdn Bhd ("KSL Medini"), a wholly-owned subsidiary of KSL Holdings Berhad, for the disposal of all that parcel of lands measuring approximately 10.85 acres in area as more particularly described in the SPA for Disposal 3 ("Land 3") forming part of the master lands held under the following titles:
 - (a) H.S.(D) 15095, PTD 15196 to H.S.(D) 15097, PTD 15198, Mukim Jeram Batu, Daerah Pontian, Negeri Johor;
 - (b) H.S.(D) 15098, PTD 15200 to H.S.(D) 15157, PTD 15259, Mukim Jeram Batu, Daerah Pontian, Negeri Johor;
 - (c) H.S.(D) 15159, PTD 15261 to H.S.(D) 15203, PTD 15305, Mukim Jeram Batu, Daerah Pontian, Negeri Johor;
 - (d) H.S.(D) 15229, PTD 15199, Mukim Jeram Batu, Daerah Pontian, Negeri Johor;
 - (e) H.S.(D) 15224, PTD 15344, Mukim Jeram Batu, Daerah Pontian, Negeri Johor; and
 - (f) H.S.(D) 15211, PTD 15314, Mukim Jeram Batu, Daerah Pontian, Negeri Johor, for a purchase consideration of RM21,268,170.00 ("Proposed Disposal 3").

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B6. Corporate Proposals (cont'd.)

As at the date of this report, the Proposed Disposal 3 is pending settlement of the purchase consideration by KSL Medini and pending completion, in accordance with the provisions of the SPA for Disposal 3.

Prior to the parties entering into the SPA for Disposal 3, the parties and/or their related companies have entered into 2 earlier transactions, as follows:

- (a) on 8 August 2022, Tropicana Desa Mentari Sdn Bhd (“TDMSB”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA for Disposal 1”) with KSL Development Sdn Bhd (“KSL Development”), a wholly-owned subsidiary of KSL Holdings Berhad, for the disposal of all that parcel of lands measuring approximately 84.087 acres in area (which includes Zon Penampayan (Lot 65682), Zon Penampayan (Lot 65683) and Rizab Jalan Sediada) as more particularly described in the SPA for Disposal 1 (“Land 1”) forming part of the master lands held under the following titles :
- (i) Geran Mukim 800, Lot 313, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (ii) Geran Mukim 801, Lot 321, Tempat Pulau, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (iii) Geran Mukim 802, Lot 324, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (iv) Geran Mukim 803, Lot 325, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (v) Geran Mukim 805, Lot 327, Tempat Pulau, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (vi) Geran Mukim 806, Lot 328, Tempat Pulau, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (vii) Geran Mukim 1199, Lot 65678, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (viii) Geran Mukim 1200, Lot 65679, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (ix) Geran Mukim 1201, Lot 65680, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (x) Geran Mukim 1202, Lot 65681, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (xi) Geran Mukim 804, Lot 326, Tempat Pulau, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
 - (xii) Geran Mukim 786, Lot 337, Tempat Pulau, Mukim Pulau, Daerah Johor Bahru, Negeri Johor;
- and
- (xiii) Geran 105314, Lot 797, Mukim Pulau, Daerah Johor Bahru, Negeri Johor, for a purchase consideration of RM109,884,891.60 (“Proposed Disposal 1”).

The Proposed Disposal 1 is conditional upon TDMSB applying for and obtaining the SBKS Approval (as defined in the SPA for Disposal 1) and the issuance of the new individual titles to Land 1 pursuant to the SBKS Approval, as a condition precedent, to be fulfilled within 3 months from the date of the SPA for Disposal 1 subject to an automatic extension of 3 months and a further automatic extension of up to the fulfilment of the said condition precedent with TDMSB paying to KSL Development late payment interest as provided in the SPA for Disposal 1.

As at the date of this report, the said condition precedent has yet to be fulfilled and the Proposed Disposal 1 is pending settlement of the purchase consideration by KSL Development and pending completion, in accordance with the terms of the SPA for Disposal 1; and

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B6. Corporate Proposals (cont'd.)

(b) on 12 September 2022, TGPVSB, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“SPA for Disposal 2”) with KSL Medini, a wholly-owned subsidiary of KSL Holdings Berhad, for the disposal of all that parcel of lands measuring approximately 53.89 acres in area (not including the Pencawang Masuk Utama (PMU) measuring approximately 5.93 acres in area and Kawasan Hijau/ Zon Penampian measuring approximately 9.04 acres in area) as more particularly described in the SPA for Disposal 2 (“Land 2”) forming part of the master lands held under the following titles :

- (i) Geran Mukim 143, Lot 981, Tempat Batu 23, Bukit Salina;
- (ii) Geran Mukim 142, Lot 982, Tempat Batu 23, Bukit Salina;
- (iii) Geran Mukim 888, Lot 983, Tempat Batu 23, Bukit Salima;
- (iv) Geran Mukim 890, Lot 984, Tempat Batu 23, Bukit Salima;
- (v) Geran Mukim 889, Lot 985, Tempat Batu 23, Pulau Bukit Seliman;
- (vi) Geran Mukim 887, Lot 986, Tempat Batu 23, Bukit Salima;
- (vii) Geran Mukim 891, Lot 987, Tempat Batu 23;
- (viii) Geran Mukim 413, Lot 994, Tempat Batu 23;
- (ix) Geran Mukim 410, Lot 995, Tempat Batu 23; and
- (x) Geran Mukim 418, Lot 996, Tempat Batu 23, Jalan Johor,

all of which are located in the Mukim Jeram Batu, Daerah Pontian, Negeri Johor for a purchase consideration of RM102,935,612.34 (“Proposed Disposal 2”).

The Proposed Disposal 2 is conditional upon the following conditions precedent being fulfilled by TGPVSB :

- (1) to apply and obtain the SBKS Approval (as defined in the SPA for Disposal 2) and the issuance of the new individual titles to Land 2 pursuant to the SBKS Approval;
- (2) to apply and obtain the Earthworks Approval (as defined in the SPA for Disposal 2) in accordance with the provisions of the SPA for Disposal 2;
- (3) where applicable, to pay the Low-Cost Housing Exemption Penalty Fee (as defined in the SPA for Disposal 2) in accordance with the provisions of the SPA for Disposal 2; and
- (4) to pay for the Development Charges (as defined in the SPA for Disposal 2) in accordance with the provisions of the SPA for Disposal 2,

within 6 months from the date of the SPA for Disposal 2 subject to an automatic extension of 3 months and a further automatic extension of up to the fulfilment of the said conditions precedent with TGPVSB paying to KSL Medini late payment interest as provided in the SPA for Disposal 2.

As at the date of this report, the said conditions precedent have yet to be fulfilled and the Proposed Disposal 2 is pending settlement of the purchase consideration by KSL Medini and pending completion, in accordance with the terms of the SPA for Disposal 2.

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B7. Borrowings

	As at 30/06/2023 RM'000	As at 31/12/2022 RM'000
Secured short term borrowings	1,246,092	1,352,771
Secured long term borrowings	2,311,298	2,420,194
	3,557,390	3,772,965

B8. Material litigation

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

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

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

B9. Dividend payable

There was no dividend proposed for the quarter under review.

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B10. Earnings/(loss) per share

a) Basic earnings/(loss) per share

Basic earnings/(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	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Profit/(loss) attributable to owners of the parent (RM'000)	305	(61,553)	(4,929)	(94,947)
Weighted average number of ordinary shares ('000)	2,028,207	1,644,080	2,084,036	1,589,613
Basic earnings/(loss) per share (sen)	0.02	(3.74)	(0.24)	(5.97)

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	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Profit/(loss) attributable to owners of the parent (RM'000)	305	(61,553)	(4,929)	(94,947)
Weighted average number of ordinary shares ('000) for the purpose of diluted earnings per share	1,728,207	1,684,080	2,084,036	1,589,613
Effect of conversion of ICPS to ordinary shares	301,056	749,089	342,218	835,657
Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted earnings per share	2,029,263	2,433,169	2,426,254	2,425,270
Diluted earnings/(loss) per share (sen)	0.02	(2.53)	(0.20)	(3.91)

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B11. Notes to the statements of comprehensive income

	Individual Quarter 30/06/2023 RM'000	Year to Date 30/06/2023 RM'000
Profit/(loss) for the period/year is arrived at after (crediting)/charging:-		
Finance income	(1,758)	(3,138)
Finance costs	50,217	100,312
Amortisation of intangible assets	115	230
Depreciation of property, plant and equipment	7,475	15,003
Depreciation of right-of-use assets	1,580	3,212

B12. Auditors' report on preceding annual financial statements

The auditors' report of the financial statements for the financial year ended 31 December 2022 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 2023.