



RADIUM DEVELOPMENT BERHAD

Registration No.: 201301009006 (1038848-V)

INTERIM FINANCIAL REPORT

FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	Unaudited As at 30.6.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,211	3,522
Right-of-use assets		944	1,548
Goodwill		1,600	1,590
Other investment		10,584	10,584
Deferred tax assets		4,168	-
Trade and other receivables		3,800	3,800
		<u>24,307</u>	<u>21,044</u>
Current Assets			
Inventories		284,106	262,080
Current tax assets		14,016	7,024
Trade and other receivables		127,089	114,825
Contract asset		112,902	102,396
Cash and short-term deposits		427,423	105,002
		<u>965,536</u>	<u>591,327</u>
TOTAL ASSETS		<u>989,843</u>	<u>612,371</u>
EQUITY AND LIABILITIES			
Share capital		464,978	42,400
Retained earnings		345,713	340,208
Equity attributable to Owners of the Company		<u>810,691</u>	<u>382,608</u>
Non-controlling interests		2,323	3,252
Total Equity		<u>813,014</u>	<u>385,860</u>
Non-Current Liabilities			
Loans and borrowings	B7	24,206	50,715
Lease liabilities		108	418
Deferred tax liabilities		114	751
		<u>24,428</u>	<u>51,884</u>
Current Liabilities			
Loans and borrowings	B7	51,904	47,236
Lease liabilities		891	1,197
Current tax liabilities		10,718	14,228
Trade and other payables		88,888	111,966
		<u>152,401</u>	<u>174,627</u>
Total Liabilities		<u>176,829</u>	<u>226,511</u>
TOTAL EQUITY AND LIABILITIES		<u>989,843</u>	<u>612,371</u>
Net assets per share attributable to Owners of the Company (RM)		<u>0.23</u>	<u>0.15</u>
Number of outstanding ordinary shares in issue ('000)		<u>3,468,000</u>	<u>2,600,000</u>

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Note	Current quarter ended 30.6.2023 RM'000	Comparative quarter ended 30.6.2022 RM'000	Current period to date ended 30.6.2023 RM'000	Preceding period to date ended 30.6.2022 RM'000
Revenue	A12	27,921	N/A	53,210	N/A
Cost of sales		(15,352)	N/A	(28,612)	N/A
Gross profit		12,569	N/A	24,598	N/A
Other income		1,434	N/A	1,616	N/A
Marketing expenses		(5,038)	N/A	(9,070)	N/A
Administrative expenses		(5,022)	N/A	(8,713)	N/A
Profit from operations		3,943	N/A	8,431	N/A
Finance costs		(1,900)	N/A	(2,873)	N/A
Profit before taxation		2,043	N/A	5,558	N/A
Taxation	B4	255	N/A	(982)	N/A
Profit for the period, representing total comprehensive income for the period		2,298	N/A	4,576	N/A
Profit/(Loss) / Total comprehensive income/(loss) attributable to:					
Owners of the Company		2,569	N/A	5,505	N/A
Non-controlling interests		(271)	N/A	(929)	N/A
		2,298	N/A	4,576	N/A
Basic earnings per share attributable to Owners of the Company (sen)	B10	0.09	N/A	0.20	N/A

N/A – Not applicable

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative quarter and period concerned.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

	<u>Attributable To Owners Of The Company</u>			Non- controlling interests	Total equity
	Share capital	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	42,400	340,208	382,608	3,252	385,860
Profit/(Loss) after tax / Total comprehensive income/(loss)	-	5,505	5,505	(929)	4,576
Transaction with Owners of the Company					
Issuance of shares pursuant to Initial Public Offering	434,000	-	434,000	-	434,000
Share issuances expenses	(11,422)	-	(11,422)	-	(11,422)
Total transactions with Owners in their capacity as Owners	422,578	-	422,578	-	422,578
As at 30 June 2023	464,978	345,713	810,691	2,323	813,014

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

	Current period to date ended 30.6.2023 RM'000	Preceding period to date ended 30.6.2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,558	N/A
Adjustments for:		
Depreciation of property, plant and equipment	444	N/A
Depreciation of right-of-use assets	604	N/A
Finance costs	2,873	N/A
Finance income	(1,373)	N/A
Operating profit before changes in working capital	8,106	N/A
Changes in working capital:		
Inventories	(22,026)	N/A
Trade and other receivables #	(12,264)	N/A
Contract assets ^	(10,506)	N/A
Trade and other payables	(23,100)	N/A
Cash used in operations	(59,790)	N/A
Interest received	1,373	N/A
Interest paid	(533)	N/A
Income tax paid	(16,289)	N/A
Net cash used in operating activities	(75,239)	N/A
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(133)	N/A
Change in pledged deposits	(1,954)	N/A
Net cash used in investing activities	(2,087)	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	434,000	N/A
Payment of share issuance expenses	(11,422)	N/A
Payment of lease liabilities	(641)	N/A
Drawdown of term loans	11,266	N/A
Repayment of term loans	(37,548)	N/A
Revolving credit - net	(4,972)	N/A
Hire purchase payables	(51)	N/A
Interest paid	(2,315)	N/A
Net change in amount owing to a related party	12	N/A
Net cash generated from financing activities	388,329	N/A
Net increase in cash and cash equivalents	311,003	N/A
Cash and cash equivalents at beginning of the financial period	95,829	N/A
Cash and cash equivalents at end of the financial period	406,832	N/A

The changes in trade and other receivables were mainly due to payments received from stakeholder sum and trade receivables; and offset against deposits paid for Joint Venture Agreement with Kadar Jutajaya Sdn. Bhd., Joint Development with N&M Cahaya Sdn. Bhd. and acquisition of two (2) pieces of land by Radium Global Sdn. Bhd. amounted to RM7.0 million, RM14.0 million and RM7.2 million respectively. The details of the Joint Venture Agreement, Joint Development and acquisition of two (2) pieces of land are disclosed in Note B5(b), (c) and (d) respectively.

^ Increase in contract assets in relation to the accrued billings for the on-going development projects.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2023 (CONT'D)**

	Current period to date ended 30.6.2023	Preceding period to date ended 30.6.2022
	RM'000	RM'000
Cash and cash equivalents comprised:		
Cash and bank balances	406,253	N/A
Short-term deposits	21,170	N/A
Bank overdraft	(9,490)	N/A
	417,933	N/A
Less: Pledged deposits	(11,101)	N/A
	406,832	N/A

N/A – Not applicable

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 -Interim Financial Reporting

A1. Basis of preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with MFRS 134 - *Interim Financial Reporting* and paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

This is the second interim financial report of unaudited condensed consolidated financial results being announced by the Group in compliance with the Listing Requirements of Bursa Securities. As such, there are no comparative figures for the preceding corresponding quarter and period.

The interim financial report should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

The significant accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the Audited Financial Statements for the year ended 31 December 2022, except for the adoption of the following new accounting standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB"):

(a) MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards and amendments of the MFRS framework issued by the MASB are mandatory for the first time for the current financial period:

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance contracts*
- Initial Application of MFRS 17 and MFRS 9 – *Comparative Information (Amendment to MFRS 17 Insurance Contracts)*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 112 *Income Taxes – International Tax Reform - Pillar Two Model Rules*

The adoption of the abovementioned accounting standards and amendments are not expected to have any material impact on the financial statements of the Group.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

A2. Significant accounting policies (Cont'd)

(b) Amendments to MFRSs not adopted

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

Amendments to MFRSs effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Group when they become effective and the Directors anticipate that the adoption of these Amendments to MFRS will have no material impact on the financial statements of the Group in the period of initial application.

A3. Seasonal or cyclical factors

The business operations of the Group were not materially affected by seasonal or cyclical factors during the current quarter and financial period to date under review.

A4. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter and financial period to date under review.

A5. Changes in estimates

There were no material changes in estimates of the amounts reported during the current quarter and financial period to date under review.

A6. Changes in debts and equity securities

On 31 May 2023, the Company was listed on the Main Market of Bursa Securities pursuant to the Initial Public Offering ("IPO") comprising the public issue of 868,000,000 new ordinary shares in the Company at an IPO price of RM0.50 per share.

Save for the above, there were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

A7. Dividends paid

No dividends have been paid during the current quarter and financial period to date under review.

A8. Segmental Information

The Group has two reportable business segments - property development and investment holdings and others. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

	Property development RM'000	Investment holdings and others RM'000	Total RM'000
Financial period to date ended 30 June 2023			
Revenue			
Total revenue	53,210	5,031	58,241
- Inter-segment revenue	-	(5,031)	(5,031)
Revenue from external parties	<u>53,210</u>	<u>-</u>	<u>53,210</u>
Results			
Segment profit/(loss)	15,021	(9,463)	5,558
- Inter-segment elimination	(11,723)	11,723	-
Profit before taxation	3,298	2,260	5,558
Taxation	183	(1,165)	(982)
Net profit for the financial period	<u>3,481</u>	<u>1,095</u>	<u>4,576</u>
Purchase of property, plant and equipment	88	45	133
Segment assets	<u>642,998</u>	<u>328,661</u>	<u>971,659</u>
Non-cash expenses			
Depreciation of property, plant and equipment	262	182	444
Depreciation of right-of-use assets	<u>222</u>	<u>382</u>	<u>604</u>

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

A9. Subsequent Events

There were no significant events subsequent to the end of the financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

A10. Changes in the Composition of the Group

Save as disclosed below, there were no changes in the composition of the Group during the current quarter under review.

(a) Acquisition of Radium Global Sdn. Bhd. ("Radium Global")

On 6 June 2023, the Company acquired 1 ordinary shares representing 100% equity interest of Radium Global for a total cash consideration of RM1. Consequently, Radium Global became a wholly-owned subsidiary of the Company. The principal activity of Radium Global is property development.

(b) Incorporation of Radium Management Services Sdn. Bhd. ("Radium Management Services")

On 20 June 2023, the Company incorporated a wholly-owned subsidiary, Radium Management Services, with an issued and paid up capital of RM1 comprising of one (1) ordinary share. The principal activity of Radium Management Services is provision of project management consultancy and information technology related services.

A11. Fair value measurement

(a) Financial instruments that are carried at fair value

Financial assets at Fair Value Through Profit or Loss ("FVTPL") are measured at different measurement hierarchies (i.e. Levels 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets

The Group does not have any financial instruments measured at Level 1 as at 30 June 2023 and 31 December 2022.

(ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the assets, either directly (prices) or indirectly (derived from prices)

The Group does not have any financial instruments measured at Level 2 as at 30 June 2023 and 31 December 2022.

(iii) Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs)

The unquoted share is measured at Level 3. The fair value of unquoted share is determined based on the residual method.

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000
Level 3		
Financial assets at FVTPL - unquoted share	10,584	10,584

(b) Financial instruments that are not carried at fair value

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximations of fair values.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

A12. Revenue

	Current period to date ended 30.6.2023 RM'000	Preceding period to date ended 30.6.2022 RM'000
Disaggregation of the Group's revenue from contracts with customers:		
Timing of revenue recognition		
- over time	43,468	N/A
- at point in time	9,742	N/A
	53,210	N/A

A13. Commitments

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted but not provided for:		
- Acquisition of development land	64,610	-

A14. Related Party Transactions

The significant related party transactions as at current quarter and financial period to date were summarised as below:

Related parties	Nature of transactions	Current quarter ended 30.6.2023 RM'000	Current period to date ended 30.6.2023 RM'000
Directors and/or Major Shareholders of the Group and Persons Connected with them	Sale of properties	1,070	1,070
Southern Score Sdn. Bhd.	Provision of main construction management services	6,178	17,648

A15. Changes in Contingent Liabilities and Assets

There were no material contingent liabilities or assets during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

Part B - Explanatory Notes Pursuant to Part A of Appendix 9B of The Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

The comparison of the quarterly results is tabulated below:

Table 1: Financial review for current quarter and financial period to date

	Current quarter ended 30.6.2023 RM'000	Comparative quarter ended 30.6.2022 RM'000	Changes %	Current period to date ended 30.6.2023 RM'000	Preceding period to date ended 30.6.2022 RM'000	Changes %
Revenue	27,921	N/A	N/A	53,210	N/A	N/A
Gross Profit	12,569	N/A	N/A	24,598	N/A	N/A
Profit Before Tax ("PBT")	2,043	N/A	N/A	5,558	N/A	N/A

The Group registered revenue, gross profit and PBT of RM27.9 million, RM12.6 million and RM2.0 million respectively in current quarter were mainly contributed by Residensi Vista Sentul, Suite Canselor and Residensi Desa Timur projects; and offset against one-off listing expense of RM1.6 million and advertisement expenses on launching event for Residensi Desa Timur project.

The Group registered revenue, gross profit and PBT of RM53.2 million, RM24.6 million and RM5.6 million respectively in current period to date were mainly contributed by Residensi Vista Sentul, Suite Canselor and Residensi Desa Timur projects; and offset against advertisement expenses on three on-going projects and the Group's branding activities in conjunction with Chinese New Year to promote its brand corporate identity, as well as one-off listing expense of RM1.6 million.

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Current quarter ended 30.6.2023 RM'000	Immediate preceding quarter ended 31.3.2023 RM'000	Changes %
Revenue	27,921	25,289	10
Gross Profit	12,569	12,029	4
PBT	2,043	3,515	(42)

The Group registered revenue of RM27.9 million and gross profit of RM12.6 million in current quarter compared with revenue of RM25.3 million and gross profit RM12.0 million in immediate preceding quarter, representing an increase of RM2.6 million or 10% in revenue and an increase of RM0.5 million or 4% in gross profit. The higher revenue and gross profit were mainly contributed by Residensi Vista Sentul, Suite Canselor and Residensi Desa Timur projects.

The Group registered PBT of RM2.0 million in current quarter compared with PBT of RM3.5 million in immediate preceding quarter, representing a decrease of RM1.5 million or 42% in PBT. The lower PBT was mainly due to one-off listing expense of RM1.6 million and advertisement expenses on launching event for Residensi Desa Timur project incurred in current quarter.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B2. Group's Prospect

Prospects for the year 2023

It was reported on 9 July 2023 that Bank Negara Malaysia (BNM) is still maintaining its forecast for Malaysia's Gross Domestic Product (GDP) growth this year at between 4.0 per cent and 5.0 per cent. Domestic demand remains resilient and improvements can be seen in the job market, which continue to support consumer spending.

According to press citations in the Official Portal of Ministry of Finance dated 28 July 2023, the Government is enhancing the loan scheme under the Housing Credit Guarantee Corporation (HCGS) by providing financing guarantees of up to 120 per cent of the house price, valued up to RM300,000. The 120 per cent guarantee would cover all homeownership costs through the loan, including the principal financing amount, legal fees, valuation fees, insurance, furniture purchase and renovation costs. The government guarantee of up to RM5 billion will be provided which is essential for people with irregular income. Meanwhile, the Local Government Development Ministry (KPKT) mulls over the creation of a National Housing Fund to help B40 families purchase their first homes, including providing 10% down payment for these households. The plan is in the early stage. The Group is optimistic that the above-mentioned initiatives will increase affordable homes demand in Klang Valley.

The Group's key contributors for the performance for remaining 2023 are Suite Canselor, Residensi Wilayah component and Suite Apartment component of Residensi Desa Timur which were launched in February, May and June 2023 respectively, with an estimated combined Gross Development Value ("GDV") of approximately RM1.5 billion.

The Group had entered into Sale & Purchase Agreement ("SPA") to acquire two (2) pieces of land located in Mukim Petaling, Kuala Lumpur. The detail of the SPA is disclosed in Note B5(d).

Moving forward, the Group will expand its business through the acquisition of landbank(s) and joint venture arrangement(s) for future projects in Klang Valley to meet the demand of the residential property market in Klang Valley. Further, the Group will also identify and acquire development sites with relevant planning and development consents in place.

The Group is cautiously optimistic that the financial performance of 2023 to be satisfactory.

B3. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Company did not issue any profit forecast or profit guarantee during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B4. Tax expense

	Current quarter ended 30.6.2023 RM'000	Current period to date ended 30.6.2023 RM'000
Current period provision	2,808	6,255
Over provision in prior year	(468)	(468)
	<u>2,340</u>	<u>5,787</u>
Deferred taxation	(2,595)	(4,805)
	<u>(255)</u>	<u>982</u>

The effective tax rate for the current quarter and financial period to date is lower than the statutory tax rate of 24% mainly due to recognition of deferred tax assets in current financial period to date.

Taxation is computed after taking into consideration the available capital allowances and the adjusted business losses carried forward from previous years to set off against taxable profit.

B5. Status of corporate proposals

(a) Listing on the Main Market of Bursa Securities

The Company was successfully listed on the Main Market of Bursa Securities on 31 May 2023.

(b) JVA with Kadar Jutajaya Sdn. Bhd.

On 20 September 2022, Rasa Wangi Sdn. Bhd., a wholly-owned subsidiary of the Company, as the developer, entered into a JVA with Kadar Jutajaya Sdn. Bhd., as the landowner, to jointly develop for a proposed development consisting inter alia 404 units of Residensi Wilayah and 932 units of condominium ("Project") on a piece of leasehold land held under HSD No.123036, No. Lot: PT50316, Negeri Wilayah Persekutuan Kuala Lumpur, Daerah Kuala Lumpur, Mukim Batu measuring approximately 21,505 square metres ("Land"). Pursuant to the JVA, the landowner grants unto the developer the exclusive right to carry out and implement the development on the Land, and the landowner shall be entitled, subject to the terms and conditions of the JVA, to receive the landowner's entitlement of 23% of the profit after tax of the developer for the Project, and in the event there are any unsold units upon the delivery of vacant possession of the Project, the developer shall at its discretion decide on the composition of the landowner's entitlement, that is, either fully in cash or a combination of cash and unsold units (based on the selling price as determined by the developer) or an amount of RM32,000,000 whichever the higher.

The JVA is pending fulfilment of conditions precedent by the developer.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B5. Status of corporate proposals (Cont'd)

(c) Joint Development with N&M Cahaya Sdn. Bhd.

On 6 February 2023, the Company issued a letter of intent ("LOI") to N&M Cahaya Sdn. Bhd. ("N&M Cahaya") to jointly develop all that piece of land held under H.S.(D) 123157, PT 50174, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 40,467 square meter ("Land") by subscribing for three hundred thousand (300,000) ordinary shares in N&M Cahaya such that the Company will hold seventy-five per centum (75%) of the enlarged issued share capital of N&M Cahaya ("Subscription Shares") on a fully diluted basis as at the date such shares are subscribed with the Subscription Amount of RM26,715,000 or a price based on valuation to be conducted on the Land by the appointed valuer, whichever lower. Notwithstanding the valuation of the Land, the Subscription Amount shall not be more than RM26,715,000. The LOI was accepted by N&M Cahaya on 10 February 2023 and the execution of Shares Subscription Agreement and Shareholders Agreement (collectively referred to as "Definitive Agreement") shall occur within thirty (30) days after all the Conditions Precedents are fulfilled within stipulated period or extended period as mutually agreed by the parties.

On 4 August 2023, both the Company and N&M Cahaya are agreeable to extend the period for fulfilment of Conditions Precedent by six (6) months from 7 August 2023 to 7 February 2024. All other terms of LOI shall remain in force and effect.

(d) Acquisition of two (2) pieces of land by Radium Global Sdn. Bhd.

On 9 June 2023, the Company's wholly-owned subsidiary, Radium Global Sdn. Bhd. ("Radium Global"), entered into a conditional Sale & Purchase Agreement ("SPA") to acquire all that piece of freehold land held under GM 9196, No. Lot/PT 38323, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 124,172.47 square feet in area ("the Said Property 1") and all that piece of leasehold land of ninety nine (99) years expiring on 17th April 2085 held under PN 30685, No. Lot/PT 31955, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 35,359.45 square feet in area ("the Said Property 2") from Lau Leok Wooi, Low Yoke Keong, Low Boon Wah @ Lawrence Low, Low Lay Ching @ Nancy Low, Catherine Low Lay Ming and Low Lay Teng (collectively "the Vendors") for a total purchase consideration of RM71,789,364.00 subject to the terms and conditions therein the SPA.

Conditions Precedent of the SPA have been fulfilled and thus the SPA become unconditional on 10 July 2023. Radium Global had on 4 August 2023 received notification from its solicitors confirming the balance of Purchase Price has been fully paid on 3 August 2023. Accordingly, the acquisition is deemed completed on 4 August 2023 pursuant to the SPA.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B6. Utilisation of Proceeds from the Public Issue

The status of the utilisation of proceeds from the Initial Public Offering (IPO) as at 30 June 2023 is as follows:

Details of use of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Estimated timeframe for the use of proceeds upon Listing
Acquisition of landbank and/or development expenditure	171,000	12,660	-	158,340	Within 36 months
Repayment of bank borrowings	93,870	23,871	-	69,999	Within 24 months
Hotel construction	109,300	-	-	109,300	Within 36 months
Working capital	39,830	-	3,017*	42,847	Within 24 months
Estimated listing expenses	20,000	16,983	(3,017)*	-	Immediate
Total	434,000	53,514	-	380,486	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

* The unutilised balance of RM3.0 million allocated for estimated listing expenses were allocated to working capital in the current quarter and financial period under review.

B7. Group Borrowings and Debt Securities

(a) The Group's borrowings and debt securities at end of the financial period to date:

	Non-current RM'000	Current RM'000	Total RM'000
As at 30.6.2023			
Secured			
<u>Islamic:</u>			
Term loans	-	11,561	11,561
Bank overdrafts	-	9,490	9,490
	-	21,051	21,051
<u>Conventional:</u>			
Term loans	23,739	5,814	29,553
Hire purchase	467	11	478
	24,206	5,825	30,031
Total secured (a)	24,206	26,876	51,082
Unsecured			
<u>Islamic:</u>			
Revolving credit	-	25,028	25,028
Total unsecured (b)	-	25,028	25,028
Total borrowings (a) + (b)	24,206	51,904	76,110

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B7. Group Borrowings and Debt Securities (Cont'd)

(a) The Group's borrowings and debt securities at end of the financial period to date: (Cont'd)

	Non-current RM'000	Current RM'000	Total RM'000
As at 31.12.2022			
Secured			
<u>Islamic:</u>			
Term loans	18,481	5,814	24,295
Bank overdrafts	-	27	27
	18,481	5,841	24,322
<u>Conventional:</u>			
Term loans	31,807	11,293	43,100
Hire purchase	427	102	529
	32,234	11,395	43,629
Total secured (a)	50,715	17,236	67,951
Unsecured			
<u>Islamic:</u>			
Revolving credit	-	30,000	30,000
Total unsecured (b)	-	30,000	30,000
Total borrowings (a) + (b)	50,715	47,236	97,951

(b) Commentaries on the Group's borrowings and debt securities

During the financial period, the decrease in the borrowings was mainly due to repayment of term loans and offset against increase in bank overdraft.

B8. Material Litigation

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity")

Pavilion Integrity, 80%-owned subsidiary of the Company, acquired a piece of land held under Geran 80346, Lot 20069 Seksyen 90, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (formerly known as HSD 121090, PT 50000 Seksyen 90, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, and previously known as Geran 11255, Lot 810, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur) ("Lot 810") via a sale and purchase agreement dated 21 March 2017 between Pavilion Integrity (as the purchaser) and Yap Ah Hing, Yap Chee Kien, Yap Chee Leong, Yap Chee Wei, Loh Kim Moey, Chin Yoon, Yap Yoke Ling, as trustee for Yap Yoke Ling, Yap Yoke Ling as trustee for Yap Chee Meng, and Yap Yoke Ling, as trustee for Yap Chee Kong (as the vendors).

Arising from the several applicants' failure to get Dewan Bandaraya Kuala Lumpur ("DBKL") to acquire part of Lot 810, six (6) Judicial Review Applications ("JR Applications") were filed by the applicants and Pavilion Integrity was named as one of the respondents.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below:

(i) Kuala Lumpur High Court Judicial Review Application No.: WA-25-265-10/2017 ("265 Application")

On 12 October 2017, the applicant, Ng Chee Hao and another 120 applicants have filed the 265 Application at Kuala Lumpur High Court ("KLHC") against the Minister of Federal Territories, Malaysia, DBKL, Government and Pavilion Integrity. Pavilion Integrity is the registered proprietor of Lot 810 and is developing a 46-storey building with 698 units of serviced apartments on Lot 810. Pavilion Integrity had obtained the development orders for the construction work.

When the applicants discovered that Pavilion Integrity proposed to develop Lot 810, they wrote to DBKL to reconsider Pavilion Integrity's development project, specifically for DBKL to acquire a significant part of Lot 810 in order to build an access road known as Jalan Jejaka 1. Having failed to get DBKL to acquire part of Lot 810, the 265 Application was filed in respect of DBKL's refusal to acquire part of Lot 810.

The applicants were granted leave to seek the reliefs of, inter alia:

- (1) an Order of Certiorari to quash the decision of the Minister of Federal Territories, Malaysia, DBKL and/or Government, whether made jointly and/or severally, which revoked an earlier decision to acquire a strip of land designated for road reserve and for the construction of one Jalan Jejaka 1 on Lot 810 ("Decision to Revoke"); and
- (2) an Order of Mandamus to compel the Minister of Federal Territories, Malaysia, DBKL and/or Government, whether jointly and/or severally, to acquire such relevant portion of Lot 810 for the purpose of constructing Jalan Jejaka 1.

The KLHC dismissed the 265 Application on 17 October 2018 and awarded Pavilion Integrity costs.

On 25 October 2018, Ng Chee Hao and another 120 appellants filed the Notice of Appeal to Court of Appeal against the respondents, Minister of Federal Territories, Malaysia, DBKL, Government and Pavilion Integrity via Court of Appeal Civil Appeal No.: W-01(A)-629-11/2018 ("629 Appeal").

(ii) Kuala Lumpur High Court Judicial Review Application No.: WA-25-267-10/2017 ("267 Application")

On 13 October 2017, the applicant, Orando Realty Sdn. Bhd. filed the 267 Application at KLHC against Government, Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity. Similar to the 265 Application described in paragraph (i) above, having failed to get DBKL to acquire part of Lot 810, the 267 Application was filed by Orando Realty Sdn. Bhd. in respect of DBKL's refusal to acquire part of Lot 810.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below: (Cont'd)

(ii) Kuala Lumpur High Court Judicial Review Application No.: WA-25-267-10/2017 ("267 Application") (Cont'd)

Orando Realty Sdn. Bhd. was granted leave to seek the reliefs of, inter alia:

- (1) an Order of Certiorari to quash the Government, Minister of Federal Territories, Malaysia and/or the DBKL's Decision to Revoke;
- (2) alternative to the first relief, a declaration that the Government, Minister of Federal Territories, Malaysia and/or the DBKL's Decision to Revoke is invalid, null and void and of no legal effect;
- (3) an Order of Mandamus to compel the Government, Minister of Federal Territories, Malaysia and/or the DBKL, to acquire such relevant portion of Lot 810 for the purpose of constructing Jalan Jejaka 1; and
- (4) an order for damages to be paid to the applicant.

The KLHC dismissed the 267 Application on 17 October 2018 and awarded Pavilion Integrity costs.

On 31 October 2018, Orando Realty Sdn. Bhd. filed the Notice of Appeal to Court of Appeal against the respondents, Government, Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity via Court of Appeal Civil Appeal No.: W-01(A)-643-11/2018 ("643 Appeal").

(The 265 Application and 267 Application are collectively referred to as the "2017 JR Applications", and the 629 Appeal and 643 Appeal are collectively referred to as the "2017 Appeals")

(iii) Kuala Lumpur High Court Judicial Review Application No.: WA-25-293-07/2019 ("293 Application")

On 2 July 2019, the applicant, Khoo Yok Sian and another nine (9) applicants filed the 293 Application at KLHC against Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity.

The 293 Application was filed in the KLHC on grounds largely similar to both the 2017 JR Applications in paragraphs (i) and (ii) above, again with a view to having a part of Lot 810 acquired by DBKL for a road reserve.

The applicants were granted leave to seek the reliefs of, inter alia:

- (1) an Order of Certiorari to quash the decision by DBKL as contained in its letter dated 3 April 2019 to Pavilion Integrity's architect, Messrs. Kun Lim Architect informing among others that DBKL has decided not to proceed with the acquisition of Lot 810 for the purpose of constructing a road i.e., Jalan Jejaka 1 and Pavilion Integrity is to apply to amend its development order to surrender six (6) meters of land for the purpose of constructing Jalan Jejaka 1 ("DBKL's 3 April 2019 Decision");

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below: (Cont'd)

- (iii) Kuala Lumpur High Court Judicial Review Application No.: WA-25-293-07/2019 ("293 Application") (Cont'd)

The applicants were granted leave to seek the reliefs of, inter alia: (Cont'd)

- (2) a declaration that DBKL's decision contained in its letter dated 7 December 2018 to Pavilion Integrity's architect, Messrs. Kun Lim Architect informing among others that they have decided to maintain the original plan to construct Jalan Jejaka 1 through Lot 810 and will proceed to acquire the necessary portion of Lot 810 to facilitate the construction of Jalan Jejaka 1 as planned ("DBKL's 7 December 2018 Decision") is valid and binding; and
- (3) an Order of Mandamus compelling the Minister of Federal Territories, Malaysia and DBKL to proceed to act in accordance with the DBKL's 7 December 2018 Decision.

The KLHC dismissed the 293 Application on 27 May 2021, and awarded Pavilion Integrity costs. The 293 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-318-06/2021 ("318 Appeal").

- (iv) Kuala Lumpur High Court Judicial Review Application No.: WA-25-295-07/2019 ("295 Application")

On 3 July 2019, the applicant, Ng Chee Hao and another 120 applicants filed the 295 Application at KLHC against Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity. Having failed to get DBKL to acquire part of Lot 810, the 295 Application was filed by the applicants in respect of DBKL's refusal to acquire part of Lot 810 for a road reserve.

The applicants were granted leave to seek the reliefs of, inter alia:

- (1) an Order of Certiorari to quash the DBKL's 3 April 2019 Decision;
- (2) a declaration that the DBKL's 7 December 2018 Decision is valid and binding; and
- (3) an Order of Mandamus compelling the Minister of Federal Territories, Malaysia and DBKL to proceed to act in accordance with the DBKL's 7 December 2018 Decision.

The KLHC dismissed the 295 Application on 27 May 2021, and awarded Pavilion Integrity costs. The 295 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-315-06/2021 ("315 Appeal").

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below: (Cont'd)

(v) Kuala Lumpur High Court Judicial Review Application No.: WA-25-296-07/2019 ("296 Application")

On 3 July 2019, the applicant, Orlando Realty Sdn. Bhd. filed the 296 Application at KLHC against Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity. Having failed to get DBKL to acquire part of Lot 810, the 296 Application was filed by the applicant in respect of DBKL's refusal to acquire part of Lot 810 for a road reserve.

The applicant was granted leave to seek the reliefs of, inter alia:

- (1) an Order of Certiorari to quash the DBKL's 3 April 2019 Decision;
- (2) a declaration that the DBKL's 7 December 2018 Decision is valid and binding; and
- (3) an Order of Mandamus compelling the Minister of Federal Territories, Malaysia and DBKL to proceed to act in accordance with the DBKL's 7 December 2018 Decision.

The KLHC dismissed the 296 Application on 27 May 2021 and awarded Pavilion Integrity costs. The 296 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-323-06/2021 ("323 Appeal").

(vi) Kuala Lumpur High Court Judicial Review Application No.: WA-25-326-07/2019 ("326 Application")

On 18 July 2019, the applicant, Low Kee Yoong and another 70 applicants filed the 326 Application at KLHC against DBKL, Minister of Federal Territories, Malaysia and Pavilion Integrity. Having failed to get DBKL to acquire part of Lot 810, the 326 Application was filed by the applicants in respect of DBKL's refusal to acquire part of Lot 810 for a road reserve.

The applicants were granted leave to seek the reliefs of, inter alia:

- (1) a declaration that the DBKL's 3 April 2019 Decision is null, void and of no legal effect;
- (2) an Order of Certiorari to quash the DBKL's 3 April 2019 Decision; and
- (3) an Order of Mandamus to compel DBKL to proceed with the acquisition of Lot 810.

The KLHC dismissed the 326 Application on 27 May 2021 and awarded Pavilion Integrity costs. The 326 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-325-06/2021 ("325 Appeal").

(The 293 Application, 295 Application, 296 Application and 326 Application are collectively referred to as the "2019 JR Applications", and the 318 Appeal, 315 Appeal, 323 Appeal and 325 Appeal are collectively referred to as the "2019 Appeals")

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The applicants in the 2019 JR Applications referred to in paragraphs (iii) to (vi) above have each filed an application for stay of the DBKL's 3 April 2019 Decision pending disposal of their respective appeals to the Court of Appeal ("Stay Pending Appeals"). On 22 November 2021, the KLHC granted the Stay Pending Appeals ("Stay Orders") in favour of the applicants. Pavilion Integrity has filed four (4) appeals at the Court of Appeal against the Stay Orders on 20 December 2021 (collectively, the "Appeals Against Stay Orders"). The hearing for the Appeals Against Stay Orders took place on 5 April 2022, wherein the Court of Appeal held the following:

- (1) For Court of Appeal Civil Appeal No.: W-01(IM)-784-12/2021 and Court of Appeal Civil Appeal No.: W-01(IM)-785-12/2021, the appeal is unanimously allowed in part. The Court of Appeal set aside the respective Stay Orders and substituted with the following and cost in the cause of the appeal proper:

"An order of stay on the decision by DBKL dated 3.4.2019 until disposal of the appeal of the judicial review application."

- (2) For Court of Appeal Civil Appeal No.: W-01(IM)-800-12/2021 and Court of Appeal Civil Appeal No.: W-01(IM)-801-12/2021, the appeals are withdrawn by consent, subject to the penal notice being deleted and costs in the cause of the appeal proper.

The Court of Appeal had on 13 October 2021 allowed the motion to consolidate all the 2017 Appeals and 2019 Appeals to be heard together. The hearing for the 2017 Appeals and 2019 Appeals took place on 28 July 2022 and the decision for the 2017 Appeals and 2019 Appeals have been delivered by the Court of Appeal on 3 October 2022, in which the decision was delivered in favour of the appellants in 2017 Appeals and 2019 Appeals.

Additionally, Pavilion Integrity had on 9 July 2021 filed an application at KLHC on the assessment of damages against the applicants in all the 2019 JR Applications ("Notice for Direction for Assessment of Damages"). However, KLHC had struck out the Notice for Direction for Assessment of Damages and gave no further order in respect of this as the two (2) KLHC judgements dated 17 October 2018 and 27 May 2021 have been overruled.

On 1 November 2022, Pavilion Integrity had filed six (6) motions in respect of the leave to appeal against the Court of Appeal's decision dated 3 October 2022 at the Federal Court, (collectively, the "Leave to Appeal Against the Court of Appeal Decision"). The Federal Court, had on 21 June 2023, after hearing of oral submissions by all counsels, dismissed all of our motions for Leave to Appeal Against the Court of Appeal Decision, with costs of RM 90,000.00 to be paid to the respondents of the respective motions subject to allocator.

In addition, Pavilion Integrity has on 30 November 2022 filed six (6) motions for the stay of execution of the Court of Appeal's decision on 3 October 2022 (collectively, the "Stay Against the Court of Appeal Decision").

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(a) Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The hearing for Stay Against the Court of Appeal Decision took place on 27 March 2023, the Court of Appeal has allowed the stay on one of the prayers of the order of the Court of Appeal made on 3 October 2022 upon the condition that Pavilion Integrity and DBKL agree to stay any further construction on Lot 810 and to refrain from taking any steps in accordance with the development order granted to Pavilion Integrity on 14 March 2018. The prayer reads as follows:

"Suatu Perintah mandamus diberikan terhadap DBKL untuk mengeluarkan satu Notis Pengambilan Tanah (Notice of Acquisition) di bawah Seksyen 47(3) Akta (Perancangan) Wilayah Persekutuan 1982 untuk memulakan pemerolehan tanah yang terletak di Geran 1125, Lot 810, Mukim Ampang, Daerah Kuala Lumpur (Lot 810)".

As advised by the appointed solicitors, the Board of Directors will have to await DBKL's update on its compliance with the mandamus order granted towards DBKL i.e. to issue a Notice of Acquisition under Section 47(3) of the Federal Territory (Planning) Act 1982 to commence acquisition of Lot 810.

As such, Pavilion Integrity expects a compulsory acquisition of Lot 810 by DBKL wherein Pavilion Integrity will be compensated in accordance with the Land Acquisition Act 1960.

As at to-date, Pavilion Integrity has not received Notice of Acquisition from the DBKL with regards to the compulsory acquisition of Lot 810. Nevertheless, Pavilion Integrity has taken initiatives to engage active communication with DBKL and requested for a follow-up meeting on the aforesaid compulsory acquisition of Lot 810. In addition, Pavilion Integrity and its home buyers have entered into relevant agreements to formalise the rescission of the sale and purchase previously entered in relation to the proposed project to be erected on Lot 810. Subsequently to the rescission, Pavilion Integrity has initiated the refund of monies received and payment of compensation to the home buyers. Other than that, negotiations and discussion with the affected contractors are still in process.

In view that negotiations with affected parties and DBKL is currently on initial stage, Pavilion Integrity and the Company are still assessing the financial impact arising from the Federal Court's decision.

(b) Vistarena Development Sdn. Bhd. (Vistarena")

Vistarena ("the Defendant"), a 80%-owned subsidiary of the Company, had on 9 June 2023 being served with a Writ of Summons and Statement of Claim ("the Suit") from 241 individual purchasers of Block B, Residensi Platinum OUG ("the Plaintiffs"). Residensi Platinum OUG is the development undertaken by Defendant as the developer in which the vacant possession had been delivered in and around June 2022.

Prior to the filing of the Suit on 18 October 2022, there was a meeting held between representatives from relevant government authorities, Defendant, the architect, the civil and structural consultant, main contractor as well as purchasers' representatives from Block A and Block B ("the Meeting") to discuss the issues pertaining, inter alia the entrances and defects. However, it was concluded in the meeting that the construction of separate entrances will be put on hold until the formation of the management corporation and the Defendant to expedite the defect rectification works.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B8. Material Litigation (Cont'd)

(b) Vistarena Development Sdn. Bhd. (Vistarena") (Cont'd)

Despite the proposed direction given by the relevant government authorities in the Meeting, the Plaintiffs had filed in the Suit against the Defendant. The Suit is arising from, inter alia, alleged misrepresentation on separate entrances between Block A and Block B, no access control established by the Defendant for the common facilities designated for Block B, safety-related defects are not attended to by the Defendant, and no steps taken by the Defendant to address the alleged declination of the value of Block B.

The Plaintiffs are seeking, inter alia, the following reliefs from the court:

- (i) a declaration that the Defendant has conducted in misrepresentation and breach of contract towards the Plaintiffs in the process of selling units to the Plaintiffs;
- (ii) an injunction against the Defendant to take all necessary and reasonable steps to establish two (2) access paths at the entrance to Block A and Block B within a period of three (3) months from the date of judgment/order;
- (iii) a judgment that the Defendant rectifies all listed safety-related defects, and the rectification works are to be completed to the satisfaction of the Plaintiffs' representative within a period of three (3) months from the date of judgment or order, with costs borne solely by the Defendant;
- (iv) an order for general damages to be assessed by the Honourable Court;
- (v) Exemplary damages amounting to RM25,000.00 to be paid to each Plaintiff within seven (7) days from the date of judgment/order;
- (vi) Cost;
- (vii) 5% interest on the judgement awarded by the Honourable Court from the date of filing the Suit until full settlement.

On 3 August 2023, the Defendant has filed Statement of Defense against the Plaintiffs. The case management is scheduled on 5 September 2023.

As at the date of this report, there is no material financial and operational impact arising from the Suit on the Defendant and the Company.

B9. Dividends

	Current period to date ended 30.6.2023	Preceding period to date ended 30.6.2022
(a) Single-tier interim dividend payable (RM'000)	34,680	N/A
Single-tier interim dividend per share (sen)	1.0	N/A
Number of ordinary share on which dividend was declared ('000)	3,468,000	N/A
Date of payment after end of current quarter	15.8.2023	N/A
(b) Total dividend for the current year to date per share (sen)	1.0	N/A

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B10. Earnings per Share ("EPS")

The basic EPS of the Group is calculated based on the profit attributable to Owners (ordinary equity holders) of the Company divided by the weighted average number of ordinary shares in issue.

	Current quarter ended 30.6.2023	Comparative quarter ended 30.6.2022	Current period to date ended 30.6.2023	Preceding period to date ended 30.6.2022
Profit attributable to Owners of the Company (RM'000)	2,569	N/A	5,505	N/A
Weighted average number of ordinary shares in issue ('000)	2,886,154	N/A	2,743,867	N/A
Basic EPS (sen)	0.09	N/A	0.20	N/A

The diluted EPS of the Group is equal to the basic EPS as the Group does not have any dilutive ordinary shares in issue.

This is the second interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative quarter and period concerned.

B11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2022 was not subject to any qualification.

B12. Items included in the Statement of Profit or Loss

	Current quarter ended 30.6.2023 RM'000	Current period to date ended 30.6.2023 RM'000
Depreciation of property, plant and equipment	(222)	(444)
Depreciation of right-of-use assets	(302)	(604)
Finance costs	(1,899)	(2,873)
Finance income	1,233	1,373



B U I L D I N G G O O D

Registration No.: 201301009006 (1038848-V)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

B13. Derivative Financial Instruments

The Group does not have any derivative financial instruments as at the date of this report.

B14. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities that are measured at fair value at the date of this report.

**By Order of the Board,
Datuk Gan Kah Siong
Group Managing Director**

23 August 2023