



RADIUM DEVELOPMENT BERHAD

Registration No.: 201301009006 (1038848-V)

INTERIM FINANCIAL REPORT

FOR SECOND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	Unaudited As at 30.6.2024 RM'000	Audited As at 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		42,244	41,704
Investment property		83,000	83,000
Right-of-use assets		956	951
Goodwill		1,647	1,600
Other investment		10,584	10,584
Deferred tax assets		6,732	5,892
Trade and other receivables		10,351	10,351
		<u>155,514</u>	<u>154,082</u>
Current Assets			
Inventories		319,962	270,467
Current tax assets		14,464	13,990
Trade and other receivables		85,100	107,302
Contract cost		17,755	13,698
Contract asset		6,787	6,336
Short-term investments		136,641	151,376
Cash and short-term deposits		142,263	199,671
		<u>722,972</u>	<u>762,840</u>
TOTAL ASSETS		<u>878,486</u>	<u>916,922</u>
EQUITY AND LIABILITIES			
Share capital		465,943	465,943
Retained earnings		290,081	322,327
Equity attributable to owners of the Company		<u>756,024</u>	<u>788,270</u>
Non-controlling interests		5,147	4,316
Total Equity		<u>761,171</u>	<u>792,586</u>
Non-Current Liabilities			
Loans and borrowings	B7	15,355	23,647
Lease liabilities		478	407
Deferred tax liabilities		60	60
		<u>15,893</u>	<u>24,114</u>
Current Liabilities			
Contract liabilities		2,795	-
Loans and borrowings	B7	14,428	15,829
Lease liabilities		499	579
Current tax liabilities		691	674
Trade and other payables		83,009	83,140
		<u>101,422</u>	<u>100,222</u>
Total Liabilities		<u>117,315</u>	<u>124,336</u>
TOTAL EQUITY AND LIABILITIES		<u>878,486</u>	<u>916,922</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.22</u>	<u>0.23</u>
Number of outstanding ordinary shares in issue ('000)		<u>3,468,000</u>	<u>3,468,000</u>

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR SECOND QUARTER ENDED 30 JUNE 2024**

	Current quarter ended 30.6.2024	Comparative quarter ended 30.6.2023	Current period to date ended 30.6.2024	Preceding period to date ended 30.6.2023
Note	RM'000	RM'000	RM'000	RM'000
Revenue	30,631	27,921	58,163	53,210
Cost of sales	(20,756)	(15,352)	(38,429)	(28,612)
Gross profit	9,875	12,569	19,734	24,598
Other income	2,296	1,434	5,080	1,616
Marketing expenses	(3,160)	(5,038)	(6,506)	(9,070)
Administrative expenses	(4,039)	(5,022)	(8,504)	(8,713)
Other operating expenses	(118)	-	(118)	-
Profit from operations	4,854	3,943	9,686	8,431
Finance costs	(1,130)	(1,900)	(2,041)	(2,873)
Profit before taxation	3,724	2,043	7,645	5,558
Taxation	(2,785)	255	(4,380)	(982)
Profit for the period, representing total comprehensive income for the period	939	2,298	3,265	4,576
Profit/(Loss) / Total comprehensive income/(loss) attributable to:				
Owners of the Company	489	2,569	2,434	5,505
Non-controlling interests	450	(271)	831	(929)
	939	2,298	3,265	4,576
Basic earnings per share attributable to owners of the Company (sen)	0.01	0.09	0.07	0.20

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR SECOND QUARTER ENDED 30 JUNE 2024**

	<u>Attributable To Owners Of The Company</u>			Non- controlling interests	Total equity
	Share capital	Retained earnings	Total		
Note	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	465,943	322,327	788,270	4,316	792,586
Profit after tax / Total comprehensive income	-	2,434	2,434	831	3,265
Transaction with owners of the Company					
Dividend paid to owners of the Company, representing total transactions with owners	A7	(34,680)	(34,680)	-	(34,680)
As at 30 June 2024	465,943	290,081	756,024	5,147	761,171
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	(10,457)	-	(10,457)	-	(10,457)
Total transactions with owners	423,543	-	423,543	-	423,543
As at 30 June 2023	465,943	345,713	811,656	2,323	813,979

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2024**

	Current period to date ended 30.6.2024	Preceding period to date ended 30.6.2023
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	7,645	5,558
Adjustments for:		
Depreciation of property, plant and equipment	819	444
Depreciation of right-of-use assets	396	604
Fair value gain of short-term investments	(2,303)	-
Finance costs	2,041	2,873
Interest income	(2,488)	(1,373)
Gain on disposal of short-term investments	(157)	-
Write off of:		
- trade receivables	116	-
- plant and equipment	2	-
Operating profit before changes in working capital	6,071	8,106
Changes in working capital:		
Inventories	(49,495)	(22,026)
Trade and other receivables	22,101	(13,081)
Contract assets	(451)	(10,506)
Contract cost	(4,057)	817
Trade and other payables	(196)	(23,100)
Contract Liabilities	2,795	-
Net cash used in operations	(23,232)	(59,790)
Interest received	2,488	1,373
Interest paid	(4)	(533)
Income tax paid	(5,677)	(16,289)
Net cash used in operating activities	(26,425)	(75,239)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	3	-
Changes in pledged deposits	2,527	(1,954)
Net investment in short-term investments	17,195	-
Purchase of property, plant and equipment	(1,361)	(133)
Net cash from/(used in) investing activities	18,364	(2,087)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(34,680)	-
Proceeds from issuance of shares	-	434,000
Payment of share issuance expenses	-	(10,457)
Payment of lease liabilities	(433)	(641)
Drawdown of term loans	1,788	11,266
Repayment of term loans	(12,659)	(37,548)
Drawdown of bridging loans	22,377	-
Repayment of bridging loans	(21,146)	-
Revolving credit - net of repayment	-	(4,972)
Repayment of hire purchase payables	(53)	(51)
Interest paid	(2,014)	(2,315)
Net change in amount owing to a related party	-	12
Net cash (used in)/from financing activities	(46,820)	389,294

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR SECOND QUARTER ENDED 30 JUNE 2024 (CONT'D)**

	Current period to date ended 30.6.2024	Preceding period to date ended 30.6.2023
	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(54,881)	311,968
Cash and cash equivalents at beginning of the financial period	192,256	95,829
Cash and cash equivalents at end of the financial period	137,375	407,797
Cash and cash equivalents comprised of:		
Cash and bank balances	135,906	407,218
Short-term deposits	6,357	21,170
Bank overdraft	-	(9,490)
	142,263	418,898
Less: Pledged deposits	(4,888)	(11,101)
	137,375	407,797

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

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").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the 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 2023, 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:

- Amendments 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 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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

(b) Amendments to MFRSs not adopted

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

A2. Significant accounting policies (Cont'd)

(b) Amendments to MFRSs not adopted (Cont'd)

MFRSs effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

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

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.

A7. Dividend paid

The first single-tier interim dividend in respect of the financial year ending 31 December 2024 of 1.0 sen per ordinary share, amounting to RM34.7 million was paid on 19 April 2024.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

A8. Segmental Information

For management purposes, the Group is organised into business units based on their products and services. The Group's reportable segments are as follows:

- (a) Property development and investment
 - Development and sales of residential properties.
 - Letting of property.
- (b) Investment holdings and others
 - Investment activities, provision of management services, provision of information technology related services and hotel business (dormant).

The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances.

	Property development and investment RM'000	Investment holdings and others RM'000	Total RM'000
<u>Current year to date ended 30 June 2024</u>			
Revenue			
Total revenue	58,043	9,623	67,666
- Inter-segment revenue	-	(9,503)	(9,503)
Revenue from external parties	<u>58,043</u>	<u>120</u>	<u>58,163</u>
Results			
Segment profit/(loss)	10,166	(2,521)	7,645
- Inter-segment elimination	(11,186)	11,186	-
(Loss)/Profit before taxation	<u>(1,020)</u>	<u>8,665</u>	<u>7,645</u>
Taxation	(2,220)	(2,160)	(4,380)
Net (loss)/profit for the financial period	<u>(3,240)</u>	<u>6,505</u>	<u>3,265</u>
<u>Preceding year to date ended 30 June 2023</u>			
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	<u>3,298</u>	<u>2,260</u>	<u>5,558</u>
Taxation	183	(1,165)	(982)
Net profit for the financial period	<u>3,481</u>	<u>1,095</u>	<u>4,576</u>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

A8. Segmental Information (Cont'd)

	Property development and investment RM'000	Investment holdings and others RM'000	Total RM'000
<u>As at 30 June 2024</u>			
Assets			
Segment assets	631,245	226,045	857,290
Deferred tax assets and current tax assets	20,056	1,140	21,196
Total assets	<u>651,301</u>	<u>227,185</u>	<u>878,486</u>
Liabilities			
Segment liabilities	114,941	1,623	116,564
Deferred tax liabilities and current tax liabilities	64	687	751
Total liabilities	<u>115,005</u>	<u>2,310</u>	<u>117,315</u>
<u>As at 31 December 2023</u>			
Assets			
Segment assets	630,495	266,545	897,040
Deferred tax assets and current tax assets	18,742	1,140	19,882
Total assets	<u>649,237</u>	<u>267,685</u>	<u>916,922</u>
Liabilities			
Segment liabilities	122,296	1,306	123,602
Deferred tax liabilities and current tax liabilities	263	471	734
Total liabilities	<u>122,559</u>	<u>1,777</u>	<u>124,336</u>

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 SECOND QUARTER ENDED 30 JUNE 2024

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 and financial period to date under review.

Acquisition of Hektar Stabil Sdn. Bhd. ("Hektar Stabil")

On 8 April 2024, Montanica Development Sdn. Bhd. ("Montanica Development"), a wholly-owned subsidiary of the Company, had subscribed 59,998 ordinary shares representing 99% of equity interest of Hektar Stabil, for a total cash consideration of RM59,998. Subsequent to the aforesaid acquisition, Montanica Development had on 18 April 2024 further acquired additional two (2) ordinary shares representing the entire equity interest of Hektar Stabil for a total consideration of RM2. Consequently, Hektar Stabil and its wholly-owned subsidiaries, namely Mayang Sepakat Sdn. Bhd. ("Mayang Sepakat") and Seribu Megah Sdn. Bhd. ("Seribu Megah"), became the indirect subsidiaries of the Company through Montanica Development. The principal activity of Hektar Stabil is investment holding. The principal activity of both Mayang Sepakat and Seribu Megah are property development. The acquisition does not have any material financial impact to the Group.

A11. Fair value measurement

(a) Financial instruments that are carried at fair value

Financial assets at Fair Value Through Profit or Loss 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 2024 and 31 December 2023.

(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 2024 and 31 December 2023.

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

	As at 30.6.2024 RM'000	As at 31.12.2023 RM'000
Level 3		
Non-financial assets		
- Investment property	83,000	83,000
Financial assets		
- Unquoted share	10,584	10,584
- Short-term investments	136,641	151,376
	<u>230,225</u>	<u>244,960</u>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

A11. Fair value measurement (Cont'd)

(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.

A12. Revenue

	Current period to date ended 30.6.2024 RM'000	Preceding period to date ended 30.6.2023 RM'000
Disaggregation of the Group's revenue from contracts with customers:		
Timing of revenue recognition		
- over time	58,043	43,468
- at point in time	120	9,742
	<u>58,163</u>	<u>53,210</u>

A13. Commitments

There were no material capital commitments during the current quarter and financial period to date under review.

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 30.6.2024 RM'000	Current period to date ended 30.6.2024 RM'000
Alfa Sutramas Sdn. Bhd.	Interest income	323	646
Southern Score Sdn. Bhd.	Provision of main construction management services	(126)	(974)
Megan Projek Sdn. Bhd.	Rental expenses	<u>(165)</u>	<u>(330)</u>

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 SECOND QUARTER ENDED 30 JUNE 2024

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 30.6.2024 RM'000	Comparative quarter ended 30.6.2023 RM'000	Changes %	Current period to date ended 30.6.2024 RM'000	Preceding period to date ended 30.6.2023 RM'000	Changes %
Revenue	30,631	27,921	10	58,163	53,210	9
Gross Profit	9,875	12,569	(21)	19,734	24,598	(20)
Profit Before Tax ("PBT")	3,724	2,043	82	7,645	5,558	38

The Group registered revenue of RM30.6 million, gross profit of RM9.9 million, and PBT of RM3.7 million in current quarter, compared with revenue of RM27.9 million, gross profit of RM12.6 million, and PBT of RM2.0 million in comparative quarter, representing an increase of RM2.7 million or 10% in revenue, a decrease of RM2.7 million or 21% in gross profit, and an increase of RM1.7 million or 82% in PBT. The improved performance in the current quarter was mainly due to the commencement of the main building work for our ongoing projects, namely Suite Canselor and Residensi Desa Timur projects, and the absence of a one-off listing expense of RM1.6 million incurred in the preceding year's comparative quarter.

The Group registered revenue of RM58.2 million, gross profit of RM19.7 million, and PBT of RM7.6 million in current period to date, compared with revenue of RM53.2 million, gross profit of RM24.6 million, and PBT of RM5.6 million in preceding period to date, representing an increase of RM5.0 million or 9% in revenue, a decrease of RM5.0 million or 20% in gross profit, and an increase of RM2.0 million or 38% in PBT. The improved performance in the current period to date was mainly contributed by two of its ongoing projects, namely Suite Canselor and Residensi Desa Timur projects, which commenced their main building work during the current period. Compared to the preceding year ended in June, the Group has recorded a decrease in marketing expenses from RM9.1 million in the same period of the preceding year to RM6.5 million in the current period under review. This decrease was due to the recognition of advertisement expenses on the Group's branding activities to promote its corporate identity in the preceding period.

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

	Current quarter ended 30.6.2024 RM'000	Immediate preceding quarter ended 31.3.2024 RM'000	Changes %
Revenue	30,631	27,532	11
Gross Profit	9,875	9,859	-
PBT	3,724	3,921	(5)

The Group registered revenue of RM30.6 million and PBT of RM3.7 million in current quarter, compared with revenue of RM27.5 million and PBT of RM3.9 million in immediate preceding quarter, representing a slight reduction of RM0.2 million or 5% in PBT. During the current quarter under review, the performance was mainly driven by its on-going projects, namely Suite Canselor and Residensi Desa Timur projects. Both projects commenced their respective main building works at the beginning of the current year, which has contributed significantly to the Group's revenue stream.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

B2. Group's Prospect

Prospects for the year 2024

Malaysia has emerged as a prime location for data center investments, drawing significant interest from leading US tech giants such as Microsoft, Google and Amazon.

According to the governor of Bank Negara Malaysia ("BNM"), BNM viewed Malaysia's growth as on track to end the year, near the upper end of the 4.0% to 5.0% forecast range. The 5.9% Gross Domestic Product (GDP) growth in the second quarter of 2024 is the highest since the fourth quarter of 2022.

The Group's key contributors for the performance for 2024 are Residensi Wilayah component and Suite Apartment component of Residensi Desa Timur which were launched in May and June 2023 respectively, with an estimated combined gross development value of approximately RM1 billion. Meanwhile, the Group anticipates the launch of new project at Old Klang Road in the second half of 2024 and intends to unveil a joint venture development in Mukim Batu in the first half of 2025.

In response to the evolving property development landscape, the Group is actively pursuing opportunities to expand its landbank and explore joint ventures to meet the growing demand for residential properties. The Group is also identifying land banks with development consents to bolster land banking needs while continuing to explore new property-related business venture opportunities with recurring income for the Group's diversification of business and revenue streams.

The Group is cautiously optimistic that the financial performance of the year 2024 to be satisfactory despite challenging economic situations, e.g. the volatility in interest rate, political uncertainty and fluctuations in the prices of the building materials etc. which may have adverse effect on our business operations, financial position and performance.

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 SECOND QUARTER ENDED 30 JUNE 2024

B4. Tax expense

	Current quarter ended 30.6.2024 RM'000	Current period to date ended 30.6.2024 RM'000
Current period provision	3,325	5,220
Over provision in prior year	-	-
	<u>3,325</u>	<u>5,220</u>
Deferred taxation	(540)	(840)
	<u>2,785</u>	<u>4,380</u>

The effective tax rate for the current quarter and financial period to date is higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses and losses in certain subsidiaries that are not available to offset against taxable profits in other subsidiaries within the Group.

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) Joint Venture Arrangement (“JVA”) with Kadar Jutajaya Sdn. Bhd.

On 20 September 2022, Rasa Wangi Development Sdn. Bhd. (“RWDSB”), a wholly-owned subsidiary of the Company, as the developer, entered into a JVA with Kadar Jutajaya Sdn. Bhd. (“KJSB”), 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.

On 20 September 2023, both KJSB and RWDSB (“the Parties”) have agreed to extend the period for fulfilment of Condition Precedent for a further twelve (12) months commencing from 20 September 2023 to 19 September 2024 free of interest (“First Extension of Time”).

In furtherance thereto, KJSB and RWDSB had entered into the Supplemental Agreement on 20 September 2023 to document the Parties' option for further extension of time upon expiry of the First Extension of Time and involvement of KJSB (being the landowner) in project committee in relation to the said Project.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

B5. Status of corporate proposals (Cont'd)

(b) 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 the 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.

On 2 February 2024, upon completion of the due diligence on N&M Cahaya, N&M Cahaya is currently implicated in a legal suit involving the Land. As such, both the Company and N&M Cahaya are agreeable to further extend the period for another eighteen (18) months from 7 February 2024 to 6 August 2025 for N&M Cahaya to resolve the legal suit which N&M Cahaya is reasonably confident that it has a good chance to defend its position.

In addition, the future land use zone of the Land is currently pending the “Pelan Tempatan Kuala Lumpur” (PTKL 2040) to be gazetted. Hence, the extension period of 18 months is not an impediment to the progress as without PTKL 2040 being in force, the development order for the proposed development on the Land is unable to be processed by Dewan Bandaraya Kuala Lumpur.

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 2024 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
Acquisition of landbank and/or development expenditure	171,000	113,901	-	57,099	Within 36 months
Repayment of bank borrowings	93,870	60,291	-	33,579	Within 24 months
Hotel construction	109,300	11,105	-	98,195	Within 36 months
Working capital	39,830	15,000	3,017*	27,847	Within 24 months
Estimated listing expenses	20,000	16,983	(3,017)*	-	Immediate
Total	434,000	217,280	-	216,720	

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.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

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 30.6.2024			
Secured			
<u>Islamic:</u>			
Bridging loan	2,193	-	2,193
<u>Conventional:</u>			
Bridging loan	1,224	7	1,231
Term loans	11,673	14,312	25,985
Hire purchase	265	109	374
	13,162	14,428	27,590
Total secured / Total borrowings	15,355	14,428	29,783
As at 31.12.2023			
Secured			
<u>Islamic:</u>			
Term loans	-	9,382	9,382
<u>Conventional:</u>			
Term loans	23,337	6,330	29,667
Hire purchase	310	117	427
	23,647	6,447	30,094
Total secured / Total borrowings	23,647	15,829	39,476

(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.

B8. Material Litigation

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, the 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 SECOND QUARTER ENDED 30 JUNE 2024

B8. Material Litigation (Cont'd)

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 at Kuala Lumpur High Court ("the Court"). 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 decline of the value of Block B.

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

- (a) 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;
- (b) 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;
- (c) 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;
- (d) an order for general damages to be assessed by the Court;
- (e) Exemplary damages amounting to RM25,000.00 to be paid to each Plaintiff within seven (7) days from the date of judgment/order;
- (f) Cost; and
- (g) 5% interest on the judgement awarded by Court from the date of filing the Suit until full settlement.

On 21 September 2023, 104 individual purchasers of Block A (civil servants housing), Residensi Platinum OUG filed an application to intervene, claiming that, amongst others, they shall be heard/ allowed to intervene the proceeding so to protect their interest in the common properties given that the Plaintiffs' claims involving access to common properties, shared common area, shared entrance to access Residensi Platinum OUG in which their rights and interests would be affected by any decision from the Court. The Court has on 3 January 2024 allowed the application to intervene hence 104 individual purchasers of Block A were added as co-defendants ("the Co-defendants").

On 5 March 2024, the Defendant filed an application for the disposal of the Plaintiffs' case on points of law ("Order 14A Application") and the hearing date was scheduled on 19 June 2024. Following the same, the Co-defendants also filed a separate application for the disposal of the Plaintiffs' case on points of law ("Co-defendants Application").

On 19 June 2024, the Court decided to proceed with the hearing of the Order 14A Application with the Co-defendants Application on 23 July 2024 with reservation of decision until completion of hearing of both applications.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

B8. Material Litigation (Cont'd)

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

On 23 July 2024 which was fixed for continue hearing of both of the Order 14A Application and Co-defendants Application, the Defendant's lawyer informed the Court that majority of residents voted against separate entrances at the Annual General Meeting of Residensi Platinum OUG held on 17 March 2024. The Court then has fixed next hearing date on 12 August 2024 for continue hearing for Plaintiffs' lawyer to obtained further instruction from their client. On 12 August 2024, the Court proceeded with the hearing of Co-defendants Application despite the Plaintiffs' lawyer informed the Court that they have made an application to file additional affidavit and wishes the same to be heard prior to the continue hearing of Co-defendants Application.

The Court has fixed 4 October 2024 for decision of both of the Order 14A Application and Co-defendants Application.

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. Dividend

Other than the dividend paid as disclosed in Note A7, no dividend has been proposed by the Board of Directors for the current financial period to date.

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 30.6.2024	Comparative quarter ended 30.6.2023	Current period to date ended 30.6.2024	Preceding period to date ended 30.6.2023
Profit attributable to owners of the Company (RM'000)	489	2,569	2,434	5,505
Weighted average number of ordinary shares in issue ('000)	3,468,000	2,886,154	3,468,000	2,743,867
Basic EPS (sen)	0.01	0.09	0.07	0.20

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

B11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2023 was not subject to any qualification.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR SECOND QUARTER ENDED 30 JUNE 2024

B12. Items included in the Statement of Profit or Loss

	Current quarter ended 30.6.2024 RM'000	Current period to date ended 30.6.2024 RM'000
Depreciation of property, plant and equipment	(410)	(819)
Depreciation of right-of-use assets	(198)	(396)
Fair value gain of short-term investments	1,058	2,303
Finance costs	(1,130)	(2,041)
Gain on disposal of short-term investments	115	157
Interest income	1,065	2,488
Write off of:		
- trade receivables	(116)	(116)
- plant and equipment	(2)	(2)

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

22 August 2024