



KTI LANDMARK BERHAD

(Registration No. 201601008159 (1179087-X))

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2024**

KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY")
Registration No. 201601008159(1179087-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME⁽¹⁾⁽²⁾**
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Period To-Date	Preceding Year Corresponding Period
		Unaudited 30.9.2024 RM'000	Unaudited 30.9.2023 RM'000	Unaudited 30.9.2024 RM'000	Unaudited 30.9.2023 RM'000
Revenue		52,978	N/A	109,334	N/A
Cost of sales		(43,445)	N/A	(86,605)	N/A
Gross profit ("GP")		9,533	N/A	22,729	N/A
Other operating income		536	N/A	1,002	N/A
Selling and distribution expenses		(1,235)	N/A	(2,751)	N/A
Administrative expenses		(4,681)	N/A	(14,537)	N/A
Profit from operation		4,153	N/A	6,443	N/A
Finance cost		(3,013)	N/A	(6,344)	N/A
Profit before taxation ("PBT")	B13	1,140	N/A	99	N/A
Taxation	B5	(129)	N/A	(643)	N/A
Profit ("PAT")/ (Loss ("LAT")) after taxation / Total comprehensive income for the period		1,011	N/A	(544)	N/A
PAT/ (LAT) / Total comprehensive income for the period attributable to: Owners of the Group		1,011	N/A	(544)	N/A
Earnings per share (" EPS ")	B12				
- Basic / Diluted (sen) ⁽³⁾		0.13	N/A	(0.09)	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2023, the Accountants' Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its initial public offering ("**IPO**") and the accompanying explanatory notes attached to this interim financial report.
- (2) No comparative figures for preceding corresponding quarter and period are presented as the Company was listed on ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 19 June 2024. This is the third interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Securities.

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COMPREHENSIVE INCOME⁽¹⁾⁽²⁾ FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

(3) Diluted EPS of the Company for the individual quarter ended 30 September 2024 and period-to-date ended 30 September 2024 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A – Not Applicable

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY")
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
AS AT 30 SEPTEMBER 2024

	UNAUDITED As at 30.09.2024 RM'000	AUDITED As at 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	105,326	68,871
Inventories ⁽³⁾	851	851
Deferred tax assets	1,279	454
	<u>107,456</u>	<u>70,176</u>
Currents assets		
Inventories ⁽³⁾	290,754	235,821
Trade and other receivables	44,853	15,658
Contract assets	60,854	18,320
Tax recoverable	2,445	1,403
Fixed deposit with licensed bank	34,938	15,551
Cash and cash equivalents	17,973	19,598
	<u>451,817</u>	<u>306,351</u>
TOTAL ASSETS	<u>559,273</u>	<u>376,527</u>
EQUITY and LIABILITIES		
EQUITY		
Share capital	154,287	2,000
Retained profits	119,063	134,607
Merger Reserve	(105,584)	-
	<u>167,766</u>	<u>136,607</u>
LIABILITIES		
Non-current liabilities		
Borrowings	39,688	23,654
Lease liabilities	8,080	5,062
Deferred tax liabilities	23	933
	<u>47,791</u>	<u>29,649</u>
Current liabilities		
Trade and other payables	80,025	49,708
Contract liabilities	5,186	15,068
Amount due to a related party	-	41
Borrowings	255,715	142,408
Lease liabilities	2,788	2,054
Tax payables	2	992
	<u>343,716</u>	<u>210,271</u>
TOTAL LIABILITIES	<u>391,507</u>	<u>239,920</u>
TOTAL EQUITY AND LIABILITIES	<u>559,273</u>	<u>376,527</u>
NET ASSET PER SHARE (RM)⁽²⁾	0.21	68.3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
AS AT 30 SEPTEMBER 2024

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2023, the Accountants' Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's number of ordinary shares as at 30 September 2024 of 800,000,000 shares.
- (3) Inventories comprise of the followings:

	UNAUDITED as at 30.9.2024 RM'000	AUDITED as at 31.12.2023 RM'000
Inventories		
Non-current assets		
Land held for property development	851	851
Current assets		
Property development costs	289,697	235,383
Completed properties	1,057	438
	290,754	235,821

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UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Share capital RM'000	Merger deficit RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2023 (Audited)	2,000	-	135,785	137,785
Profit for the financial year	-	-	13,822	13,822
Dividend	-	-	(15,000)	(15,000)
Balance as at 31 December 2023 (Audited)	<u>2,000</u>	<u>-</u>	<u>134,607</u>	<u>136,607</u>
Contributions by owners of the Company:				
- Issuance of new shares	153,584	(105,584)	-	48,000
- Share issuance expenses	(1,297)	-	-	(1,297)
Loss for the financial period	-	-	(544)	(544)
Dividend	-	-	(15,000)	(15,000)
Balance as at 30 September 2024 (Unaudited)	<u>154,287</u>	<u>(105,584)</u>	<u>119,063</u>	<u>167,766</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2023, the Accountants' Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY")
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UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	UNAUDITED Current Year To-Date 30.9.2024 RM'000	UNAUDITED Preceding Corresponding Period 30.6.2023 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	99	N/A
Adjustments for:		
Depreciation for property, plant and equipment	1,331	N/A
Interest expense	6,344	
Interest income	(679)	N/A
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,095	N/A
Increase in inventories	(48,419)	N/A
Increase in trade and other receivables	(29,195)	N/A
Increase in contract assets	(52,416)	N/A
Increase in trade and other payables	29,467	N/A
Cash used in operations	(93,468)	N/A
Interest paid	(11,458)	N/A
Interest received	679	N/A
Income tax paid	(4,409)	N/A
NET CASH USED IN OPERATING ACTIVITIES	(108,656)	N/A
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,792)	N/A
Increase in housing development accounts	(8,611)	
Proceeds from disposal of property, plant and equipment	47	N/A
NET CASH USED IN INVESTING ACTIVITIES	(41,356)	N/A

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY")
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UNAUDITED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (CONT'D)

	UNAUDITED Current Year- To-Date 30.9.2024 RM'000	AUDITED Preceding Corresponding Period 31.12.2023 RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Uplift of fixed deposit	61	N/A
Dividend paid	(15,000)	N/A
Drawdown of term loan	16,777	N/A
Drawdown of trade financing	134,999	N/A
Proceed from issuance of ordinary shares	46,703	N/A
Repayment of lease liabilities	(1,881)	N/A
Repayment of term loan	(2,633)	N/A
Repayment of trade financing	(31,146)	N/A
NET CASH FROM FINANCING ACTIVITIES	147,880	N/A
Net decrease in cash and cash equivalents	(2,131)	N/A
Cash and cash equivalents at the beginning of the financial period	19,709	N/A
Cash and cash equivalents at the end of the financial period	17,577	N/A
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	17,973	N/A
Fixed deposit placed with licensed banks	34,938	N/A
Balance as stated in the statement of financial position	52,911	N/A
Less: Bank overdraft	(12,490)	N/A
Less: Fixed deposit pledged with licensed banks	(8,717)	N/A
Less: Housing development bank account	(14,127)	N/A
Balance for Statement of Cash Flows	17,577	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2023, the Accountants' Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.

N/A *Not applicable.*

Part A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 : INERIM FINANCIAL REPORTING

A1. Basis of preparation

This interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2023, the Accountants' Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those disclosed in the audited financial statements of the Company for the financial year ended 31 December 2023 and the Accountant's Report in the Prospectus dated 21 May 2024, except for the adoption of the following new amendments to MFRS's:

Effective for financial periods beginning on or after 1 January 2024

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

The adoption of these amendments does not have any significant impact on the current period or any prior periods and is not likely to affect future periods.

Effective for financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 Lack of Exchangeability
- MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures)
- MFRS 19: Subsidiaries without Public Accountability: Disclosures
- MFRS 18: Presentation and Disclosure in Financial Statements

Effective date to be announced

- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any significant effect on the combined financial statements upon their initial applications.

A3. Auditors' report on preceding annual financial statements

There were no qualifications on the audited financial statements of the Company and its subsidiary companies for the financial year ended 31 December 2023.

PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134 : INTERIM FINANCIAL REPORTING (CONT'D)

A4. Seasonal of cyclical factors

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors in the current quarter and financial period-to-date under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the current quarter and financial period-to-date under review.

A6. Material changes in Accounting Estimates

There were no material changes in estimates that have a material effect on the results for the current quarter and financial period-to-date under review.

A7. Debt and equity securities

On 6 February 2024, the Company issued a total of 639,999,997 new ordinary shares pursuant to the acquisition of the entire equity interest in K.T.I. Sdn. Bhd. and K.TI. Development Sdn Bhd ("**Acquisitions**") in conjunction with the IPO. The acquisition was completed on 2 April 2024.

In conjunction with the Company's listing on the ACE Market of Bursa Securities, on 19 June 2024, the Company had done a public issue of 160,000,000 new shares ("**Issue Shares**") in the following manner:

- (a) 40,000,000 new shares available for application by the Malaysian public investors and bumiputra investors to be allocated via public balloting;
- (b) 40,000,000 new shares available for application by our eligible employees and persons who have contributed to the Company's success;
- (c) 80,000,000 new shares by way of private placement to Bumiputera investors approved by Ministry of International Trade and Industry.

Upon completion of the IPO, the Company was admitted to the Official List of Bursa Securities and the Company's entire enlarged issued share capital of 800,000,000 shares is now listed and quoted on the ACE Market of Bursa Securities.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. Dividends paid

An interim dividend of RM15.0 million was declared on 31 January 2024 and paid on 1 February 2024.

A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134 : INTERIM FINANCIAL REPORTING (CONT'D)

A10. Capital commitments

	UNAUDITED	AUDITED
	As at	As at
	30.9.2024	31.12.2023
	RM'000	RM'000
Land under property development		
Authorised and contracted for	41,997	46,935

A11. Material Subsequent Events

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

A12. Changes in the composition of the Group

On 2 April 2024, The Company had completed the Acquisitions at a purchase consideration of RM107,583,999, which was fully satisfied by the issuance of 639,999,997 new shares at an issue price of RM0.168 per share.

Save as disclosed above, there were no other material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent assets and contingent liabilities

Save as disclosed in Note B10 of this report, the Group is not aware of any material and/or indirect contingent liabilities that may be incurred by the Group that may have a material impact on its financial position.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES

B1. REVIEW OF PERFORMANCE

(a) Results for current quarter

KTI Landmark and its subsidiaries (the "Group") recorded revenue of RM52.98 million and RM109.33 million for the current quarter and 9 months period ended 30 September 2024 respectively. The revenue was mainly derived from its ongoing property development projects namely Residensi Seri Akasia Block C & D and Block E & F, Plaza Lemawang 2, Kayana Heights and The Logg project together with revenue from the external construction project at Lok Kawi.

Correspondingly, the Group recorded a PBT of RM1.14 million and a PBT of RM0.099 million for the current quarter and 9 months period ended 30 September 2024 respectively.

B2. Comparison with immediate preceding quarter's results

	Income		Variance	
	Unaudited Current Year Quarter 30.9.2024 RM'000	Unaudited Immediate Preceding Quarter 30.9.2024 RM'000	RM'000	%
Revenue	52,978	29,277	23,701	45
PBT/(LBT)	1,140	(1,651)	2,791	245

The Group has recorded a revenue of approximately RM52.98 million from property development and construction contract projects for the current financial quarter under review, an increase of approximately 45% compared to the previous financial quarter. Majority of the revenue of the Group was derived from property development. The main reason for the increase in the revenue was due to improved sales recorded from Plaza Lemawang 2 and Kayana heights projects.

The Group recorded a PBT of approximately RM1.14 million for the current financial quarter under review as compared to a LBT of RM1.65 million in the immediate preceding financial quarter. The main reason for the loss in the preceding quarter was due to the one-off listing expense of approximately RM2.3 million being expensed off upon the successful listing of the Group on Ace Market of Bursa Securities.

N/A – Not applicable

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EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects of the Group

As disclosed in the Prospectus of the Company dated 21 May 2024, The Group has put in place a series of future plans as follows:

- (i) The Group intends to expand the Group's property development business through the acquisition of landbank for future projects in Sabah;
- (ii) The Group intends to further strengthen its market presence as an established property developer in Sabah;
- (iii) The Group intends to expand the production capability of its casting activities with the addition of a new industrialised building system ("**IBS**") production line to produce hollow core slabs to supplement our existing range of IBS components manufactured; and
- (iv) The Group intends to upgrade its software and systems to further enhance its operational efficiency.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is optimistic about the future prospects of the Group.

B4. Variance of actual profits from profit forecast

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

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EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. Income tax expenses

	Quarter Ended Unaudited		Period-to-date Ended Unaudited	
	30.9.2024 RM'000	31.12.2023 ⁽¹⁾ RM'000	30.9.2024 RM'000	31.12.2023 ⁽¹⁾ RM'000
Income tax expense				
- Current year	(1,518)	N/A	(2,378)	N/A
- Prior year	-	N/A	-	N/A
Deferred tax expense				
- Current year	1,389	N/A	1,657	N/A
- Prior year	-	N/A	78	N/A
Total tax expense	(129)	N/A	(643)	N/A

Notes:

- (1) This is the third interim financial report on the Company's unaudited condensed combined financial results for the third (3rd) quarter ended 30 September 2024 announced in compliance with the Ace Market Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

The effective tax rate of 11% for the current financial quarter is lower than the statutory income tax rate of Malaysia of 24% mainly due to the recognition of deferred tax assets recognised on losses in certain subsidiaries.

B6. Status of Corporate Proposals

Save as disclosed in Note A7 above, there were no other corporate proposals pending completion as at the date of this interim financial report.

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EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Utilisation of proceeds from the IPO

The gross proceeds from the IPO amounting to RM48,000,000 is intended to be utilised in the following manner:

Details of utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised RM'000	Estimated time frame for utilisation upon listing
Acquisition of land for development	18,000	-	18,000	Within 12 months
Upgrading existing/expansion of the casting yard/ IBS facility for the building division	2,150	2,150	-	Within 24 months
Upgrading software and system	350	350	-	Within 6 months
Working capital for project development	20,700	20,700	-	Within 12 months
Repayment of bank borrowings	3,000	3,000	-	Within 6 months
Estimated listing expenses	3,800	3,800	-	Within 1 month
	48,000	30,000	18,000	

B8. Bank borrowings - secured

	UNAUDITED As at 30.9.2024 RM'000	AUDITED As at 31.12.2023 RM'000
Non-current liabilities:		
Term Loan	39,688	23,654
Lease liabilities payable	8,080	5,062
	47,768	28,716
Current liabilities:		
Term loan	92,088	93,978
Bank overdrafts	12,490	1,146
Bridging loan	104,656	18,808
Revolving credit	30,173	20,000
Trade facilities	16,308	8,476
Lease liabilities payable	2,788	2,054
	258,503	144,462
Total Bank Borrowings	306,271	173,178

The borrowings are denominated in Ringgit Malaysia.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. Material litigation

Save as disclosed below, the Group is not engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of the Group as at 21 November 2024:

(i) *Landmark Property Sdn Bhd ("Landmark Property") v Ketua Pengarah Hasil Dalam Negeri and Lembaga Hasil Dalam Negeri Malaysia ("LHDN")*

Pursuant to the letter dated 2 November 2020 from LHDN to Landmark Property, LHDN stated that the expenses incurred by Landmark Property in relation to the government grant awarded to Landmark Property of up to RM56,225,544 for the years of assessment 2016, 2017 and 2018 are not deductible for tax purposes pursuant to Paragraph 3 of the Income Tax (Exemption) (No.22) Order 2006 ("**Exemption Order**").

Landmark Property filed a judicial review application on 25 November 2020 ("**Judicial Review**") seeking for a declaration that the following notices are ultra vires the Exemption Order, Section 127(3)(b) of the Income Tax Act 1967 and accordingly are null and void in law:

- (aa) the Notice of Assessment for the Year of Assessment 2016;
 - (bb) the Notice of Assessment for the Year of Assessment 2017; and
 - (cc) the Notice of Additional Assessment for the Year of Assessment 2018,
- (collectively, "**the Impugned Assessments**").

On 23 December 2020, the High Court of Sabah & Sarawak at Kota Kinabalu ("**High Court**") granted Landmark Property leave to commence the said Judicial Review, and subsequently on 9 July 2021, the Judicial Review application was allowed by the High Court. Following that, LHDN filed a Notice of Appeal to the Court of Appeal against the decision of the High Court ("**Substantive Appeal**") and the Substantive Appeal has been stayed pending Landmark Property's appeal against the dismissal of their representing solicitor's ad hoc admission application ("**Ad Hoc Admission Application**").

The Ad Hoc Admission Appeal's was dismissed by the Court of Appeal on 25 September 2024 ("**Court of Appeal's decision**"). On 24 October 2024, Landmark Property filed for leave to appeal to the Federal Court against the Court of Appeal's decision ("**Leave Application**"). To date, no hearing date has been set for the Leave Application.

The Substantive Appeal has been scheduled for hearing on 13 March 2025. Landmark Property has applied for the Substantive Appeal to be adjourned pending the disposal of the Leave Application.

Landmark Property has made payment to LHDN up to July 2021 amounting to RM1,337,040.98 in accordance with an Impugned Assessments instalment scheme that was proposed for the settlement of the tax liabilities ("**Amount Paid**"), and Landmark Property has since ceased subsequent payments to be made in accordance with the abovementioned instalment scheme following the High Court's decision to allow the Judicial Review application.

In the event the Substantive Appeal by LHDN is unsuccessful, the Amount Paid will be refunded by LHDN to Landmark Property accordingly. The total value of the Impugned Assessments (less all payments made) is RM14,670,037.27. This amount excludes any further interest which may be imposed as time passes up to the date of judgement, on the outstanding value of Impugned Assessments.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

However, in the event Landmark Property fails to defend the Substantive Appeal, Landmark Property is required to continue to make payments under the proposed instalment scheme for the balance amount of the Impugned Assessments amounting to RM13.3 million. The representing solicitors are of the opinion that there is a more than even chance of success that Landmark Property will successfully defend the Substantive Appeal as the High Court has found that the Judicial Review had successfully established illegality, irrationality and breach of legitimate expectation by LHDN.

The Group has paid RM1,337,040.98 of the RM14,670,037.27 Impugned Assessments. The RM1,337,040.98 is accounted for under the financial statements as security deposit paid. The remaining balance of RM13,332,996.29 is not captured under the financial statements. The Group did not make a provision for the remaining balance of RM13,332,996.29 of Impugned Assessments by LHDN as the court case is still on-going, the legal advisers having opined a reasonable chance of success, as well as the indemnity provided by the Promoters. The Promoters, Chin Mee Leen and Loke Theen Fatt have agreed to fully indemnify the Group for the amount in dispute amounting to RM13.3 million together with any imposed interest and any further legal costs arising from this litigation case, and may use the proceeds which they will receive as Selling Shareholders under the Offer for Sale or their personal funds, for this purpose. For avoidance of doubt, should the Offer for Sale not materialise, the Promoters are obliged to source for the necessary funds personally to fulfil their indemnity together with any imposed interest on a monthly basis over a period of 29 months in accordance with the proposed instalment scheme.

(ii) Landmark Property v GCA

Landmark Property and GCA entered into a Memorandum of Agreement / Conditions of Engagement dated 3 November 2010 ("**Contract**") for the provision of professional services by GCA for Landmark Property's project called "Proposed Commercial & Housing Development on Country Lease No. 025341940 at Kinarut South, Papar, Sabah" ("**Project**"). The Project is divided into Phase 1 to 3 and Phase 4.

In respect of Phase 1 to 3, GCA claims an alleged total sum of RM2,490,341.59 as at 30 June 2021 for work done. In respect of Phase 4, GCA claims an alleged total sum of RM7,659,459.80 as at 30 June 2021 for work done.

Landmark Property counterclaimed against GCA for the following reliefs:

- (aa) a declaration that the suspension by GCA of its professional services in failing or refusing to issue the *Perumahan Penjawat Awam Malaysia* (PPAM) certification for Phase 4 of the Project was unlawful and a repudiation of the Contract;
- (bb) a declaration that Landmark Property has lawfully terminated the Contract; and
- (cc) that GCA is to pay to Landmark Property the sum of RM3,825,460.50 (excluding interest and cost) as at 19 August 2021 comprising of financing costs or interest charges, additional cost to carry out valuation or quantity surveying works, additional cost incurred to appoint another prime consultant and two other consultants, interest and costs.

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

On 2 June 2022, the final arbitration award was rendered against Landmark Property in the following terms:

- (aa) the outstanding professional fees and 6.0% sales and service tax amounting to RM2,092,777.34 for Phases 1 to 3 and the amount of RM2,192,522.50 for Phase 4 was awarded to GCA;
- (bb) the simple interest at the rate of 5.0% per annum on the amount of RM2,092,777.34 for Phases 1 to 3 and on the amount of RM2,192,522.50 for Phase 4 awarded to GCA calculated from the date of the final award to the date of full realisation; and
- (cc) Landmark Property will pay GCA's cost and the cost of GCA's solicitor on a client-solicitor basis taxed by the court, including all costs and expenses and payments already incurred and/or disbursed for this arbitration.

On 7 July 2022, the High Court registered the final award as a court order. Landmark Property's application to set aside the final award ("**Main Suit**") was dismissed on 16 January 2023. Subsequent thereto, Landmark Property fully paid the sums due, amounting to RM4.29 million pursuant to the court order to GCA in early 2023. Despite having lost in the High Court in respect of the Main Suit, Landmark Property has filed a notice of appeal to the Court of Appeal. The parties received the grounds of judgment of the High Court on 3 October 2023. The Court of Appeal initially fixed the hearing of the appeal on 13 November 2024, but this has been postponed and the new hearing date is 21st May 2025.

In the event Landmark Property fails to defend its appeal, there will be no further amount due to be paid save for legal costs. Conversely, if Landmark Property is successful in its appeal, Landmark Property may potentially recover the amounts paid to GCA.

(iii) *K.T.I Development Sdn Bhd ("KTIDSB") v George Chong Ket Choi*

George Chong Ket Choi ("**GC**") is an architect registered with the Board of Architects Malaysia and is the sole proprietor of GCA. In 2013, KTIDSB had intentions to submit a tender to the Ministry of Local Government & Housing for a project in Beaufort, Sabah. The tender was subject to the approval of various federal ministries and agencies. GC and KTIDSB entered into an oral agreement for GC to prepare a preliminary schematic and development plan ("**Plan**") for the Project. In early 2014, the Plan was prepared and subsequently submitted to various local authorities. Following that, pursuant to requests from the local authorities, a revised Plan was prepared and submitted in 2016.

KTIDSB's tender was unsuccessful and it was not awarded the project. GC's contention is that KTIDSB had orally agreed to pay GC professional fees for the preparation and submission of the Plan, whereas it is KTIDSB's contention that the parties had orally agreed that GC would only be remunerated if KTIDSB's tender was successful.

GC filed a writ of summons on 14 January 2021. In the amended statement of claim, GC claims that KTIDSB purportedly owes him a total sum of RM431,118.37 as of 31 December 2020, being the alleged outstanding professional fees for work done.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

On 26 June 2024, the Kota Kinabalu Sessions Court rendered its Judgment in favour of GC. As a result, KTIDSB has paid a total sum of RM522,236.07 (inclusive of statutory interests and fixed costs) to GC. KTIDSB has therefore fully satisfied and settled the Judgment.

KTIDSB has at the same time filed an appeal against the Judgment to the Kota Kinabalu High Court. The hearing date for the appeal has not been scheduled.

In the event that KTIDSB fails to defend its appeal, there will be no further amount due to be paid to GC save for legal costs. Conversely, if KTID is successful in its appeal, KTIDSB may potentially recover the amounts paid to GC.

B10. Contingent liabilities

Save for the value of the Impugned Assessments and amount claimed by GC, amounting to RM14,670,037.27 and RM431,118.37 as disclosed in B9 (i) and (iii) above respectively, there are no contingent liabilities incurred by the Group, the subsidiaries, which upon becoming enforceable, may have a material effect on the financial position or the subsidiaries' financial position.

B11. Dividend

On 31 January 2024, the Board of Directors had declared the first interim single-tier dividend and paid on 1 February 2024.

B12. Earnings per share

The basic and diluted earnings per share for the current financial quarter and financial year to date are computed as follows:

	UNAUDITED	UNAUDITED
	Current	Current
	Quarter	Period
	30.9.2024	To-Date
	RM'000	30.9.2024
		RM'000
Profit attributable to the owners of the Company	1,012	(544)
Weighted average	800,000	613,723
Basic / Diluted EPS (sen)	0.13	(0.09)

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B13. Notes to the Statement of Comprehensive Income

	UNAUDITED	UNAUDITED
	Current	Current
	Quarter	Period
	30.9.2024	30.9.2024
	RM'000	RM'000
PAT/ (LAT) is after charging / (crediting)		
Depreciation of property, plant and equipment	336	1,331
Directors' remuneration	781	1,980
Interest expense	2,894	6,062
Interest on lease liabilities	119	282
Staff Costs	1,767	4,490
Interest income	(314)	(679)
Rental income	(8)	(32)

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KTI LANDMARK BERHAD ("KTI LANDMARK" OR "COMPANY")
Registration No. 201601008159(1179087-X)
(Incorporated in Malaysia)

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B14. Related Party Transaction

	UNAUDITED	UNAUDITED
	Current	Current
	Quarter	Period
	30.9.2024	To-Date
	RM'000	30.9.2024
		RM'000
Transactions with Directors		
Rental expenses	12	36
Dividend paid	-	15,000
Directors' remuneration and emoluments	781	1,980
Transactions with related party		
Rental expenses	9	27
Repair and maintenance of motor vehicles	168	370
Purchase of motor vehicles	-	200

BY ORDER OF THE BOARD

KTI LANDMARK BERHAD

21 November 2024