

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current quarter 30.09.2023 RM'000	Previous year corresponding quarter 30.09.2022 RM'000	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Revenue	23,757	17,491	63,820	28,697
Cost of sales	(20,241)	(12,537)	(57,547)	(22,626)
Gross profit	3,516	4,954	6,273	6,071
Other operating income	2,344	250	2,693	1,732
Operating expenses	(4,227)	(2,015)	(9,464)	(6,983)
Profit/(loss) from operations	1,632	3,189	(498)	820
Finance costs	(664)	(4,683)	(5,936)	(13,571)
Profit/(loss) before tax (Note 25)	968	(1,494)	(6,434)	(12,751)
Tax expenses (Note 19)	(792)	(5)	(790)	2
Profit/(loss) for the period	176	(1,499)	(7,224)	(12,749)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/ (loss) for the period	176	(1,499)	(7,224)	(12,749)
Profit/(loss) after tax and total comprehensive income/(loss) attributable to :				
Owners of the Parent	176	(1,499)	(7,224)	(12,749)
LOSS PER SHARE (Note 30)				
Basic (sen)	0.02	(0.16)	(0.78)	(1.38)
Diluted (sen)	0.02	(0.16)	(0.78)	(1.38)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	As at 30.09.2023 RM'000	Audited as at 31.12.2022 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	720	952
Other investments	90	90
Investment properties	95	95
Inventory properties – land held for property development	69,463	69,463
Deferred tax assets	13,076	13,076
	<u>83,444</u>	<u>83,676</u>
CURRENT ASSETS		
Inventory properties – property development costs	1,153,747	1,148,506
Inventories	27,744	37,804
Trade and other receivables	152,880	139,501
Contract assets	18,955	19,572
Prepayments	895	788
Tax recoverable	5,231	6,196
Cash and bank balances	32,620	24,456
	<u>1,392,072</u>	<u>1,376,823</u>
TOTAL ASSETS	1,475,516	1,460,499
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	766,884	766,884
Reserves	(29,280)	(22,056)
Shareholders' equity	<u>737,604</u>	<u>744,828</u>
NON-CURRENT LIABILITIES		
Other payables	316,477	307,030
Deferred tax liabilities	96,565	96,576
	<u>413,042</u>	<u>403,606</u>
CURRENT LIABILITIES		
Short term borrowings	111,122	123,948
Redeemable preference shares	9,500	10,499
Trade and other payables	177,268	161,183
Contract liabilities	572	573
Provisions	15,505	4,963
Tax payable	10,903	10,899
	<u>324,870</u>	<u>312,065</u>
TOTAL LIABILITIES	737,912	715,671
TOTAL EQUITY AND LIABILITIES	1,475,516	1,460,499
Net assets per share (RM)	0.80	0.81

The above 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 these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Share capital RM'000	(Accumulated losses)/ Retained profits RM'000	Total equity RM'000
Opening balance at 1 January 2023	766,884	(22,056)	744,828
Total comprehensive loss for the period	-	(7,224)	(7,224)
Closing balance at 30 September 2023	766,884	(29,280)	737,604
Opening balance at 1 January 2022	766,884	10,149	777,033
Total comprehensive loss for the period	-	(12,749)	(12,749)
Closing balance at 30 September 2022	766,884	(2,600)	764,284

The above 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 these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
 FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Operating activities		
Loss before tax	(6,434)	(12,751)
Adjustment for :		
Depreciation	255	281
Property, plant and equipment written off	-	11
Provisions	5,775	-
Reversal of impairment loss in associate	(2,179)	
Gain on disposal of property, plant and equipment	(9)	-
Interest expenses	5,936	13,571
Interest income	(232)	(583)
Operating profit before changes in working capital	3,112	529
Change in trade and other receivables	(14,740)	(271)
Change in trade and other payables	21,778	(14,714)
Change in inventories	10,061	17,870
Change in development properties	(1,237)	(6,224)
Cash flows from/(used in) operating activities	18,974	(2,810)
Income tax refund	651	-
Taxes paid	(514)	(690)
Net cash from/(used in) operating activities	19,111	(3,500)
Investing activities		
Purchase of property, plant and equipment	(30)	(7)
Interest received	232	583
Proceeds from disposal of property, plant and equipment	16	-
Addition of short-term investments	105	-
Net cash from investing activities	323	576

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (CONT'D)

	9 months ended 30.09.2023 RM'000	9 months ended 30.09.2022 RM'000
Financing Activities		
Advances from related company	7,510	27,450
Withdrawal of pledged deposits	-	3,999
Drawdown of borrowings	8,083	-
Repayment of borrowings	(22,762)	(34,210)
Repayment of redeemable preference shares	(1,000)	-
Interest paid	(4,873)	(2,453)
Repayment of obligations under finance leases	-	(42)
Net cash (used in)/from financing activities	(13,042)	(5,256)
Net increase/(decrease) in cash and cash equivalents	6,392	(8,180)
Cash and cash equivalents at beginning of period	1,967	12,785
Cash and cash equivalents at the end of period	8,359	4,605
Cash and cash equivalents comprise:		
Cash and bank balances	16,903	9,475
Deposits with licensed banks	15,717	16,801
	32,620	26,276
Less: Deposits with licensed banks pledged for banking facilities	(15,583)	(16,266)
Less: Short term investments	(449)	-
Less : Bank overdraft	(8,229)	(5,385)
	8,359	4,605

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

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (“Condensed Report”) are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and has also been prepared on a historical basis.

This condensed report should be read in conjunction with the audited financial statements for the year ended 31 December 2022. These explanatory notes attached to this condensed report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Changes in accounting policies arising from adoption of Standards, Amendments and interpretations

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following new and amendments to MFRSs:

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: Income Tax - International Tax Reform - Pillar Two Model Rules

The adoption of the abovementioned new and amendments to MFRS do not have material impact on the financial statements of the Group upon their initial application.

2.2 Standards, amendments and interpretations issued but not yet effective

The following are new standards, amendments and interpretations that have been issued by MASB but have not been early adopted by the Group:

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

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements



NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.2 Standards, amendments and interpretations issued but not yet effective (cont'd)

Amendments to MFRS 121: Lack of Exchangeability

The Group will adopt the above new standards, amendments and interpretations when they become effective in the respective financial periods. These new and amendments to MFRS are not expected to have any material impact to the financial statements of the Group upon their initial application.

2.3 Significant accounting judgement and estimates

(a) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.



NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

2. CHANGES IN ACCOUNTING POLICIES (cont'd)

2.3 Significant accounting judgement and estimates (cont'd)

(b) Revenue recognition on construction contract

The Group recognises revenue from construction activities in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date over the estimated total contract costs.

Significant judgment is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract. In making the judgement, the Group evaluates based on past experience, internal budgeting and by relying on the work of specialists.

Where the outcome of a construction contract cannot be reliably measured, revenue is recognised to the extent of costs incurred that it is probable will be recovered.

(c) Provision for liquidated ascertained damages ("LAD")

The Group has on-going construction projects and property development that have not been completed by the contractual deadline.

For the construction projects, the management has estimated LAD of RM8.09 million based on the revised project schedule and the terms of the contract projects. The Group has arrived at this estimation based on its prior experience with similar contracts.

For the property development projects, the management has estimated LAD of RM10.77 million based on the revised project schedule and has arrived at this estimation based on its prior experience with similar property development projects.

The management considers that these amounts will not be significantly affected by a reasonably possible change in the assumptions applied in deriving the estimated LAD.



NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

3. AUDITORS' REPORT OF THE PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2022

The auditors' report on the financial statements of the Company and of the Group for the financial year ended 31 December 2022 was not subject to any qualification.

4. SEASONAL OR CYCLICAL FACTORS

The Group's business operations are not seasonal but cyclical in nature, which is dependent on the economic conditions in Malaysia.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

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

6. CHANGES IN ESTIMATES

There were no changes in estimates that may have a material effect in the current quarter results.

7. DEBT AND EQUITY SECURITIES

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period to-date under review.

8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT

The primary objective of the Group's capital management is to ensure that it maintains a good credit rating and healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in line with changes in economic conditions. In order to maintain the optimal capital structure, the Group may, from time to time, adjust dividend payments to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group.

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

8. CAPITAL MANAGEMENT AND REPAYMENT OF DEBT (Cont'd)

The gearing ratios as at 30 September 2023 and 31 December 2022, which are within the Group's objectives for capital management, are as follows:-

	30.09.2023	31.12.2022
	RM'000	RM'000
Borrowings	111,122	123,948
Redeemable preference shares	9,500	10,499
Trade and other payables	493,745	468,213
Less: Cash and bank balances	<u>(32,620)</u>	<u>(24,456)</u>
Net debt	<u>581,747</u>	<u>578,204</u>
Equity	<u>737,604</u>	<u>744,828</u>
Total capital	<u>737,604</u>	<u>744,828</u>
Capital and net debt	1,319,351	1,323,032
Gearing ratio	44.09%	43.70%

The slight increase in gearing ratio from 43.70% to 44.09% is primarily attributed to the increase in trade and other payables during the period under review.

The details of the drawdown and the repayment of bank borrowings in the current quarter and to-date are as follows:

	Current year quarter 30.09.2023 RM'000	9 months cumulative to date 30.09.2023 RM'000
a) Repayment of bank borrowings	(5,226)	(22,762)
b) Change in bank overdraft	(227)	1,853

9. DIVIDENDS

No dividends were recommended, declared or paid during the financial period ended 30 September 2023.

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2023

10. VALUATION OF INVESTMENT PROPERTIES

An independent valuation for investment properties was carried out by Raine & Horne during the previous financial year ended 31 December 2022 and there was no fair value changes arose from the valuation to be recognised in the statements of profit or loss for the previous financial year ended 31 December 2022.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There are no material events subsequent to the end of the current quarter that have not been reflected in the quarterly financial statements.

12. GROUP COMPOSITION

There are no material changes in the composition of the Group during the financial quarter under review.

13. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Except for as disclosed in Note 24(a) and as disclosed below, the Group has no other contingent liabilities :

	30.09.2023	31.12.2022
	RM'000	RM'000
Corporate guarantees given by the Company to financial institutions for facilities granted to subsidiaries		
- Current exposure	11,121	23,998
Performance bond issued by subsidiaries involved in construction activities	25,150	25,150

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

14. OPERATING SEGMENTS

The following tables provide an analysis of the Group's revenue, results, assets and liabilities by business segments:-

As at 30 September 2023 RM'000	Property Development	Construction	Elimination	Consolidated
Revenue				
Revenue	58,389	5,431	-	63,820
Other income	2,628	55	-	2,683
Unallocated other income	-	-	-	10
	61,017	5,486	-	66,513
RESULT				
Segment results	3,332	(2,947)	(45)	340
Unallocated corporate expenses				(838)
Finance costs				(5,936)
Loss before tax				(6,434)

As at 30 September 2022 RM'000	Property Development	Construction	Elimination	Consolidated
Revenue				
Revenue	28,389	732	(424)	28,697
Other income	1,475	256	-	1,731
Unallocated other income	-	-	-	1
	29,864	988	(424)	30,429
RESULT				
Segment results	3,575	(1,471)	(66)	2,038
Unallocated corporate expenses				(1,218)
Finance costs				(13,571)
Loss before tax				(12,751)

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

14. OPERATING SEGMENTS (cont'd)

ASSETS AND LIABILITIES

As at 30 September 2023 RM'000	Property Development	Construction	Elimination	Consolidated
<u>ASSETS</u>				
Segment assets	1,489,658	293,423	(520,567)	1,262,514
Investment in associate				-
Investment properties				95
Available-for-sale investments				90
Unallocated corporate assets				212,817
Consolidated total assets				1,475,516
<u>LIABILITIES</u>				
Segment liabilities	(403,198)	(609,018)	377,398	(634,818)
Unallocated corporate liabilities				(103,094)
Consolidated total liabilities				(737,912)

As at 30 September 2022 RM'000	Property Development	Construction	Elimination	Consolidated
<u>ASSETS</u>				
Segment assets	1,468,412	307,806	(573,232)	1,202,986
Investment in associate				-
Investment properties				95
Available-for-sale investments				90
Unallocated corporate assets				344,589
Consolidated total assets				1,547,760
<u>LIABILITIES</u>				
Segment liabilities	(629,793)	(621,947)	571,671	(680,069)
Unallocated corporate liabilities				(103,407)
Consolidated total liabilities				(783,476)

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

15. RELATED PARTY TRANSACTIONS

Significant related party transactions are as follows:

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Construction related services to a company of which certain directors of the Company have interest	3,022	4,663	6,486	8,536
Rental and maintenance related services from a company of which certain directors of the Company have interest	9	18	27	1,466

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

16. REVIEW OF PERFORMANCE

(i) Financial review for current quarter and financial period to-date

	3 months quarter ended		Changes		9 months cumulative to-date		Changes	
	30.09.2023 (RM'000)	30.09.2022 (RM'000)	Amount (RM'000)	%	30.09.2023 (RM'000)	30.09.2022 (RM'000)	Amount (RM'000)	%
Revenue								
Property development	18,326	17,564	762	4.34	58,389	28,389	30,000	105.67
Constructions	5,431	(73)	5,504	7,539.73	5,431	308	5,123	1,663.31
	23,757	17,491	6,266	35.82	63,820	28,697	35,123	122.39
Profit/(Loss) from operations	1,632	3,189	(1,557)	(48.82)	(498)	820	(1,318)	(160.73)
Finance costs	(664)	(4,683)	4,019	85.82	(5,936)	(13,571)	7,635	56.26
Profit/(Loss) before tax	968	(1,494)	2,462	164.79	(6,434)	(12,751)	6,317	49.54

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

16. REVIEW OF PERFORMANCE (cont'd)

- (i) Financial review for current quarter and financial period to-date
 - a) Performance review for current quarter against the same quarter in the preceding year (Q3 2023 vs Q3 2022)

For the current quarter under review, the Group has recorded revenue of RM23.76 million, indicating an improvement of RM6.27 million compared to the quarter ended 30 September 2022, with revenue of RM17.49 million. The improved revenue in the property development segment was attributed to the higher work progress achieved and an increased take-up rate in property unit sales. Additionally, construction revenue has risen to RM5.43 million, primarily due to the commencement of new construction activity for piling works related to Package 2B for Rapid Transit System (“RTS”) Project.

With the improved revenue, a profit before tax of RM968,000 was recorded for the quarter ended 30 September 2023, in contrast to a loss before tax of RM1.49 million for the quarter ended 30 September 2022. The profit before tax for this quarter was primarily a result of the reduction in cost of sales, attributable to the completion of the development project, Botanika in August.

The performance from each business segment is set out below:

Property Development

Revenue for the current quarter is RM18.33 million, marking a slight increase of RM770,000 compared to the quarter ended 30 September 2022, with revenue of RM17.56 million. The revenue growth for the current quarter mainly derived from the progressive revenue recognition from the semi-detached housing projects at Danga Sutera. During the financial period, Botanika Project has obtained Certificate of Completion and Compliance (“CCC”) and was delivered to our purchasers.

Construction

For the current quarter ended 30 September 2023, the construction segment achieved revenue of RM5.43 million, derived from the new construction RTS contract as per mentioned above, as compared to negative revenue of RM73,000 for the same quarter in the preceding year.

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

16. REVIEW OF PERFORMANCE (cont'd)

- (i) Financial review for current quarter and financial period to-date
- b) Performance review for financial year to–date (9M FY 2023 vs 9M FY 2022)

The Group's revenue for the financial period ended 30 September 2023 amounted to RM63.82 million, indicating an increase of RM35.12 million compared to the preceding year corresponding period ended 30 September 2022 of RM28.70 million. With the higher revenue and lower finance costs, the Group recorded a lower loss before tax of RM6.43 million.

The performance from each business segment is set out below:

Property Development

The revenue for the 9-month period ended 30 September 2023 surged by RM30.00 million, reaching RM58.39 million compared to the preceding year corresponding period ended 30 September 2022 of RM28.39 million. This substantial increase is primarily attributable to the additional revenue recognised from sales of Danga Sutera Semi-Detached project, as well as the higher level of work achieved during this period.

Construction

The construction sector registered revenue of RM5.43 million for the 9-month period ended 30 September 2023, compared to the preceding year corresponding period, which had revenue of RM308,000. The new construction RTS project is the main contributor for the construction sector's revenue.

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

16. REVIEW OF PERFORMANCE (cont'd)

(ii) Financial review for current quarter compared with immediate preceding quarter

	Current quarter	Immediate preceding quarter	Changes	
	30.09.2023 (RM'000)	30.06.2023 (RM'000)	Amount (RM'000)	%
Revenue				
Property development	18,326	22,644	(4,318)	(19.07)
Constructions	5,431	-	5,431	100.00
	23,757	22,644	1,113	4.92
Profit/(Loss) from operations	1,632	(4,752)	6,384	134.34
Finance costs	(664)	(527)	(137)	26.00
Profit/(Loss) before tax	968	(5,279)	6,247	118.33

In the current quarter under review, the Group recorded higher revenue of RM23.76 million and a profit before tax of RM968,000, respectively, compared to the revenue of RM22.64 million and a loss before tax of RM5.28 million reported in the immediate preceding quarter.

The elevated revenue achieved in the current quarter is attributed to the sales of semi-detached houses in the Danga Sutera project and a new construction project. With the slight increase in revenue, the Group reported a profit before tax of RM968,000 for the current quarter. This is due to the completion of Botanika Project in current quarter, resulting in a lower cost of sales after finalising the final account of the said project. Additionally, lower operating expenses were incurred during this quarter, resulted in a lower loss compared to previous quarter.

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

17. PROSPECTS

The property market is expected to maintain at “neutral” outlook over the coming year, with increased optimism in the first half of 2024. The property development sector in Malaysia faces persistent challenges related to inflation and fluctuations in interest rates, leading to ongoing concerns about the cost of living. External pressures from global economic conditions, including US-China trade tensions and conflicts like the Palestinian-Israeli war, further compound the situation. Additionally, currency depreciation and fluctuations contribute to the escalating raw material and construction costs faced by local property developers.

Nevertheless, the Group, a prominent player in property development, has been diligently overseeing the timing and costing strategies of its project launches. The Group has demonstrated resilience through its strategic acquisition of valuable land banks to ensure a consistent pipeline of development opportunities.

The completion of both development projects, Botanika Tower B and Danga Sutera Phase 2 in August 2023 and October 2023 respectively, has strengthened and further grown our brands, enhancing its market positioning and improving operational efficiency.

Under the aforementioned circumstances, our revenue and performance for the financial year ending 31 December 2023, are expected to derive from property sales in Taman Danga Sutera as well as the completed project, Botanika. The Group will continue to monitor the market situation and remains optimistic about the prospects of its upcoming new property development launch given its strategic location, attractive pricing and appealing product features.

18. PROFIT FORECAST

The Group has not provided any profit forecast in a public document.

19. TAXATION

	Quarter ended		9 months cumulative to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	(710)	(14)	(710)	(14)
- Prior year	(90)	-	(90)	-
Deferred tax	8	9	10	16
	<u>(792)</u>	<u>(5)</u>	<u>(790)</u>	<u>2</u>

The effective tax rate is not reflective of the statutory tax rate principally due to non-deductibility of certain expenses for tax purposes and losses incurred by certain subsidiaries which are not available to set off against taxable profits in other subsidiaries.

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

20. UNQUOTED INVESTMENTS AND PROPERTIES

There were no purchases or sales of unquoted investments and properties for the current quarter and financial period-to-date.

21. QUOTED INVESTMENTS

There were no purchases or sales of quoted securities for the current quarter and financial period-to-date.

There were no investments in quoted securities as at the end of the current quarter.

22. STATUS OF CORPORATE PROPOSALS

Save for the following, there are no other corporate proposals announced but not completed as at 23 November 2023, being the last practicable date from the date of the issuance of this report.

On 27 September 2023, the Company received a letter dated the same day from Tan Sri Dato' Lim Kang Hoo ("TSLKH"), being the major shareholder of the Company, requesting the Company to consider participating in a reorganisation, rationalisation and merger proposal comprising, among others, the proposed merger of the properties and assets of Iskandar Waterfront Holdings Sdn Bhd ("IWH") and the Company under a single entity through the acquisition by the Company of the entire issued share capital of all the existing direct subsidiaries of IWH ("Proposal").

Following thereto, the Board of Directors of the Company ("Board") had on 27 October 2023 announced that the Company has sought mutual agreement from TSLKH for an extension of 3 months commencing from 28 October 2023 to 27 January 2024, with an automatic extension of additional 3 months. This extension is to furnish more time to the Company to assess, evaluate and deliberate the Proposal in detail and to commence discussions and negotiations on the terms of the binding heads of agreement or its equivalent between the parties.

For details, please refer to the announcement dated 27 September 2023 and 27 October 2023.

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FOR THE QUARTER ENDED 30 SEPTEMBER 2023

23. BORROWINGS AND DEBT EQUITIES

Details of the Group's borrowings (all denominated in Malaysian currency) as at 30 September 2023 are as follows:

Secured	Current RM'000	Total RM'000
Bridging loans – Note 1	2,893	2,893
Revolving credit – Note 2	100,000	100,000
Bank overdraft	8,229	8,229
Total	111,122	111,122

Note 1 : Bridging loans are for the development properties. The loans were repaid through redemption and cash.

Note 2 : Revolving credit facility is for working capital.

24. MATERIAL LITIGATION

(A) Johor Bahru High Court Summons No. JA-22NCVC-149-11/2020

On 17 November 2020, the Company ("First Defendant") and its subsidiary, Tebrau Bay Constructions Sdn Bhd ("Second Defendant") received a Writ of Summon and Statement of Claim filed by Tenaga Nasional Berhad ("TNB" or "the Plaintiff") claiming RM76.56 million, various injunctions, economic loss, other damages, interests and costs to be assessed by the High Court for the alleged damages on the Johor Bahru – Singapore TNB cable link. In the claim, TNB alleged that reclamation works undertaken by the Group had trespassed on the right of way ("ROW") of the TNB's submarine cables. Another subsidiary, Tebrau Bay Sdn Bhd was included in the suit as a Third Defendant on 5 December 2021.

The Group has appointed a counsel to defend the claim and made an application to strike out the plaintiff's suit. The Group's defence, amongst others, is that at all material times, the reclamation works were carried out by independent contractors outside of the Plaintiff's ROW, in accordance with plans approved by the Johor Bahru City Council.

Further, the Plaintiffs have not provided any evidence of the nature, cause and specifics of the alleged damage to the submarine cables.

The hearing of Defendants' striking out applications and the case management of First and Second Defendants' discovery and interrogatories applications which has been fixed on 29 November 2023 has been adjourned to 1 February 2024 due to the Defendants' Application for an Extension of Time to file a supplementary affidavit for the Defendants' striking out applications was allowed.

Accordingly, the details of the claim shall be part of contingent liability disclosure.

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24. MATERIAL LITIGATION (cont'd)

(B) Johor Bahru High Court Summons No. JA-21NCvC-13/03/2022

On 29 March 2022, Tebrau Bay Sdn Bhd (“TBSB”) was served with a Writ of Summon and Statement of Claim from Inland Revenue Board of Malaysia (“IRB”), in respect of unpaid income taxes to RM10.83 million plus 5% per annum on the alleged claims, costs and other reliefs as the Honourable Court deems fit and proper to grant.

The suit is not expected to have any signification operational or financial impact to the Group as the said amount has already been fully provided in the prior financial statements except for any additional costs or interests granted (if any).

The Court has fixed the hearing for TBSB’s appeal against the High Court’s decision dated 13 September 2022 on 8 January 2024.

25. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit(loss) before tax:

	Quarter ended		9 months cumulative to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM’000	RM’000	RM’000	RM’000
Depreciation	83	92	255	281
Interest income	(87)	(196)	(232)	(583)
Interest expenses	664	4,683	5,936	13,571
Other income	(2,257)	(54)	(2,461)	(1,149)
Gain on disposal of property, plant and equipment	-	-	(9)	-

Other than as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Malaysia Listing Requirement are not applicable.

26. CAPITAL COMMITMENTS

There are no material capital commitments as at the date of this report.

27. EVENTS AFTER REPORTING PERIOD

There are no material events subsequent to the end of the current quarter.

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28. DERIVATIVES

- a. There are no outstanding derivatives (including financial instruments designated as hedging instruments) for the quarter ended 30 September 2023; and
- b. The Group has not entered into any type of derivatives in the previous financial period under review.

29. DIVIDEND PAYABLE

No dividend has been declared for the financial period ended 30 September 2023 (30 September 2022: RM Nil).

30. EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the period attributable to owners of the Company by weighted average number of shares in issue. The weighted number of shares in issue is calculated as follows:

	Quarter ended		9 months cumulative to date	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit/(loss) for the period attributable to owners of the Company (RM'000)	176	(1,499)	(7,224)	(12,749)
Weighted average number of ordinary shares for earnings per share	921,128	921,128	921,128	921,128
Basic earnings/(loss) per share (sen)	0.02	(0.16)	(0.78)	(1.38)
Diluted earnings/(loss) per share (sen)	0.02	(0.16)	(0.78)	(1.38)

NOTES TO THE 3rd QUARTER FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2023

31. STATUS OF JOINT VENTURE PROJECT

Following is the status of the existing joint venture projects as at 30 September 2023 :

	Paradise Realty Sdn. Bhd.	Greenland Tebrau Sdn. Bhd. (Lot 1A)
<u>Development Status</u>		
Total land area	20.324 acres	11.013 acres
% land under development	100%	100%
% of development completed	49.96%	-
% of development not yet completed	50.04%	100%

32. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 November 2023.