



IVORY PROPERTIES GROUP BERHAD
Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2020

Table of contents	Page
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5-6
Explanatory Notes To The Interim Financial Statements:	
Part A : Explanatory Notes Pursuant to MFRS 134	7-12
Part B : Explanatory Notes Pursuant To Appendix 9B of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad	13-21

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Individual Quarter (3 rd Quarter)		Changes %	Cumulative Period (3 rd Quarter)		Changes %
	Current 31.12.2020 RM'000	Previous year Corresponding 31.12.2019 RM'000		Current 31.12.2020 RM'000	Previous year Corresponding 31.12.2019 RM'000	
Revenue	15,551	2,114	636	40,380	39,082	3
Cost of sales	(11,328)	(1,244)	811	(29,279)	(26,145)	12
Gross profit	4,223	870	385	11,101	12,937	(14)
Operating expenses	(5,866)	(8,606)	(32)	(23,078)	(26,791)	(14)
Other operating income	873	5,051	(83)	3,158	8,154	(61)
Results from operating activities	(770)	(2,685)	(71)	(8,819)	(5,700)	55
Share of (loss)/profit of equity accounted investees, net of tax						
- associates	(5)	(4)	25	(14)	(11)	27
- joint ventures	-	2,942	(100)	-	2,296	(100)
(Loss)/Profit before interest & tax	(775)	253	(406)	(8,833)	(3,415)	159
Net finance income/(costs)	213	701	(70)	111	(3,859)	(103)
(Loss)/Profit before tax	(562)	954	(159)	(8,722)	(7,274)	20
Tax (expense)/income	(811)	(34)	2,285	(4,696)	474	(1,091)
(Loss)/Profit for the period	(1,373)	920	(249)	(13,418)	(6,800)	97
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive (expenses)/income for the period	(1,373)	920	(249)	(13,418)	(6,800)	97
Attributable to:						
Owners of the Company	(1,373)	920	(249)	(13,418)	(6,792)	98
Non-controlling interests	-	-	-	-	(8)	(100)
	(1,373)	920	(249)	(13,418)	(6,800)	97
Earnings per share attributable to the owners of the Company:						
Basic (sen)	(0.28)	0.19	(247)	(2.74)	(1.39)	97

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited as at 31.12.2020 RM'000	Audited as at 31.03.2020 RM'000
Assets		
Property, plant and equipment	31,048	33,130
Right-of-use assets	461	552
Investment properties	13,224	13,493
Intangible assets	3,686	3,686
Investment in associates	568	582
Deferred tax assets	7,600	7,610
Total non-current assets	56,587	59,053
Inventories	479,268	407,493
Contract assets	3,798	6,665
Contract costs	2,431	3,755
Trade and other receivables	214,762	219,837
Current tax assets	1,473	2,075
Short term investments	15,650	17,408
Cash and bank balances	4,706	10,616
Total current assets	722,088	667,849
Total assets	778,675	726,902
Equity		
Share capital	226,440	226,440
Retained earnings	153,823	167,522
Equity attributable to owners of the Company	380,263	393,962
Non-controlling interests	-	(281)
Total equity	380,263	393,681
Liabilities		
Loans and borrowings	74,689	35,231
Lease liabilities	374	464
Deferred tax liabilities	3,092	2,393
Total non-current liabilities	78,155	38,088
Loans and borrowings	52,087	48,929
Lease liabilities	119	115
Trade and other payables	219,426	184,109
Contract liabilities	48,203	61,793
Current tax liabilities	422	187
Total current liabilities	320,257	295,133
Total liabilities	398,412	333,221
Total equity and liabilities	778,675	726,902
Net assets per share attributable to ordinary equity holders of the Company (RM)*	0.78	0.80

* Computed based on 490,079,729 ordinary shares in the Company ("Shares")

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company			Non- controlling interests RM'000	Total equity RM'000
	Non- distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000		
Balance at 1 April 2020	226,440	167,522	393,962	(281)	393,681
Total comprehensive expenses for the year	-	(13,418)	(13,418)	-	(13,418)
Acquisition of non-controlling interests in subsidiary	-	(281)	(281)	281	-
Balance at 31 December 2020	226,440	153,823	380,263	-	380,263
Balance at 1 April 2019	226,440	186,887	413,327	(272)	413,055
Total comprehensive expenses for the year	-	(6,792)	(6,792)	(8)	(6,800)
Balance at 31 December 2019	226,440	180,095	406,535	(280)	406,255

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current Year-To-Date 31.12.2020 RM'000	31.12.2019 RM'000
<u>Cash flows from operating activities</u>		
Loss before tax	(8,722)	(7,274)
Adjustments for :-		
Depreciation on :		
- Property, plant and equipment	2,300	2,982
- Right-of-use asset	91	-
- Investment properties	269	284
Interest income	(282)	(1,195)
Interest expense	171	5,054
Written off of property, plant and equipment	118	5
(Gain)/Loss on disposal of :		
- Property, plant and equipment	(74)	7
- Investment properties	-	(34)
- Investment in joint ventures	-	(2,850)
Reversal of impairment loss on receivables	(29)	(843)
Share of loss in associates, net of tax	14	11
Share of profit in joint ventures, net of tax	-	(2,296)
Operating loss before changes in working capital	(6,144)	(6,149)
Change in inventories	(68,333)	(7,018)
Change in contract assets	2,867	(437)
Change in contract costs	1,324	1,389
Change in trade and other receivables	5,104	(37,192)
Change in trade and other payables	35,317	(9,525)
Change in contract liabilities	(13,590)	46,144
Cash used in operations	(43,455)	(12,788)
Tax paid	(3,150)	(2,378)
Net cash used in operating activities	(46,605)	(15,166)
<u>Cash flows from investing activities</u>		
Acquisition of property, plant and equipment	(340)	(909)
Interest received	282	1,195
Proceeds from disposal of :		
- Property, plant and equipment	78	12
- Investment properties	-	160
- Investment in joint ventures	-	37,150
Withdrawal of short-term investments	1,758	20,161
Net cash from investing activities	1,778	57,769

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)**

	Current Year-To-Date 31.12.2020 RM'000	31.12.2019 RM'000
<u>Cash flows from financing activities</u>		
Interest paid	(3,613)	(6,457)
Repayment of finance lease liabilities	(423)	(800)
Drawdown/(Repayment) of term loans	40,495	(38,756)
Repayment of lease liabilities	(86)	-
Net cash from/(used in) financing activities	36,373	(46,013)
Net decrease in cash and cash equivalents	(8,454)	(3,410)
Cash and cash equivalents at beginning of period	9,663	20,504
Cash and cash equivalents at end of period	1,209	17,094
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,706	17,094
Less: Bank Overdraft	(3,497)	-
	1,209	17,094

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to this interim financial statements.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2020.

A2 Changes in Accounting Policies arising from adoption of new standards, amendments and interpretations

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2020 except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:-

Amendments to MRS 3	Business Combinations - <i>Definition of a Business</i>
Amendments to MFRS 101	Presentation of Financial Statement - <i>Definition of Material</i>
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - <i>Definition of Material</i>
Amendments to MFRS 9, MFRS 139 and MFRS7	Interest Rate Benchmark Reform
Amendments to MFRS 16	Lease - Covid-19 - Related Rent Concessions

The adoption of the above Amendments to MFRSs does not have significant financial impact to the Group.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)

A2 Changes in Accounting Policies arising from adoption of new standards, amendments and interpretations (*Cont’d*)

Standards and interpretations issued but not yet effective

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

MFRS 17	Insurance Contracts
Amendments to MFRS 3	Business Combinations - <i>Reference to the Conceptual Framework</i>
Amendments to MFRS 101	Presentation of Financial Statement - <i>Classification of Liabilities as Current or Non-current</i>
Amendments to MFRS 116	Property, Plant and Equipment - <i>Proceeds before Intended Use</i>
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets - <i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRSs	Annual Improvements to MFRS Standards (2018-2020)

These new and amended standards will have no material impact on the financial statements of the Group upon their initial application.

A3 Auditors’ Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Group for the financial year ended 31 March 2020.

A4 Seasonal or Cyclical Factors

The Group’s business operations are not subject to any significantly seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter and financial period-to-date.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL
REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)****A6 Material Changes in Estimates**

There were no changes in estimates that have had a material effect in the current financial quarter and financial period-to-date.

A7 Debt and Equity Securities

There were no issuances, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares by the Company during the current financial quarter and financial period-to-date.

A8 Dividends Paid

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

A9 Operating Segments

The Group has three reportable segments, as described below, which are the Group’s strategic business units.

Business Segments	Property development and management RM’000	Construction contracts RM’000	Investment holding and others RM’000	Elimination RM’000	Total RM’000
Individual Quarter – 31 December 2020					
Revenue					
External	35,235	5,145	-	-	40,380
Inter-segment	831	15,662	15,006	(31,499)	-
Total Revenue	<u>36,066</u>	<u>20,807</u>	<u>15,006</u>	<u>(31,499)</u>	<u>40,380</u>
Results					
Segmental profit/(loss)	<u>629</u>	<u>(1,634)</u>	<u>(7,717)</u>	<u>-</u>	<u>(8,722)</u>
Segmental assets	<u>647,247</u>	<u>54,639</u>	<u>76,789</u>	<u>-</u>	<u>778,675</u>

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL
REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)****A9 Operating Segments (*Cont’d*)**

Business Segments	Property development and management RM’000	Construction contracts RM’000	Investment holding and others RM’000	Elimination RM’000	Total RM’000
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Individual Quarter – 31 December 2019**Revenue**

External	32,855	6,227	-	-	39,082
Inter-segment	2,144	23,159	48,441	(73,744)	-
Total Revenue	34,999	29,386	48,441	(73,744)	39,082

Results

Segmental (loss)/ profit	(4,509)	3,254	(6,019)	-	(7,274)
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Segmental assets	495,129	58,882	75,309	-	629,320
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Geographical Segments

The business of the Group only operates in Malaysia. As such, information on geographical segment is not presented.

Major Customers

Major customers with revenue equal or more than 10% of the Group’s total revenue for financial period-to-date are as follows:

	RM’000
Customer A	12,046
Customer B	<u>5,145</u>

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)

A10 Subsequent Material Events

There were no material events or transactions subsequent to the financial period ended 31 December 2020 till 16 February 2021 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial statements).

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial period-to-date, except as disclosed below.

On 19 June 2020, the Company completed the acquisition of 30 ordinary shares in Ivory Place Sdn. Bhd. (“IPSB”) from its non-controlling shareholder, representing the remaining 30% equity interest, for a total consideration of RM30. Following the acquisition of shares, IPSB became a wholly-owned subsidiary of the Company.

A12 Changes in Contingent Liabilities or Contingent Assets

There are no material changes in contingent liabilities or contingent assets as at the end of the current financial quarter and financial period-to-date.

A13 Capital Commitments

The amount of capital commitments as at 31 December 2020 is as follows:

	As at 31.12.2020 RM’000	As at 31.03.2020 RM’000
Contracted but not provided for:		
- Acquisition of development land	290,217	152,701

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL
REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)****A14 Capital Expenditure**

There were no major additions and disposals of property, plant and equipment during the current financial quarter and financial period-to-date.

A15 Significant Related Party Transactions

Significant related party transactions during the current financial quarter and financial period-to-date are as follows:

	Individual Quarter		Cumulative Period	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM’000	RM’000	RM’000	RM’000
Progress billings charged to:				
- Directors and close family members of Directors	-	423	-	1,200
- Key management personnel	-	582	400	582

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS****B1 Review of Performance****Current Quarter Results (3QFY2021 vs. 3QFY2020)**

The Group’s revenue for the current quarter increased by 636% or RM13.5 million to RM15.6 million compared to RM2.1 million recorded a year ago. The nominal revenue recorded in the previous year corresponding quarter was due to revenue derecognition in accordance with MFRS 15, which was subsequently reversed in the following quarter when recoverability of billings and contract assets is foreseeable and probable.

Despite higher revenue, the current quarter results continued to be in the red at a net loss after tax of RM1.4 million. The previous year’s net profit of RM0.9 million was due to a higher share of profit from the joint venture company and gain on disposal of the investment in the same joint venture company completed at the end of 2019.

9-month Year-to-date Results (YTD FY2021 vs YTD FY2020)

The Group recorded total revenue of RM40.4 million, an increase of RM1.3 million or 3% compared to RM39.1 million reported in the previous financial year. The marginal increase in revenue was due to the revenue derecognition in the last financial year, partially offset by the negative impact arising from enforcement of the Movement Control Order (“MCO”) by the Malaysian Government, which halted the Group’s business activities at the beginning of this financial year.

The Group’s net loss after tax slipped further into RM13.4 million from RM6.8 million reported in the previous year.

**B2 Material changes in the quarterly results compared with the immediate preceding quarter
(3QFY2021 vs 2QFY2021)**

	Current Quarter (3QFY2021) 31.12.2020 RM’000	Preceding Quarter (2QFY2021) 30.09.2020 RM’000	Changes	
			RM’000	%
Revenue	15,551	22,426	(6,875)	(31)
Loss from operations	(770)	(384)	386	101
Loss Before Interest and Tax	(775)	(388)	387	100
Loss Before Tax	(562)	(523)	39	7
Loss After Tax	(1,373)	(4,163)	(2,790)	(67)
Loss Attributable to Equity Holders of the Company	(1,373)	(4,163)	(2,790)	(67)

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (Cont'd)

B2 Material changes in the quarterly results compared with the immediate preceding quarter (3QFY2021 vs 2QFY2021) (Cont'd)

The Group's revenue decreased by 31% to RM15.6 million for the current quarter compared to RM22.4 million in the immediate preceding quarter due to lower development progress at phase 3 of Penang Times Square.

The Group recorded a net loss of RM1.4 million for the current quarter compared to RM4.1 million reported in the immediate preceding quarter. The improved results were due to an additional tax of RM3.0 million in relation to tax audit in the immediate preceding quarter.

B3 Prospects for the financial year ending 31 March 2021

Based on a recent report issued by Bank Negara Malaysia, Malaysia's economy has shown a recovery. GDP decreased at a slower pace of -2.7% from the double-digit decline of 17.1% in the last quarter 2020. However, the improved negative growth was mainly driven by the manufacturing sector, as the construction sector continues to face a challenging outlook. The Group's performance for FY2021 will be supported by construction progress at PTS 3 and the sewerage rationalization work at Taman Connaught.

Phase 4 of Penang Times Square and the few upcoming new projects currently pursuing planning approval will contribute positively to the performance of the Group in the near future. Given a generally soft property market and limited on-going project, the Group foresees another challenging year ahead.

B4 Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecasts nor profit guarantees for the 12 months financial year under review.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)****B5 Taxation**

The tax expenses and tax credit of the Group are as follows:

	Individual Quarter		Cumulative Period	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Income Tax - current	565	625	925	1,788
- prior year	16	(856)	3,061	(856)
Deferred tax - current	230	265	710	(1,406)
	811	34	4,696	(474)

The higher effective tax rate for the current quarter was due to higher tax provision for a profit-making company amidst an overall net loss position of the Group. The significantly higher tax expenses for the current financial period was due to an additional tax imposed by IRB upon completing the tax audit. Deferred tax liabilities arose from borrowing costs being re-allocated and capitalised at the Group level in compliance with MFRS 123.

B6 Status of Corporate Proposals

Corporate proposals announced by the Company that have not been completed as at 16 February 2021, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report are as follows:

- a) On 14 January 2015, Ivory Indah Sdn Bhd (“IISB”), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (“SPA”) with Jesselton Peak Sdn Bhd (“JPSB”) for the proposed disposal of a piece of vacant freehold land measuring approximately 217,771.1156 square metre located in Penang, for a total cash consideration of RM150,000,000.00. The conditions precedent fulfillment period of the SPA has been extended to 15 December 2021, and the SPA remains conditional at the date of this report.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)

B6 Status of Corporate Proposals (*Cont'd*)

- b) On 31 October 2017, Sunlink Properties Sdn Bhd (“SPSB”), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (“SPA”) with Remco Engineering & Construction Sdn Bhd (“REMCO”) for the proposed acquisition of a piece of vacant leasehold land in Sitiawan, Perak Darul Ridzuan measuring approximately 259,100 square metres (“Land”), for a purchase consideration of RM133,858,137.60 (“the Acquisition”).

On 31 October 2018, SPSB and REMCO entered into a Supplemental Agreement (“SA”) to revise the terms of payment defined in the SPA.

On 14 October 2019, the Completion Period which was set to be on or before 31 August 2019 under the SA was deferred due to the encroachment on the Land by an adjacent temple and an underground water pipe (“Encroachment Issues”). REMCO and SPSB have agreed that all outstanding instalment payments due to REMCO under the SA shall be suspended until both the encroachments are resolved by REMCO.

On 9 June 2020, SPSB through its Solicitors, Messrs. Zaid Ibrahim & Co served a notice (“the Notice”) to the Solicitors of Remco, Messrs. Effendi & Co, amongst others, to exercise its rights to rescind the SPA in respect of the proposed land acquisition (“Rescission”) on the ground that REMCO has failed to perform its obligation to deliver vacant possession of the Land by 31 December 2019 to SPSB and, accordingly, has failed to fulfil its legal responsibilities under the SPA.

Pursuant to the Notice, SPSB has demanded from REMCO the refund of a total sum of RM42,674,007.36 being all monies paid by SPSB to Remco together with the agreed liquidated damages of RM13,385,813.75 in accordance to Clause 9.1(a) of the SPA.

On 23 October 2020, subsequent to the above rescission, REMCO has appealed to SPSB of its intention to proceed with the SPA vide various channels and further negotiation with SPSB to continue and give effect to the Acquisition. SPSB and REMCO have thereafter agreed to revive the SPA based on some salient terms which SPSB and REMCO have agreed to pending execution of a Second Supplemental Agreement (“SSA”) to complete the Acquisition.

Additional information on material developments on the execution of the SSA can be found in section B8 (b).

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)****B6 Status of Corporate Proposals (Cont'd)**

- c) On 29 June 2020, Ivory Utilities Sdn. Bhd. (“IUSB”), a wholly-owned subsidiary of the Company, entered into two conditional SPAs with August Line Sdn Bhd and C P Landmark Sdn Bhd (“the Vendors”) respectively for the acquisition of two (2) pieces of adjoining freehold land in Daerah Barat Daya, Negeri Pulau Pinang measuring approximately 19,800 square meters feet, for a total purchase consideration of RM142,795,000. on an “as is where is basis” and subject to the terms and conditions in the SPAs

On 3 February 2021, IUSB entered into Supplemental Agreements (“SAs”) with the Vendors, amongst others to extend the Conditions Precedent fulfillment period from 150 days from the date of SPAs to 300 days.

As at date of this report, the completion of the purchase of the land is subject to fulfilment of conditions as stipulated in the SPAs.

- d) On 14 December 2020, the Company, on behalf of its wholly-owned subsidiary, IUSB, entered into a SPA with Copthorne Orchid Penang Sdn Bhd (“the Vendor”) for the proposed acquisition of Copthorne Orchid Hotel & Resort Penang, for a total purchase consideration of RM75,000,000.

As at date of this report, the completion of the purchase of the Property is subject to payment of the balance purchase consideration as stipulated in the SPA.

B7 Borrowings and Debt Securities

Details of the Group’s borrowings are as follows:-

	As at 31.12.2020 RM’000	As at 31.03.2020 RM’000
<i>Long Term Borrowings</i>		
Term loans and bridging loans	74,424	34,601
Hire purchase	265	630
	<hr/> 74,689	<hr/> 35,231
<i>Short Term Borrowings</i>		
Term loans and bridging loans	39,711	39,039
Hire purchase	495	553
Revolving credit	8,384	8,384
Bank overdraft	3,497	953
	<hr/> 52,087	<hr/> 48,929
Total	<hr/> 126,776	<hr/> 84,160

All borrowings are denominated in Ringgit Malaysia and are fully secured.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)

B8 Material Litigation

a) IB Capital Sdn Bhd – Civil Suit No. 22NCVC-20-01/2014 at Penang High Court

On 29 January 2014, IB Capital Sdn Bhd (“the Plaintiff”) had filed a suit against IISB seeking a declaration that the transfer of land held under Geran No. 1272, Lot No. 2838, Mukim 18, Daerah Timor Laut, Negeri Pulau Pinang (“Land”) from Krishna Kumar T.N. Sharma (the previous registered land owner) to IISB and the charge of the Land by IISB to CIMB Islamic Bank Berhad is null and void and alternatively for payment of a sum of RM10,256,098.66 as at 31 August 2008 with interest and damages.

On 23 July 2015, the Court of Appeal upon IISB’s appeal, had struck out the Plaintiff’s Writ and Statement of Claim with costs upon the grounds of there not being a proper Cause of Action against IISB.

As the Court of Appeal had “Struck Out” the case, this litigation had no material impact to the Group until 17 October 2017 when the Federal Court allowed the Plaintiff’s appeal against the Striking Out of their case by the Court of Appeal and allowed the case to proceed for full trial at Penang High Court.

On 19 April 2019, after full trial, the High Court dismissed the Plaintiff’s claims against IISB and CIMB Islamic Bank Berhad in its entirety with costs payable by the Plaintiff’s to IISB and CIMB Islamic Bank Berhad.

On 14 May 2019, the Plaintiff filed a Notice of Appeal to the Court of Appeal appealing against the entire decision of the High Court given on 19 April 2019 (“the Appeal”). The Appeal is registered as Civil Appeal No. P-02(NCvC)(W)-951-05/2019.

On 28 September 2020, the Court of Appeal fixed the hearing date on 2 April 2021.

b) Conlay Construction Sdn Bhd – Civil Suit No. AA-22NCVC-67-09/2020 at Ipoh High Court

On 28 September 2020, Sunlink Properties Sdn. Bhd. (“SPSB”) received a Writ of Summons together with a Statement of Claim filed by Conlay Construction Sdn. Bhd. (“the Plaintiff”) against Remco Engineering & Construction Sdn. Bhd. (“Remco” or “1st Defendant”) and SPSB (“2nd Defendant”). The Plaintiff also filed an application for injunction to, amongst others, injunct Remco and SPSB to enter into any supplemental agreement pending disposal of the case.

The circumstances leading to the filing of Writ of Summons are the disputes on fulfilment of the contracts executed between the Plaintiff and Remco involving the Land which was charged as security for the loan facility from Malaysia Building Society Berhad, obtained by Remco City Development Sdn Bhd, a company incorporated by the Plaintiff and Remco to undertake development of the Land pursuant to Settlement cum Development Agreement dated 6 September 2013 entered into between the Plaintiff and Remco. In the event that the litigation is held in favour of the Plaintiff, the potential liability of SPSB will be in the region of RM94,151,337.87 being the balance purchase price of the acquisition and damages to be assessed by the court.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (*Cont'd*)

B8 Material Litigation (*Cont'd*)

b) Conlay Construction Sdn Bhd – Civil Suit No. AA-22NCVC-67-09/2020 at Ipoh High Court (*Con'd*)

On 11 November 2020, SPSB had filed an affidavit in reply to the injunction application and Statement of Defence in response to the Writ of Summons and the Statement of Claim dated 28 September 2020 and filed a Counterclaim against the Plaintiff and Remco for, amongst others, as follows:-

- (i) A declaration that the SPA (which was terminated on 9 June 2020) has effectively by consent and/or agreement and/or by conduct of Remco and SPSB deemed to be revived by virtue of the Notice of Intention dated 3 August 2020 (to Revive the SPA) issued by SPSB together with Acknowledgement of Acceptance dated 10 August 2020 by Remco.
- (ii) Alternatively, if Remco fails to abide by the terms and conditions of the new Supplemental Agreement/new Concluded Agreement, and/or if the Plaintiff causes/procures Remco to breach the terms and conditions, a declaration that SPSB termination of the SPA vide its previous solicitors' letter dated 9 June 2020 be deemed valid and proper and subsisting.
- (iii) An order that the Plaintiff and Remco to be jointly and severally liable to the sums of RM42,674,007.36 being the monies paid by SPSB under the SPA and/or the Supplemental Agreement dated 15 November 2018 and the sum of RM13,385,813.75 being the agreed liquidated damages pursuant to Clause 9.1(a) of the SPA.
- (iv) Damages incurred by SPSB in respect of the loss of expenditure and/or loss incurred in respect of the preparation/launching of its Sales Gallery in the sum of RM5,750,233.00.

The Plaintiff filed reply to the Statement and reply to affidavit in reply filed by SPSB on 3 December 2020. During the case management fixed on 10 December 2020, SPSB's solicitors orally sought leave from Court to file a further reply to the affidavit in reply filed by the Plaintiff on 3 December 2020. The Court directed SPSB to file formal application for leave to file further reply and fixed case management on 8 January 2021.

Subsequently the Plaintiff's solicitors consented to Remco and SPSB's application for leave to file further reply and the consent was recorded during the case management on 8 January 2021. It is directed by Court that Remco and SPSB to file further affidavit in reply on or before 25 January 2021. On 25 January 2021, Remco and SPSB filed further affidavit in reply and the Plaintiff has filed further affidavit in reply on 8 February 2021. The next case management is fixed on 22 March 2021.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)****B9 Dividend**

No interim ordinary dividend has been declared for the financial period ended 31 December 2020.

B10 Earnings per Share**B10.1 Basic Earnings per Share**

Basic earnings per ordinary share of the Group were calculated by dividing the Group's profit for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue and ranking for dividend during the quarter and financial period.

	Individual Quarter		Cumulative Period	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
(Loss)/Profit attributable to owners of the Company	(1,373)	920	(13,418)	(6,792)
Weighted average number of ordinary shares in issue ('000)	490,080	490,080	490,080	490,080
Basic (loss)/earnings per share (sen)	(0.28)	0.19	(2.74)	(1.39)

B10.2 Diluted Earnings per Share

There are no diluted earnings per share as there were no potential dilutive ordinary shares for the current financial quarter and financial period-to-date under review.

IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (Cont'd)****B11 Notes to the Statements of Comprehensive Income**

	Individual Quarter		Cumulative Period	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Material expenses/(income)				
Depreciation on :				
- Property, plant and equipment	742	544	2,300	2,982
- Investment properties	89	94	269	284
- Right-of-use assets	30	-	91	-
Interest expense	7	32	171	5,054
Written off of property, plant and equipment	13	-	118	5
(Gain)/Loss on disposal of :				
- Property, plant and equipment	4	-	(74)	7
- Investment properties	-	-	-	(34)
- Investment in joint ventures	-	(2,850)	-	(2,850)
Reversal of impairment loss on receivables	(29)	(843)	(29)	(843)
Interest income	(220)	(733)	(282)	(1,195)
Rental income	(522)	(679)	(1,418)	(2,166)

Other than the above items, there were no impairment of assets, provision for and write off of exceptional items for the current financial quarter and financial period-to-date.

B12 Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 February 2021.

By order of the Board of Directors

Low Seow Wei (f) (MAICSA 7053500)

Thum Sook Fun (f) (MIA 24701)

Company Secretaries