



IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS – 31 MARCH 2023

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IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

| | Individual Quarter (4 th Quarter) | | Changes % | Cumulative Period (4 th Quarter) | | Changes % |
|---|---|--|------------------|--|--|------------------|
| | Current 31.03.2023 RM'000 | Previous year Corresponding 31.03.2022 RM'000 | | Current 31.03.2023 RM'000 | Previous year Corresponding 31.03.2022 RM'000 | |
| Revenue | (11,609) | 14,236 | (182) | (18,175) | 25,721 | (171) |
| Cost of sales | (631) | (3,144) | (80) | (14,522) | (19,811) | (27) |
| Gross (loss)/profit | (12,240) | 11,092 | (210) | (32,697) | 5,910 | 653 |
| Operating expenses | (18,903) | (41,913) | (55) | (82,914) | (82,023) | 1 |
| Other operating income | 1,452 | 1,041 | 39 | 13,222 | 3,730 | 254 |
| Loss from operating activities | (29,691) | (29,780) | - | (102,389) | (72,383) | 41 |
| Share of loss of equity accounted investees, net of tax - associate | (5) | (5) | - | (23) | (23) | - |
| Loss before interest & tax | (29,696) | (29,785) | - | (102,412) | (72,406) | 41 |
| Net finance costs | (9,400) | (1,212) | 676 | (14,776) | (4,311) | 243 |
| Loss before tax | (39,096) | (30,997) | 26 | (117,188) | (76,717) | 53 |
| Tax expense | (1,878) | (2,216) | (15) | (1,584) | (2,793) | (43) |
| Loss for the period/year | (40,974) | (33,213) | 23 | (118,772) | (79,510) | 49 |
| Other comprehensive income for the period, net of tax | - | - | - | - | - | - |
| Total comprehensive expenses for the period/year | (40,974) | (33,213) | 23 | (118,772) | (79,510) | 49 |
| Attributable to: | | | | | | |
| Owners of the Company | (40,974) | (33,213) | 23 | (118,772) | (79,510) | 49 |
| Non-controlling interests | - | - | - | - | - | - |
| | (40,974) | (33,213) | 23 | (118,772) | (79,510) | 49 |
| Loss per share attributable to the owners of the Company: | | | | | | |
| Basic (sen) | (8.36) | (6.78) | 23 | (24.24) | (16.22) | 49 |

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | Unaudited as at 31.03.2023 RM'000 | Audited as at 31.03.2022 RM'000 |
|--|--|--|
| Assets | | |
| Property, plant and equipment | 17,133 | 19,618 |
| Right-of-use assets | 203 | 630 |
| Investment properties | 10,756 | 11,068 |
| Investment in an associate | 515 | 538 |
| Inventories | 183,751 | 349,632 |
| Deferred tax assets | 5,690 | 5,083 |
| Other receivables | 81,880 | 121,807 |
| Total non-current assets | 299,928 | 508,376 |
| Inventories | 64,127 | 117,282 |
| Contract assets | 12,567 | 11,389 |
| Contract costs | 5,757 | 5,732 |
| Trade and other receivables | 82,190 | 27,695 |
| Current tax assets | 17 | 41 |
| Short term investments | 14,316 | 15,848 |
| Cash and bank balances | 1,865 | 1,669 |
| Total current assets | 180,839 | 179,656 |
| Total assets | 480,767 | 688,032 |
| Equity | | |
| Share capital | 226,440 | 226,440 |
| (Accumulated losses)/Retained earnings | (115,265) | 3,507 |
| Total equity | 111,175 | 229,947 |
| Liabilities | | |
| Loans and borrowings | 50,498 | 73,022 |
| Lease liabilities | 97 | 429 |
| Deferred tax liabilities | 772 | 2,712 |
| Trade and other payables | 7,500 | 142,050 |
| Total non-current liabilities | 58,867 | 218,213 |
| Loans and borrowings | 68,540 | 55,779 |
| Lease liabilities | 116 | 236 |
| Trade and other payables | 206,342 | 153,919 |
| Contract liabilities | 30,883 | 28,863 |
| Current tax liabilities | 4,844 | 1,075 |
| Total current liabilities | 310,725 | 239,872 |
| Total liabilities | 369,592 | 458,085 |
| Total equity and liabilities | 480,767 | 688,032 |
| Net assets per share attributable to ordinary equity holders of the Company (RM)* | 0.23 | 0.47 |

* 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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| | Attributable to owners of the Company | | |
|---|--|---|------------------------|
| | Non-distributable Share capital RM'000 | Distributable Retained earnings/ (Accumulated losses) RM'000 | Total equity RM'000 |
| At 1 April 2022 | 226,440 | 3,507 | 229,947 |
| Total comprehensive expenses for the year | - | (118,772) | (118,772) |
| At 31 March 2023 | 226,440 | (115,265) | 111,175 |
| At 1 April 2021 | 226,440 | 83,017 | 309,457 |
| Total comprehensive expenses for the year | - | (79,510) | (79,510) |
| At 31 March 2022 | 226,440 | 3,507 | 229,947 |

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| | Current Year-To-Date 31.03.2023 RM'000 | 31.03.2022 RM'000 |
|---|---|------------------------------|
| <u>Cash flows from operating activities</u> | | |
| Loss before tax | (117,188) | (76,717) |
| Adjustments for :- | | |
| Depreciation of : | | |
| - Property, plant and equipment | 956 | 2,756 |
| - Right-of-use assets | 196 | 149 |
| - Investment properties | 312 | 313 |
| Interest income | (319) | (303) |
| Interest expense | 15,095 | 4,614 |
| Inventories written down | 57,860 | 211 |
| Write off of : | | |
| - Property, plant and equipment | 409 | - |
| - Intangible asset | - | 3,686 |
| - Inventories | - | 21,690 |
| Gain on disposal of : | | |
| - Property, plant and equipment | (1,689) | (1) |
| Gain on early termination of lease contract | (28) | - |
| Net loss on impairment of financial instruments | 1,060 | 225 |
| Impairment loss on : | | |
| - Property, plant and equipment | 1,136 | 5,897 |
| Share of loss in an associate, net of tax | 23 | 23 |
| Operating loss before changes in working capital | (42,177) | (37,457) |
| Change in inventories | 4,393 | 14,741 |
| Change in contract assets | (1,178) | (6,433) |
| Change in contract costs | (25) | (2,461) |
| Change in trade and other receivables | (15,628) | (17,072) |
| Change in trade and other payables | 67,873 | 39,666 |
| Change in contract liabilities | 2,020 | (117) |
| Cash generated from/(used in) operations | 15,278 | (9,133) |
| Tax (paid)/refunded | (338) | 231 |
| Net cash from/(used in) operating activities | 14,940 | (8,902) |
| <u>Cash flows from investing activities</u> | | |
| Acquisition of property, plant and equipment | (347) | (169) |
| Interest received | 319 | 303 |
| Proceeds from disposal of property, plant and equipment | 2,020 | 11 |
| Withdrawal/(Placement) of short-term investments | 1,532 | (91) |
| Net cash from investing activities | 3,524 | 54 |

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)**

| | Current Year-To-Date 31.03.2023 RM'000 | 31.03.2022 RM'000 |
|--|---|------------------------------|
| <u>Cash flows from financing activities</u> | | |
| Interest paid | (8,312) | (4,614) |
| Repayment of term loans, net | (8,468) | 13,123 |
| Repayment of finance lease liabilities | (132) | (471) |
| Payment of lease liabilities | (193) | (147) |
| Changes in pledged bank balances | - | 674 |
| Net cash (used in)/from financing activities | (17,105) | 8,565 |
| Net increase/(decrease) in cash and cash equivalents | 1,359 | (283) |
| Cash and cash equivalents at beginning of year | (2,687) | (2,404) |
| Cash and cash equivalents at end of year | (1,328) | (2,687) |
| Cash and cash equivalents comprise the following: | | |
| Cash and bank balances | 1,865 | 1,669 |
| Less: Bank overdraft | (3,018) | (4,181) |
| Less: Pledged bank balances | (175) | (175) |
| | (1,328) | (2,687) |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to this interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

A1 Basis of Preparation

The interim financial statements is unaudited and 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 2022. 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 2022.

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 2022 except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:-

| | |
|------------------------|--|
| Amendments to MFRSs | Annual Improvements to MFRS Standards (2018-2020) |
| Amendments to MFRS 3 | Business Combinations - <i>Reference to the Conceptual Framework</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> |

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

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 17 | Insurance Contracts – <i>Initial application of MFRS 17 and MFRS 9</i> |
| Amendments to MFRS 101 | Presentation of Financial Statement - <i>Classification of Liabilities as Current or Non-current</i> |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors - <i>Definition of Accounting Estimates</i> |

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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 (*Cont’d*)

The following are new standards, amendments and that have been issued by the MASB but have not been early adopted by the Group: (*cont’d*)

| | |
|------------------------------------|--|
| Amendments to MFRS 112 | Income Taxes - <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

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

The auditors have expressed a disclaimer opinion on material uncertainty related to going concern, in their report dated 28 July 2022 in respect of the Company’s audited financial statements for the financial year ended 31 March 2022.

The auditors’ basis for disclaimer of opinion are reproduced as follows:

- The Group and the Company reported a net loss of RM79,510,000 and RM91,552,000 respectively during the financial year ended 31 March 2022 and, as of that date, the Group’s and the Company’s current liabilities exceeded their current assets by RM60,216,000 and RM35,153,000 respectively. The Group’s and the Company’s cash and bank balances as at 31 March 2022 stood at RM1,669,000 and RM239,000 respectively, and the Group recorded negative operating cash flows of RM8,902,000 for the financial year ended 31 March 2022. During the current financial year, the Group had experienced difficulties in obtaining financing for its project developments and property acquisitions, termination of certain agreements and forfeiture of deposits.

- Subsequent to the end of the financial year, the Group and the Company have not repaid on due dates the interest payments and principal balances, amounting to RM1,976,000 and RM185,000 respectively, in respect of certain loans and borrowings of the Group and the Company with total outstanding amounts of RM49,732,000 and RM14,205,000 respectively as at 31 March 2022.

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

A3 Auditors’ Report on Preceding Annual Financial Statements (*Cont’d*)

The above events and conditions indicate the existence of material uncertainties which cast significant doubt on the ability of the Group and the Company to continue as going concerns. With reference to the management plans disclosed in Note 1(b) to the financial statements, we have not been able to obtain sufficient appropriate audit evidence in respect of the following:-

1. The Group is sourcing for an interested party to dispose of a parcel of land held for future development.

As of the date of this report, no formal agreement has been entered into with any party for the disposal of the aforesaid land.

2. As disclosed in Note 9, as at 31 March 2022, the Group has inventories, comprising properties under construction and completed development properties amounting to RM33,254,000 and RM42,657,000 respectively, which are available for immediate sales to prospective property buyers.

As of the date of this report, there were no sales of inventories made subsequent to the end of the financial year in respect of the aforesaid inventories.

3. The Group and the Company planned to regularise all arrear interest payments and principal repayments in connection to the outstanding borrowings of RM49,732,000 and RM14,205,000 respectively, as at 31 March 2022.

As of the date of this report, the Group and the Company have yet to settle the aforesaid interest payments and principal repayments and there is significant uncertainty as to whether the Group and the Company will be able to generate sufficient net cash inflows to settle all interest payments and principal repayments in arrears as and when those become due. In the event such payments are not made, it will give rise to potential of an event of default on the outstanding borrowings.

The ability of the Group and the Company to continue as going concerns is highly dependent on the successful implementation of all the management plans as disclosed in Note 1(b) to the financial statements and the attainment of the projected outcomes of those plans. Accordingly, the financial statements of the Group and the Company may require adjustments relating to the recoverability and classification of recorded assets and to the classification and additional amounts of liabilities should the Group and the Company are unable to successfully implement or achieve the outcomes of the said plans.

A4 Seasonal or Cyclical Factors

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

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REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)****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 flow, except for a total of RM15.56 million and RM57.86 million of inventories were written down in the current quarter and financial year, respectively.

A6 Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial quarter and financial year.

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 year.

A8 Dividends Paid

No dividends have been paid during the current financial quarter and financial year.

A9 Operating Segments

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

| Business Segments | Property development RM’000 | Construction contracts RM’000 | Investment holding and others RM’000 | Elimination RM’000 | Total RM’000 |
|---|--|--|---|-------------------------------|-------------------------|
| Financial year ended – 31 March 2023 | | | | | |
| Revenue | | | | | |
| External | (25,618) | 7,443 | - | - | (18,175) |
| Inter-segment | 877 | - | 3,086 | (3,963) | - |
| Total Revenue | <u>(24,741)</u> | <u>7,443</u> | <u>3,086</u> | <u>(3,963)</u> | <u>(18,175)</u> |
| Results | | | | | |
| Segmental loss | <u>(87,998)</u> | <u>(243)</u> | <u>(28,947)</u> | <u>-</u> | <u>(117,188)</u> |
| Segmental assets | <u>370,786</u> | <u>77,158</u> | <u>32,823</u> | <u>-</u> | <u>480,767</u> |

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REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)****A9 Operating Segments (Cont’d)**

| Business Segments | Property development RM’000 | Construction contracts RM’000 | Investment holding and others RM’000 | Elimination RM’000 | Total RM’000 |
|---|--|--|---|-------------------------------|-------------------------|
| Financial year ended – 31 March 2022 | | | | | |
| Revenue | | | | | |
| External | 2,827 | 22,894 | - | - | 25,721 |
| Inter-segment | 2,700 | 1,620 | 4,121 | (8,441) | - |
| Total Revenue | 5,527 | 24,514 | 4,121 | (8,441) | 25,721 |
| Results | | | | | |
| Segmental (loss)/profit | (70,268) | 3,645 | (10,094) | - | (76,717) |
| Segmental assets | 561,700 | 64,746 | 61,586 | - | 688,032 |

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 year are as follows:

| | RM’000 |
|------------|---------------|
| Customer A | 3,506 |
| Customer B | 3,937 |
| Customer C | 5,300 |

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REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)****A10 Subsequent Material Events**

Except as disclosed in B6(f) and B8(a), there were no material events or transactions subsequent to the financial year ended 31 March 2023 till 24 May 2023 (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 year.

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 year.

A13 Capital Commitments

The amount of capital commitments as at 31 March 2023 is as follows:

| | As at 31.03.2023 RM’000 | As at 31.03.2022 RM’000 |
|-----------------------------------|--|--|
| Contracted but not provided for: | | |
| - Acquisition of development land | 94,201 | 94,201 |

A14 Capital Expenditure

There were no major additions and disposal of property, plant and equipment during the current financial quarter and financial year.

A15 Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter and financial year.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
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LISTING REQUIREMENTS****B1 Review of Performance****Current Quarter Results (4QFY2023 vs. 4QFY2022)**

The Group's revenue for the current quarter decreased by 182% from RM14.2 million a year ago to a negative revenue of RM11.6 million. The negative revenue and the gross loss for the current quarter was due to additional provision for liquidated ascertained damages for Penang Times Square phase 3 project (PTS 3).

Higher finance costs for the current quarter coupled with the gross loss mentioned above, have widened the net loss after tax for the current quarter to RM41.0 million compared to RM33.2 million in the previous year corresponding quarter.

12-month Year-to-date Results (YTD FY2023 vs YTD FY 2022)

The Group recorded a total negative revenue of RM18.2 million as opposed to RM25.7 million reported in the previous financial period due to the reasons explained above.

The Group posted a higher net loss after tax of RM118.8 million or a net loss per share of RM24.24 sen compared to a net loss of RM79.5 million reported in the previous year.

**B2 Material changes in the quarterly results compared with the immediate preceding quarter
(4QFY2023 vs 3QFY2023)**

| | Current Quarter (4QFY2023) 31.03.2023 RM'000 | Preceding Quarter (3QFY2023) 31.12.2022 RM'000 | Changes | |
|---|---|---|----------|------|
| | | | RM'000 | % |
| Revenue | (11,609) | (15,609) | 4,000 | 26 |
| Loss from operations | (29,691) | (26,334) | (3,357) | (13) |
| Loss Before Interest and Tax | (29,696) | (26,341) | (3,355) | (13) |
| Loss Before Tax | (39,096) | (28,459) | (10,637) | (37) |
| Loss After Tax | (40,974) | (28,220) | (12,754) | (45) |
| Loss Attributable to Equity Holders of the Company | (40,974) | (28,220) | (12,754) | (45) |

Total cumulative negative revenue accelerated further with another RM11.6 million recorded for current quarter. The quarter-on-quarter comparison reveals a slight reduction of negative revenue to RM11.6 million from RM15.6 million, consistent with additional 3 months provision for liquidated ascertained damages for Penang Times Square Phase 3 ("PTS 3") compared to 6 months provision in the last quarter. The Company is working on various options to raise funds to complete the project.

The net loss for 4QFY2023 increased to RM41.0 million from a loss of RM28.2 million resulting from inventories written down of RM15.6 million in the current quarter.

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LISTING REQUIREMENTS (Cont'd)****B3 Prospects for the financial year ending 31 March 2023**

The Company had on 29 July 2022 announced that it is an affected listed issuer under Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) as it has triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(d) of PN17 of the MMLR where the external auditors of Ivory, Messrs KPMG PLT, have expressed a disclaimer of opinion in the Company’s audited financial statements for the financial year ended 31 March 2022;

As such, the Company is presently evaluating and formulating a proposed regularisation plan to regularise its financial condition and turnaround the Group’s financial position, and targets to submit its regularisation plan to the relevant regulatory authorities within 12 months from the date it announces that it is an affected listed issuer, i.e. on or before 28 July 2023.

Until the completion of the implementation of the regularization plan, the Board expects lackluster financial performance for the next financial year with further deterioration of shareholders’ equity.

At the same time, the Board looks forward to having proposals for interim measures to meet the Group’s short-term to mid-term operational needs, pending the implementation of comprehensive regularisation plan to generate cash flow and strengthen the balance sheet.

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.

B5 Taxation

The tax expense of the Group are as follows:

| | Individual Quarter | | Cumulative Period | |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| | 31.03.2023 RM’000 | 31.03.2022 RM’000 | 31.03.2023 RM’000 | 31.03.2022 RM’000 |
| Income Tax - current | 17 | 268 | 155 | 1,112 |
| - prior year | 4,175 | 414 | 3,976 | 481 |
| Deferred tax - current | (1,445) | 476 | (1,678) | 142 |
| - prior year | (869) | 1,058 | (869) | 1,058 |
| | 1,878 | 2,216 | 1,584 | 2,793 |

The tax expenses for the current quarter and financial year was due to additional tax imposed by IRB on prior year assessment where Notice of Appeal (Borang Q) has been filed with IRB.

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

B6 Status of Corporate Proposals

Corporate proposals announced by the Company that have not been completed as at 24 May 2023, 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 or further period of twelve (12) months from 15 December 2022 to 15 December 2023, and the SPA remains conditional at the date of this report.
- 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).

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

- c) On 14 July 2022, the Company, together with Ivory Meadows Sdn. Bhd. (“IMSB”), a wholly owned subsidiary of the Company, signed a Share Subscription Agreement (“SSA”) with Thirupathi Capital Sdn Bhd (“TCSB”) for the proposed subscription of 11,000,000 Redeemable Convertible Preference Shares (“RCPS”) at issue price of RM1.00 per RCPS for a total cash sum of Ringgit Malaysia Eleven Million only (RM11,000,000.00). IMSB has received RM11,000,000.00 and the SSA is conditional upon the written consent of MBB for the issuance of the RCPS by IMSB within two (2) months from the SSA date.

On 10 January 2023, the Company, IMSB and TCSB have mutually agreed to extend the Long Stop Date under the Agreement in obtaining MBB’s unconditional written consent for a further six (6) months up to 12 March 2023.

As of the report date, IMSB has received total advances of RM18,290,000.00 and parties are in negotiation on way to move forward with the SSA.

- d) On 28 July 2022, Ivory Continental Sdn Bhd (“ICSB”), a wholly-owned subsidiary of the Company accepted a sell-out notice (“Notice”) from Alam Harmoni Sdn Bhd (“AHSB”) a joint venture partner, for AHSB to exercise its rights to sell the development land for The Gardens forming part of Lot Nos. 342, 346, 347, 348, 349, 350, 351 & 353 of Seksyen 2, Jalan Batu Ferringgi, Bandar Batu Ferringgi, Daerah Timur Laut, Pulau Pinang (“the Gardens Land”) at an agreed total reimbursement sum of RM15,000,000. AHSB shall pay the reimbursement sum within six (6) months from the Notice’s date, which will be followed by the signing of the deed of termination to rescind a previously signed joint venture agreement (“JVA”).

On 30 January 2023, ICSB has agreed to grant the extension of time to AHSB to pay the reimbursement sum by 30 June 2023.

- e) On 21 November 2022, Ivory Residence Sdn Bhd (“IRSB”) entered into a Deed of Termination (“DOT”) to terminate the Joint Development Agreement (“JDA”) and Supplemental Agreement (“SA”) with Grand Uptown Sdn Bhd (“GUSB”).

Circumstances leading to signing of the DOT were the shareholders of GUSB had on the same day entered into a Share Sale Agreement (“SSA”) with third parties (“Purchasers”) to dispose of the entire issued and paid-up shares capital of GUSB (“Sale Shares”) upon the terms and conditions stated in the SSA.

Given the change of shareholders and management team of GUSB, resulting upon the Completion Date of the SSA, GUSB and IRSB mutually agreed to terminate the JDAs with effect from the Completion Date of the SSA.

The Completion Date of the SSA means the completion date of the sale and purchase of the Sale Share that entails receipts of final payment from the Purchasers, which depends on the issuance of the certificate of practical completion of the Sewerage Treatment Plants (“Project”), amongst others. IRSB expects to complete the Project by the third quarter of 2023.

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

- f) On 3 May 2023, Ivory Meadows Sdn. Bhd. (“IMSB” or “Proprietor”), a wholly owned subsidiary of the Company, entered into a Joint Development Agreement (“JDA”) with Stellar Platinum Sdn. Bhd. (“SPSB” or “Developer”), a wholly owned subsidiary of BKG Development Sdn. Bhd., which in turn is a wholly owned subsidiary of Chin Hin Group Property Berhad (“CHGP”) to record their mutual commitments and to regulate their rights in relation to their joint participation and operation in the Project on a parcel of freehold land held under HSD 19318, Lot 10012 Seksyen 1 Bandar Tanjung Pinang, Daerah Timor Laut, Negeri Penang measuring approximately 8,093 square meters (“Land”). The Developer and the Proprietor would jointly undertake, in a collaborative manner, the development of the Land into a serviced residence with a 41-storey building comprising 30 levels of serviced suites, 8 levels of car park, and 3 levels of facilities and services known as “Crown Penang” (“Project”). In consideration that IMSB providing the Land for the Project, SPSB shall, subject to the drawdown of the Term Loan (SPSB is entitled to obtain a loan from the Financier for this Project), to pay the Reimbursement Sum of RM71,000,000. The Company expects the JDA to be completed by the second half of 2023.

B7 Borrowings and Debt Securities

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

| | As at 31.03.2023 RM’000 | As at 31.03.2022 RM’000 |
|-------------------------------|-------------------------------|-------------------------------|
| <i>Long Term Borrowings</i> | | |
| Term loans and bridging loans | 50,498 | 72,995 |
| Hire purchase | - | 27 |
| | 50,498 | 73,022 |
| <i>Short Term Borrowings</i> | | |
| Term loans and bridging loans | 65,495 | 51,466 |
| Hire purchase | 27 | 132 |
| Bank overdraft | 3,018 | 4,181 |
| | 68,540 | 55,779 |
| Total | 119,038 | 128,801 |

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

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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 – Federal Court Malaysia (Civil Appeal No.: 02(f)-15-02/2022(P)

On 29 January 2014, IB Capital Sdn Bhd (“the Plaintiff”) filed a suit against IISB seeking, inter alia, 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 damages in addition to or in lieu of specific relief.

On 17 October 2017, the Federal Court allowed the Plaintiff’s appeal against the striking out of their case by the Court of Appeal and the case has thus to proceed to full trial at the Penang High Court.

On 19 April 2019, 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 (“CA”) appealing against the entire decision of the High Court given on 19 April 2019.

On 3 August 2021, the CA delivered its decision as follows (“the CA’s decision”):

1. Allowed the Plaintiff’s appeal on a limited basis based on equitable principle.
2. IISB was ordered to pay RM6,300,000 to the Plaintiff.
3. CIMB was ordered to pay RM900,000 to the Plaintiff.
4. Interest of 5% per annum from 19 April 2019 until full realization.
5. Cost of RM100,000 (being a total cost at the High Court and CA) payable by IISB and CIMB respectively.
6. The prayers in the High Court to set aside the charge/transfer were not considered and decision of the CA was limited to the said payments as per items 2, 3 and 4 above based on equity.

On 1 September 2021, IISB and CIMB Islamic Bank Berhad filed their respective Application For Leave to Appeal to the Federal Court by way of Notice of Motion, against the CA’s decision given on 3 August 2021.

On 2 September 2021 the Plaintiff filed a separate application for Leave to Appeal to the Federal Court against the CA’s decision.

On 9 September 2021, the Plaintiff vide its solicitors sent a Notice of Demand to IISB (the “Notice of Demand”) demanding payment of RM6.4 million to be made within 7 days from the date of the Notice of Demand pursuant to the Order of the Court of Appeal dated 3 August 2021.

On 13 September 2021, IISB vide its solicitors filed a Notice of Motion with the Federal Court to stay the execution of the Order of the Court of Appeal dated 3 August 2021 (“IISB’s FC Stay Motion”).

On 5 October 2021, per the Federal Court’s instructions IISB vide its solicitors filed a Notice of Motion with the Court of Appeal to stay the execution of the Order of the Court of Appeal dated 3 August 2021 (“IISB’s CA Stay Motion”).

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B8 Material Litigation (*Cont'd*)

a) IB Capital Sdn Bhd – Federal Court Malaysia (Civil Appeal No.: 02(f)-15-02/2022(P) (*cont'd*)

On 27 January 2022, the Federal Court:

1. dismissed IISB's Application for Leave to Appeal with costs of RM30,000.00;
2. dismissed CIMB Islamic Bank Berhad's Application for Leave to Appeal with costs of RM30,000.00; and
3. allowed the Plaintiff's Application for Leave to Appeal with costs in the cause.

Accordingly, IISB's FC Stay Motion was withdrawn on the same day.

On 11 February 2022, the Plaintiff pursuant to leave of the Federal Court granted on 27 January 2022 filed a Notice of Appeal against the CA's decision. The Federal Court has granted IB Capital's application for leave to appeal against the remaining 20% or RM1,800,000 of the invested sum as equitable compensation.

On 1 March 2022, IISB and CIMB Islamic Bank Berhad filed separate applications at the Federal Court for leave to file cross-appeal.

On 15 March 2022, the Plaintiff served on IISB a winding up petition filed by the Plaintiff at the Kuala Lumpur High Court on 8 March 2022 to enforce the Court of Appeal's and Federal Court's orders dated 3 August 2021 and 27 January 2022. IISB settled the claim amount on 17 May 2022 and the Plaintiff has withdrawn its winding up petition accordingly and the winding up petition is struck out by the High Court on 26 May 2022.

On 30 June 2022, the Federal Court allowed IISB's and CIMB Islamic Bank Berhad's leave application to file cross-appeal.

On 16 November 2022, the Federal Court heard IB Capital Sdn Bhd's appeal, IISB, and CIMB Islamic Bank Berhad's Cross-Appeal.

On 28 March 2023, the Federal Court has dismissed IISB and CIMB Islamic Bank Berhad's Cross-Appeal and allowed IB Capital's appeal with costs of RM150,000.00 each from IISB and CIMB Islamic Bank Berhad. Due to the Federal Court's decision, IISB is required to pay an estimated additional sum of RM5,138,794.52 which includes judgement sums, interest at the rate of 5% until the date of realisation, costs and allocator fees awarded by the Federal Court.

On 13 April 2023, IISB received a letter of demand on even date from the solicitor of IB Capital to demand for immediate payment.

On 20 April 2023, IISB and the 2nd Respondent, CIMB Islamic Bank Berhad who is jointly and severally liable for the claim, have fully settled the payment demanded by IB Capital pursuant to the Federal Court Order with a total settlement of RM5,196,356.15. This marks the end of this legal tussle between IISB and IB Capital.

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B8 Material Litigation (*Cont'd*)

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

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 claims against the 1st and 2nd Defendants (“Main Suit”), amongst others, are as follows:

1. Settlement Agreement dated 20 September 2017 entered into between Conlay Construction Sdn. Bhd. and REMCO (“Settlement Agreement”), SPA, Stakeholder Agreement dated 23 November 2018 entered into between REMCO, SPSB, Messrs Effendi & Co and Messrs Ming, Yee & Co (collectively “Stakeholder”) (“Stakeholder Agreement”) in relation to the Stakeholders’ obligations under the SPA in respect of the Land and Power of Attorney dated 31 October 2017 between REMCO and SPSB (“Power of Attorney”) are valid;
2. The Parties are bound and must perform the express terms of the Settlement Agreement, SPA, Stakeholder Agreement and Power of Attorney, unless varied by agreement of three parties;
3. An injunction restraining 1st and 2nd Defendant from varying or amending the terms of the SPA, Stakeholder Agreement and Power of Attorney without the consent of the Plaintiff;
4. An injunction restraining the 1st and 2nd Defendants from entering into any supplemental or new agreement with regards the sale of the Land to the 2nd Defendant, without the consent of the Plaintiff;
5. An order that any and all variation or amendment to the terms of the SPA, Stakeholder Agreement and Power of Attorney without the consent of the Plaintiff is void and unlawful;
6. An order that supplemental or new agreement with regards the sale of the Land to the 2nd Defendant without the consent of the Plaintiff is void and unlawful;

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 the Plaintiff and REMCO supposedly jointly undertake to develop pursuant to Settlement cum Development Agreement dated 6 September 2013 entered into between the Plaintiff and REMCO. SPSB was implicated into this litigation due to the Sale and Purchase Agreement (“SPA”) signed on 30 October 2017 with REMCO to acquire the Land.

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LISTING REQUIREMENTS (Cont'd)**

B8 Material Litigation (Cont'd)

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

On 11 November 2020, SPSB 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.

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.

On the hearing date on 2 March 2023, instead of the Judge hearing the parties, the Judge discussed the case in the chambers between the lawyers and insisted that the parties settle the matter amicably. The Judge then directed the parties to go for mediation, which was subsequently fixed on 14 July 2023.

The High Court Judge further directed all parties (i.e. the Plaintiff, Remco and SPSB) to send a representative who can make decisions in respect of this matter to appear for the Mediation, and one week before the Mediation, parties are to prepare a short 1-2 page write up on the possible offers/proposals to be discussed during the mediation.

The Main Suit is in case management stage and there is no trial date fixed yet for this matter.

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LISTING REQUIREMENTS (*Cont'd*)**

B8 Material Litigation (*Cont'd*)

c) August Line Sdn Bhd - Court of Appeal Civil Appeal No. P-02(IM)(NCvC)-1530-08/2022 and CP Landmark Sdn Bhd – (Civil Appeal No. P-02(IM)(NCvC)-1531-08/2022)

On 17 January 2022, Ivory Utilities Sdn Bhd (“IUSB”) received two Writs of Summons and Statements of Claim filed by August Line Sdn. Bhd. (“Plaintiff 1”) and C P Landmark Sdn. Bhd. (“Plaintiff 2”) against IUSB (“1st Defendant”) and Ivory Properties Group Berhad (“2nd Defendant”).

The circumstances leading to the filing of Writs of Summons are IUSB, after failing to secure local and foreign funding despite undergoing multiple discussions with several local financial institutions and foreign funders, could not meet the due date to pay the Balance Purchase Prices, leading to the Plaintiffs terminating the SPAs. The Plaintiffs have, following the terminations forfeited the Deposits paid under the SPAs amounting to RM14,279,495.

The Plaintiffs are now filing the Writs of Summons to claim the interest at the rate of 6% per annum on the Balance Purchase Prices of RM62,025,062.40 and RM66,490,398.00 for an extension of time granted from 26 November 2020 to 6 September 2021, totaling RM6,020,861.29.

On 21 March 2022, the 1st and 2nd Defendants filed an Order 14A application for both suits to dispose both suits on point of law.

On 21 July 2022, the High Court allowed the 1st and 2nd Defendants’ application and dismissed the Plaintiff’s claim for interest.

On 10 August 2022, the Plaintiffs filed the Notice of Appeal 2022 respectively to the Court of Appeal against the decision of High Court made on 21 July 2022.

On 9 November 2022, the Court of Appeal fixed the Hearing date of the two Appeals on 6 July 2023.

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LISTING REQUIREMENTS (Cont'd)****B9 Dividend**

No interim ordinary dividend has been declared for the financial year ended 31 March 2023.

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 year.

| | Individual Quarter | | Cumulative Period | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.03.2023 RM'000 | 31.03.2022 RM'000 | 31.03.2023 RM'000 | 31.03.2022 RM'000 |
| Loss attributable to owners of the Company | (40,974) | (33,213) | (118,772) | (79,510) |
| Weighted average number of ordinary shares in issue ('000) | 490,080 | 490,080 | 490,080 | 490,080 |
| Basic loss per share (sen) | (8.36) | (6.78) | (24.24) | (16.22) |

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 year under review.

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LISTING REQUIREMENTS (Cont'd)****B11 Notes to the Statements of Comprehensive Income**

| | Individual Quarter | | Cumulative Period | |
|--|--------------------|------------|-------------------|------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Material expenses/(income) | | | | |
| Depreciation on : | | | | |
| - Property, plant and equipment | 190 | 675 | 956 | 2,756 |
| - Right-of-use assets | 29 | 59 | 196 | 149 |
| - Investment properties | 78 | 79 | 312 | 313 |
| Interest expense | 9,631 | 1,341 | 15,095 | 4,614 |
| Inventories written down | 15,557 | 211 | 57,860 | 211 |
| Write off of : | | | | |
| - Property, plant and equipment | 1 | - | 409 | - |
| - Intangible asset | - | 3,686 | - | 3,686 |
| - Inventories | - | 13,636 | - | 21,690 |
| Impairment loss on : | | | | |
| - Property, plant and equipment | - | 5,897 | 1,136 | 5,897 |
| Net loss on impairment of financial instruments | 4 | - | 1,060 | 225 |
| Gain on disposal of : | | | | |
| - Property, plant and equipment | - | (1) | (1,689) | (1) |
| Interest income | (231) | (129) | (319) | (303) |
| Rental income | (409) | (532) | (1,980) | (1,615) |

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 year.

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 31 May 2023.

By order of the Board of Directors

Low Seow Wei (f) (MAICSA 7053500)
Yeow Sze Min (f) (MAICSA 7065735)
Company Secretaries