



IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

UNAUDITED INTERIM FINANCIAL STATEMENTS – 30 JUNE 2024

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IVORY PROPERTIES GROUP BERHAD

Registration No.: 200401034702 (673211-M)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Individual Quarter (1 st Quarter)		Changes %	Cumulative Period (1 st Quarter)		Changes %
	Current 30.06.2024 RM'000	Previous year Corresponding 30.06.2023 RM'000		Current 30.06.2024 RM'000	Previous year Corresponding 30.06.2023 RM'000	
Revenue	1,322	5,537	(76)	1,322	5,537	(76)
Cost of sales	(720)	(5,397)	(87)	(720)	(5,397)	(87)
Gross profit	602	140	330	602	140	330
Operating expenses	(5,799)	(4,683)	24	(5,799)	(4,683)	24
Other operating income	622	505	23	622	505	23
Loss from operating activities	(4,575)	(4,038)	13	(4,575)	(4,038)	13
Share of profit/(loss) of equity accounted investees, net of tax - associate	6	(4)	(250)	6	(4)	(250)
Loss before interest & tax	(4,569)	(4,042)	13	(4,569)	(4,042)	13
Net finance costs	(1,082)	(2,677)	(60)	(1,082)	(2,677)	(60)
Loss before tax	(5,651)	(6,719)	(16)	(5,651)	(6,719)	(16)
Tax (expense) / income	(35)	242	(114)	(35)	242	(114)
Loss for the period	(5,686)	(6,477)	(12)	(5,686)	(6,477)	(12)
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive expenses for the period	(5,686)	(6,477)	(12)	(5,686)	(6,477)	(12)
Attributable to:						
Owners of the Company	(5,686)	(6,477)	(12)	(5,686)	(6,477)	(12)
Non-controlling interests	-	-	-	-	-	-
	(5,686)	(6,477)	(12)	(5,686)	(6,477)	(12)
Loss per share attributable to the owners of the Company:						
Basic (sen)	(1.16)	(1.32)	(12)	(1.16)	(1.32)	(12)

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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited as at 30.06.2024 RM'000	Audited as at 31.03.2024 RM'000
Assets		
Property, plant and equipment	16,068	16,187
Investment properties	10,365	10,443
Investment in an associate	508	502
Inventories	84,306	84,341
Other receivables	83,406	83,849
Deferred tax assets	539	574
Total non-current assets	195,192	195,896
Inventories	46,635	47,042
Contract assets	12,124	12,015
Contract costs	6,053	6,053
Trade and other receivables	70,053	69,619
Tax recoverable	76	75
Short term investments	6,692	6,676
Cash and bank balances	1,547	1,713
Total current assets	143,180	143,193
Total assets	338,372	339,089
Equity		
Share capital	226,440	226,440
Accumulated losses	(194,232)	(188,546)
Total equity	32,208	37,894
Liabilities		
Trade and other payables	7,500	7,500
Deferred tax liabilities	377	377
Total non-current liabilities	7,877	7,877
Contract liabilities	35,093	32,825
Loans and borrowings	83,556	83,112
Trade and other payables	178,976	176,710
Tax payables	662	671
Total current liabilities	298,287	293,318
Total liabilities	306,164	301,195
Total equity and liabilities	338,372	339,089
Net assets per share attributable to ordinary equity holders of the Company (RM)*	0.07	0.08

* 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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to owners of the Company		
	Non-distributable Share capital RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
At 1 April 2024	226,440	(188,546)	37,894
Total comprehensive expenses for the financial period	-	(5,686)	(5,686)
At 30 June 2024	226,440	(194,232)	32,208
At 1 April 2023	226,440	(122,151)	104,289
Total comprehensive expenses for the financial period	-	(6,477)	(6,477)
At 30 June 2023	226,440	(128,628)	97,812

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 2024 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current Period-To-Date 30.06.2024 RM'000	30.06.2023 RM'000
<u>Cash flows from operating activities</u>		
Loss before tax	(5,651)	(6,719)
Adjustments for :-		
Depreciation of :		
- Property, plant and equipment	122	207
- Right-of-use assets	-	29
- Investment properties	78	78
Interest income	(19)	(18)
Interest expense	1,101	2,695
Inventories written down	-	483
Share of (profit)/loss in an associate, net of tax	(6)	4
Operating loss before changes in working capital	(4,375)	(3,241)
Change in inventories	442	4,575
Change in contract assets	(109)	-
Change in trade and other receivables	9	2,032
Change in trade and other payables	2,266	(2,347)
Change in contract liabilities	2,268	(1,252)
Cash generated from/(used in) operations	501	(233)
Tax paid	(10)	(49)
Net cash from/(used in) operating activities	491	(282)
<u>Cash flows from investing activities</u>		
Acquisition of property, plant and equipment	(3)	-
Interest received	19	18
Net of (placement)/withdrawal of short-term investments	(16)	20
Net cash from investing activities	-	38

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)**

	Current Period-To-Date 30.06.2024 RM'000	30.06.2023 RM'000
<u>Cash flows from financing activities</u>		
Interest paid	(1,101)	(2,695)
Net drawdown of term loans	442	2,383
Repayment of finance lease liabilities	-	(16)
Payment of lease liabilities	-	(8)
Changes in pledged bank balances	-	175
Net cash used in financing activities	(659)	(161)
Net decrease in cash and cash equivalents	(168)	(405)
Cash and cash equivalents at beginning of the financial year	(1,303)	(1,328)
Cash and cash equivalents at end of the financial period	(1,471)	(1,733)
Cash and cash equivalents comprise the following:		
Cash and bank balances	1,547	1,285
Less: Bank overdraft	(3,018)	(3,018)
	(1,471)	(1,733)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2024 and the accompanying explanatory notes attached to this interim financial statements.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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

A1 Basis of Preparation

The interim financial statements report 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 are prepared on going concern basis, notwithstanding of the Company being an affected issuer under PN 17 after it has triggered Paragraph 8.04, 8.03A(2)(b) of the Main Market LR and Paragraph 2.1(a), 2.1(d) and 2.1(f) of the PN17 on the assumption that the Company is able to turnaround on successful implementation and completion of its regularisation plan. The interim financial statements may require adjustments relating to the recoverability and classification of the recorded assets and to the classification and additional amount of liabilities should the Group and the Company are unable to successfully implement or complete the regularisation plan.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2024. 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 2024.

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 2024 except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:-

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

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:

Amendments to MRFS 121	Lack of Exchangeability
MFRS 18	Presentation and Disclosure in Financial Statements
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.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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

The auditors have expressed a disclaimer of opinion on material uncertainty related to going concern, in their report dated 30 July 2024 in respect of the Company’s audited financial statements for the financial year ended 31 March 2024.

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

1. As disclosed in Note 2(b) to the financial statements, the financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The following events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group’s and the Company’s ability to continue as going concerns:

- The Group and the Company reported a net loss of RM66,395,000 and RM38,811,000 respectively for the financial year ended 31 March 2024. As of 31 March 2024, the Group’s and the Company’s current liabilities exceeded their current assets by RM150,125,000 and RM28,713,000 respectively and the Group’s and the Company’s cash and bank balances stood at RM1,713,000 and RM191,000 respectively.
- Since previous financial years, the Group and the Company had defaulted on repayment of principal and interests for term loan facilities from several financial institutions.

In addition, the Company, and two subsidiary companies, Ivory Gleneary Sdn. Bhd. (“IGSB”) and Ivory Residence Sdn. Bhd. (“IRSB”) had received Statement of Claim and Writ of Summons in respect of a total sum of RM19,817,000 and RM14,011,000 during the financial year from a financial institution. The on-going legal proceedings against the subsidiary companies and the Company are disclosed in Note 32(b)(iii).

- On 30 May 2024, the Company has triggered Para 2.1(a) of PN17 of the Bursa Malaysia Main Market Listing Requirements whereby the shareholders’ equity of the Company on a consolidated basis is 25% or less of the share capital. The Company is in the midst of formulating its regularisation plan to submit to Bursa Malaysia Securities Berhad.
- On 26 July 2024, the Company submitted an application for an extension of time to submit its regularisation plan to Bursa Securities. As at the date of this report, the Company is waiting for Bursa Securities’ decision for the extension of time and the Company is currently in the process of formulating the Proposed Regularisation plan for submission.

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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*)

We were not able to obtain sufficient appropriate audit evidence in respect of the management plans or events disclosed in Note 2(b) to the financial statement.

The ability of the Group and of the Company to continue as going concern is highly dependent upon the successful and timely formulation and implementation of a regularisation plan and negotiation with the relevant financial institutions to restructure their bank borrowings which are currently in default. The Company is currently in the process of formulating such a plan.

The financial statements of the Group and of the Company do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concerns.

2. As disclosed in Note 2(b) to the financial statements, the Group has faced significant challenges in securing financing for its project development, resulting in the suspension of the Penang Times Square Phase 3 development project ("PTS3"). This suspension has led to a further extension of the project's estimated completion date. The Group has appointed a scheme advisor to assist in formulating a scheme of arrangement (“SOA”) for one of its subsidiary company to address the outstanding liabilities as disclosed in Note 18(d) to the financial statements.

- The Group's has provided a provision for liquidated ascertained damages ("LAD") totalling RM60,044,000 in previous financial years based on initial estimated completion date of PTS3 and the Group has not made additional provision for LAD as the completion of PTS3 is uncertain pending the outcome of the court convened meeting (“CCM”) under the proposed scheme of arrangement (“SOA”).

We were unable to obtain sufficient appropriate audit evidence on the accuracy and the completeness of the LAD and the likelihood of a successful outcome from the CCM. Accordingly, we are unable to determine whether any potential adjustments are necessary, if any, and whether the Group is obliged to fulfilled the LAD.

- The Group's financial statements included contract assets of RM11,776,000 arising from PTS3. PTS3 project is currently suspended and the completion of PTS3 is uncertain.

We were unable to obtain sufficient appropriate audit evidence in relation to the recoverability of the above balances. Therefore, we could not determine whether any potential adjustments are necessary, if any, and unable to confirm the veracity of the related information that may require disclosure in the financial statements of the Group.

3. As disclosed in Note 17, Note 32(a) and Note 32(b)(iii) to the financial statements, the Company has provided Corporate Guarantees for the banking facilities granted to subsidiary companies that were defaulted. In view of the lack of capacity of the subsidiaries to repay the aforementioned banking facilities, the Company may be required to assume the liabilities of the outstanding banking facilities of the subsidiary companies under the financial guarantee contracts. The Company has not been able to determine the fair value of the financial guarantees liabilities under MFRS 9 “Financial Instruments” in respect of the Corporate Guarantees provided to its subsidiaries.

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REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING *(Cont’d)*****A3 Auditors’ Report on Preceding Annual Financial Statements *(Cont’d)***

We were unable to obtain sufficient appropriate audit evidence in relation to the fair value of financial guarantee contracts of the Company. Therefore, we could not determine the effect of adjustments, if any, on the financial statements of the Company as at 31 March 2024 or on its financial performance for the financial year then ended.

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.

A6 Material Changes in Estimates

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

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.

A8 Dividends Paid

No dividends have been paid during the current financial quarter.

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REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (Cont’d)****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
Individual quarter – 30 June 2024					
Revenue					
External	1,322	-	-	-	1,322
Inter-segment	10	-	659	(669)	-
Total Revenue	1,332	-	659	(669)	1,322
Results					
Segmental loss	(3,470)	(287)	(1,894)	-	(5,651)
Segmental assets	254,314	57,535	26,523	-	338,372
Individual quarter – 30 June 2023					
Revenue					
External	5,062	475	-	-	5,537
Inter-segment	491	-	659	(1,150)	-
Total Revenue	5,553	475	659	(1,150)	5,537
Results					
Segmental loss	(3,949)	(646)	(2,124)	-	(6,719)
Segmental assets	367,857	66,102	32,721	-	466,680

Geographical Segments

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

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

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

	RM’000
Customer A	400,000
Customer B	390,000
Customer C	280,000
Customer D	<u>162,000</u>

A10 Subsequent Material Events

Except as disclosed in B8(a), B8(b) and the event mentioned below, there were no materials events or transactions subsequent to the financial period ended 30 June 2024 till 23 August 2024 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial statements).

On 26 July 2024, the Company submitted an application to Bursa Securities for a further 12-months extension period (i.e. up to 25 July 2025) to submit its regularisation plan to the regulatory authorities.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

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.

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REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (*Cont’d*)****A13 Capital Commitments**

The amount of capital commitments as at 30 June 2024 is as follows:

	As at 30.06.2024 RM’000	As at 31.03.2024 RM’000
Contracted but not provided for:		
- Acquisition of development land	94,201	94,201

The acquisition has been put on hold due to legal proceedings initiated by Conlay Construction Sdn Bhd, the former joint venture partner of the Vendor. Further details regarding the litigation are disclosed in B6(b) and B8(a).

A14 Capital Expenditure

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

A15 Significant Related Party Transactions

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

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024****PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS****B1 Review of Performance****Current Quarter Results (1QFY2025 vs. 1QFY2024)**

The Group's revenue for the current quarter decreased by 76%, falling to RM1.3 million from RM5.5 million reported a year ago. The substantial decrease was primarily attributed to lower sales of completed properties.

The net loss after tax for the current quarter improved, narrowing to RM5.7 million compared to a loss of RM6.5 million in the previous year corresponding quarter, driven by lower finance costs.

**B2 Material changes in the quarterly results compared with the immediate preceding quarter
(1QFY2025 vs 4QFY2024)**

	Current Quarter (1QFY2025) 30.06.2024 RM'000	Preceding Quarter (4QFY2024) 31.03.2024 RM'000	Changes	
			RM'000	%
Revenue	1,322	72,872	(71,550)	(98)
Loss from operations	(4,575)	(39,608)	(35,033)	(88)
Loss Before Interest and Tax	(4,569)	(39,608)	(35,039)	(88)
Loss Before Tax	(5,651)	(41,732)	(36,081)	(86)
Loss After Tax	(5,686)	(45,355)	(39,669)	(87)
Loss Attributable to Equity Holders of the Company	(5,686)	(45,355)	(39,669)	(87)

Total revenue decreased significantly by 98% quarter-on-quarter to RM1.3 million from RM72.9 million recorded in the immediate preceding quarter. This sharp decrease was mainly driven by the absence of the RM71.0 million in revenue that was generated from the Joint Development Agreement of Crown Penang in the immediate preceding quarter.

Net loss after tax for the current quarter narrowed to RM5.7 million compared to RM45.4 million recorded in the immediate preceding quarter. The substantial reduction in losses was primarily attributed to the write-down of certain inventories and impairments on financial instruments recognised in the immediate preceding quarter.

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
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LISTING REQUIREMENTS (Cont'd)****B3 Prospects for the financial year ending 31 March 2025**

Since the Company first announcement on 29 July 2022 as an affected listed issuer under Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”), the Company has been operating under various financial constraints with limited operating cashflow.

The company is actively engaged in evaluating and crafting a proposed regularisation plan for Bursa’s approval. Pending Bursa’s decision on the Company’s request for a further extension of time to submit the Regularisation Plan, the Company intends to pursue specific transactions to unlock cash and raise the required funds to pay down bank borrowings, as part of an effort to address its overall liabilities.

For the new financial year leading up to the establishment of regular income stream and the successful execution after Bursa’s approval and completion of the regularisation plan, the Board foresees a continued need for asset write-downs due to distress sales to generate funds to sustain operational activities.

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 / (income) of the Group are as follows:

	Individual Quarter		Cumulative Period	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Deferred tax - current	35	(242)	35	(242)
	35	(242)	35	(242)

The tax expenses for current quarter was due to reversal of deferred tax assets.

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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 23 August 2024, 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 RM150.00 million. The conditions precedent fulfillment period of the SPA has been extended until 15 December 2024, and the SPA remains conditional at the date of this report.
- b) 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) on 31 October 2017, to acquire leasehold land in Sitiawan, Perak, for RM133.86 million (“the Acquisition”). Due to encroachment issues involving an adjacent temple and underground water pipes, the completion period was delayed, and SPSB suspended further payments. On 9 June 2020, SPSB served notice to rescind the SPA, citing REMCO's failure to deliver vacant possession of the land.

Following the rescission, SPSB demanded a refund of RM42.67 million paid, along with liquidated damages of RM13.39 million. However, on 23 October 2020, REMCO appealed to revive the SPA, and both parties agreed to continue with the acquisition, pending the execution of a Second Supplemental Agreement (SSA).

Further details on the SSA developments can be found in section B8(a).

- c) 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 sum of RM15,000,000 (“Agreed Sum”). AHSB shall pay the Agreed Sum by 31 December 2024 (with automatic extension for a further three (3) months) or within 7 days from the completion date of the Sale and Purchase Agreement entered between AHSB and its buyer (“SPA”) to pay the Agreed Sum. As of the date of this report, the SPA has not been completed.
- d) On 21 November 2022, Ivory Residence Sdn. Bhd. (IRSB) terminated its Joint Development Agreements (Connaught JDA) with Grand Uptown Sdn. Bhd. (GUSB) for the development of a leasehold land in Cheras, Kuala Lumpur.
Pursuant to the Connaught JDA and the Letter of Award (“LA”) issued by GUSB to IRSB, IRSB had agreed to undertake construction on the project land in exchange for the Exchange Land on which IRSB and GUSB shall jointly developed thereafter, making payments totaling RM11.98 million to GUSB and incurring RM5.03 million in development expenses. The termination resulted from a Share Sale Agreement (SSA) signed on the same day, where GUSB’s shareholders agreed to sell their entire share capital to third parties.

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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 (*Cont'd*)

- d) Under the Deed of Termination (DOT), IRSB will receive RM68 million for construction work, reimbursement of development expenses, and the refund of payments made to GUSB. The termination of the JDAs is set to take effect upon the completion of the SSA, which is contingent on several factors, including the registration of the title under GUSB's name and the issuance of a certificate of practical completion for the Sewerage Treatment Plants. IRSB anticipates completing the project by the second quarter of 2025.
- e) On 10 January 2024, IGSB entered into a Sale and Purchase Agreement ("SPA") with Chin Hin Property (Penang) Sdn. Bhd. ("CHPP"), a wholly owned subsidiary of Chin Hin Group Property Berhad to dispose of a plot of freehold land measuring approximately 1.218 acres within an existing project known as Penang Times Square held under a master title known as Geran 172694, Lot 10024, Seksyen 10, Bandar George Town, Daerah Timur Laut, Pulau Pinang ("PTS4 Land") for a cash consideration of RM40,000,000, subject to the terms and conditions outlined in the SPA. As of the date of this report, the SPA remains conditional.
- f) On 10 January 2024, Ivory Gleneary Sdn Bhd ("IGSB"), a wholly-owned subsidiary of the Company, appointed Baker Tilly Insolvency PLT as the Scheme Advisor to assist in formulating a scheme of arrangement between IGSB and its scheme creditors in accordance with section 366 of the Companies Act 2016 to address the financial obligations of IGSB and to complete Penang Times Square Phase 3 ("PTS3"). IGSB has incurred potential liquidated ascertained damages ("LAD") to its purchasers resulting from the delay in completing PTS3. Following the Court order granted to conduct the Court Convened Meeting, IGSB has scheduled to hold the Court Convened Meeting on 20 September 2024.

B7 Borrowings and Debt Securities

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

	As at 30.06.2024 RM'000	As at 31.03.2024 RM'000
<i>Short Term Borrowings</i>		
Term loans and bridging loans	80,538	80,096
Bank overdraft	3,018	3,016
	<hr/> 83,556	<hr/> 83,112
Total	<hr/>83,556	<hr/>83,112

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

B8 Material Litigation (*Cont'd*)

a) 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.

Despite the Judge's numerous efforts to facilitate an amicable resolution by directing mediation sessions to address all outstanding issues, the sessions did not yield the expected results. The Court has fixed 28 November 2024 for hearing of the injunction application.

The solicitors believe that Conlay has no valid cause of action as Conlay is neither a party to nor privy to SPA, they assert that Conlay, as a stranger to the SPA cannot sue and certainly cannot be asking for specific performance or injunctive relief based on an agreement they are not part of. As such, the solicitors opine that Sunlink has a good case in defending the claims.

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

B8 Material Litigation (*Cont'd*)

b) Bank Islam Malaysia Berhad – High Court of Malaya at Kuala Lumpur (WA-22M-1855-12/2023 and WA-22M-1856-12/2023)

On 21 December 2023, Ivory Properties Group Berhad (“IPGB” or “2nd Defendant”) and its subsidiaries, Ivory Residence Sdn Bhd (“IRSB” or “1st Defendant”) and Ivory Gleneary Sdn Bhd (“IGSB” or “1st Defendant”) received two Writ of Summons and Statements of Claim dated 8 December 2023 in relation to legal action initiated by Bank Islam Malaysia Berhad (“BIMB” or the “Plaintiff”) which issued by the High Court of Malaya at Kuala Lumpur (“Statement of Claim and Writ of Summons” or “Legal Suit”).

The Company was named as the 2nd Defendant in its capacity as the corporate guarantor for the Business Cash Line-i Facility (“Facility”) granted by BIMB to IRSB and IGSB.

According to the Statement of Claim and Writ of Summons, the Plaintiff seeks:

- (i) A total sum of RM19,816,860.15 against IGSB and RM14,010,843.94 against IRSB both as of 29 November 2023 (“Claim”);
- (ii) Late compensation (ta’widh) at 1% per annum on RM19,720,373.71 for IGSB and RM13,936,015.93 for IRSB, will accrue from 30 November 2023 until the expiry date or the judgement date, whichever is earlier;
- (iii) Monthly profit based on the prevailing Islamic Interbank Money Market Rate until the entire claimed amount is settled;
- (iv) Cost; and
- (v) Other relief that the Court may deem just and fit.

The legal proceedings stem from the Plaintiff’s decision not to renew the Facility, prompting a demand for IGSB and IRSB to settle all outstanding amounts under the Facility. The Company, being a corporate guarantor to the Facility is jointly and severally liable for the Claim.

On 19 April 2024 the High Court of Penang has granted a restraining order (“RO”) and order to convene a Court Convened Meeting to IGSB.

On 7 May 2024, the Company and IRSB have applied to the High Court of Malaya at Pulau Pinang pursuant to Section 368A(1) of the Companies Act 2016 as amended by the Companies (Amendment) Act 2024 for a RO for a period of not more than the period of the RO granted to IGSB of three (3) months from 19 April 2024 or as may be directed by the court from the date of the Order to restrain all further proceedings in any proceeding against the Company and IRSB.

On 8 May 2024, the Court granted the Company and IRSB the RO pursuant to Section 368A(1) of the Act (as amended by the Companies (Amendment) Act 2024) for a period of three (3) months from 19 April 2024 to restrain all further proceedings in any proceeding against the Company and IRSB.

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

B8 Material Litigation (*Cont'd*)

b) Bank Islam Malaysia Berhad – High Court of Malaya at Kuala Lumpur (WA-22M-1855-12/2023 and WA-22M-1856-12/2023)

On 4 June 2024, IGSB, the Company and IRSB received a Notice of Application from BIMB's solicitors in relation to an application to the Court to intervene and set aside the RO granted to the Company, IGSB and IRSB.

On 11 July 2024, the Court has allowed BIMB's application to intervene and set aside the RO granted to IGSB but maintained the order for IGSB to conduct the court Convened Meeting.

On 15 July 2024, further to the Court's decision on 11 July 2024 to allow BIMB's application to intervene and set aside the RO granted to IGSB, the Court has also set aside the RO dated 8 May 2024 granted to IRSB and the Company.

On 21 August 2024, the Plaintiffs' application to amend the Statement of Defence and transfer the proceedings to the Penang High Court was allowed, with costs in the cause. However, the transfer is temporarily stayed pending the disposal of BIMB's Summary Judgment ("SJ") applications, which are scheduled for a hearing on 27 September 2024.

B9 Dividend

No interim ordinary dividend has been declared for the financial period ended 30 June 2024.

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/(loss) 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.

	Individual Quarter		Cumulative Period	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Loss attributable to owners of the Company	(5,686)	(6,477)	(5,686)	(6,477)
Weighted average number of ordinary shares in issue ('000)	490,080	490,080	490,080	490,080
Basic loss per share (sen)	(1.16)	(1.32)	(1.16)	(1.32)

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**UNAUDITED INTERIM FINANCIAL STATEMENTS
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LISTING REQUIREMENTS (Cont'd)****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 under review.

B11 Notes to the Statements of Comprehensive Income

	Individual Quarter		Cumulative Period	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Material expenses/(income)				
Depreciation on :				
- Property, plant and equipment	122	207	122	207
- Right-of-use assets	-	29	-	29
- Investment properties	78	78	78	78
Interest expense	1,101	2,695	1,101	2,695
Inventories written down	-	483	-	483
Interest income	(19)	(18)	(19)	(18)
Rental income	(478)	(379)	(478)	(379)

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

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 30 August 2024.

By order of the Board of Directors

Low Seow Wei (f) (MAICSA 7053500)

Yeow Sze Min (f) (MAICSA 7065735)

Company Secretaries