

Interim Financial Report

FIRST QUARTER
ENDED 30TH SEPTEMBER 2024

HALO

CENTRALIZED LABOUR QUARTERS (CLQ)

@ Klang Sentral



INTERIM FINANCIAL REPORT

FIRST QUARTER | ENDED 30TH SEPTEMBER 2024



TITIJAYA LAND BERHAD

Registration No. 201201024624 (1009114-M)

N-16-01, Penthouse, Level 16
First Subang, Jalan SS15/4G
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Tel : 603-8022 9999

Fax : 603-8022 9888

www.titijaya.com.my

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2024 TO 30.09.2024 RM'000	01.07.2023 TO 30.09.2023 RM'000	01.07.2024 TO 30.09.2024 RM'000	01.07.2023 TO 30.09.2023 RM'000
Revenue	40,040	85,791	40,040	85,791
Costs of sales	(30,267)	(67,534)	(30,267)	(67,534)
Gross Profit	9,773	18,257	9,773	18,257
Other Income	1,309	389	1,309	389
Selling and distribution expenses	(742)	(452)	(742)	(452)
Administrative expenses	(3,010)	(5,106)	(3,010)	(5,106)
Other expenses	(2,735)	(2,122)	(2,735)	(2,122)
Operating Profit	4,595	10,966	4,595	10,966
Finance income	783	268	783	268
Finance costs	(1,720)	(2,118)	(1,720)	(2,118)
Share of results of associates, net of tax	-	-	-	-
Profit before tax	3,658	9,116	3,658	9,116
Income tax expense	(1,334)	(4,140)	(1,334)	(4,140)
Net profit for the period	2,324	4,976	2,324	4,976
Other comprehensive income for the financial period	-	-	-	-
Total comprehensive income for the financial period	2,324	4,976	2,324	4,976
Profit attributable to:				
- Owners of the Company	2,028	1,534	2,028	1,534
- Non-controlling interests	296	3,442	296	3,442
	2,324	4,976	2,324	4,976
Profit per share (sen) attributable to owners of the Company				
- Basic ⁽²⁾	0.15	0.12	0.15	0.12
- Diluted ⁽³⁾	0.15	0.12	0.15	0.12

Notes:

(1) The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to these interim financial statements.

(2) Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (a)).

(3) Based on weighted average number of ordinary shares in issue (as detailed in Note B11 (b)).

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

	UNAUDITED	AUDITED
	As At	As At
	30.09.2024	30.06.2024
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	130,076	129,455
Inventories - Property held for development	1,286,015	1,284,281
Investment properties	236,312	225,086
Goodwill on consolidation	2,063	2,063
Trade receivables	23,269	23,269
Deferred tax assets	4,834	4,840
Total non-current assets	1,682,569	1,668,994
Current assets		
Inventories - Property under development	360,678	362,304
Inventories - Completed properties	48,925	53,190
Trade and other receivables	118,643	178,316
Contract assets	12,257	21,910
Contract costs	6,478	5,576
Current tax assets	17,077	16,133
Cash and short-term deposits	157,519	165,306
Total current assets	721,577	802,735
TOTAL ASSETS	2,404,146	2,471,729

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

	UNAUDITED As At 30.09.2024 RM'000	AUDITED As At 30.06.2024 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	790,019	790,019
Other reserves	(47,426)	(47,426)
Treasury Shares	(1,079)	(1,079)
Retained earnings	491,389	489,361
Equity attributable to equity holders of the Company	1,232,903	1,230,875
Non-controlling interests	90,727	90,431
Total equity	1,323,630	1,321,306
Non-current liabilities		
Trade and other payables	168,969	168,969
Loans and borrowings	221,498	201,113
Deferred tax liabilities	82,477	83,051
Total non-current liabilities	472,944	453,133
Current liabilities		
Trade and other payables	432,134	484,520
Contract liabilities	106,464	106,760
Loans and borrowings	67,958	104,673
Current tax liabilities	1,016	1,337
Total current liabilities	607,572	697,290
Total liabilities	1,080,516	1,150,423
TOTAL EQUITY AND LIABILITIES	2,404,146	2,471,729
Net assets per share attributable to owners of the Company (RM)	0.92⁽¹⁾	0.92

Notes:

(1) The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024 and the accompanying explanatory notes attached to these interim financial statements.

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

	Share Capital RM'000	Treasury Shares RM'000	Reserve arising from Reverse Acquisition RM'000	Retained Earnings RM'000	Sub-total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
Group							
As at 30 June 2023	844,604	(27,897)	(47,426)	433,747	1,203,028	89,258	1,292,286
Cancellation of treasury shares during the year	(54,585)	27,462	-	27,123	-	-	-
Changes in ownership interests of subsidiaries	-	-	-	4,378	4,378	(4,948)	(570)
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	-	-	59	59
Step acquisition from associate to subsidiary	-	-	-	-	-	9,022	9,022
Changes in financial liabilities of a subsidiary	-	-	-	-	-	(6,314)	(6,314)
Purchase of treasury shares during the year	-	(644)	-	-	(644)	-	(644)
Profit for the financial year, representing comprehensive income	-	-	-	24,113	24,113	3,354	27,467
Balance at 30 June 2024	790,019	(1,079)	(47,426)	489,361	1,230,875	90,431	1,321,306
Profit for the financial period, representing comprehensive income	-	-	-	2,028	2,028	296	2,324
Balance at 30 September 2024	790,019	(1,079)	(47,426)	491,389	1,232,903	90,727	1,323,630

Notes:

(1) The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2024 and the accompanying explanatory notes attached to these interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD 30 SEPTEMBER 2024
(UNAUDITED) ⁽¹⁾**

	01.07.2024 TO 30.09.2024 RM'000	01.07.2023 TO 30.09.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	3,658	9,116
Adjustments for:		
Non cash item	2,368	2,003
Operating Profit Before Working Capital Changes	<u>6,026</u>	<u>11,119</u>
Net changes in working capital		
Inventories - property under development and held for development	(107)	1,298
Inventories - completed properties	4,266	29,352
Contract liabilities	(296)	(8,442)
Receivables and others	68,423	11,321
Payables	(52,388)	(20,457)
Net Cash Generated from Operations	<u>25,924</u>	<u>24,191</u>
Net tax refund/(paid)	(3,166)	16,503
Net Operating Cash Flows	<u>22,758</u>	<u>40,694</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,164)	(175)
Interest received	783	268
Investment properties costs incurred	(12,115)	(13,861)
Acquisition of subsidiaries	-	31
Net Investing Cash Flows	<u>(12,496)</u>	<u>(13,737)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Changes in hire purchase payables	(235)	(77)
Changes in bank borrowings	(16,094)	(1,028)
Interest paid	(1,720)	(2,118)
Withdrawal/(Placement) of fixed deposits	(2,763)	6,940
Net Financing Cash Flows	<u>(20,812)</u>	<u>3,717</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL PERIOD 30 SEPTEMBER 2024
(UNAUDITED) (CONTINUED) ⁽¹⁾**

	01.07.2024 TO 30.09.2024 RM'000	01.07.2023 TO 30.09.2023 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,550)	30,674
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	150,957	160,943
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>140,407</u>	<u>191,617</u>
Cash and cash equivalents at end of financial period comprises :		
Cash and bank balances	145,694	211,617
Short term deposits	11,825	12,058
Islamic commercial paper	-	(20,000)
	<u>157,519</u>	<u>203,675</u>
Less: Fixed deposit pledged to licensed banks	(16,517)	(12,058)
Less: Deposits with maturity more than 3 months	(595)	-
	<u>140,407</u>	<u>191,617</u>

Notes:

(1) *The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2024 and the accompanying explanatory notes attached to these interim financial statements*

A EXPLANATORY NOTES

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board, and paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 June 2024 and the explanatory notes attached therein.

These explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2024.

A2. Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the financial year ended 30 June 2024.

The Group has also adopted the following new standard/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2024:

- Amendments to MFRS 7 Financial Instruments: Disclosures
- Amendments to MFRS 16 Leases
- Amendments to MFRS 101 Presentation of Financial Statements
- Amendments to MFRS 107 Statement of Cash Flows

The adoption of the new MFRSs, amendments to MFRSs and IC Interpretations did not have any material impact on the financial position and results of the Group.

A3. Auditors’ Report on Preceding Annual Financial Statements

There was no audit qualification reported in the Auditors’ Report on the financial statements for the financial year ended 30 June 2024.

A4. Seasonality or Cyclicity of Operations

The Group’s operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no significant items affecting the assets, liabilities, equity, net income or cash flows for the current financial period-to-date.

A6. Changes in Estimates

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

A7. Debt and Equity Securities

There was no issuance, cancellation, share buyback, resale or repayment of debt and equity securities during the current financial period under review.

There was no repurchase of the Company’s issued ordinary shares, nor any resale or distribution of treasury shares during the quarter under review.

As at 30 September 2024, the Company held a total of 4,321,400 or RM 1,079,332.50 treasury shares at average price of RM 0.2498 per share.

A EXPLANATORY NOTES (CONTINUED)**A8. Dividend Paid**

There was no dividend paid in the current quarter under review.

A9. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward, without amendment from the previous audited financial statements.

A10. Material Events subsequent to the End of the Interim Year

There were no material events subsequent to the end of the financial year reported that have not been reflected in the financial statement.

A11. Changes in Composition of the Group

There were no changes in the Composition of the Group under the quarter review

A12. Changes in Contingent Liabilities and Contingent Assets**Contingent Liabilities**

	As At 30.09.2024 RM'000	As At 30.06.2024 RM'000
Corporate guarantees for credit facilities granted to subsidiaries	261,009	234,389

Contingent Assets

The Group does not have any material contingent assets to be disclosed as at 30 June 2024.

A13. Significant Related Party Transactions

There was no significant related party transaction in the current quarter under review.

A EXPLANATORY NOTES (CONTINUED)**A14. Segmental Information**

The segmental analysis for the financial period ended 30 September 2024 was as follows.

Analysis by Operating Divisions:-

	Property Development RM'000	Hospitality, Investment Holding & others RM'000	Total RM'000
Segment profit	5,832	(2,174)	3,658
Included in the measure of segment profit are:-			
Revenue from external customers	36,001	4,039	40,040
Inter-segment revenue	1,206	378	1,584
Elimination	(1,206)	(378)	(1,584)
Total revenue	36,001	4,039	40,040
Finance income	754	29	783
Finance costs	(1,186)	(534)	(1,720)
Not included on the measure of segment profit but provided to the Management :-			
Tax expense	(1,969)	635	(1,334)
Segment assets	2,043,907	360,239	2,404,146
Segment liabilities	1,620,602	(540,086)	1,080,516

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Group Performance

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023
	RM'000	RM'000	RM'000	RM'000
Revenue				
Property Development	36,001	85,704	36,001	85,704
Other Operations	4,039	87	4,039	87
	40,040	85,791	40,040	85,791
Profit / (Loss) before tax				
Property Development	11,032	15,276	5,832	15,276
Other Operations	(7,374)	(6,160)	(2,174)	(6,160)
	3,658	9,116	3,658	9,116

Performance of the first quarter against the same quarter in the preceding year (Q1 FY2025 vs Q1 FY2024)

(a) Property Development

The Group's recorded revenue of RM36 million for the current quarter which is significant decreased by 58% or RM49.7 million as compared to the revenue of RM85.7 million registered in the previous year's corresponding quarter mainly due to completed projects approximately more than 95% sold out in overall and new project development at initial stage and it is mainly attributable by the sales of completion properties namely Neu Suites @ Off Jalan Ampang and on-going projects namely The Riv @ KL Sentral and The Shore @ Kota Kinabalu. Revenue in current quarter mainly attributable by the on-going projects namely Seiring @ Bukit Subang, Zone Innovation Park 2 @ Klang and Dahlia & Daniel @ Klang.

In tandem with the lower revenue generated from respective projects, this has resulted in a lower profit before tax compared to the preceding quarter.

(b) Hospitality & Other Operations

Revenue was primarily generated by the hotel at Citadines Waterfront @ Kota Kinabalu. The hotel began its operations in February 2024 and has been generating revenue since then, resulting in a significant increase in revenue during the quarter. Meanwhile, the losses before tax were primarily due to operating expenses, staff payroll, and staff-related costs.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)

B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

	INDIVIDUAL QUARTER		CHANGES
	01.07.2024 TO 30.09.2024	01.04.2024 TO 30.06.2024	
	RM'000	RM'000	RM'000
Revenue	40,040	55,805	(15,765)
Gross Profit	9,773	13,281	(3,508)
Profit before interest and tax	4,595	7,202	(2,607)
Profit before tax	3,658	6,452	(2,794)
Profit after tax	2,324	2,589	(265)
Profit attributable to owners of the Company	2,028	4,603	(2,575)

New project developments in the initial stages, namely Zone Innovation Park 2 @ Klang and Dahlia & Daniel @ Klang, contributed lower revenue in the current quarter compared to the preceding quarter. In tandem with the lower revenue, the Group's performance declined slightly.

B3. Prospects and progress on previously announced financial estimate

(a) Prospects

Malaysia's economic environment is expected to remain challenging due to growing concerns over a slowdown in global demand, inflationary pressures, the rollback of subsidies, and geopolitical tensions.

In light of these factors, the Group will continue to be prudent in its operations, implement measures to mitigate risks, closely monitor both local and global developments, and maintain a strong focus on cost management and improving efficiency across its business operations and continues to strategically assess and seek new opportunities.

Given the above, the Group expects its financial performance to remain demanding for the financial year ending 30 June 2025, as new project developments are still in the initial stages. However, the Group is generating recurrent income from the newly built Citadines Waterfront Kota Kinabalu in Kota Kinabalu, Sabah, which is expected to be fully operational by the end of the financial year. Additionally, the logistics facility in Bayan Lepas Waterfront, Pulau Pinang, is anticipated to provide an average of approximately RM18.5 million in gross rental income per year once the lease commences.

(b) Progress and steps to achieve financial estimate, forecast, projection and internal targets

There was no financial estimate previously announced by the Group.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B4. Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced**

Not applicable.

B5. Financial estimate, forecast or projection

No profit forecast has been issued by the Group previously in any public document.

B6. Dividend

The Board of Directors does not recommend any interim dividend for the current financial period 30 September 2024.

B7. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income

The profit before tax has been arrived at after charging / (crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of property, plant and equipment	543	142	543	142
Depreciation of investment properties	889	26	889	26
Directors' remuneration	466	360	466	360
Interest expenses	1,720	2,118	1,720	2,118
Expenses relating to low value assets	-	20	-	20
Staff costs	2,096	1,915	2,096	1,915
Unwinding of discount on payables	-	279	-	279
After crediting:				
Interest income on short-term deposits	(626)	(779)	(626)	(779)
Other interest income	(157)	511	(157)	511
Rental income	(600)	(516)	(600)	(516)

There is no exception item for the current financial quarter under review.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B8. Income tax expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023
	RM'000	RM'000	RM'000	RM'000
Current tax expense	2,278	4,594	2,278	4,594
Deferred taxation	(154)	(454)	(154)	(454)
Real property gain tax	(790)	-	(790)	-
	1,334	4,140	1,334	4,140

The Group's effective tax rate for the current financial period is higher than the statutory tax rate of 24% by the Inland Revenue Board mainly due to certain expenses are not tax deductible and non-recognition of deferred tax on tax losses.

B9. Status of Corporate Proposal

There were no material transactions or events subsequent to the current quarter ended 30 September until 22 November 2024 (the latest practicable date which is not earlier than 7 calendar days from the date of issue of this quarterly report).

B10. Group Loans and Borrowings and Debt Securities

The Group's total loans and borrowings and debt securities as were as follows:-

	30.09.2024 RM'000	30.06.2024 RM'000
Non-current:		
Bank borrowings	220,546	200,140
Finance lease liabilities	952	973
	<u>221,498</u>	<u>201,113</u>
Current:		
Bank borrowings	67,749	104,249
Finance lease liabilities	209	424
	<u>67,958</u>	<u>104,673</u>
Total loans and borrowings	<u>289,456</u>	<u>305,786</u>

All borrowings were denominated in Ringgit Malaysia.

B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)**B11. Earnings per Share**

Basic Earnings Per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023	01.07.2024 TO 30.09.2024	01.07.2023 TO 30.09.2023
Profit attributable to owners of the company (RM'000)	2,028	1,534	2,028	1,534
Weighted average number of ordinary shares in issue ('000)	1,334,301	1,309,262	1,335,342	1,321,644
Basic earning per share (sen)	0.15	0.12	0.15	0.12

Diluted earnings per ordinary share is not applicable as the Company does not have any convertible instruments.