



RADIUM DEVELOPMENT BERHAD

Registration No.: 201301009006 (1038848-V)

INTERIM FINANCIAL REPORT

FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	Note	Unaudited As at 30.9.2024 RM'000	Audited As at 31.12.2023 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		43,642	41,704
Investment properties		86,474	83,000
Right-of-use assets		1,531	951
Goodwill		1,701	1,600
Other investment		10,584	10,584
Deferred tax assets		7,755	5,892
Trade and other receivables		10,351	10,351
		<u>162,038</u>	<u>154,082</u>
Current Assets			
Inventories		342,035	270,467
Current tax assets		12,893	13,990
Trade and other receivables		86,031	107,302
Contract cost		17,478	13,698
Contract asset		30,988	6,336
Short-term investments		103,964	151,376
Cash and short-term deposits		133,079	199,671
		<u>726,468</u>	<u>762,840</u>
TOTAL ASSETS		<u>888,506</u>	<u>916,922</u>
EQUITY AND LIABILITIES			
Share capital		465,943	465,943
Retained earnings		294,895	322,327
Equity attributable to owners of the Company		<u>760,838</u>	<u>788,270</u>
Non-controlling interests		5,949	4,316
Total Equity		<u>766,787</u>	<u>792,586</u>
Non-Current Liabilities			
Loans and borrowings	B7	29,492	23,647
Lease liabilities		791	407
Deferred tax liabilities		60	60
		<u>30,343</u>	<u>24,114</u>
Current Liabilities			
Loans and borrowings	B7	4,321	15,829
Lease liabilities		763	579
Current tax liabilities		1,620	674
Trade and other payables		84,672	83,140
		<u>91,376</u>	<u>100,222</u>
Total Liabilities		<u>121,719</u>	<u>124,336</u>
TOTAL EQUITY AND LIABILITIES		<u>888,506</u>	<u>916,922</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.22</u>	<u>0.23</u>
Number of outstanding ordinary shares in issue ('000)		<u>3,468,000</u>	<u>3,468,000</u>

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024**

	Note	Current quarter ended 30.9.2024 RM'000	Comparative quarter ended 30.9.2023 RM'000	Current period to date ended 30.9.2024 RM'000	Preceding period to date ended 30.9.2023 RM'000
Revenue	A12	48,454	46,782	106,617	99,992
Cost of sales		(35,830)	(36,409)	(74,375)	(65,021)
Gross profit		12,624	10,373	32,242	34,971
Other income		4,238	2,713	9,318	4,329
Marketing expenses		(3,634)	(3,544)	(10,140)	(12,614)
Administrative expenses		(3,827)	(3,998)	(12,331)	(12,711)
Other operating expenses		(71)	(6,049)	(73)	(6,049)
Profit/(Loss) from operations		9,330	(505)	19,016	7,926
Finance costs		(1,601)	(1,022)	(3,642)	(3,895)
Profit/(Loss) before taxation		7,729	(1,527)	15,374	4,031
Taxation	B4	(2,113)	4,575	(6,493)	3,593
Profit for the period, representing total comprehensive income for the period		5,616	3,048	8,881	7,624
Profit/(Loss) / Total comprehensive income/(loss) attributable to:					
Owners of the Company		4,814	3,764	7,248	9,269
Non-controlling interests		802	(716)	1,633	(1,645)
		5,616	3,048	8,881	7,624
Basic earnings per share attributable to owners of the Company (sen)	B10	0.14	0.11	0.21	0.31

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024**

	<u>Attributable To Owners Of The Company</u>			Non- controlling interests	Total equity
	Share capital	Retained earnings	Total		
Note	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	465,943	322,327	788,270	4,316	792,586
Profit after tax / Total comprehensive income	-	7,248	7,248	1,633	8,881
Transaction with owners of the Company					
Dividend paid to owners of the Company, representing total transactions with owners	A7	(34,680)	(34,680)	-	(34,680)
As at 30 September 2024	465,943	294,895	760,838	5,949	766,787
As at 1 January 2023	42,400	340,208	382,608	3,252	385,860
Profit/(Loss) after tax / Total comprehensive income/(loss)	-	9,269	9,269	(1,645)	7,624
Transaction with owners of the Company					
Issuance of shares pursuant to Initial Public Offering		-	434,000	-	434,000
Share issuances expenses		-	(10,457)	-	(10,457)
Dividend paid to owners of the Company	A7	(34,680)	(34,680)	-	(34,680)
Total transactions with owners		(34,680)	388,863	-	388,863
As at 30 September 2023	465,943	314,797	780,740	1,607	782,347

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024**

	Current period to date ended 30.9.2024	Preceding period to date ended 30.9.2023
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	15,374	4,031
Adjustments for:		
Depreciation of property, plant and equipment	1,243	1,124
Depreciation of right-of-use assets	590	934
Fair value gain of short-term investments	(3,254)	(921)
Finance costs	3,642	3,895
Interest income	(3,843)	(3,161)
Gain on disposal of short-term investments	(220)	-
Write-off of:		
- deposit	48	-
- plant and equipment	2	-
Operating profit before changes in working capital	13,582	5,901
Changes in working capital:		
Inventories	(74,791)	(73,904)
Trade and other receivables	21,238	802
Contract assets	(24,652)	(32,448)
Contract cost	(3,780)	(8,687)
Trade and other payables	1,415	(20,724)
Net cash used in operations	(66,988)	(129,060)
Interest received	3,843	3,161
Interest paid	(4)	(568)
Income tax paid	(7,995)	(25,785)
Income tax refunded	1,682	-
Net cash used in operating activities	(69,462)	(152,252)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	1	-
Changes in pledged deposits	3,044	(2,861)
Uplift/(investment) in short-term investments	50,886	(119,298)
Purchase of property, plant and equipment	(3,183)	(5,484)
Purchase of property, plant and equipment	(251)	-
Net cash from/(used in) investing activities	50,497	(127,643)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)**

	Current period to date ended 30.9.2024	Preceding period to date ended 30.9.2023
	RM'000	RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(34,680)	(34,680)
Proceeds from issuance of shares	-	434,000
Payment of share issuance expenses	-	(10,457)
Payment of lease liabilities	(644)	(994)
Drawdown of term loans	1,788	40,655
Repayment of term loans	(17,148)	(64,895)
Drawdown of bridging loans	65,198	-
Repayment of bridging loans	(55,462)	-
Revolving credit - net of repayment	-	(15,000)
Repayment of hire purchase payables	(80)	(76)
Interest paid	(3,596)	(3,289)
Net cash (used in)/from financing activities	(44,624)	345,264
Net (decrease)/increase in cash and cash equivalents	(63,589)	65,369
Cash and cash equivalents at beginning of the financial period	192,256	95,829
Cash and cash equivalents at end of the financial period	128,667	161,198
Cash and cash equivalents comprised of:		
Cash and bank balances	119,553	162,145
Short-term deposits	13,526	12,008
Bank overdraft	(41)	(947)
	133,038	173,206
Less: Pledged deposits	(4,371)	(12,008)
	128,667	161,198

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 -Interim Financial Reporting

A1. Basis of preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with MFRS 134 - *Interim Financial Reporting* and paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes to the interim financial report.

A2. Significant accounting policies

The significant accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the Audited Financial Statements for the year ended 31 December 2023, except for the adoption of the following new accounting standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB"):

(a) MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards and amendments of the MFRS framework issued by the MASB are mandatory for the first time for the current financial period:

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the abovementioned accounting standards and amendments are not expected to have any material impact on the financial statements of the Group.

(b) Amendments to MFRSs not adopted

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

A2. Significant accounting policies (Cont'd)

(b) Amendments to MFRSs not adopted (Cont'd)

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7 *Financial Instruments: Disclosures*
 - Amendments to MFRS 9 *Financial Instruments*
 - Amendments to MFRS 10 *Consolidated Financial Statements*
 - Amendments to MFRS 107 *Statement of Cash Flows*

MFRSs effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Amendments to MFRSs effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Group when they become effective and the Directors anticipate that the adoption of these Amendments to MFRS will have no material impact on the financial statements of the Group in the period of initial application.

A3. Seasonal or cyclical factors

The business operations of the Group were not materially affected by seasonal or cyclical factors during the current quarter and financial period to date under review.

A4. Unusual items due to their nature, size or incidence

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

A5. Changes in estimates

There were no material changes in estimates of the amounts reported during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

A6. Changes in debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter and financial period to date under review.

A7. Dividend paid

The first single-tier interim dividend in respect of the financial year ending 31 December 2024 of 1.0 sen per ordinary share, amounting to RM34.7 million was paid on 19 April 2024.

A8. Segmental Information

For management purposes, the Group is organised into business units based on their products and services. The Group's reportable segments are as follows:

(a) Property development and investment

- Development and sales of residential properties.
- Letting of property.

(b) Investment holdings and others

- Investment activities, provision of management services, provision of information technology related services and hotel business (dormant).

The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances.

	Property development and investment RM'000	Investment holdings and others RM'000	Total RM'000
<u>Current year to date ended 30 September 2024</u>			
Revenue			
Total revenue	106,617	11,312	117,929
- Inter-segment revenue	-	(11,312)	(11,312)
Revenue from external parties	<u>106,617</u>	<u>-</u>	<u>106,617</u>
Results			
Segment profit/(loss)	19,231	(3,857)	15,374
- Inter-segment elimination	(16,625)	16,625	-
Profit before taxation	<u>2,606</u>	<u>12,768</u>	<u>15,374</u>
Taxation	(3,297)	(3,196)	(6,493)
Net (loss)/profit for the financial period	<u>(691)</u>	<u>9,572</u>	<u>8,881</u>

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

A8. Segmental Information (Cont'd)

	Property development and investment RM'000	Investment holdings and others RM'000	Total RM'000
<u>Preceding year to date ended 30 September 2023</u>			
Revenue			
Total revenue	99,992	27,774	127,766
- Inter-segment revenue	-	(27,774)	(27,774)
Revenue from external parties	99,992	-	99,992
Results			
Segment profit/(loss)	14,525	(10,494)	4,031
- Inter-segment elimination	(19,406)	19,406	-
(Loss)/Profit before taxation	(4,881)	8,912	4,031
Taxation	(499)	4,092	3,593
Net (loss)/profit for the financial period	(5,380)	13,004	7,624
<u>As at 30 September 2024</u>			
Assets			
Segment assets	669,884	197,974	867,858
Deferred tax assets and current tax assets	19,508	1,140	20,648
Total assets	689,392	199,114	888,506
Liabilities			
Segment liabilities	117,985	2,054	120,039
Deferred tax liabilities and current tax liabilities	64	1,616	1,680
Total liabilities	118,049	3,670	121,719
<u>As at 31 December 2023</u>			
Assets			
Segment assets	630,495	266,545	897,040
Deferred tax assets and current tax assets	18,742	1,140	19,882
Total assets	649,237	267,685	916,922
Liabilities			
Segment liabilities	122,296	1,306	123,602
Deferred tax liabilities and current tax liabilities	263	471	734
Total liabilities	122,559	1,777	124,336

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

A9. Subsequent Events

There were no significant events subsequent to the end of the financial period to date under review.

A10. Changes in the Composition of the Group

Save as disclosed below, there were no changes in the composition of the Group during the current quarter and financial period to date under review.

(a) Acquisition of Radium J Velodrome Sdn. Bhd. (formerly known as GI Citarasa Sdn. Bhd.) ("Radium J Velodrome")

On 7 August 2024, Montanica Development Sdn. Bhd. ("Montanica Development"), a wholly-owned subsidiary of the Company, had acquired 1 ordinary share representing 100% equity interest of Radium J Velodrome for a total cash consideration of RM1. Consequently, Radium J Velodrome became the indirect wholly-owned subsidiary of the Company through Montanica Development.

(b) Acquisition of A Famosa Specialist Hospital (Malacca) Sdn. Bhd. ("A Famosa")

On 15 August 2024, Central Experts Sdn. Bhd. ("Central Experts"), a wholly-owned subsidiary of the Company, had acquired 2,500 ordinary shares representing 100% equity interest of A Famosa for a total cash consideration of RM2,500. Consequently, A Famosa became the indirect wholly-owned subsidiary of the Company through Central Experts.

A11. Fair value measurement

(a) Financial instruments that are carried at fair value

Financial assets at Fair Value Through Profit or Loss are measured at different measurement hierarchies (i.e. Levels 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets

The Group does not have any financial instruments measured at Level 1 as at 30 September 2024 and 31 December 2023.

(ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the assets, either directly (prices) or indirectly (derived from prices)

The Group does not have any financial instruments measured at Level 2 as at 30 September 2024 and 31 December 2023.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

A11. Fair value measurement (Cont'd)

(a) Financial instruments that are carried at fair value (Cont'd)

(iii) Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs)

	As at 30.9.2024 RM'000	As at 31.12.2023 RM'000
Level 3		
Non-financial assets		
- Investment property	83,000	83,000
Financial assets		
- Unquoted share	10,584	10,584
- Short-term investments	103,964	151,376
	<u>197,548</u>	<u>244,960</u>

(b) Financial instruments that are not carried at fair value

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximations of fair values.

A12. Revenue

	Current period to date ended 30.9.2024 RM'000	Preceding period to date ended 30.9.2023 RM'000
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Disaggregation of the Group's revenue from contracts with customers:

Timing of revenue recognition		
- over time	106,617	90,250
- at point in time	-	9,742
	<u>106,617</u>	<u>99,992</u>

A13. Commitments

There were no material capital commitments during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

A14. Related Party Transactions

The significant related party transactions as at current quarter and financial period to date were summarised as below:

Related parties	Nature of transactions	Current quarter ended 30.9.2024 RM'000	Current period to date ended 30.9.2024 RM'000
Alfa Sutramas Sdn. Bhd.	Interest income	327	973
Southern Score Sdn. Bhd.	Provision of main construction management services	-	(974)
Megan Projek Sdn. Bhd.	Rental expenses	(137)	(467)

A15. Changes in Contingent Liabilities and Assets

There were no material contingent liabilities or assets during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

Part B - Explanatory Notes Pursuant to Part A of Appendix 9B of The Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

The comparison of the quarterly results is tabulated below:

Table 1: Financial review for current quarter and financial period to date

	Current quarter ended 30.9.2024 RM'000	Comparative quarter ended 30.9.2023 RM'000	Changes %	Current period to date ended 30.9.2024 RM'000	Preceding period to date ended 30.9.2023 RM'000	Changes %
Revenue	48,454	46,782	4	106,617	99,992	7
Gross Profit	12,624	10,373	22	32,242	34,971	(8)
Profit/(Loss) Before Tax ("PBT/(LBT)")	7,729	(1,527)	606	15,374	4,031	281

For the current quarter under review ("3QFY2024"), the Group registered revenue of RM48.5 million, gross profit of RM12.6 million, and PBT of RM7.7 million, compared to revenue of RM46.8 million, gross profit of RM10.4 million, and LBT of RM1.5 million in the comparative quarter ("3QFY2023"), representing an increase of RM1.7 million or 4% in revenue, an increase of RM1.7 million or 22% in gross profit, and significant increase of RM9.2 million or 606% in PBT. The Group revenue in 3QFY2024 was primarily driven by our ongoing projects, namely the Suite Canselor and Residensi Desa Timur projects. Meanwhile, revenue in 3QFY2023 was mainly contributed by the Residensi Vista Sentul project, which was then in its final stage of construction. The improved performance in 3QFY2024 was mainly contributed by our ongoing projects, namely the Suite Canselor and Residensi Desa Timur projects, and the absence of a one-off restitution cost of RM6.0 million incurred in 3QFY2023.

For the current period to date under review ("9MFY2024"), the Group registered revenue of RM106.6 million, gross profit of RM32.2 million, and PBT of RM15.4 million, compared to revenue of RM100.0 million, gross profit of RM35.0 million, and PBT of RM4.0 million in the preceding period to date ("9MFY2023"), representing an increase of RM6.6 million or 7% in revenue, a decrease of RM6.6 million or 8% in gross profit, and an increase of RM11.4 million or 281% in PBT. The improved performance in 9MFY2024 was mainly attributed to the absence of a one-off restitution cost of RM6.0 million incurred in 9MFY2023 and higher fair value ("FV") gain on short-term cash investments of RM2.3 million. The higher FV gain on short-term cash investments in 9MFY2024 was primarily due to the cumulative unrealised FV gain that accrued since July 2023. In contrast, the FV gain on short-term cash investments in 9MFY2023 reflected only a cumulative 3-month period, whereas 9MFY2024 reflects a cumulative 9-month period. Additionally, the marketing expenses decreased from RM12.6 million in 9MFY2023 to RM10.1 million in 9MFY2024. The decrease in marketing expenses was mainly due to better cost control on marketing related expenses in the Group.

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Current quarter ended 30.9.2024 RM'000	Immediate preceding quarter ended 30.6.2024 RM'000	Changes %
Revenue	48,454	30,631	58
Gross Profit	12,624	9,875	28
PBT	7,729	3,724	108

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B1. Review of Performance (Cont'd)

The Group registered revenue of RM48.5 million, gross profit of RM12.6 million, and PBT of RM7.7 million in 3QFY2024, compared with revenue of RM30.6 million, gross profit of RM9.9 million, and PBT of RM3.7 million in the immediate preceding quarter ("2QFY2024"), representing an increase of RM17.9 million or 58% in revenue, an increase of RM2.7 million or 28% in gross profit, and an increase of RM4.0 million or 108% in PBT.

During the current quarter under review, the performance was mainly driven by its on-going projects, namely the Suite Canselor and Residensi Desa Timur projects. Both projects commenced their respective main building works at the beginning of the current financial year, which has contributed significantly to the Group's revenue stream.

B2. Group's Prospect

Prospects for the year 2024

Malaysia's GDP in 2024 is expected to grow by 4.8% to 5.3%, higher than the previous estimates of 4% to 5%. The economy is projected to grow by 4.5% to 5.5% in 2025 with the measures and strategies in the recently announced Budget 2025.

First-time home buyers will enjoy a boost following a tax relief of up to RM7,000 per year, in 3 consecutive years of assessment starting from 2025, on housing loan interest payment for purchasing residential properties priced up to RM750,000.

The Group's key contributors for the performance for 2024 are Residensi Wilayah component and Suit Apartment component of Residensi Desa Timur which were launched last year, with an estimated combined gross development value of approximately RM1 billion. Meanwhile, the Group has recently launched Radium Arena, a new high-rise residential project in Old Klang Road, and intends to unveil a joint venture development in Mukim Batu in the second half of 2025.

In response to the evolving property development landscape, the Group is actively pursuing opportunities to expand its landbank and explore joint ventures to meet the growing demand for residential properties. The Group is also identifying land banks with development consents to bolster land banking needs while continuing to explore new property-related business venture opportunities with recurring income for the Group's diversification of business and revenue streams.

The Group is cautiously optimistic that the financial performance of the year 2024 to be satisfactory despite challenging economic situations, e.g. the volatility in interest rate, global political uncertainty and fluctuations in the prices of the building materials etc. which may have adverse effect on our business operations, financial position and performance.

B3. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Company did not issue any profit forecast or profit guarantee during the current quarter and financial period to date under review.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B4. Tax expense

	Current quarter ended 30.9.2024 RM'000	Current period to date ended 30.9.2024 RM'000
Current period provision	3,057	8,277
Under provision in prior year	79	79
	<u>3,136</u>	<u>8,356</u>
Deferred taxation	(1,023)	(1,863)
	<u>2,113</u>	<u>6,493</u>

The effective tax rate for the current quarter and current period to date is higher than the statutory tax rate of 24% mainly due to non-deductibility of certain expenses and losses in certain subsidiaries that are not available to offset against taxable profits in other subsidiaries within the Group.

Taxation is computed after taking into consideration the available capital allowances and the adjusted business losses carried forward from previous years to set off against taxable profit.

B5. Status of corporate proposals

(a) Joint Venture Arrangement (“JVA”) with Kadar Jutajaya Sdn. Bhd.

On 20 September 2022, Rasa Wangi Development Sdn. Bhd. (“RWDSB”), a wholly-owned subsidiary of the Company, as the developer, entered into a JVA with Kadar Jutajaya Sdn. Bhd. (“KJSB”), as the landowner, to jointly develop for a proposed development consisting inter alia 404 units of Residensi Wilayah and 932 units of condominium (“Project”) on a piece of leasehold land held under HSD No.123036, No. Lot: PT50316, Negeri Wilayah Persekutuan Kuala Lumpur, Daerah Kuala Lumpur, Mukim Batu measuring approximately 21,505 square metres (“Land”). Pursuant to the JVA, the landowner grants unto the developer the exclusive right to carry out and implement the development on the Land, and the landowner shall be entitled, subject to the terms and conditions of the JVA, to receive the landowner's entitlement of 23% of the profit after tax of the developer for the Project, and in the event there are any unsold units upon the delivery of vacant possession of the Project, the developer shall at its discretion decide on the composition of the landowner's entitlement, that is, either fully in cash or a combination of cash and unsold units (based on the selling price as determined by the developer) or an amount of RM32,000,000 whichever the higher.

On 20 September 2023, both KJSB and RWDSB (“the Parties”) have agreed to extend the period for fulfilment of Condition Precedent for a further twelve (12) months commencing from 20 September 2023 to 19 September 2024 free of interest (“First Extension of Time”).

In furtherance thereto, KJSB and RWDSB had entered into the Supplemental Agreement on 20 September 2023 to document the Parties' option for further extension of time upon expiry of the First Extension of Time and involvement of KJSB (being the landowner) in project committee in relation to the said Project.

On 20 September 2024, the Parties have agreed to further extend the period for fulfilment of Condition Precedent for a further twelve (12) months commencing from 20 September 2024 to 19 September 2025 (“Second Extension of Time”), subject to interest of ten percent (10%) per annum calculated on daily basis based on the unpaid landowner's entitlement.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B5. Status of corporate proposals (Cont'd)

(b) Joint Development with N&M Cahaya Sdn. Bhd.

On 6 February 2023, the Company issued a letter of intent (“LOI”) to N&M Cahaya Sdn. Bhd. (“N&M Cahaya”) to jointly develop the piece of land held under H.S.(D) 123157, PT 50174, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 40,467 square meter (“Land”) by subscribing for three hundred thousand (300,000) ordinary shares in N&M Cahaya such that the Company will hold seventy-five per centum (75%) of the enlarged issued share capital of N&M Cahaya (“Subscription Shares”) on a fully diluted basis as at the date such shares are subscribed with the Subscription Amount of RM26,715,000 or a price based on valuation to be conducted on the Land by the appointed valuer, whichever lower. Notwithstanding the valuation of the Land, the Subscription Amount shall not be more than RM26,715,000. The LOI was accepted by N&M Cahaya on 10 February 2023 and the execution of Shares Subscription Agreement and Shareholders Agreement (collectively referred to as “Definitive Agreement”) shall occur within thirty (30) days after all the Conditions Precedents are fulfilled within stipulated period or extended period as mutually agreed by the parties.

On 4 August 2023, both the Company and N&M Cahaya are agreeable to extend the period for fulfilment of Conditions Precedent by six (6) months from 7 August 2023 to 7 February 2024. All other terms of LOI shall remain in force and effect.

On 2 February 2024, upon completion of the due diligence on N&M Cahaya, N&M Cahaya is currently implicated in a legal suit involving the Land. As such, both the Company and N&M Cahaya are agreeable to further extend the period for another eighteen (18) months from 7 February 2024 to 6 August 2025 for N&M Cahaya to resolve the legal suit which N&M Cahaya is reasonably confident that it has a good chance to defend its position.

In addition, the future land use zone of the Land is currently pending the “Pelan Tempatan Kuala Lumpur” (PTKL 2040) to be gazetted. Hence, the extension period of 18 months is not an impediment to the progress as without PTKL 2040 being in force, the development order for the proposed development on the Land is unable to be processed by Dewan Bandaraya Kuala Lumpur.

B6. Utilisation of Proceeds from the Public Issue

The status of the utilisation of proceeds from the Initial Public Offering (IPO) as at 30 September 2024 is as follows:

Details of use of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Estimated timeframe for the use of proceeds
Acquisition of landbank and/or development expenditure	171,000	129,951	-	41,049	Within 36 months
Repayment of bank borrowings	93,870	80,067	-	13,803	Within 24 months
Hotel construction	109,300	14,230	-	95,070	Within 36 months
Working capital	39,830	15,000	3,017*	27,847	Within 24 months
Estimated listing expenses	20,000	16,983	(3,017)*	-	Immediate
Total	434,000	256,231	-	177,769	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

* The unutilised balance of RM3.0 million allocated for estimated listing expenses were allocated to working capital.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B7. Group Borrowings and Debt Securities

(a) The Group's borrowings and debt securities at end of the financial period to date:

	Non-current RM'000	Current RM'000	Total RM'000
As at 30.9.2024			
Secured			
<u>Islamic:</u>			
Bridging loan	5,443	-	5,443
Bank overdrafts	-	41	41
	5,443	41	5,484
<u>Conventional:</u>			
Bridging loan	4,272	21	4,293
Term loans	19,540	4,149	23,689
Hire purchase	237	110	347
	24,049	4,280	28,329
Total secured / Total borrowings	29,492	4,321	33,813
As at 31.12.2023			
Secured			
<u>Islamic:</u>			
Term loans	-	9,382	9,382
<u>Conventional:</u>			
Term loans	23,337	6,330	29,667
Hire purchase	310	117	427
	23,647	6,447	30,094
Total secured / Total borrowings	23,647	15,829	39,476

(b) Commentaries on the Group's borrowings and debt securities

During the financial period, the decrease in the borrowings was mainly due to repayment of term loans.

B8. Material Litigation

Vistarena Development Sdn. Bhd. ("Vistarena")

Vistarena ("the Defendant"), a 80%-owned subsidiary of the Company, had on 9 June 2023 being served with a Writ of Summons and Statement of Claim ("the Suit") from 241 individual purchasers of Block B, Residensi Platinum OUG ("the Plaintiffs"). Residensi Platinum OUG is the development undertaken by Defendant as the developer in which the vacant possession had been delivered in and around June 2022.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B8. Material Litigation (Cont'd)

Vistarena Development Sdn. Bhd. ("Vistarena") (Cont'd)

Prior to the filing of the Suit on 18 October 2022, there was a meeting held between representatives from relevant government authorities, the Defendant, the architect, the civil and structural consultant, main contractor as well as purchasers' representatives from Block A and Block B ("the Meeting") to discuss the issues pertaining, inter alia the entrances and defects. However, it was concluded in the meeting that the construction of separate entrances will be put on hold until the formation of the management corporation and the Defendant to expedite the defect rectification works.

Despite the proposed direction given by the relevant government authorities in the Meeting, the Plaintiffs had filed in the Suit against the Defendant at Kuala Lumpur High Court ("the Court"). The Suit is arising from, inter alia, alleged misrepresentation on separate entrances between Block A and Block B, no access control established by the Defendant for the common facilities designated for Block B, safety-related defects are not attended to by the Defendant, and no steps taken by the Defendant to address the alleged declination of the value of Block B.

The Plaintiffs are seeking, inter alia, the following reliefs from the Court:

- (a) a declaration that the Defendant has conducted in misrepresentation and breach of contract towards the Plaintiffs in the process of selling units to the Plaintiffs;
- (b) an injunction against the Defendant to take all necessary and reasonable steps to establish two (2) access paths at the entrance to Block A and Block B within a period of three (3) months from the date of judgment/order;
- (c) a judgment that the Defendant rectifies all listed safety-related defects, and the rectification works are to be completed to the satisfaction of the Plaintiffs' representative within a period of three (3) months from the date of judgment or order, with costs borne solely by the Defendant;
- (d) an order for general damages to be assessed by the Court;
- (e) Exemplary damages amounting to RM25,000.00 to be paid to each Plaintiff within seven (7) days from the date of judgment/order;
- (f) Cost; and
- (g) 5% interest on the judgement awarded by Court from the date of filing the Suit until full settlement.

On 21 September 2023, 104 individual purchasers of Block A (civil servants housing), Residensi Platinum OUG filed an application to intervene, claiming that, amongst others, they shall be heard/ allowed to intervene the proceeding so to protect their interest in the common properties given that the Plaintiffs' claims involving access to common properties, shared common area, shared entrance to access Residensi Platinum OUG in which their rights and interests would be affected by any decision from the Court. The Court has on 3 January 2024 allowed the application to intervene hence 104 individual purchasers of Block A were added as co-defendants ("the Co-defendants").

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B8. Material Litigation (Cont'd)

Vistarena Development Sdn. Bhd. ("Vistarena") (Cont'd)

On 5 March 2024, the Defendant filed an application for the disposal of the Plaintiffs' case on points of law ("Order 14A Application") and the hearing date was scheduled on 19 June 2024. Following the same, the Co-defendants also filed a separate application for the disposal of the Plaintiffs' case on points of law ("Co-defendants Application").

After numerous court's dates, on 4 October 2024, the date fixed for decision of Order 14A Application and Co-defendants Application, the court decided in favour of all the Defendants, i.e. need not to establish/construct two (2) separate entrances since the management corporation had been established.

On the same date, 4 October 2024, the Court proceeded to fix 29 November 2024 for:

- (a) Case management on issue of defects and rectification works together with misrepresentation; and
- (b) hearing of the Plaintiffs' application to adduce supplementary affidavit (application to file additional affidavit by the Plaintiffs) (Plaintiffs' application filed prior to the decision of Order 14A Application and Co-defendants Application).

As at the date of this report, there is no expected material financial impact arising from the Suit on the Defendant and the Company.

B9. Dividend

Other than the dividend paid as disclosed in Note A7, no dividend has been proposed by the Board of Directors for the current financial period to date.

B10. Earnings per Share ("EPS")

The basic EPS of the Group is calculated based on the profit attributable to owners (ordinary equity holders) of the Company divided by the weighted average number of ordinary shares in issue.

	Current quarter ended 30.9.2024	Comparative quarter ended 30.9.2023	Current period to date ended 30.9.2024	Preceding period to date ended 30.9.2023
Profit attributable to owners of the Company (RM'000)	4,814	3,764	7,248	9,269
Weighted average number of ordinary shares in issue ('000)	3,468,000	3,468,000	3,468,000	2,987,897
Basic EPS (sen)	0.14	0.11	0.21	0.31

The diluted EPS of the Group is equal to the basic EPS as the Group does not have any dilutive shares in issue.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2024

B11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2023 was not subject to any qualification.

B12. Items included in the Statement of Profit or Loss

	Current quarter ended 30.9.2024 RM'000	Current period to date ended 30.9.2024 RM'000
Depreciation of property, plant and equipment	(424)	(1,243)
Depreciation of right-of-use assets	(194)	(590)
Fair value gain of short-term investments	951	3,254
Finance costs	(1,601)	(3,642)
Gain on disposal of short-term investments	63	220
Interest income	1,355	3,843
Write-off of:		
- deposit	(48)	(48)
- plant and equipment	-	(2)

B13. Derivative Financial Instruments

The Group does not have any derivative financial instruments as at the date of this report.

B14. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities that are measured at fair value at the date of this report.

By Order of the Board,
Datuk Gan Kah Siong
Group Managing Director

21 November 2024