

MAGMA GROUP BERHAD
(Formerly known as Impiana Hotels Berhad)
Registration No: 200601021085 (740838-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND PERIOD-TO-DATE ENDED 30 SEPTEMBER 2024

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2024 (Reviewed)	Preceding Year Corresponding Quarter 30.09.2023 (Unaudited)	Current Year Quarter 30.09.2024 (Reviewed)	Preceding Year Corresponding Quarter 30.09.2023 (Unaudited)
RM'000				
Revenue	8,289	4,544	22,200	16,822
Other income	16	1,286	480	1,301
Operating expenses	(8,828)	(5,549)	(24,042)	(19,236)
Finance costs	(2,554)	(2,515)	(7,288)	(7,324)
Share of result of associate	622	(25)	700	(44)
Operating loss before tax	<u>(2,455)</u>	<u>(2,259)</u>	<u>(7,950)</u>	<u>(8,481)</u>
Taxation	(496)	(492)	(1,088)	(898)
Net loss after tax, representing total comprehensive income for the period	<u>(2,951)</u>	<u>(2,751)</u>	<u>(9,038)</u>	<u>(9,379)</u>
Loss attributable to:				
Owners of the Company	(2,886)	(2,750)	(8,981)	(9,377)
Non-controlling interest	(65)	(1)	(57)	(2)
	<u>(2,951)</u>	<u>(2,751)</u>	<u>(9,038)</u>	<u>(9,379)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(2,886)	(2,750)	(8,981)	(9,377)
Non-controlling interest	(65)	(1)	(57)	(2)
	<u>(2,951)</u>	<u>(2,751)</u>	<u>(9,038)</u>	<u>(9,379)</u>
Loss per share attributable to Owners of the Company (sen):-				
Basic	<u>(0.305)</u>	<u>(0.443)</u>	<u>(0.948)</u>	<u>(1.887)</u>

The above 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 31 December 2023 and the accompanying explanatory notes attached.

MAGMA GROUP BERHAD
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Registration No: 200601021085 (740838-A)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

RM'000	As at 30.09.2024 (Reviewed)	As at 31.12.2023 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	118,081	111,193
Investment in associate	40,923	40,223
Total non-current assets	<u>159,004</u>	<u>151,416</u>
Current assets		
Inventories	36,814	36,335
Contract assets	7,356	7,356
Trade receivables	17,712	22,242
Other receivables	30,415	7,329
Fixed deposits with licensed banks	726	712
Cash and bank balances	4,928	19,822
Total current assets	<u>97,951</u>	<u>93,796</u>
TOTAL ASSETS	<u><u>256,955</u></u>	<u><u>245,212</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	183,053	177,983
Irredeemable Convertible Preference Shares ("ICPS")	-	5,070
Accumulated losses	(143,097)	(134,739)
Asset revaluation reserve	55,636	56,259
Equity attributable to Owners of the Company	<u>95,592</u>	<u>104,573</u>
Non-controlling interest	(22)	35
Total equity	<u>95,570</u>	<u>104,608</u>
Non-current liabilities		
Deferred tax liabilities	14,628	14,824
Lease liabilities	4,999	1,661
Borrowings	89,230	66,836
Tax payable	1,584	1,584
Total non-current liabilities	<u>110,441</u>	<u>84,905</u>

The above condensed consolidated statement 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 attached.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024
(CONT'D)**

RM'000	As at 30.09.2024 (Reviewed)	As at 31.12.2023 (Audited)
Current liabilities		
Trade payables	6,078	7,157
Other payables	32,592	38,790
Contract liabilities	65	65
Borrowings	7,419	6,362
Lease liabilities	2,903	278
Amounts due to Directors' related companies	274	1,231
Amount due to associate	36	44
Tax payable	1,577	1,772
	<u>50,944</u>	<u>55,699</u>
	<u>256,955</u>	<u>245,212</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.101</u>	<u>0.111</u>

The above condensed consolidated statement 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 attached.

MAGMA GROUP BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD-TO-DATE ENDED 30 SEPTEMBER 2024

(Reviewed)	-----> Attributable to Owners of the Company <----->					Total	Non-controlling Interest	Total Equity
	Share Capital	-----> Non-Distributable <----->		Asset Revaluation Reserve	Accumulated Losses			
9 months period	RM '000	ICPS RM '000	Redeemable Convertible Notes ("RCN") RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as of 1 January 2024	177,983	5,070	-	56,259	(134,739)	104,573	35	104,608
Loss for the financial period, representing total comprehensive income	-	-	-	-	(8,981)	(8,981)	(57)	(9,038)
Realisation of depreciated asset revaluation reserve	-	-	-	(623)	623	-	-	-
Transaction with Owners of the Company								
Conversion of ICPS, representing total transaction with Owners of the Company	5,070	(5,070)	-	-	-	-	-	-
Balance as of 30 September 2024	183,053	-	-	55,636	(143,097)	95,592	(22)	95,570
<hr/>								
(Unaudited)								
9 months period								
Balance as of 1 January 2023	125,960	5,070	-	57,090	(122,434)	65,686	-	65,686
Loss for the financial period, representing total comprehensive income	-	-	-	-	(9,377)	(9,377)	(2)	(9,379)
Transaction with Owners of the Company								
Conversion of redeemable convertible notes ("RCN")	27,500	-	(27,500)	-	-	-	-	-
Issuance of RCN	-	-	30,000	-	-	30,000	-	30,000
Total transaction with Owners of the Company	27,500	-	2,500	-	-	30,000	-	30,000
Balance as of 30 September 2023	153,460	5,070	2,500	57,090	(131,811)	86,309	(2)	86,307

The above condensed consolidated statement 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 attached.

MAGMA GROUP BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 30 SEPTEMBER 2024

RM'000	30.09.2024 (Reviewed)	30.09.2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(7,950)	(8,481)
Adjustments for:		
Amortisation of intangible assets	-	520
Depreciation of property, plant and equipment	4,662	1,718
Gain on lease modification	(340)	-
Gain on disposal	(1)	-
Interest expense	7,288	7,324
Interest income	(82)	(15)
Share of results of associate	(700)	44
Unrealised loss/(gain) on foreign currency exchange	192	(124)
Operating profit before working capital changes	3,069	986
Inventories	(479)	(347)
Contract assets	-	(4,935)
Receivables	(18,556)	(6,953)
Payables	(7,776)	(5,136)
Cash used in operations	(23,742)	(16,385)
Interest received	82	15
Interest paid	(8,346)	(1,689)
Income tax paid	(1,479)	(297)
Net cash used in operating activities	(33,485)	(18,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,562)	(2,530)
Advance to an associate	(8)	(411)
Net cash used in investing activities	(2,570)	(2,941)

The above condensed consolidated statement 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 attached.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD-TO-DATE ENDED 30 SEPTEMBER 2024
(CONT'D)**

	30.09.2024	30.09.2023
RM'000	(Reviewed)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to Director	-	(5,911)
Increase in fixed deposits pledged	(14)	(15)
Repayment to Directors' related companies	(956)	-
Repayment of principal portion of lease liabilities	(2,185)	-
Repayment to a related company	-	(1,300)
Drawdown of borrowings	23,451	624
Proceeds from issuance of RCN	-	30,000
Net cash from financing activities	20,296	23,398
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(15,759)	2,101
Effect of exchange rate changes	(192)	124
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	18,120	(1,032)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,169	1,193
 CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD COMPRISE:		
Cash and bank balances	4,928	3,115
Fixed deposit pledged to licensed banks	726	707
	5,654	3,822
Less : Fixed deposit pledged to licensed banks	(726)	(707)
Less : Bank overdraft	(2,759)	(1,922)
	2,169	1,193

The above condensed consolidated statement 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 attached.

NOTES TO THE QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2024

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements (Condensed Report), other than financial instruments and certain property, plant and equipment, has been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance with the Malaysian Financial Reporting Standards (MFRS) 139 *Financial Instruments: Recognition and Measurement* and land and buildings of the Group are carried at the revaluation model in accordance with MFRS 116 *Property, Plant and Equipment*.

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023. The explanatory notes attached to the Condensed Report 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 31 December 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of the Group has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted for the Condensed Report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2023.

The Group has also considered the new accounting pronouncements in the preparation of the financial statements.

Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
Amendments to MFRS 7 and MFRS 107	Suppliers Finance Arrangements

Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board(MASB) but are not yet effective for the current financial period:

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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Effective for financial periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments
Annual Improvements to MFRS Accounting Standards - Volume 11	

Effective for financial periods beginning on or after 1 January 2027

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

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications in the annual financial statements for the financial year ended 31 December 2023.

A4. SEASONAL AND CYCLICAL FACTORS

During the quarter, the business of the Group had not been affected by any significant seasonal or cyclical factors, apart from the general economic environment in which it operated.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items that had a material effect on the assets, liabilities, equity, net income or cash flows of the Group for the period.

A6. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year.

A7. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the current quarter and period-to-date ended 30 September 2024.

Private Placement

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended for Utilisation	Deviation		Explanation (if the deviation is 5% or more)
				(RM'000)	%	
Monthly instalment of borrowing	12,980	12,980	-	-	0%	
Repayment to trade related creditors and settlement of authorities	5,200	5,200	-	-	0%	
Working Capital	1,233	1,233	-	-	0%	
Estimated expenses for the Private Placement	110	110	-	-	-	
	19,523	19,523		-	0%	

On 13 December 2023, Private Placement of 85,930,800 shares which up to 10% of the total number of issued shares of the Company. (excluding treasury shares, if any) at issue price per share of RM0.2272 with total of RM19.523 million was 100% fully subscribed by the investors.

On 8 April 2024, a total of 132,837,560 of Irredeemable Convertible Preference Share-A ("ICPS-A") were converted into 2,656,751 of ordinary shares at the conversion ratio of 50 ICPS-A for 1 new ordinary share hence the paid-up ordinary shares of the Group have increased from RM177.983 million to RM183.053 million.

A8. DIVIDEND PAID

There were no dividends paid during the current and previous corresponding quarter.

A9. SEGMENTAL INFORMATION

MFRS 8 requires separate reporting of segmental information for operating segments. Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the top management and the Board of Directors.

The segmental analysis for the current quarter and period-to-date ended 30 September 2024 is as follows:

RM'000	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2024	Preceding Year Corresponding Quarter 30.09.2023	Current Year Quarter 30.09.2024	Preceding Year Corresponding Quarter 30.09.2023
Segment Revenue and Results				
- Hotel Operation	7,626	3,356	20,258	8,677
- Hotel Management	663	1,188	1,942	3,551
- Property Development	-	-	-	4,594
	8,289	4,544	22,200	16,822
Total Revenue	8,289	4,544	22,200	16,822
RM '000				
Profit/(Loss) After Tax				
- Hotel Operation	1,523	(294)	2,313	(1,997)
- Hotel Management	385	341	1,211	1,628
- Property Development	(1,665)	(1,104)	(4,367)	(1,767)
- Other Unallocated Expenses	(3,194)	(1,694)	(8,195)	(7,243)
	(2,951)	(2,751)	(9,038)	(9,379)

During current quarter, total revenue of RM8.289 million was mainly contributed from Hotel Operation segment under Impiana Ipoh Sdn Bhd ("IISB") amounted to RM3.655 million and Magma Bintang Sdn Bhd ("MBSB") amounted to RM3.971 million and the Hotel Management segment which posted revenue amounted to RM0.663 million during the quarter. Improvement in the Hotel Operation segment was mainly due to increased in occupancy rate due to special travel visa issued for China travellers and additional revenue contribution from WOLO Kuala Lumpur hotel (under MBSB) which is a new subsidiary of the Group. No revenue contribution from Property Development segment to date due to finalisation of details with the main contractor to recommence the construction process.

The Group recorded a loss after tax of RM2.951 million as compared to loss after tax of RM2.751 million in the preceding quarter in FYE 2023 and current quarter loss was mainly attributable to Redeemable Convertible Notes ("RCN") corporate exercise expenses of approximately RM0.69 million.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There was no material changes in the composition of the Group except for the following:-

- On 20 February 2024, Magma Group Berhad ("MGB") subscribed 1,000 ordinary shares of RM1.00 each, representing the entire shareholding in Magma Capital Sdn. Bhd. ("MCSB") for a total cash consideration of RM1,000. Pursuant to that, MCSB became a wholly-owned subsidiary of MGB.
- On 12 March 2024, MGB subscribed 510 ordinary shares of RM1.00 each, representing the 51% equity interest in Magma Chain Management Sdn. Bhd. ("MCMSB") for a total cash consideration of RM510. Pursuant to that, MCMSB became a 51% subsidiary of MGB.
- On 5 June 2024, MGB subscribed 1,000 ordinary shares of RM1.00 each, representing the entire shareholding in Magma Land Sdn. Bhd. ("MLSB") for a total cash consideration of RM1,000. Pursuant to that, MLSB became a wholly-owned subsidiary of MGB. On 28 June 2024, MLSB has changed its name to Magma Properties Sdn Bhd ("MPSB").
- On 30 August 2024, MPSB subscribed 10,000 ordinary shares of RM1.00 each, representing the entire shareholding in Magma Kiara Sdn. Bhd. ("MKSB") for a total cash consideration of RM10,000. Pursuant to that, MKSB became a wholly-owned subsidiary of MPSB.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the quarter and period-to-date ended 30 September 2024. The last revaluation exercise of the Group's property, plant and equipment was conducted on 30 December 2022.

A12. RELATED PARTY TRANSACTIONS

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	Quarter	Corresponding
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
RM '000				
Hotel management fees received from:				
- Impiana Resort Patong	-	136	-	503
- Impiana Resort Villas Kata Noi	-	37	-	147
- Impiana Resort Chaweng Noi	-	54	-	166
- Impiana Private Villas Seminyak	-	340	-	801
- Impiana Private Villas Cemagi	-	11	-	32
Repayment to:				
- Impiana Sdn Bhd	-	-	(1,230)	-
Repayment to:				
- HYM Signature Sdn Bhd	(476)	-	(2,196)	-
Hotel rental fees:				
- HYM Signature Sdn Bhd	750	-	2,470	-

The transactions were entered in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent third parties. The transactions were also transacted within the threshold as per the approved Recurrent Related Party Transactions ("RRPT") mandate.

A13. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and assets as at the date of this report.

A14. CAPITAL COMMITMENT

There were no capital commitments by the Group during the quarter and period-to-date ended 30 September 2024.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1. FINANCIAL REVIEW FOR CURRENT QUARTER AND CUMULATIVE QUARTER**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	Quarter	Corresponding
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
RM'000				
Revenue	8,289	4,544	22,200	16,822
Operating Loss Before Tax	(2,455)	(2,259)	(7,950)	(8,481)
Taxation	(496)	(492)	(1,088)	(898)
Loss attributable to Owners of the Company	(2,886)	(2,750)	(8,981)	(9,377)
Loss attributable to Non-controlling Interest	(65)	(1)	(57)	(2)

During the 3rd quarter of FYE 2024, the Group generated nine months revenue of RM22.200 million and incurred an operating loss before tax of RM7.950 million. Overall increase in revenue by approximately RM3.745 million as compared to preceeding year corresponding quarter was mainly due to injection of business from WOLO Kuala Lumpur hotel into the Group's new subsidiary (MBSB) and the continued improvement in the hotel operations of IISB for the current financial period under review.

B2. FINANCIAL REVIEW FOR CURRENT QUARTER AND PRECEDING QUARTER

	Individual Quarter	
	Current Year	Preceding
	Quarter	Quarter
	30.09.2024	30.06.2024
RM'000		
Revenue	8,289	6,988
Loss before tax	(2,455)	(1,410)
Loss attributable to Owners of the Company	(2,886)	(1,829)
Loss attributable to non-controlling interest	(65)	10

The Group's financial performance has weakened as compared to the previous quarter. Despite increases in revenue and gross profit, the overall results were negatively impacted by higher loss before tax and loss attributable to the Owners of the Company which was largely attributed to corporate exercise expenses related to the RCN and stamp duty for refinancing of term loans, amounting to approximately RM0.69 million and RM0.28 million respectively, that significantly affected this quarter's financial performance.

Revenue improved by approximately RM1.301 million as compared to preceeding quarter, reflecting a stable and consistent sales performance on a quarter-over-quarter basis. This steady growth underscores the Group's sustained market presence and effective sales activities especially in the hotel operation segment.

B3. CURRENT PROSPECTS

The hospitality industry is steadily recovering from the disruptions caused by the global pandemic, demonstrating robust growth potential and promising signs of revival. This resurgence is fueled by rising consumer confidence, pent-up demand for travel, and the adoption of adaptive business models. Nevertheless, the industry must navigate significant challenges, including inflationary pressures, shifting consumer preferences, and the imperative for sustainable practices. By prioritizing sustainability, leveraging technological advancements, and enhancing guest experiences, the industry is well-equipped to address the complexities of the current market landscape and achieve sustained long-term success.

B4. PROFIT FORECAST

Not applicable as the Group does not issue profit forecasts.

B5. LOSS BEFORE TAXATION

Loss before taxation is determined after charging/(crediting) amongst other items the following:-

RM '000	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	Quarter	Corresponding Quarter
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Amortisation of Intangible Assets	-	173	-	520
Gain on lease modification	(340)	-	(340)	-
Interest Expense	2,554	2,515	7,288	7,324
Interest Income	(12)	(3)	(82)	(15)
Depreciation of Property, Plant and Equipment	1,539	586	4,662	1,718
Unrealised gain on Foreign Currency Exchange	192	(124)	192	(124)
Share of Results of Associate	(622)	25	(700)	44

Other than the above, the items listed under Appendix 9B Note 16 of the Listing Requirement of Bursa Malaysia Securities Berhad are not applicable.

B6. TAXATION

RM '000	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	Quarter	Corresponding Quarter
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Income Tax				
- current period expense	(496)	(492)	(1,088)	(898)
	(496)	(492)	(1,088)	(898)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial period.

B7. CORPORATE PROPOSALS

The following are the corporate proposals that have been announced by the Company which have not been completed as at 24 September 2024.

(i) Proposed Capital Reduction

The Proposed Capital Reduction entails the cancellation of RM379,207,984 of the issued share capital of the Company pursuant to Section 116 of the Companies Act 2016 ("the Act"). The corresponding credit of RM379,207,984 arising from such cancellation will be utilised to set-off against the accumulated losses of the Company while the remaining balance, if any, will be credited to the capital reduction reserve of the Company which shall not be distributable without leave of the High Court of Malaya.

The Proposed Capital Reduction will not result in any adjustment to the reference share price of the Company's shares and the existing number of the Company's shares in issue.

An order by the Court will be sought to sanction the Proposed Capital Reduction pursuant to Section 116 of the Act after receipt of approvals from the shareholders of the Company at an extraordinary general meeting ("EGM") to be convened. The effective date of the Proposed Capital Reduction will be the date of lodgement of the sealed copy of the order of the Court for the Proposed Capital Reduction with the Registrar of Companies pursuant to Section 116(6) of the Act.

(ii) Proposed Acquisition

The Proposed Acquisition entails the acquisition of the Land by Magma Kiara Sdn Bhd ("Magma Kiara") from Skyload Express Sdn Bhd ("Skyload") for the Purchase Consideration on an 'as is where is' basis, together with all existing plans, approvals, orders and permits issued and approved in relation to the development and construction on the Land including the development order and the approved building plan, free from all encumbrances, caveats, liens, squatters and other restraints and with vacant possession, and upon the terms and conditions of the sales and purchase agreement.

The Purchase Consideration of RM80,000,000 will be satisfied via a combination of cash payment of RM8,000,000, the issuance of 120,000,000 Consideration Shares at an issue price of RM0.2024 per Consideration Share and 47,712,000 Consideration Redeemable Non-Convertible Preference Shares ("RPS") at an issue price of RM1.00 per Consideration RPS to Skyload.

(iii) Proposed Amendment

The Proposed Amendments entails the consequential amendment to be made to the Constitution of the Company to facilitate the issuance of the Consideration RPS under the Proposed Acquisition.

The above corporate exercises (i) to (iii) is collectively referred as "the Proposals".

The Company had on 21 November 2024 submitted an application to Bursa Securities for the listing and quotation of 120,000,000 Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities.

B8. GROUP BORROWINGS

Group's total borrowing as at 30 September 2024 are as follows:

RM '000	30.09.2024 (Reviewed)			31.12.2023 (Audited)		
	Short term	Long term	Total	Short term	Long term	Total
Secured						
- Term Loan	4,660	89,230	93,890	4,661	66,836	71,497
- Bank Overdraft	2,759	-	2,759	1,701	-	1,701
	7,419	89,230	96,649	6,362	66,836	73,198

B9. TRADE RECEIVABLES

The Group's normal credit term ranges from 30 to 60 days (30.09.2023: 30 to 60 days). Other credit terms are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

RM '000	As at 30.09.2024 (Reviewed)	As at 31.12.2023 (Audited)
Not past due	597	21,175
Past due but not impaired:		
1 day to 30 days	436	151
31 days to 60 days	183	191
61 days to 90 days	125	129
91 days to 270 days	15,909	266
	16,653	737
Credit impaired	2,230	2,098
	19,480	24,010
Less : Allowance for expected credit losses	(1,768)	(1,768)
	17,712	22,242

Trade receivables are non-interest bearing and normal credit terms offered by the Group is 30 to 60 days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

B10. MATERIAL LITIGATION

i) Artha Global Sdn Bhd ("AGSB") vs Impiana Hotels ("IHB"), Impiana Sdn Bhd ("ISB") and Impiana Cherating Sdn Bhd ("ICSB")

On 1 August 2022, AGSB has filed a civil suit (WA-B52NCC-493-08/2022) against IHB, ISB and ICSB at Kuala Lumpur Sessions Court. The following are the claims by AGSB:

- a) Refund of deposit in the sum of RM750,000;
- b) Interest of 5% from 27 May 2022 until full settlement of judgement sum;
- c) Costs; and
- d) Such further and/or other reliefs as the Court deems fit and proper.

Subsequently, IHB, ISB and ICSB filed the following counterclaims;

- a) A declaration that AGSB has breached the Exclusive Right Agreement;
- b) A declaration that ICSB is entitled to forfeit the deposit paid by AGSB, in whole or in part, due to AGSB's breach of the Exclusive Right Agreement;
- c) An order for general damages;
- d) Further and/or in the alternative, damages to be assessed by the Court against AGSB for breach of contract, to be payable to IHB, ISB and ICSB;
- e) An Order for pre-judgement interest at the rate of 8% per annum on any sums awarded by the Court to IHB, ISB and ICSB from the date of the contractual breach up until the date of the judgement by the Court;
- f) An Order for post-judgement interest at a rate of 5% per annum on the judgement debt from the date of the judgement to the date of full payment and/or settlement by AGSB;
- g) Costs; and
- h) Such further and/or other reliefs as the Court deems fit and proper.

This Matter has been settled with the delivery of post-dated cheques on 12.07.2024. However, despite the delivery of the post-dated cheques as part of the settlement, the Plaintiff is unwilling to notify the Court of the settlement existence or terms until the cheques have cleared.

The full trial, which was originally scheduled for 25 to 28 November 2024, has been rescheduled to 11 and 12 June 2025 (yet to be vacated).

ii) Kuala Lumpur High Court of Malaya Civil Suit No.: WA-22NCvC-535- 08/2024

Marc Bovell Paul Desmidt & Erin Camille Desmidt (collectively, the "Plaintiffs") v. Impiana Selo Tioman Resorts Sdn Bhd (the "Defendant")

On 19 August 2024, the Defendant, being an indirect 75% owned subsidiary of MGB, was served with a Writ of Summons dated 12 August 2024 and a Statement of Claim dated 9 August 2024 from the Plaintiffs.

The Plaintiffs' claim arises from an alleged breach of the terms of a Sale and Purchase Agreement ("SPA") dated 24 January 2022, entered into between the Plaintiffs and the Defendant. The SPA concerns five (5) parcels of land held under Lot 539 (GM 581), Lot 7063 (GM 591), Lot 7064 (GM 592), Lot 16 (PM 102), and Lot 7051 (PM 111), all located within the Mukim of Tioman, District of Rompin, State of Pahang, Malaysia (collectively, the "Rompin Lands"). The Plaintiffs allege that there has been no progress in the development of the Lands and were informed that the development will not proceed.

The reliefs sought by the Plaintiffs are as follows:

- (i) The sum of USD974,968.00 (which is equivalent to RM4,587,711.92) calculated at the exchange rate of RM4.706) to be paid by Defendant within fourteen (14) days from the date of the judgment;
- (ii) Interest of 5% per annum on the sum stated in paragraph (i) to be calculated from the date of the judgment entered until full and final settlement;
- (iii) Costs of the proceedings to be borne by the Defendant; and
- (iv) Such other orders and / or reliefs that the Court deems fit and proper.

This suit had on 28 October 2024 recorded the consent judgement from both parties as final settlement of the matter wherein the Defendant had agreed to pay a total of USD660,762 to the Plaintiffs by 30 November 2024.

B11. DERIVATIVE FINANCIAL INSTRUMENT

The Group does not have any derivative financial instrument as at the end of reporting period.

B12. OFF BALANCE SHEET FINANCIAL INSTRUMENT

There is no off balance sheet financial instrument which has a material impact to the financial statement under review as at the end of financial period and up to date of this announcement.

B13. DIVIDEND PAYABLE

No interim dividend has been declared for the current financial period-to-date-ended 30 September 2024.

B14. EARNINGS/(LOSS) PER SHARE ("EPS")/("LPS")

RM '000	Individual Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Loss attributable to Owners of the Company (RM '000)	(2,886)	(2,750)	(8,981)	(9,377)
Basic:				
Weighted average number of Ordinary Shares in issue ('000)	947,896	620,716	946,936	497,038
Basic LPS (sen)	(0.305)	(0.443)	(0.948)	(1.887)

B15. AUTHORISED FOR ISSUE

The interim financial statements were reviewed by the Audit Committee ("AC") and duly authorised for issue by the Board of Directors ("BOD") in accordance with a resolution of the Directors dated 27 November 2024.

B16. SUBSEQUENT EVENTS

On behalf of the Board, Kenanga Investment Bank ("Kenanga") announced that the conditions precedent as set out in Clause 7.1 of the Subscription Agreement have been fulfilled on 7 October 2024.

On behalf of the Board, Kenanga announced that the Subscribers have agreed to subscribe for 3 equal sub-tranches of Tranche 1 Notes with a principal amount of RM7,500,000. The parties to the Subscription Agreement have agreed that the targeted closing date of the issuance shall be on 16 October 2024.

B17. REVIEW BY EXTERNAL AUDITORS

The Board of Directors ("Board") had engaged the external auditors to review and report on the Condensed Report of Bursa Malaysia Berhad for the quarter and year-to-date ended 30 September 2024 in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The external auditors reported to the Board that nothing had come to their attention to cause them to believe that the Condensed Report was not prepared, in all material respects, in accordance with the MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The report was made to the Board in accordance with the terms of the engagement letter with external auditors and for no other purpose.