



RADIUM DEVELOPMENT BERHAD

Registration No.: 201301009006 (1038848-V)

INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	Unaudited As at 31.3.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		3,350	3,522
Right-of-use assets		1,246	1,548
Goodwill		1,590	1,590
Other investment		10,584	10,584
Deferred tax assets		2,210	-
Trade and other receivables		3,800	3,800
		<u>22,780</u>	<u>21,044</u>
Current Assets			
Inventories		262,995	262,080
Current tax assets		10,694	7,024
Trade and other receivables		116,422	114,825
Contract asset		116,120	102,396
Cash and short-term deposits		53,942	105,002
		<u>560,173</u>	<u>591,327</u>
TOTAL ASSETS		<u>582,953</u>	<u>612,371</u>
EQUITY AND LIABILITIES			
Share capital		42,400	42,400
Retained earnings		343,144	340,208
Equity attributable to Owners of the Company		<u>385,544</u>	<u>382,608</u>
Non-controlling interests		2,594	3,252
Total Equity		<u>388,138</u>	<u>385,860</u>
Non-Current Liabilities			
Loans and borrowings	B7	50,136	50,715
Lease liabilities		245	418
Deferred tax liabilities		751	751
		<u>51,132</u>	<u>51,884</u>
Current Liabilities			
Loans and borrowings	B7	37,482	47,236
Lease liabilities		1,063	1,197
Current tax liabilities		11,462	14,228
Trade and other payables		93,676	111,966
		<u>143,683</u>	<u>174,627</u>
Total Liabilities		<u>194,815</u>	<u>226,511</u>
TOTAL EQUITY AND LIABILITIES		<u>582,953</u>	<u>612,371</u>
Net assets per share attributable to Owners of the Company (RM)		<u>0.15</u>	<u>0.15</u>
Number of outstanding ordinary shares in issue ('000)		<u>2,600,000</u>	<u>2,600,000</u>

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

		Current quarter ended	Comparative quarter ended	Current period to date ended	Preceding period to date ended
	Note	31.3.2023	31.3.2022	31.3.2023	31.3.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A12	25,289	N/A	25,289	N/A
Cost of sales		(13,260)	N/A	(13,260)	N/A
Gross profit		12,029	N/A	12,029	N/A
Other income		182	N/A	182	N/A
Marketing expenses		(4,032)	N/A	(4,032)	N/A
Administrative expenses		(3,691)	N/A	(3,691)	N/A
Profit from operations		4,488	N/A	4,488	N/A
Finance costs		(973)	N/A	(973)	N/A
Profit before taxation		3,515	N/A	3,515	N/A
Taxation	B4	(1,237)	N/A	(1,237)	N/A
Profit for the period, representing total comprehensive income for the period		2,278	N/A	2,278	N/A
Profit/(Loss) / Total comprehensive income/(loss) attributable to:					
Owners of the Company		2,936	N/A	2,936	N/A
Non-controlling interests		(658)	N/A	(658)	N/A
		2,278	N/A	2,278	N/A
Basic earnings per share attributable to Owners of the Company (sen)	B10	0.11	N/A	0.11	N/A

N/A – Not applicable

The Unaudited Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative quarter and period concerned.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	<u>Attributable To Owners Of The Company</u>			Non- controlling interests	Total equity
	Share capital	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	42,400	340,208	382,608	3,252	385,860
Profit/(Loss) after tax / Total comprehensive income/(loss)	-	2,936	2,936	(658)	2,278
As at 31 March 2023	42,400	343,144	385,544	2,594	388,138

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	Current period to date ended 31.3.2023 RM'000	Preceding period to date ended 31.3.2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,515	N/A
Adjustments for:		
Depreciation of property, plant and equipment	222	N/A
Depreciation of right-of-use assets	302	N/A
Finance costs	974	N/A
Finance income	(140)	N/A
Operating profit before changes in working capital	4,873	N/A
Changes in working capital:		
Inventories	(915)	N/A
Trade and other receivables [#]	(1,597)	N/A
Contract assets [^]	(13,724)	N/A
Trade and other payables	(18,290)	N/A
Cash used in operations	(29,653)	N/A
Interest received	140	N/A
Interest paid	(16)	N/A
Income tax paid	(9,883)	N/A
Net cash used in operating activities	(39,412)	N/A
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(50)	N/A
Change in pledged deposits	5,622	N/A
Net cash generated from investing activities	5,572	N/A
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(321)	N/A
Drawdown of term loans	1,162	N/A
Repayment of term loans	(12,253)	N/A
Revolving credit - net	27	N/A
Hire purchase payables	(25)	N/A
Interest paid	(944)	N/A
Net cash used in financing activities	(12,354)	N/A
Net decrease in cash and cash equivalents	(46,194)	N/A
Cash and cash equivalents at beginning of the financial period	95,829	N/A
Cash and cash equivalents at end of the financial period	49,635	N/A

[#] The changes in trade and other receivables were mainly due to payments received from stakeholder sum and trade receivables; and offset against deposits paid for Joint Venture Agreement with Kadar Jutajaya Sdn. Bhd. and Joint Development with N&M Cahaya Sdn. Bhd. amounted to RM7.0 million and RM14.0 million respectively. The details of the Joint Venture Agreement and Joint Development are disclosed in Note B5(b) and (c) respectively.

[^] Increase in contract assets in relation to the accrued billings for the on-going development projects.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023 (CONT'D)**

	Current period to date ended 31.3.2023 RM'000	Preceding period to date ended 31.3.2022 RM'000
Cash and cash equivalents comprised:		
Cash and bank balances	17,768	N/A
Short-term deposits	36,174	N/A
Bank overdraft	(782)	N/A
	53,160	N/A
Less: Pledged deposits	(3,525)	N/A
	49,635	N/A

N/A – Not applicable

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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").

This is the first interim financial report of unaudited condensed consolidated financial results for the first quarter ended 31 March 2023 being announced by the Group in compliance with the Listing Requirements of Bursa Securities. As such, there are no comparative figures for the preceding corresponding quarter and period.

The interim financial report should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this 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 2022, 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:

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance contracts*
- Initial Application of MFRS 17 and MFRS 9 - *Comparative Information (Amendment to MFRS 17 Insurance Contracts)*
- Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

A2. Significant accounting policies (Cont'd)

(b) Amendments to MFRSs not adopted

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

- Amendment 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 *Non-current Liabilities with Covenants*

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.

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.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

A7. Dividends paid

No dividends have been paid during the current quarter and financial period to date under review.

A8. Segmental Information

The Group has two reportable business segments - property development and investment holdings and others. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

	Property development RM'000	Investment holdings and others RM'000	Total RM'000
Financial period to date ended 31 March 2023			
Revenue			
Total revenue	25,289	3,294	28,583
- Inter-segment revenue	-	(3,294)	(3,294)
Revenue from external parties	25,289	-	25,289
Results			
Segment profit	6,807	(3,292)	3,515
- Inter-segment elimination	(6,310)	6,310	-
Profit before taxation	497	3,018	3,515
Taxation	(210)	(1,027)	(1,237)
Net profit for the financial period	287	1,991	2,278
Purchase of property, plant and equipment	41	9	50
Segment assets	526,190	43,859	570,049
Non-cash expenses			
Depreciation of property, plant and equipment	132	90	222
Depreciation of right-of-use assets	111	191	302

This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding period as there is no interim financial report prepared for the comparative period concerned.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

A9. Subsequent Events

Save as disclosed below, there are no other significant events subsequent to the end of the financial period to date under review.

As disclosed in Note B5(a), the Company has undertaken an Initial Public Offering (IPO) to list its shares on the Main Market of Bursa Securities ("Listing"). The Prospectus was launched on 27 April 2023 and the Listing is expected to take place on 31 May 2023.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period to date under review.

A11. Fair value measurement

(a) Financial instruments that are carried at fair value

Financial assets at Fair Value Through Profit or Loss ("FVTPL") 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 31 March 2023 and 31 December 2022.

(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 31 March 2023 and 31 December 2022.

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

The unquoted share is measured at Level 3. The fair value of unquoted share is determined based on the residual method.

	31.3.2023 RM'000	31.12.2022 RM'000
Level 3		
Financial assets at FVTPL - unquoted share	10,584	10,584

(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.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

A12. Revenue

Current period to date ended 31.3.2023 RM'000	Preceding period to date ended 31.3.2022 RM'000
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Disaggregation of the Group's revenue from contracts with customers:

Timing of revenue recognition

- over time

23,689

N/A

- at point in time

1,600

N/A

25,289

N/A

A13. Commitments

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

A14. Related Party Transactions

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

Entity	Nature of transactions	Current quarter ended 31.3.2023 RM'000	Current period to date ended 31.3.2023 RM'000
Southern Score Sdn. Bhd.	Provision of main construction services	11,470	11,470

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 THE FIRST QUARTER ENDED 31 MARCH 2023

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 31.3.2023 RM'000	Comparative quarter ended 31.3.2022 RM'000	Changes %	Current period to date ended 31.3.2023 RM'000	Preceding period to date ended 31.3.2022 RM'000	Changes %
Revenue	25,289	N/A	N/A	25,289	N/A	N/A
Gross Profit	12,029	N/A	N/A	12,029	N/A	N/A
Profit Before Tax ("PBT")	3,515	N/A	N/A	3,515	N/A	N/A

The Group registered revenue, gross profit and PBT of RM25.3 million, RM12.0 million and RM3.5 million respectively in current quarter were mainly contributed by Residensi Vista Sentul and Suite Canselor projects; and offset against advertisement expenses on the Group's branding activities in conjunction with Chinese New Year to promote its brand corporate identity.

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

	Current quarter ended 31.3.2023 RM'000	Immediate preceding quarter ended 31.12.2022 RM'000	Changes %
Revenue	25,289	N/A	N/A
Gross Profit	12,029	N/A	N/A
PBT	3,515	N/A	N/A

The Group registered revenue, gross profit and PBT of RM25.3 million, RM12.0 million and RM3.5 million respectively in current quarter were mainly contributed by Residensi Vista Sentul and Suite Canselor projects; and offset against advertisement expenses on the Group's branding activities in conjunction with Chinese New Year to promote its brand corporate identity.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B2. Group's Prospect

According to the World Bank's Malaysia Economic Monitor February 2023, Malaysia's economic growth is projected to expand by 4.0 percent in 2023 amid an expected slowdown in external demand. This follows a stronger-than-expected recovery of 7.8 percent last year.

Although Bank Negara Malaysia has increased the overnight policy rate (OPR) by 0.25% to 3% after its monetary policy committee (MPC) convened on 3 May 2023, the expected impact to the Group is not significant as its products are mainly affordable homes.

The Group completed 2 projects during the financial year ended 31 December 2022 ("FYE 2022") and there were 2 ongoing projects as at FYE 2022, namely Residensi Vista Sentul and Residensi Platinum Mira, of which Residensi Vista Sentul has substantially completed in FYE 2022. The Group's key contributors for the performance for remaining 2023 are Suite Canselor and Residensi Wilayah component of Residensi Desa Timur which were launched in February and May 2023 respectively, and Suite Apartment component of Residensi Desa Timur which is expected to be launched by second quarter of 2023, with an estimated total Gross Development Value ("GDV") of approximately RM1.5 billion.

The Group had entered into a joint venture arrangement ("JVA") with Kadar Jutajaya Sdn. Bhd. for a proposed development in Mukim Batu, Kuala Lumpur. The Group expects to commence construction and launch the project for sale in the first half of 2024. The detail of the JVA is disclosed in Note B5(b).

The Group had also issued letter of intent to N&M Cahaya Sdn. Bhd. to jointly develop on a land located in Mukim Petaling, Kuala Lumpur. The detail of the letter of intent is disclosed in Note B5(c).

Further to the listing on the Main Market of Bursa Securities on 31 May 2023, the Group intends to expand its business through the acquisition of landbank(s) and joint venture arrangement(s) for future projects in Klang Valley to meet the demand of the residential property market in Klang Valley. Further, the Group will also identify and acquire development sites with relevant planning and development consents in place.

The Group is cautiously optimistic that the financial performance of 2023 to be satisfactory.

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

The Group 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 THE FIRST QUARTER ENDED 31 MARCH 2023

B4. Tax expense

	Current quarter ended 31.3.2023 RM'000	Current period to date ended 31.3.2023 RM'000
Current period provision	3,447	3,447
Over provision in prior year	-	-
	<u>3,447</u>	<u>3,447</u>
Deferred taxation	(2,210)	(2,210)
	<u>1,237</u>	<u>1,237</u>

The effective tax rate for the current quarter and financial 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) Initial Public Offering (“IPO”)

On 27 April 2023, the Company issued the Prospectus in relation to the IPO comprising the public issue of 868,000,000 new ordinary shares in the Company at an IPO price of RM0.50 per share.

The listing of and quotation for the Company’s entire issued share capital on the Main Market of Bursa Securities will be on 31 May 2023.

(b) JVA with Kadar Jutajaya Sdn. Bhd.

On 20 September 2022, Rasa Wangi Sdn. Bhd., a wholly-owned subsidiary of the Company, as the developer, entered into a JVA with Kadar Jutajaya Sdn. Bhd., 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.

The JVA is pending fulfilment of conditions precedent by the developer.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B5. Status of corporate proposals (Cont'd)

(c) 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 all that 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.

The LOI is pending fulfilment of conditions precedent and we intend to enter into the Definitive Agreement after our Listing.

B6. Utilisation of Proceeds from the IPO

The expected gross proceeds from the IPO amounting to RM434.00 million is to be utilised in the following manner:

Details of utilisation	RM'million	%	Estimated timeframe upon our Listing ⁽¹⁾
Acquisition of landbank and/or development expenditure	171.00	39.40	Within 36 months
Repayment of bank borrowings	93.87	21.63	Within 24 months
Hotel construction	109.30	25.18	Within 36 months
Working capital	39.83	9.18	Within 24 months
Estimated listing expenses	20.00	4.61	Immediate
Total	434.00	100.00	

⁽¹⁾ The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company. As at the date of this interim financial report, the IPO is pending completion, and therefore, the proceeds have yet to be raised and utilised.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 31.3.2023			
Secured			
<u>Islamic:</u>			
Term loans	17,327	5,604	22,931
Bank overdrafts	-	782	782
	17,327	6,386	23,713
<u>Conventional:</u>			
Term loans	32,408	966	33,374
Hire purchase	401	103	504
	32,809	1,069	33,878
Total secured	50,136	7,455	57,591
Unsecured			
<u>Islamic:</u>			
Revolving credit	-	30,027	30,027
Total borrowings	50,136	37,482	87,618
As at 31.12.2022			
Secured			
<u>Islamic:</u>			
Term loans	18,481	5,814	24,295
Bank overdrafts	-	27	27
	18,481	5,841	24,322
<u>Conventional:</u>			
Term loans	31,807	11,293	43,100
Hire purchase	427	102	529
	32,234	11,395	43,629
Total secured	50,715	17,236	67,951
Unsecured			
<u>Islamic:</u>			
Revolving credit	-	30,000	30,000
Total borrowings	50,715	47,236	97,951

(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 borrowings.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B8. Material Litigation

Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity")

Pavilion Integrity, 80%-owned subsidiary of the Company, acquired a piece of land held under Geran 80346, Lot 20069 Seksyen 90, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur (formerly known as HSD 121090, PT 50000 Seksyen 90, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, and previously known as Geran 11255, Lot 810, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur) ("Lot 810") via a sale and purchase agreement dated 21 March 2017 between Pavilion Integrity (as the purchaser) and Yap Ah Hing, Yap Chee Kien, Yap Chee Leong, Yap Chee Wei, Loh Kim Moey, Chin Yoon, Yap Yoke Ling, as trustee for Yap Yoke Ling, Yap Yoke Ling as trustee for Yap Chee Meng, and Yap Yoke Ling, as trustee for Yap Chee Kong (as the vendors).

Arising from the several applicants' failure to get Dewan Bandaraya Kuala Lumpur ("DBKL") to acquire part of Pavilion Integrity's land which held under Lot 810, six (6) Judicial Review Applications ("JR Applications") were filed by the applicants and Pavilion Integrity was named as one of the respondents.

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below:

(a) Kuala Lumpur High Court Judicial Review Application No.: WA-25-265-10/2017 ("265 Application")

On 12 October 2017, the applicant, Ng Chee Hao and another 120 applicants have filed the 265 Application at Kuala Lumpur High Court ("KLHC") against the Minister of Federal Territories, Malaysia, DBKL, Government and Pavilion Integrity. Pavilion Integrity is the registered proprietor of Lot 810 and is developing a 46-storey building with 698 units of serviced apartments on Lot 810. Pavilion Integrity had obtained the development orders for the construction work.

When the applicants discovered that Pavilion Integrity proposed to develop Lot 810, they wrote to DBKL to reconsider Pavilion Integrity's development project, specifically for DBKL to acquire a significant part of Lot 810 in order to build an access road known as Jalan Jejaka 1. Having failed to get DBKL to acquire part of Lot 810, the 265 Application was filed in respect of DBKL's refusal to acquire part of Lot 810.

The applicants were granted leave to seek the reliefs of, inter alia:

- (i) an Order of Certiorari to quash the decision of the Minister of Federal Territories, Malaysia, DBKL and/or Government, whether made jointly and/or severally, which revoked an earlier decision to acquire a strip of land designated for road reserve and for the construction of one Jalan Jejaka 1 on Lot 810 ("Decision to Revoke"); and
- (ii) an Order of Mandamus to compel the Minister of Federal Territories, Malaysia, DBKL and/or Government, whether jointly and/or severally, to acquire such relevant portion of Lot 810 for the purpose of constructing Jalan Jejaka 1.

The KLHC dismissed the 265 Application on 17 October 2018 and awarded Pavilion Integrity costs.

On 25 October 2018, Ng Chee Hao and another 120 appellants filed the Notice of Appeal to Court of Appeal against the respondents, Minister of Federal Territories, Malaysia, DBKL, Government and Pavilion Integrity via Court of Appeal Civil Appeal No.: W-01(A)-629-11/2018 ("629 Appeal").

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B8. Material Litigation (Cont'd)

Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below: (Cont'd)

(b) Kuala Lumpur High Court Judicial Review Application No.: WA-25-267-10/2017 ("267 Application")

On 13 October 2017, the applicant, Orando Realty Sdn. Bhd. filed the 267 Application at KLHC against Government, Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity. Similar to the 265 Application described in paragraph (a) above, having failed to get DBKL to acquire part of Lot 810, the 267 Application was filed by Orando Realty Sdn. Bhd. in respect of DBKL's refusal to acquire part of Lot 810.

Orando Realty Sdn. Bhd. was granted leave to seek the reliefs of, inter alia:

- (i) an Order of Certiorari to quash the Government, Minister of Federal Territories, Malaysia and/or the DBKL's Decision to Revoke;
- (ii) alternative to the first relief, a declaration that the Government, Minister of Federal Territories, Malaysia and/or the DBKL's Decision to Revoke is invalid, null and void and of no legal effect;
- (iii) an Order of Mandamus to compel the Government, Minister of Federal Territories, Malaysia and/or the DBKL, to acquire such relevant portion of Lot 810 for the purpose of constructing Jalan Jejaka 1; and
- (iv) an order for damages to be paid to the applicant.

The KLHC dismissed the 267 Application on 17 October 2018 and awarded Pavilion Integrity costs.

On 31 October 2018, Orando Realty Sdn. Bhd. filed the Notice of Appeal to Court of Appeal against the respondents, Government, Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity via Court of Appeal Civil Appeal No.: W-01(A)-643-11/2018 ("643 Appeal").

(The 265 Application and 267 Application are collectively referred to as the "2017 JR Applications", and the 629 Appeal and 643 Appeal are collectively referred to as the "2017 Appeals")

(c) Kuala Lumpur High Court Judicial Review Application No.: WA-25-293-07/2019 ("293 Application")

On 2 July 2019, the applicant, Khoo Yok Sian and another nine (9) applicants filed the 293 Application at KLHC against Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity.

The 293 Application was filed in the KLHC on grounds largely similar to both the 2017 JR Applications in paragraphs (a) and (b) above, again with a view to having a part of Lot 810 acquired by DBKL for a road reserve.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B8. Material Litigation (Cont'd)

Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below: (Cont'd)

- (c) Kuala Lumpur High Court Judicial Review Application No.: WA-25-293-07/2019 ("293 Application") (Cont'd)

The applicants were granted leave to seek the reliefs of, inter alia:

- (i) an Order of Certiorari to quash the decision by DBKL as contained in its letter dated 3 April 2019 to Pavilion Integrity's architect, Messrs. Kun Lim Architect informing among others that DBKL has decided not to proceed with the acquisition of Lot 810 for the purpose of constructing a road i.e., Jalan Jejaka 1 and Pavilion Integrity is to apply to amend its development order to surrender six (6) meters of land for the purpose of constructing Jalan Jejaka 1 ("DBKL's 3 April 2019 Decision");
- (ii) a declaration that DBKL's decision contained in its letter dated 7 December 2018 to Pavilion Integrity's architect, Messrs. Kun Lim Architect informing among others that they have decided to maintain the original plan to construct Jalan Jejaka 1 through Lot 810 and will proceed to acquire the necessary portion of Lot 810 to facilitate the construction of Jalan Jejaka 1 as planned ("DBKL's 7 December 2018 Decision") is valid and binding; and
- (iii) an Order of Mandamus compelling the Minister of Federal Territories, Malaysia and DBKL to proceed to act in accordance with the DBKL's 7 December 2018 Decision.

The KLHC dismissed the 293 Application on 27 May 2021, and awarded Pavilion Integrity costs. The 293 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-318-06/2021 ("318 Appeal").

- (d) Kuala Lumpur High Court Judicial Review Application No.: WA-25-295-07/2019 ("295 Application")

On 3 July 2019, the applicant, Ng Chee Hao and another 120 applicants filed the 295 Application at KLHC against Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity. Having failed to get DBKL to acquire part of Lot 810, the 295 Application was filed by the applicants in respect of DBKL's refusal to acquire part of Lot 810 for a road reserve.

The applicants were granted leave to seek the reliefs of, inter alia:

- (i) an Order of Certiorari to quash the DBKL's 3 April 2019 Decision;
- (ii) a declaration that the DBKL's 7 December 2018 Decision is valid and binding; and
- (iii) an Order of Mandamus compelling the Minister of Federal Territories, Malaysia and DBKL to proceed to act in accordance with the DBKL's 7 December 2018 Decision.

The KLHC dismissed the 295 Application on 27 May 2021, and awarded Pavilion Integrity costs. The 295 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-315-06/2021 ("315 Appeal").

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B8. Material Litigation (Cont'd)

Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The brief summary of the JR Applications relating to Pavilion Integrity's development project in Lot 810 is as set out below: (Cont'd)

(e) Kuala Lumpur High Court Judicial Review Application No.: WA-25-296-07/2019 ("296 Application")

On 3 July 2019, the applicant, Orlando Realty Sdn. Bhd. filed the 296 Application at KLHC against Minister of Federal Territories, Malaysia, DBKL and Pavilion Integrity. Having failed to get DBKL to acquire part of Lot 810, the 296 Application was filed by the applicant in respect of DBKL's refusal to acquire part of Lot 810 for a road reserve.

The applicant was granted leave to seek the reliefs of, inter alia:

- (i) an Order of Certiorari to quash the DBKL's 3 April 2019 Decision;
- (ii) a declaration that the DBKL's 7 December 2018 Decision is valid and binding; and
- (iii) an Order of Mandamus compelling the Minister of Federal Territories, Malaysia and DBKL to proceed to act in accordance with the DBKL's 7 December 2018 Decision.

The KLHC dismissed the 296 Application on 27 May 2021 and awarded Pavilion Integrity costs. The 296 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-323-06/2021 ("323 Appeal").

(f) Kuala Lumpur High Court Judicial Review Application No.: WA-25-326-07/2019 ("326 Application")

On 18 July 2019, the applicant, Low Kee Yoong and another 70 applicants filed the 326 Application at KLHC against DBKL, Minister of Federal Territories, Malaysia and Pavilion Integrity. Having failed to get DBKL to acquire part of Lot 810, the 326 Application was filed by the applicants in respect of DBKL's refusal to acquire part of Lot 810 for a road reserve.

The applicants were granted leave to seek the reliefs of, inter alia:

- (i) a declaration that the DBKL's 3 April 2019 Decision is null, void and of no legal effect;
- (ii) an Order of Certiorari to quash the DBKL's 3 April 2019 Decision; and
- (iii) an Order of Mandamus to compel DBKL to proceed with the acquisition of Lot 810.

The KLHC dismissed the 326 Application on 27 May 2021 and awarded Pavilion Integrity costs. The 326 Application was appealed via Court of Appeal Civil Appeal No.: W-01(A)-325-06/2021 ("325 Appeal").

(The 293 Application, 295 Application, 296 Application and 326 Application are collectively referred to as the "2019 JR Applications", and the 318 Appeal, 315 Appeal, 323 Appeal and 325 Appeal are collectively referred to as the "2019 Appeals")

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B8. Material Litigation (Cont'd)

Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The applicants in the 2019 JR Applications referred to in paragraphs (c) to (f) above have each filed an application for stay of the DBKL's 3 April 2019 Decision pending disposal of their respective appeals to the Court of Appeal ("Stay Pending Appeals"). On 22 November 2021, the KLHC granted the Stay Pending Appeals ("Stay Orders") in favour of the applicants. Pavilion Integrity has filed four (4) appeals at the Court of Appeal against the Stay Orders on 20 December 2021 (collectively, the "Appeals Against Stay Orders"). The hearing for the Appeals Against Stay Orders took place on 5 April 2022, wherein the Court of Appeal held the following:

- (i) For Court of Appeal Civil Appeal No.: W-01(IM)-784-12/2021 and Court of Appeal Civil Appeal No.: W-01(IM)-785-12/2021, the appeal is unanimously allowed in part. The Court of Appeal set aside the respective Stay Orders and substituted with the following and cost in the cause of the appeal proper:

"An order of stay on the decision by DBKL dated 3.4.2019 until disposal of the appeal of the judicial review application."

- (ii) For Court of Appeal Civil Appeal No.: W-01(IM)-800-12/2021 and Court of Appeal Civil Appeal No.: W-01(IM)-801-12/2021, the appeals are withdrawn by consent, subject to the penal notice being deleted and costs in the cause of the appeal proper.

The Court of Appeal had on 13 October 2021 allowed the motion to consolidate all the 2017 Appeals and 2019 Appeals to be heard together. The hearing for the 2017 Appeals and 2019 Appeals took place on 28 July 2022 and the decision for the 2017 Appeals and 2019 Appeals have been delivered by the Court of Appeal on 3 October 2022, in which the decision was delivered in favour of the appellants in 2017 Appeals and 2019 Appeals.

Additionally, Pavilion Integrity had on 9 July 2021 filed an application at KLHC on the assessment of damages against the applicants in all the 2019 JR Applications ("Notice for Direction for Assessment of Damages"). However, KLHC had struck out the Notice for Direction for Assessment of Damages and gave no further order in respect of this as the two (2) KLHC judgements dated 17 October 2018 and 27 May 2021 have been overruled.

On 1 November 2022, Pavilion Integrity had filed six (6) motions in respect of the leave to appeal against the Court of Appeal's decision dated 3 October 2022 at the Federal Court, (collectively, the "Leave to Appeal Against the Court of Appeal Decision"), in which the hearing is fixed on 21 June 2023.

In addition, Pavilion Integrity has on 30 November 2022 filed six (6) motions for the stay of execution of the Court of Appeal's decision on 3 October 2022 (collectively, the "Stay Against the Court of Appeal Decision").

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B8. Material Litigation (Cont'd)

Pavilion Integrity Sdn. Bhd. ("Pavilion Integrity") (Cont'd)

The hearing for Stay Against the Court of Appeal Decision took place on 27 March 2023, the Court of Appeal has allowed the stay on one of the prayers of the order of the Court of Appeal made on 3 October 2022 upon the condition that Pavilion Integrity and DBKL agree to stay any further construction on Lot 810 and to refrain from taking any steps in accordance with the development order granted to Pavilion Integrity on 14 March 2018. The prayer reads as follows:

"Suatu Perintah mandamus diberikan terhadap DBKL untuk mengeluarkan satu Notis Pengambilan Tanah (Notice of Acquisition) di bawah Seksyen 47(3) Akta (Perancangan) Wilayah Persekutuan 1982 untuk memulakan pemerolehan tanah yang terletak di Geran 1125, Lot 810, Mukim Ampang, Daerah Kuala Lumpur (Lot 810)".

As advised by the appointed solicitors, the Board of Directors are of the view that in the worst-case scenario, Residensi Platinum Mira shall be compulsorily acquired by the Minister of Federal Territories, Malaysia in accordance with the Land Acquisition Act 1960 and Pavilion Integrity is expected to be compensated accordingly including the amount of refund and compensation to be paid to its home buyers and contractors. In addition, Pavilion Integrity shall be entitled to claim for the costs that it has incurred in relation to its project as a development order has been awarded by DBKL. In the best-case scenario where the Federal Court rules in favour of Pavilion Integrity, Pavilion Integrity would be able to resume the work progress of Residensi Platinum Mira, and receive the expected earnings. In addition, our Group reserves the rights to claim for loss and damages from the relevant parties.

B9. Dividends

The Board of Directors proposes to declare a single-tier first interim cash dividend of 1.00 sen per ordinary share based on the enlarged issued share capital of 3,468,000,000 shares upon Listing (approximately RM35.00 million) in respect of financial year ending 31 December 2023 in the second quarter of 2023. The date of entitlement and payment of the single-tier first interim cash dividend is to be determined at a later 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 31.3.2023	Comparative quarter ended 31.3.2022	Current period to date ended 31.3.2023	Preceding period to date ended 31.3.2022
Profit attributable to Owners of the Company (RM'000)	2,936	N/A	2,936	N/A
Number of ordinary shares in issue ('000)	2,600,000	N/A	2,600,000	N/A
Basic EPS (sen)	0.11	N/A	0.11	N/A

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

B10. Earnings per Share ("EPS") (Cont'd)

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

This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative quarter and period concerned.

B11. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statement for the financial year ended 31 December 2022 was not subject to any qualification.

B12. Items included in the Statement of Profit or Loss

	Current quarter ended 31.3.2023 RM'000	Current period to date ended 31.3.2023 RM'000
Depreciation of property, plant and equipment	(222)	(222)
Depreciation of right-of-use assets	(302)	(302)
Finance costs	(974)	(974)
Finance income	140	140

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**

29 May 2023