



KTI LANDMARK BERHAD

(Registration No. 201601008159 (1179087-X))

Incorporated in Malaysia

**INTERIM FINANCIAL REPORT FOR THE
FIRST (1ST) QUARTER ENDED 31 MARCH 2024**

KTI LANDMARK BERHAD
Registration No. 201601008159(1179087-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter Unaudited 31.3.2024 RM'000	Preceding Year Corresponding Quarter Unaudited 31.3.2023 RM'000	Current Year-to-Date Unaudited 31.3.2024 RM'000	Preceding Year Corresponding Period Unaudited 31.3.2023 RM'000
Revenue		27,079	N/A	27,079	N/A
Cost of sales		(20,711)	N/A	(20,711)	N/A
Gross profit ("GP")		6,368	N/A	6,368	N/A
Other operating income		244	N/A	244	N/A
Selling and distribution expenses		(767)	N/A	(767)	N/A
Administrative expenses		(3,455)	N/A	(3,455)	N/A
Profit from operation		2,390	N/A	2,390	N/A
Finance cost		(1,781)	N/A	(1,781)	N/A
Profit before taxation ("PBT")	B13	609	N/A	609	N/A
Taxation	B5	(270)	N/A	(270)	N/A
Profit after taxation ("PAT") / Total comprehensive income for the period		339	N/A	339	N/A
PAT / Total comprehensive income for the period attributable to:					
Owners of the Group		339	N/A	339	N/A
Earnings per share ("EPS")	B12				
- Basic (sen) ⁽³⁾		0.001	N/A	0.001	N/A
- Diluted (sen) ⁽⁴⁾		0.001	N/A	0.001	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its initial public offering ("**IPO**") and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the first interim financial report announced in compliance with the ACE Market Listing requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") ("**Bursa Securities**"). As the Company will only be listed on ACE Market of Bursa Securities on 19 June 2024, there are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

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**UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME⁽¹⁾⁽²⁾**
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

- (3) Earnings per share ("**EPS**") is calculated based on the Company's enlarged share capital of 640,000,000 shares after the Pre-IPO restructuring exercise but before the IPO of the Company.
- (4) Diluted earnings per share of the Company for the individual quarter ended 31 March 2024 and year-to-date ended 31 March 2024 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A – Not Applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
AS AT 31 MARCH 2024

	UNAUDITED As at 31 March 2024 RM'000	AUDITED As at 31 December 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	71,612	68,871
Inventories ⁽³⁾	851	851
Deferred tax assets	584	454
Total non-current assets	73,047	70,176
Currents assets		
Inventories ⁽³⁾	242,122	235,821
Trade and other receivables	17,563	15,658
Contract assets	19,007	18,320
Tax recoverable	1,446	1,403
Fixed deposit with licensed bank	16,159	15,551
Cash and cash equivalents	13,336	19,598
Total current assets	309,633	306,351
TOTAL ASSETS	382,680	376,527
EQUITY and LIABILITIES		
EQUITY		
Invested equity	2,000	2,000
Retained profits	119,945	134,607
Total Equity	121,945	136,607
Liabilities		
Non-current liabilities		
Borrowings	32,806	23,654
Lease liabilities	5,338	5,062
Deferred tax liabilities	933	933
Total non-current liabilities	39,077	29,649
Current liabilities		
Trade and other payables	33,679	49,708
Contract liabilities	7,288	15,068
Amount due to a related party	-	41
Borrowings	178,073	142,408
Lease liabilities	2,124	2,054
Tax payables	494	992
Current tax liabilities	221,658	210,271
TOTAL LIABILITIES	260,735	239,920
TOTAL EQUITY AND LIABILITIES	382,680	376,527
NET ASSET PER SHARE (RM)⁽²⁾	0.19	68.3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾
AS AT 31 MARCH 2024

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim report.
- (2) Net assets per ordinary share is calculated based on the Company's number of ordinary shares as at 6 February 2024 of 640,000,000 shares.
- (3) Inventories comprise of the followings:

	UNAUDITED as at 31.3.2024 RM'000	AUDITED as at 31.12.2023 RM'000
Inventories		
Non-Current Assets		
Land held for property development	851	851
Current Assets		
Property development costs	241,366	235,383
Completed properties	756	438
	242,122	235,821

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KTI LANDMARK BERHAD
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UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 MARCH 2024

	Share Capital RM'000	Merger deficit RM'000	Retained profits RM'000	Total equity RM'000
Balance as at 1 January 2023 (Audited)	2,000	-	135,784	137,784
Profit for the financial year	-	-	13,822	13,822
Dividends	-	-	(15,000)	(15,000)
Balance as at 31 December 2023 (Audited)	2,000	-	134,606	136,606
Profit for the financial period	-	-	339	339
Dividends	-	-	(15,000)	(15,000)
Balance as at 31 March 2024 (Unaudited)	2,000	-	119,945	121,945

Note:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim report.

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KTI LANDMARK BERHAD
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UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 MARCH 2024

	UNAUDITED Current Year- To-Date 31.3.2024 RM'000	UNAUDITED Preceding Corresponding Period 31.3.2023 RM'000
Cash flows from operating activities		
PBT	609	N/A
Adjustments for:		
Depreciation for property, plant and equipment	461	N/A
Interest expense	1,781	N/A
Interest income	(200)	N/A
Operating profit before working capital changes	2,651	N/A
Changes in working capital		
Inventories	(5,600)	N/A
Trade and other receivables	(1,905)	N/A
Contract assets	(8,467)	N/A
Trade and other payables	(16,070)	N/A
Cash used in operations	(29,391)	N/A
Interest paid	(1,781)	N/A
Interest received	200	N/A
Tax paid	(940)	N/A
Net cash used in operating activities	(31,912)	N/A
Cash flows from investing Activities		
Purchase of property, plant and equipment	(3,023)	N/A
Increase in housing development accounts	(4,611)	N/A
Net cash used in investing activities	(7,634)	N/A

UNAUDITED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 MARCH 2024 (CONT'D)

	UNAUDITED Current Year- To-Date 31.3.2024 RM'000	AUDITED Preceding Corresponding Period 31.12.2023 RM'000
Cash flows from financing activities		
Placement of fixed deposit	(680)	N/A
Dividend paid	(15,000)	N/A
Drawdown of		
- term loan	9,059	N/A
- bridging loan	35,000	N/A
- trade facilities	7,691	N/A
Repayment of borrowings		
- term loan	(185)	N/A
- bridging loan	(3,414)	N/A
- lease liabilities	(535)	N/A
- trade facilities	(6,058)	N/A
	25,878	N/A
Net cash from financing activities	25,878	N/A
Net decrease in cash and cash equivalents	(13,668)	N/A
Cash and cash equivalents at the beginning of the financial period	19,709	N/A
Cash and cash equivalents at the end of the financial period	6,041	N/A

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	13,336	N/A
Fixed deposit placed with licensed banks	16,159	N/A
Balance as stated in the statement of financial position	29,495	N/A
Less : Bank overdraft	(3,869)	N/A
Less: Fixed deposit pledged with licensed banks	(14,868)	N/A
Less: Housing development bank account	(4,717)	N/A
Balance for Statement of Cash Flows	6,041	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Combined Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountant's Report as disclosed in the Prospectus dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period-to-date available as no interim financial report was prepared for the comparative financial period concerned.

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N/A Not applicable.

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Part A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INERIM FINANCIAL REPORTING

A1. Basis of preparation

This condensed combined interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 and Appendix 9B of Listing Requirements.

This is the Company’s first interim financial report on the unaudited condensed combined financial results for the financial period ended 31 March 2024 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 21 May 2024 in relation to its IPO and the accompanying explanatory notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those disclosed in the Accountant’s Report in the Prospectus dated 21 May 2024, except for the adoption of the following new amendments to MFRS’s:

Effective for financial periods beginning on or after 1 January 2024

- 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 Supplier Finance Arrangements

Effective for financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 Lack of Exchangeability

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.

The Group will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect on the combined financial statements upon their initial applications.

A3. Auditors’ report on preceding annual financial statements

There were no qualifications on the audited financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal of cyclical factors

The Group’s operation was not significantly affected by any unusual seasonal or cyclical factors in the current quarter and financial period-to-date under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the current quarter and financial period-to-date under review.

PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (CONT'D)

A6. Material changes in Accounting Estimates

There were no material changes in estimates in the current quarter and financial period-to-date under review.

A7. Debt and equity securities

On 6 February 2024, the Company issued a total of **639,999,997** new ordinary shares pursuant to the acquisition of the entire equity interest in K.T.I Sdn. Bhd. and K.T.I Development Sdn Bhd in conjunction with the IPO. The acquisitions were completed on 2 April 2024.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. Dividends paid

An interim single-tier dividend in respect of the financial year ended 31 December 2023 under review was declared and paid by K.T.I Development Sdn Bhd to its previous shareholders on 1 February 2024 as disclosed in Note B11.

A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A10. Capital commitments

	UNAUDITED	AUDITED
	As at	As at
	31.3.2024	31.12.2023
	RM'000	RM'000
Land under property development		
Authorised and contracted for	<u>45,044</u>	<u>46,935</u>

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PART A - EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (CONT'D)

A11. Material Subsequent Events

Pursuant to the Share Sale Agreement dated 19 June 2023, the acquisition of the entire issued share of KTISB and KTIDSB by KTILB has been completed on 2 April 2024. On completion, KTI has satisfied the purchase consideration by allotting **639,999,997** ordinary shares at the issue price of RM0.168 each (the "**consideration shares**") in favour of the vendors of KTILB. In consideration of the issuance of the consideration shares, the vendors of KTISB have transferred 1,000,000 ordinary shares to KTILB and the vendors of KTIDSB have transferred 1,000,000 ordinary shares to KTILB. The shares transfer was completed on 2 April 2024.

In conjunction with the Company's listing on the ACE Market of Bursa Securities, on 19 June 2024, the Company issued its Prospectus for its IPO entailing the following:

- (1) Public issue of 160,000,000 new shares ("**Issue Shares**") in the following manner:
 - (a) 40,000,000 new shares available for application by the Malaysian public investor and bumiputra investor to be allocated via public balloting ;
 - (b) 40,000,000 new shares available for application by our eligible employees and persons who have contributed to the success of the Company's;
 - (c) 80,000,000 new shares by way of private placement to Bumiputera investors approved by Ministry of International Trade and Industry; and
- (2) Offer for sales of 45,000,000 existing shares in the following manners: -
 - (a) 20,000,000 existing Shares by way of private placement to Bumiputera investors approved by MITI; and
 - (b) 25,000,000 existing Shares by way of private placement to selected investors,at an IPO price of RM0.30 per share.

Upon completion of the IPO, the Company is expected to be admitted to the Official List of Bursa Securities and the Company's entire enlarged issued share capital of 800,000,000 shares shall be listed and quoted on the ACE Market of Bursa Securities.

Save as disclosed above, there were no other material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

A12. Changes in the composition of the Group

On 2 April 2024, KTILB had completed the acquisition of the entire equity interest in KTISB and KTIDSB at a purchase consideration of RM107,584,000, which was fully satisfied by the issuance of 639,999,997 new shares at an issue price of RM0.168 per share.

Save as disclosed above, there were no other material changes in the composition of the Group for the current financial quarter under review. Basic EPS is calculated based on the Company's share capital of 639,99,997 ordinary shares after issuance of shares to the acquisition of K.T.I. Sdn Bhd, K.T.I Development Sdn Bhd and its subsidiaries.

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Part A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INERIM FINANCIAL REPORTING (CONT’D)

A13. Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities of the KTILB’s group of companies under review.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES

B1. REVIEW OF PERFORMANCE

(a) Results for current quarter

The Group recorded a revenue of RM 27.1 million and profit before tax of RM0.6 million for the current first quarter ended 31 March 2024. The quarter's revenue was mainly derived from Residensi Seri Akasia Block A & B , Block C & D and Block E & F, Taman Bukit Alamanda, Taman Seri Lemawang Phase 1E, Plaza Seri Lemawang 2 and The Logg project from Parkhill, Shorea & Astoria and construction projects from Lok Kawi Army camp, which continue to good progress during the quarter.

(b) Results for financial year-to-date

This is the first interim quarter financial report on the Company's unaudited condensed combined financial results for the period ended 31 March 2024 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

B2. Comparison with immediate preceding quarter's results

	Income		Variance	
	Unaudited Current Year Quarter 31.3.2024 RM'000	Unaudited Preceding Year Corresponding Quarter 31.3.2023 ⁽¹⁾ RM'000	RM'000	%
Revenue				
- Property Development	26,688	N/A	N/A	N/A
- Construction	391	N/A	N/A	N/A
	<u>27,079</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
PBT	609	N/A	N/A	N/A

The Group recorded revenue of approximately RM27.1 million from property development and construction contract project for the current financial quarter under review. The property development revenue contributed 98.6% and the construction contract contribute 1.4% from the Group's revenue for the current financial quarter under review.

The Group recorded a PBT of approximately RM0.6 million for the current financial quarter under review after deducting expenses which are mainly attributable to selling and distribution expenses of RM0.8 million administrative expenses of approximately RM3.5 million, financing cost of RM1.8 million for the current financial quarter under review. The profit is mainly due to higher selling and distribution expenses for carrying out the road bunting, advertisement signboard and advertisement cost of RM0.6 million, commission charged out of RM0.3 million and increase in staff sales personnel cost incurred on the Ayuria project located at Alamesra.

The administrative expenses mainly comprise of directors' remuneration, staff costs and professional fees and administration expenses and listing expenses for the current financial quarter under review.

EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

Note:

- (1) This is the first interim financial report on the Company's unaudited condensed combined financial results for the first (1st) quarter ended 31 March 2024 announced in compliance with the Listing requirements and as such, there are no comparative figures for the immediate preceding quarter.

N/A – Not applicable

B3. Prospects of the Group

As disclosed in the Prospectus of the Company dated 21 May 2024, KTI has put in place a series of future plans as follows:

- (i) The Group intends to expand the Group's property development business through the acquisition of landbank for future projects in Sabah;
- (ii) The Group intends to further strengthen its market presence as an established property developer in Sabah;
- (iii) The Group intends to expand the production capability of its casting activities with the addition of a new industrialised building system ("**IBS**") production line to produce hollow core slabs to supplement our existing range of IBS components manufactured; and
- (iv) The Groups intends to upgrade its software and systems to further enhance its operational efficiency.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is optimistic about the future prospects of the Group.

B4. Variance of actual profits from profit forecast

The Group did not issue any profit forecast of profit guarantee during the current financial quarter under review.

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EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. Income tax expenses

	Quarter Ended Unaudited		Year-to-date Ended Unaudited	
	31.3.2024 RM'000	31.12.2023 ⁽¹⁾ RM'000	31.3.2024 RM'000	31.12.2023 ⁽¹⁾ RM'000
Income tax expense				
- Current year	(348)	N/A	(348)	N/A
- Prior year	-	N/A	-	N/A
Deferred tax expense				
- Current year	-	N/A	-	N/A
- Prior year	78	N/A	78	N/A
Total tax expense	(270)	N/A	(270)	N/A
Effective tax rate ⁽²⁾	44.4	N/A	44.4	N/A

Notes:

- (1) This is the first interim financial report on the Company's unaudited condensed combined financial results for the first (1st) quarter ended 31 March 2024 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) The applicable Malaysian income tax rate is 24% for the first quarter period ended 31 March 2024 (24% for the financial year ended 31 March 2023). The Company's effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate primarily due to non-allowable expenses and certain companies under the group having tax losses.

B6. Status of Corporate Proposals

On 21 May 2024, the Company issued its Prospectus in relation to the IPO in conjunction with the listing of the Company on the ACE Market of Bursa Securities, comprising the public issue of 160,000,000 new Shares and 45,000,000 existing Shares in the Company. The Listing is pending completion as the Company is expected to be listed on 19 June 2024.

Save as disclosed above, there were no other corporate proposals pending completion as at the date of this interim financial report.

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EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Utilisation of proceeds from the IPO

The gross proceeds from the IPO amounting to RM48,000,000 is intended to be utilised in the following manner:

Details of utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised RM'000	Estimated time frame for utilisation upon listing
Acquisition of land for development	18,000	-	-	Within 12 months
Upgrading existing/expansion of the casting yard/ IBS facility for the building division	2,150	-	-	Within 24 months
Upgrading software and system	350	-	-	Within 6 months
Working capital for project development	20,700	-	-	Within 12 months
Repayment of bank borrowings	3,000	-	-	Within 6 months
Estimated listing expenses	3,800	-	-	Within 1 month
	48,000	-	-	

B8. Bank borrowings

	UNAUDITED As at 31.3.2024 RM'000	AUDITED As at 31.12.2023⁽¹⁾ RM'000
Non-current liabilities:		
Term Loan	32,806	N/A
Lease liabilities payable	5,338	N/A
Deferred tax liabilities	933	N/A
	39,077	N/A
Current liabilities:		
Term loan	91,490	N/A
Bank overdrafts	3,869	N/A
Bridging loan	50,418	N/A
Revolving credit	20,017	N/A
Trade facilities	10,155	N/A
Lease liabilities payable	2,124	N/A
	178,073	N/A
Total Bank Borrowings	217,150	N/A

The borrowings are denominated in Ringgit Malaysia.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

Note:

- (1) 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 quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

B9. Material litigation

Save as disclosed below, the Group is not engaged in any government, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability of the Group as at 22 April 2024:

(i) *Landmark Property Sdn Bhd ("Landmark Property") v Ketua Pengarah Hasil Dalam Negeri and Lembaga Hasil Dalam Negeri Malaysia ("LHDN")*

Pursuant to the letter dated 2 November 2020 from LHDN to Landmark Property, LHDN stated that the expenses incurred by Landmark Property in relation to the government grant awarded to Landmark Property of up to RM56,225,544 for the years of assessment 2016, 2017 and 2018 are not deductible for tax purposes pursuant to Paragraph 3 of the Income Tax (Exemption) (No.22) Order 2006 ("**Exemption Order**").

Landmark Property filed a judicial review application on 25 November 2020 ("**Judicial Review**") seeking for a declaration that the following notices are ultra vires the Exemption Order, Section 127(3)(b) of the Income Tax Act 1967 and accordingly are null and void in law:

- (aa) the Notice of Assessment for the Year of Assessment 2016;
 - (bb) the Notice of Assessment for the Year of Assessment 2017; and
 - (cc) the Notice of Additional Assessment for the Year of Assessment 2018,
- (collectively, "**the Impugned Assessments**").

On 23 December 2020, the High Court of Sabah & Sarawak at Kota Kinabalu ("**High Court**") granted Landmark Property leave to commence the said Judicial Review, and subsequently on 9 July 2021, the Judicial Review application was allowed by the High Court. Following that, LHDN filed a Notice of Appeal to the Court of Appeal against the decision of the High Court ("**Substantive Appeal**") and the Substantive Appeal has been stayed pending Landmark Property's appeal against the dismissal of their representing solicitor's ad hoc admission application ("**Ad Hoc Admission Application**").

The Ad Hoc Admission Appeal's hearing date is fixed on 18 July 2024. The Substantive Appeal will resume once the Ad Hoc Admission Application has concluded. The hearing for the Substantive Appeal has been fixed on 26 September 2024.

Landmark Property has made payment to LHDN up to July 2021 amounting to RM1,337,040.98 in accordance with an Impugned Assessments instalment scheme that was proposed for the settlement of the tax liabilities ("**Amount Paid**"), and Landmark Property has since ceased subsequent payments to be made in accordance with the abovementioned instalment scheme following the High Court's decision to allow the Judicial Review application.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

In the event the Substantive Appeal by LHDN is unsuccessful, the Amount Paid will be refunded by LHDN to Landmark Property accordingly. The total value of the Impugned Assessments (less all payments made) is RM14,670,037.27. This amount excludes any further interest which may be imposed as time passes up to the date of judgement, on the outstanding value of Impugned Assessments.

However, in the event Landmark Property fails to defend the Substantive Appeal, Landmark Property is required to continue to make payments under the proposed instalment scheme for the balance amount of the Impugned Assessments amounting to RM13.3 million. The representing solicitors are of the opinion that there is a more than even chance of success that Landmark Property will successfully defend the Substantive Appeal as the High Court has found that the Judicial Review had successfully established illegality, irrationality and breach of legitimate expectation by LHDN.

The Group has paid RM1,337,040.98 of the RM14,670,037.27 Impugned Assessments. The RM1,337,040.98 is accounted for under the financial statements as security deposit paid. The remaining balance of RM13,332,996.29 is not captured under the financial statements. The Group did not make a provision for the remaining balance of RM13,332,996.29 of Impugned Assessments by LHDN as the court case is still on-going, the legal advisers having opined a reasonable chance of success, as well as the indemnity provided by the Promoters. The Promoters, Chin Mee Leen and Loke Theen Fatt have agreed to fully indemnify the Group for the amount in dispute amounting to RM13.3 million together with any imposed interest and any further legal costs arising from this litigation case, and may use the proceeds which they will receive as Selling Shareholders under the Offer for Sale or their personal funds, for this purpose. For avoidance of doubt, should the Offer for Sale not materialise, the Promoters are obliged to source for the necessary funds personally to fulfil their indemnity together with any imposed interest on a monthly basis over a period of 29 months in accordance with the proposed instalment scheme.

(ii) Landmark Property v GCA

Landmark Property and GCA entered into a Memorandum of Agreement / Conditions of Engagement dated 3 November 2010 ("**Contract**") for the provision of professional services by GCA for Landmark Property's project called "Proposed Commercial & Housing Development on Country Lease No. 025341940 at Kinarut South, Papar, Sabah" ("**Project**"). The Project is divided into Phase 1 to 3 and Phase 4.

In respect of Phase 1 to 3, GCA claims an alleged total sum of RM2,490,341.59 as at 30 June 2021 for work done. In respect of Phase 4, GCA claims an alleged total sum of RM7,659,459.80 as at 30 June 2021 for work done.

Landmark Property counterclaimed against GCA for the following reliefs:

- (aa) a declaration that the suspension by GCA of its professional services in failing or refusing to issue the *Perumahan Penjawat Awam Malaysia* (PPAM) certification for Phase 4 of the Project was unlawful and a repudiation of the Contract;
- (bb) a declaration that Landmark Property has lawfully terminated the Contract; and
- (cc) that GCA is to pay to Landmark Property the sum of RM3,825,460.50 (excluding interest and cost) as at 19 August 2021 comprising of financing costs or interest charges, additional cost to carry out valuation or quantity surveying works, additional cost incurred to appoint another prime consultant and two other consultants, interest and costs.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

On 2 June 2022, the final arbitration award was rendered against Landmark Property in the following terms:

- (aa) the outstanding professional fees and 6.0% sales and service tax amounting to RM2,092,777.34 for Phases 1 to 3 and the amount of RM2,192,522.50 for Phase 4 was awarded to GCA;
- (bb) the simple interest at the rate of 5.0% per annum on the amount of RM2,092,777.34 for Phases 1 to 3 and on the amount of RM2,192,522.50 for Phase 4 awarded to GCA calculated from the date of the final award to the date of full realisation; and
- (cc) Landmark Property will pay GCA's cost and the cost of GCA's solicitor on a client-solicitor basis taxed by the court, including all costs and expenses and payments already incurred and/or disbursed for this arbitration.

On 7 July 2022, the High Court registered the final award as a court order. Landmark Property's application to set aside the final award ("**Main Suit**") was dismissed on 16 January 2023. Subsequent thereto, Landmark Property fully paid the sums due, amounting to RM4.29 million pursuant to the court order to GCA in early 2023. Despite having lost in the High Court in respect of the Main Suit, Landmark Property has filed a notice of appeal to the Court of Appeal. The parties received the grounds of judgment of the High Court on 3 October 2023, and the Court of Appeal has fixed the hearing on 13 November 2024.

In the event Landmark Property fails to defend its appeal, there will be no further amount due to be paid save for legal costs. Conversely, if Landmark Property is successful in its appeal, Landmark Property may potentially recover the amounts paid to GCA.

(iii) *KTIDSB v George Chong Ket Choi*

George Chong Ket Choi ("**GC**") is an architect registered with the Board of Architects Malaysia and is the sole proprietor of GCA. In 2013, KTIDSB had intentions to submit a tender to the Ministry of Local Government & Housing for a project in Beaufort, Sabah. The tender was subject to the approval of various federal ministries and agencies. GC and KTIDSB entered into an oral agreement for GC to prepare a preliminary schematic and development plan ("**Plan**") for the Project. In early 2014, the Plan was prepared and subsequently submitted to various local authorities. Following that, pursuant to requests from the local authorities, a revised Plan was prepared and submitted in 2016.

KTIDSB's tender was unsuccessful and it was not awarded the project. GC's contention is that KTIDSB had orally agreed to pay GC professional fees for the preparation and submission of the Plan, whereas it is KTIDSB's contention that the parties had orally agreed that GC would only be remunerated if KTIDSB's tender was successful.

GC filed a writ of summons on 14 January 2021. In the amended statement of claim, GC claims that KTIDSB purportedly owes him a total sum of RM431,118.37 as of 31 December 2020, being the alleged outstanding professional fees for work done.

The representing solicitors are of the opinion that KTID has a reasonable chance of success based on the documentary evidence (subject to the witness' statements during the trial). The solicitors take the view that GC had not adduced any evidence to show that there was an agreement to be remunerated by KTIDSB, whereas KTIDSB has written letters in 2018 and 2020 that there was no agreement to remunerate GC for the work done for this project.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

The trial has already concluded on 20 February 2024 and the date to file the submission in reply has been fixed on 5 June 2024. The date for the decision of the Sessions Court has not been fixed.

In the event KTIDSB fails to defend its claim, KTIDSB is required to pay the defendant the professional fees purportedly owed amounting to RM0.4 million.

B10. Contingent liabilities

Save for the value of the Impugned Assessments and amount claimed by GC, amounting to RM14,670,037.27 and RM431,118.37 as disclosed in B9 (i) and (iii) above respectively, there are no contingent liabilities incurred by the Group, the subsidiaries, which upon becoming enforceable, may have a material effect on the financial position or the subsidiaries' financial position.

B11. Dividend

For information purposes, K.T.I Development Sdn Bhd, declared an interim single-tier dividend of RM15 per ordinary share amounting to RM15.0 million to its previous shareholders in respect of the financial year ended 31 December 2023. K.T.I Development Sdn Bhd became the wholly owned subsidiary of the Company on 2 April 2024. The said dividend was paid on 1 February 2024 and was funded by K.T.I Development Sdn Bhd's internally generated fund.

No dividend was declared or recommended for payment by the Board of the Company during the financial period under review.

B12. Earnings per share

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

	UNAUDITED	UNAUDITED
	Current	Current
	Quarter	Year
	31.3.2024	To-Date
	RM'000	31.3.2023
		RM'000
Non- current :		
Profit attributable to the owners of the Company	339	N/A
Number of Ordinary Shares	640,000	N/A
Basic EPS (Sen) ⁽¹⁾	0.001	N/A
Diluted EPS (Sen) ⁽²⁾	0.001	N/A

Notes:

(1) Basic earnings per share is calculated based on the Company's share capital of 640,000,000 ordinary shares after issuance of shares to the acquisitions of KTISB and KTIDSB.

(2) Diluted earnings per share is calculated based on the Company's share capital of ordinary shares that shall be listed on the ACE Market of Bursa Securities.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B13. Notes to the Statement of Comprehensive Income

	UNAUDITED	UNAUDITED
	Current	Current Year
	Quarter	To-Date
	31.3.2024	31.3.2023
	RM'000	RM'000
Profit after tax is after charging / (crediting)		
Depreciation of property, plant and equipment	461	N/A
Directors' remuneration	532	N/A
Interest expense	1,781	N/A
Interest on lease liabilities	69	N/A
Staff Costs	1,081	N/A
Interest income	(200)	N/A
Rental income	-	N/A

Note:

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 quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

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B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B14. Related Party Transaction

	UNAUDITED Current Quarter 31.3.2024 RM'000	UNAUDITED Current Year To-Date 31.3.2023 RM'000
Transactions with Directors		
Rental expenses	12	N/A
Dividend paid	15,000	N/A
Directors' remuneration and emoluments	532	N/A
Transactions with related party		
Rental expenses	9	N/A
Repair and maintenance of motor vehicles	60	N/A

Note:

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 quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

BY ORDER OF THE BOARD

KTI LANDMARK BERHAD

12 June 2024