

**MELATI EHSAN HOLDINGS BERHAD (200401034784 (673293-X))**  
**(Incorporated in Malaysia)**

**A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134: INTERIM FINANCIAL REPORTING**

**A1. Basis of preparation**

The unaudited interim financial report has been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2023 and were prepared in accordance with Malaysian Financial Reporting Standard (MFRS).

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 31 August 2023 except for the adoption of new standards and amendments to MFRSs which are relevant to its operations and effective for the financial period beginning on or after 1 September 2023.

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	01 January 2023
Amendments to MFRS 17 <i>Initial Application MFRS 17 and MFRS 9 – Comparative Information</i>	01 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	01 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	01 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	01 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

The adoption of these standards and amendments to MFRSs do not have significant impact on the results and the financial position of the Group.

**A2. Audit report of preceding annual financial statements**

There were no audit qualification on the financial statements of the Company and its subsidiaries for the financial year ended 31 August 2023.

**A3. Seasonal or cyclical factors**

The Group's business operations were not materially affected by any major seasonal or cyclical factors.

**A4. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

**A5. Material changes in estimates**

There was no material changes in estimates used for preparation of the interim financial report.

**A6. Issuance or repayment of debts and equity securities**

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

As at 31 May 2024, 4,244,400 ordinary shares have been purchased for RM2,406,916 including the transaction costs. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016.

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**A7. Dividend paid**

A first and final single tier dividend of 1.0 sen per ordinary share amounting to RM1,157,560 in respect of the financial year ended 31 August 2023 has been paid on 19 March 2024.

**A8 Segmental reporting**

**31 May 2024**

	<b>Construction</b>	<b>Property Development</b>	<b>Trading</b>	<b>Others</b>	<b>Consolidated</b>
<b>REVENUE</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total revenue	11,432	13,719	4,369	-	29,520
Inter-segment revenue	-	-	-	-	-
Revenue from external customer	11,432	13,719	4,369	-	29,520
<b>RESULT</b>					
Segment results	1,894	408	108	(663)	1,747
Finance costs	-	(547)	-	(2)	(549)
Interest income	175	194	-	-	369
Profit/ (Loss) before tax	2,069	55	108	(665)	1,567
Tax expense	(1,028)	(34)	(26)	-	(1,088)

No segmental information is provided on geographical basis as the Group's activities are conducted wholly in Malaysia.

**A9. Valuation of property, plant and equipment**

Property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment loss, if any.

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

**A10. Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

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A11. **Contingent liabilities**

The details of Company contingent liabilities as at 31 May 2024 are as follows:

	<b>RM'000</b>
Secured:	
Guarantees given to financial institutions on credit facilities granted to subsidiaries	181,467
Unsecured:	
Guarantees given to a third party for performance in the construction agreement granted to a subsidiary	19,481
Guarantees given to suppliers for credit facilities granted to a subsidiary	5,000
Guarantees given to a financial institution on credit facilities granted to a subsidiary	23,978
	<u>48,459</u>

A12. **Commitments**

There was no capital commitment in the financial period ended 31 May 2024.

A13. **Subsequent events**

There was no other material events subsequent to the financial period ended 31 May 2024 up to the date of this report.

A14. **Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprise the following:

	<b>RM</b>
Cash and bank balances	4,910,609
Fixed deposits with licensed banks	11,444,629
	<u>16,355,238</u>
Less:	
Deposits pledged with financial institution	<u>(2,723,074)</u>
	<u>13,632,164</u>

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**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of performance**

Financial review for current quarter and financial year to date

	Individual Period		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Period	
	31/05/2024 RM '000	31/05/2023 RM '000		31/05/2024 RM '000	31/05/2023 RM '000	
Revenue	5,650	14,698	(62)	29,519	50,796	(42)
Operating Profit	988	11,981	(92)	2,116	21,841	(90)
Profit Before Interest and Tax	988	11,379	(91)	2,116	20,905	(90)
Profit Before Tax	832	10,326	(92)	1,567	17,844	(91)
Profit After Tax	171	9,491	(98)	479	15,468	(97)
Profit Attributable to Ordinary Equity Holders of the Parent	171	9,491	(98)	479	15,468	(97)

For the financial period ended 31 May 2024, the Group achieved revenue of RM29.519 million and profit before tax of RM1.567 million as compared to RM50.796 million and RM17.844 million respectively for the preceding year corresponding period.

The decreased in profit before tax of the Group in the current financial period as compared to the preceding year corresponding period was due mainly to the Group's construction and development projects are at preliminary stage.

Detailed analysis of the performance for the respective operating business segments for the period ended 31 May 2024 is as follows:

Construction

The Group recorded revenue of RM11.432 million and profit before tax of RM2.069 million as compared to the preceding year corresponding period of RM24.315 million and RM6.020 million respectively. The lower revenue and profit before tax in the current period to-date was mainly due to the current construction projects are at a preliminary stage.

Property development

The Group recorded revenue of RM13.719 million and profit before tax of RM0.055 million as compared to the preceding year corresponding period of RM26.045 million and RM0.570 million respectively. The higher revenue and profit before tax in preceding year corresponding period was mainly due to the completion of landed residential development known as Meridian at Taman Kluang Barat, Johor in March 2023. Besides that, there is another development project known as Bayu Selayang Heights, Gombak, Selangor which is at a preliminary stage and no revenue was recorded to-date.

Trading

The Group recorded revenue of RM4.369 million and profit before tax of RM0.108 million as compared to the preceding year corresponding period of RM0.435 million and RM0.026 million respectively. The increased in revenue and profit before tax in the current period to-date was due to the increased in construction materials purchase order from our subcontractors.

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**B2. Comparison with preceding quarter results**

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/05/2024 RM '000	29/02/2024 RM '000	
Revenue	5,650	11,265	(50)
Operating Profit	988	735	34
Profit Before Interest and Tax	988	735	34
Profit Before Tax	832	563	48
Profit After Tax	171	151	13
Profit Attributable to Ordinary Equity Holders of the Parent	171	151	13

For the current quarter under review, the Group recorded a profit before tax of RM0.832 million as compared to profit before tax RM0.563 million in the immediate preceding quarter. The higher profit before tax in the current financial quarter as compared to the immediate preceding quarter was due mainly to the lower operating cost incurred.

**B3. Commentary on prospects**

Despite a challenging external environment, Malaysia's economy is expected to register positive growth momentum supported by resilient domestic demand and a significant increase in foreign direct investment (FDI), especially in the technology and data center sectors. Budget 2024 highlights the Government's commitment to responsible fiscal management and subsidy rationalisation. Savings from these measures will be channeled to the vulnerable communities and the Rakyat based on needs, as well as to improve public infrastructure and services. Furthermore, the Government will accelerate its implementation processes to ignite new economic growth and deliver social reforms for resilience and balanced growth. Policymakers are also closely monitoring global developments and will strive to balance growth with inflation to maintain a sustainable economy. These Government efforts, which benefit all layers of the Rakyat, will stimulate economic momentum, including development and construction activities, and progressively restore investor confidence in Malaysia.

The Government will continue to play an important role in promoting the construction industry by stimulating the economy through the implementation of various construction projects and infrastructure programs, such as the construction of roads, bridges, and public transportation systems. Additionally, the Government has also introduced social welfare programs such as low-cost and affordable housing schemes, further boosting the demand for the construction sector.

Meanwhile, strategies and measures under the National Energy Transition Roadmap, New Industrial Master Plan 2030 and Mid-Term Review of the Twelfth Malaysia Plan aim to drive quality investments in high-value-added industries, particularly in the energy transition, digital and high-technology sectors. This initiative aims to create more high-income job opportunities for the Rakyat.

The local property market has demonstrated positive trends particularly in the affordable housing segment. The general response to launches within this segment in desirable areas has been favorable, leading to relatively high take up rates. Melati Ehsan Group officially launched the 1st phase of our residential development, known as Bayu Selayang Heights on 14 July 2024. This mid-range project targets middle-income buyers and has already achieved favourable response.

**B4. Variance of actual and forecast profit**

The Group did not issue any forecast for the current quarter and therefore this is not applicable.

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**B5. Corporate proposal**

There are no corporate proposals announced as at the date of this report except as follows:

On 11 September 2023, Pembinaan Kery Sdn Bhd (“PKSB”), a wholly-owned subsidiary of the Company had entered into the following agreements with Mega Legacy (M) Sdn Bhd (“MLSB”), an indirect subsidiary of UEM Sunrise Berhad:-

- (a) a conditional sale and purchase agreement for the proposed acquisition of a plot of unsubdivided vacant commercial development land identified as Plot 9 measuring approximately 4.008 acres forming part of a master title No. HS(D) 119301, Lot No. PT 26689, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (“Acquisition Land”) for a cash consideration of RM85.0 million (“Purchased Consideration”) (“Proposed Acquisition”); and
- (b) a development rights agreement with regard to the development of the Acquisition Land in which PKSB grants MLSB the sole and exclusive irrevocable rights to develop the Acquisition Land and to market and sell the completed properties on the Acquisition Land (“Project”) in return for a development rights value of RM93.5 million or the aggregate of the Purchase Consideration plus entitlement of 20.0% of the profit from the Project (“Proposed Joint Development”).

The Proposed Acquisition and Proposed Joint Development are collectively referred to as the “Proposals”.

On 28 December 2023, the Company at an Extraordinary General Meeting had obtained shareholders’ approval of the Proposals. All conditions for completion as set out in the Proposals have been fulfilled on 1 March 2024.

**B6. Income tax expense**

	<b>Current Quarter</b> <b>31 May 2024</b> <b>RM’000</b>	<b>Current Period To-Date</b> <b>31 May 2024</b> <b>RM’000</b>
Current tax expense	661	1,088
Deferred tax expense	-	-
<b>Total</b>	<b>661</b>	<b>1,088</b>

The tax expense for the current quarter and current period to-date is derived based on management’s best estimate of the tax rate for the financial year.

**B7. Group borrowings**

There were no other borrowings and debts securities in the Group as at 31 May 2024, except as disclosed below:-

	<b>31 May 2024</b>		<b>31 May 2023</b>	
	<b>Short term</b> <b>RM’000</b>	<b>Long term</b> <b>RM’000</b>	<b>Short term</b> <b>RM’000</b>	<b>Long term</b> <b>RM’000</b>
<b>Secured</b>				
Term loan	17,970	57,602	6,708	73,414

**B8. Off balance sheet financial instruments**

There are no financial instruments with off balance sheet risk as at the date of this report.

**B9. Material litigation**

As at the date of this announcement, there are no material litigations against the Group or taken by the Group.

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**B10. Dividends**

No dividend has been declared for the current quarter under review.

**B11. Notes to the Statement of Profit Or Loss And Other Comprehensive Income**

The profit for the year has been arrived at after crediting/(charging):-

	<b>Current Quarter</b> <b>31 May 2024</b> <b>RM'000</b>	<b>Current Period To-Date</b> <b>31 May 2024</b> <b>RM'000</b>
Interest income	158	369
Other income including investment income	348	595
Finance Costs	(156)	(549)
Depreciation and amortisation	(117)	(343)
Gain on disposal of property, plant and equipment	27	27

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Malaysia Listing Requirements are not applicable.

**B12. Earnings per share**

(a) Basic earnings per share

Basic earnings per share for the current quarter and financial period to-date are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares in issue, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

	<b>Current</b> <b>quarter</b> <b>31/05/2024</b>	<b>Preceding year</b> <b>corresponding</b> <b>quarter</b> <b>31/05/2023</b>	<b>Current</b> <b>Period</b> <b>To-date</b> <b>31/05/2024</b>	<b>Preceding</b> <b>Year</b> <b>Corresponding</b> <b>Period To-Date</b> <b>31/05/2023</b>
Profit attributable to owners of the parent (RM)	170,845	9,490,622	478,539	15,467,830
Number of ordinary shares ('000)	115,756	115,756	115,756	115,756
Weighted average number of ordinary shares ('000)	115,756	115,761	115,756	115,850
Basic earnings per share (sen)	0.15	8.20	0.41	13.35

(b) Diluted earnings per share

The Group does not have any convertible shares or financial instruments for the current quarter and financial period to-date.

By Order of the Board

**Wong Youn Kim**  
**Chan Chee Yeap**  
 Company Secretaries  
 Kuala Lumpur  
 30 July 2024