

**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 MFRSs, amendments to MFRSs and IC Interpretations (IC) 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 August 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**  
There were no dividends paid during the quarter under review.

A8 **Segmental reporting**

<b>31 August 2024</b>	<b>Construction</b>	<b>Property</b>	<b>Trading</b>	<b>Others</b>	<b>Consolidated</b>
<b>REVENUE</b>	<b>RM'000</b>	<b>Development</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>RM'000</b>			
Total revenue	10,479	21,273	4,512	1,500	37,764
Inter-segment revenue	-	-	-	(1,500)	(1,500)
Revenue from external customer	10,479	21,273	4,512	-	36,264
<b>RESULT</b>					
Segment results	2,215	8,869	(933)	416	10,567
Finance costs	-	(874)	-	(3)	(877)
Interest income	217	247	-	-	464
Profit before tax	2,432	8,242	(934)	414	10,154
Tax credit /(expense)	333	(2,264)	(26)	-	(1,957)

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 August 2024 are as follows:

	<b>RM'000</b>
Secured:	
Guarantees given to financial institutions on credit facilities granted to subsidiaries	226,467
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	3,500
Guarantees given to a financial institution on credit facilities granted to a subsidiary	4,496
	<u>27,477</u>

A12. **Commitments**

There was no capital commitment in the financial year ended 31 August 2024.

A13. **Subsequent events**

There was no other material events subsequent to the financial year ended 31 August 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	12,130,841
Fixed deposits with licensed banks	3,795,040
	<u>15,925,881</u>
Less:	
Deposits pledged with financial institution	<u>(2,394,991)</u>
	<u>13,530,890</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	
	31/08/2024 RM '000	31/08/2023 RM '000		31/08/2024 RM '000	31/08/2023 RM '000	
Revenue	6,745	51,848	(87)	36,264	102,643	(65)
Operating Profit	8,915	1,306	583	11,031	21,780	(49)
Profit Before Interest and Tax	8,915	1,306	583	11,031	20,844	(47)
Profit Before Tax	8,587	1,083	693	10,154	18,927	(46)
Profit After Tax	7,718	1,339	476	8,197	16,807	(51)
Profit Attributable to Ordinary Equity Holders of the Parent	7,718	1,339	476	8,197	16,807	(51)

For the financial year ended 31 August 2024, the Group achieved revenue of RM36.264 million and profit before tax of RM10.154 million as compared to RM102.643 million and RM18.927 million respectively for the preceding year. The decreased in profit before tax of the Group in the current financial year as compared to the preceding year was due mainly to lower revenue attributed from construction and property development activities. Nevertheless, the performance of the Group was supported by other income arising from the fair value adjustment and reversal of impairment loss.

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

Construction

The Group recorded revenue of RM10.479 million and profit before tax of RM2.432 million as compared to the preceding year of RM64.295 million and RM4.371 million respectively. The lower revenue and profit before tax in the current year was mainly due to the construction projects are at a preliminary stage.

Property development

The Group recorded revenue of RM21.273 million and profit before tax of RM8.242 million as compared to the preceding year of RM37.306 million and profit before tax of RM3.756 million respectively. The lower revenue in the current year was mainly due to the development project known as Bayu Selayang Heights, in Selayang, Selangor, which is at a preliminary stage. However, the higher profit in the current year as compared to the preceding year was mainly due to the fair value adjustment.

Trading

The group recorded revenue of RM4.512 million and loss before tax of RM0.934 million as compared to the preceding year of RM1.042 million and profit before tax of RM0.115 million respectively. The decreased in profit before tax was mainly due to certain specific impairment were recognised during the year.

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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 (%)
	31/08/2024 RM '000	31/05/2024 RM '000	
Revenue	6,745	5,650	19
Operating Profit	8,915	988	802
Profit Before Interest and Tax	8,915	988	802
Profit Before Tax	8,587	832	932
Profit After Tax	7,718	171	4,413
Profit Attributable to Ordinary Equity Holders of the Parent	7,718	171	4,413

For the current quarter under review, the Group recorded a profit before tax of RM8.587 million as compared to RM0.832 million in the immediate preceding quarter. The higher of profit before tax in the current financial quarter as compared to the immediate preceding quarter was due mainly to the fair value adjustment and reversal of impairment loss.

**B3. Commentary on prospects**

With the end of the movement control order and the start of the endemic phase early last year, the overall business landscape has begun to normalise their way back to pre-covid levels. Whilst the initial recovery signs showed much promise, the current momentum has somewhat tanked. This sluggishness has much to do with the global economic uncertainties attributable to the recent escalation in geopolitical tensions between key countries. Macroscopically, the market sentiment locally and abroad remains lukewarm at best.

The construction and property sector has not been shielded from the repercussions of the current global economic climate. The rising cost of materials have made the sectors challenging. Nonetheless, the Board remains steadfast in weathering the current challenges with prudence and caution. We are grateful for the governments effort in pushing for economic reforms in Budget 2025 and staying true to their ethos of the Economy Madani framework for sustainable and inclusive growth. The Budget has clearly included proactive measures to support SMEs, affordable housing schemes, improvement of public infrastructure and the push for rationalisation to reduce selected subsidies. We greatly welcome the governments effort to support the construction industry and as such, Melati Ehsan will monitor closely for opportunities within the construction and property space.

Despite the challenges, the local property market demonstrated positive trends particularly with the affordable housing segment. The general response from launches within the affordable segment in acceptable areas have augured well with customers, leading to relatively high take up rates. We note that buyers that have delayed their purchases the last two years owing to the pandemic are now actively looking for quality buys.

Generally, we expect the residential property prices to remain stable with landed properties still remaining a safer bet over high rise units. Nonetheless, we are not expecting significant growth within the industry owing to the property overhang coupled by the global economic challenges at hand.

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

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

**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 August 2024</b> <b>RM’000</b>	<b>Current Year To-Date</b> <b>31 August 2024</b> <b>RM’000</b>
Current tax expense	864	1,952
Deferred tax expense	5	5
<b>Total</b>	<b>869</b>	<b>1,957</b>

The tax expense for the current quarter and for the current year 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 August 2024, except as disclosed below:-

	<b>31 August 2024</b>		<b>31 August 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	17,683	56,805	16,252	63,759

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**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.

**B10. Dividends**

The directors proposed 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 2024 (2023: single tier dividend of 1.0 sen per ordinary share). The dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

**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 August 2024</b> <b>RM'000</b>	<b>Current Year To-Date</b> <b>31 August 2024</b> <b>RM'000</b>
Interest income	95	464
Other income including investment income	111	706
Reversal of impairment losses	6,285	6,285
Fair value adjustment on other receivables	9,824	9,824
Gain on disposal of property, plant and equipment	1	28
Finance Costs:		
-lease liabilities	(1)	(3)
-term loan	(327)	(874)
Depreciation and amortisation	(113)	(456)
Impairment losses	(2,957)	(2,957)

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

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**B12. Earnings per share**

(a) Basic earnings per share

Basic earnings per share for the current quarter and financial year 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 quarter 31/08/2024</b>	<b>Preceding year corresponding quarter 31/08/2023</b>	<b>Current year To-date 31/08/2024</b>	<b>Preceding year 31/08/2023</b>
Profit attributable to owners of the parent (RM)	7,718,494	1,339,366	8,197,033	16,807,196
Number of ordinary shares ('000)	115,756	115,756	115,756	115,756
Weighted average number of ordinary shares ('000)	115,756	115,756	115,756	115,826
Basic earnings per share (sen)	6.67	1.16	7.08	14.51

(b) Diluted earnings per share

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

By Order of the Board

**Wong Youn Kim**  
**Chan Chee Yeap**  
 Company Secretaries  
 Kuala Lumpur  
 29 October 2024