



MPHB CAPITAL BERHAD
201201025763 (1010253-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENT
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2023
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended		Changes %	9 months ended		Changes %
	30.09.2023 RM'000 Unaudited	30.09.2022 RM'000 Unaudited		30.09.2023 RM'000 Unaudited	30.09.2022 RM'000 Unaudited	
Continuing operations						
Revenue	10,001	34,320	(70.9)	28,006	52,384	(46.5)
Cost of sales	(10,293)	(10,389)	(0.9)	(14,310)	(13,518)	5.9
Gross (loss)/profit	(292)	23,931	>(100.0)	13,696	38,866	(64.8)
Other income	9,281	5,219	77.8	24,694	8,265	>100.0
Administrative expenses	(1,595)	(1,624)	(1.8)	(4,888)	(5,263)	(7.1)
Other expenses	(4,230)	(10,859)	(61.0)	(13,270)	(32,872)	(59.6)
Operating profit	3,164	16,667	(81.0)	20,232	8,996	>100.0
Finance costs	(23)	(24)	(4.2)	(38)	(94)	(59.6)
Profit before tax from continuing operations	3,141	16,643	(81.1)	20,194	8,902	>100.0
Income tax expense	(1,920)	(358)	>100.0	(4,563)	(1,744)	>100.0
Profit for the period, representing total comprehensive income for the period from continuing operations	1,221	16,285	(92.5)	15,631	7,158	>100.0
Discontinued operation						
Profit for the period, representing total comprehensive income for the period from discontinued operation	-	194,042	>(100.0)	-	188,333	>(100.0)
Profit for the period, representing total comprehensive income for the period	1,221	210,327	(99.4)	15,631	195,491	(92.0)
Profit for the period, representing total comprehensive income attributable to:						
Owners of the Company:						
- Continuing operations	1,098	16,166	(93.2)	15,289	6,964	>100.0
- Discontinued operation	-	186,976	>(100.0)	-	185,405	>(100.0)
	1,098	203,142	(99.5)	15,289	192,369	(92.1)
Non-controlling interests:						
- Continuing operations	123	119	3.4	342	194	76.3
- Discontinued operation	-	7,066	>(100.0)	-	2,928	>(100.0)
	123	7,185	(98.3)	342	3,122	(89.0)
	1,221	210,327	(99.4)	15,631	195,491	(92.0)
Basic earnings per share attributable to owners of the Company (sen per share) from:						
- Continuing operations	0.2	2.3		2.2	1.0	
- Discontinued operation	-	26.1		-	25.9	
	0.2	28.4		2.2	26.9	

The above condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	As at	As at
	30.09.2023	31.12.2022
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	54,415	55,569
Right-of-use ("ROU") assets	2,256	290
Investment properties	772,364	781,722
Investment securities	5,058	4,942
Intangible assets	22,320	22,320
Receivables	22,500	22,500
Deferred tax assets	11,069	11,069
Tax recoverable	16,698	16,698
	906,680	915,110
Current assets		
Investment securities	574,269	472,167
Inventories	170	234
Receivables	153,503	162,937
Tax recoverable	429	656
Cash and bank balances	98,902	212,978
	827,273	848,972
Total assets	1,733,953	1,764,082
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	725,091	725,091
Treasury shares	(12,601)	(2,878)
Capital reserve	403	403
Merger deficit	(28,464)	(28,464)
Retained earnings	1,008,899	1,028,713
	1,693,328	1,722,865
Non-controlling interests	6,302	5,960
Total equity	1,699,630	1,728,825
Non-current liabilities		
Deferred tax liabilities	7,948	7,948
Lease liabilities	1,887	-
	9,835	7,948
Current liabilities		
Lease liabilities	384	319
Payables	22,305	24,343
Tax payable	1,799	2,647
	24,488	27,309
Total liabilities	34,323	35,257
Total equity and liabilities	1,733,953	1,764,082
Net assets per share attributable to owners of the Company (RM)	2.4	2.4

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2023

I-----Attributable to owners of the Company-----I

	I--Non-distributable--I				Distributable		Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2023	725,091	(2,878)	403	(28,464)	1,028,713	1,722,865	5,960	1,728,825
Profit for the period, representing total comprehensive income for the period	-	-	-	-	15,289	15,289	342	15,631
Dividend paid	-	-	-	-	(35,103)	(35,103)	-	(35,103)
Purchase of treasury shares	-	(9,723)	-	-	-	(9,723)	-	(9,723)
At 30 September 2023	725,091	(12,601)	403	(28,464)	1,008,899	1,693,328	6,302	1,699,630
At 1 January 2022	1,011,091	-	41,903	(28,464)	864,397	1,888,927	646,158	2,535,085
Profit for the period representing total comprehensive income for the period	-	-	-	-	192,369	192,369	3,122	195,491
Dividend paid	-	-	-	-	(35,750)	(35,750)	-	(35,750)
Arising from changes in equity interest in subsidiaries	-	-	-	-	38	38	5,641	5,679
Arising from disposal of equity interests in a subsidiary	-	-	(41,500)	-	-	(41,500)	(649,005)	(690,505)
At 30 September 2022	1,011,091	-	403	(28,464)	1,021,054	2,004,084	5,916	2,010,000

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2023

	9 months ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
	Unaudited	Unaudited
OPERATING ACTIVITIES		
Profit before tax from continuing operations	20,194	8,902
Profit before tax from discontinued operation	-	189,097
Profit before tax	<u>20,194</u>	<u>197,999</u>
Adjustments for:		
Amortisation of intangible assets	-	3,945
Bad debts recovered	-	(10)
Depreciation of property, plant and equipment	2,047	3,436
Depreciation of ROU assets	393	1,664
Depreciation of investment properties	1,279	1,368
Dividend income on shares and unit trusts	(1,238)	(1,464)
Gain on disposal of property, plant and equipment	-	(24)
Gain on disposal of a subsidiary	-	(179,432)
Interest income	(30,610)	(57,647)
Interest expense on revolving credit	-	68
Interest expense on lease liabilities	38	177
Net (gain)/loss arising from fair value changes in financial assets at FVTPL	(2,455)	26,872
Property, plant and equipment written off	-	1
Reversal of allowance for expected credit losses ("ECL") on insurance receivables	-	(552)
Reversal of ECL on trade receivables	-	(11)
Accretion income on loans and advances arising from a moratorium	-	(1,734)
Realised loss from financial assets at FVTPL	153	38,929
Operating cash (outflow)/inflow before working capital changes	<u>(10,199)</u>	<u>33,585</u>
Changes in working capital:		
Inventories	64	(61)
Receivables	19,150	(144,557)
Reinsurance assets	-	(13,218)
Insurance contract liabilities	-	82,354
Payables	(2,038)	(138,563)
Cash flows generated from/(used in) operations	<u>6,977</u>	<u>(180,460)</u>
Income tax paid	(5,184)	(10,037)
Net cash flows generated from/(used in) operating activities	<u>1,793</u>	<u>(190,497)</u>
INVESTING ACTIVITIES		
Proceeds from disposal of:		
- property, plant and equipment	-	24
- investment securities	115,000	667,312
- investment property	-	2,500
Purchase of:		
- additional shares in a subsidiary	-	(17)
- intangible assets	-	(2,685)
- property, plant and equipment	(893)	(2,616)
- investment securities	(214,916)	(412,590)
Net cash outflow arising from disposal of a subsidiary	-	(86,066)
Net dividend received from shares and unit trusts	1,238	1,464
Interest received	28,973	57,647
Net movement in fixed deposits with licensed banks	70,000	145,211
Net cash flows (used in)/generated from investing activities	<u>(598)</u>	<u>370,184</u>
FINANCING ACTIVITIES		
Purchase of treasury shares	(9,723)	-
Repayment of borrowing	-	(3,000)
Interest expense paid	-	(68)
Dividend paid	(35,103)	(35,750)
Payment of principal portion of lease liabilities	(445)	(1,763)
Net cash flows used in financing activities	<u>(45,271)</u>	<u>(40,581)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(44,076)</u>	<u>139,106</u>
Cash and cash equivalents at beginning of period	<u>62,978</u>	<u>173,020</u>
Cash and cash equivalents at end of period	<u>18,902</u>	<u>312,126</u>
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks, cash at banks and cash on hand	98,902	312,126
Short-term deposits with licensed banks with original maturity of more than 3 months	(80,000)	-
	<u>18,902</u>	<u>312,126</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”)
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A1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting*, International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the requirements of the Companies Act, 2016 in Malaysia, where applicable.

The unaudited interim financial statements have also been prepared on a historical cost basis, except for those financial instruments which are measured in accordance with MFRS 9 *Financial Instruments*. In prior year, insurance contract liabilities of MPI Generali Insuran Berhad (“MPI Generali”), the insurance subsidiary of the Group up to 30 August 2022, have been measured in accordance with the valuation methods specified in the Risk-Based Capital Framework for insurers issued by Bank Negara Malaysia (“BNM”).

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022. The explanatory notes provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

A2 Significant Accounting Policies

A2.1 Adoption of Amendments to Standards

The accounting standards adopted in the preparation of the unaudited interim financial statements are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2022, except for the following which were adopted at the beginning of the current financial year. These pronouncements are either not relevant or do not have any material impact on the Group's financial statements for the current financial year.

Amendment 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 and International Tax reform – Pillar Two Model Rules*

A2.2 Standards Issued but not yet effective

As at the date of authorisation of this unaudited interim financial statement, the following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective.

Effective for financial 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 – *Non-current Liabilities with Covenants*

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial instruments: Disclosure – *Supplier Finance Arrangements*

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Rates – *Lack of Exchangeability*

Effective date of these Amendments to Standards has been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

These pronouncements are expected to have no material impact to the financial statements of the Group upon their initial application.

A3 Seasonal or Cyclical Factors

The performance of the Group is not affected by any seasonal or cyclical factors but is generally dependent on the prevailing economic environment.

A4 Unusual Items Due To Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and period ended 30 September 2023.

A5 Significant Estimates and Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter and period ended 30 September 2023.

A6 Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and period ended 30 September 2023 except for repurchase of own shares.

During the financial period, the Company repurchased 9,809,500 (30 September 2022: Nil) of its issued ordinary shares from the open market at an average price of RM0.99 per share for total consideration of RM9,722,287. The shares bought back are held retained as treasury shares of the Company.

As at 30 September 2023, the number of outstanding shares in issue with voting rights was 702,053,800 ordinary shares (30 September 2022: 715,000,000).

A7 Dividends Paid

The following dividends were paid during the current and previous corresponding financial periods:

Interim dividend	30.09.2023	30.09.2022
Dividend per share (single-tier)	5.0 sen	5.0 sen
For the financial year ended	31 December 2023	31 December 2022
Declared on	18 May 2023	30 August 2022
Date paid	20 June 2023	28 September 2022
Number of ordinary shares on which dividend was paid ('000)	702,054	715,000
Net dividend paid (RM'000)	35,103	35,750

A8 Segmental Information

	3 months ended		Changes	9 months ended		Changes
	30.09.2023	30.09.2022		30.09.2023	30.09.2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Segmental Revenue						
Continuing operations						
Credit	3,309	3,557	(7.0)	10,190	10,989	(7.3)
Investments	6,692	30,763	(78.2)	17,816	41,395	(57.0)
	<u>10,001</u>	<u>34,320</u>	(70.9)	<u>28,006</u>	<u>52,384</u>	(46.5)
Discontinued operation						
Insurance	-	92,684	N/A	-	343,771	N/A
Total	<u>10,001</u>	<u>127,004</u>	N/A	<u>28,006</u>	<u>396,155</u>	N/A

On 22 June 2021, Multi-Purpose Capital Holdings Sdn Bhd ("MPCHB"), a wholly-owned subsidiary of the Company, submitted an application to BNM to seek the approval of the Minister of Finance of Malaysia pursuant to Section of 89 of the Financial Services Act, 2013 relating to the disposal of its 51% equity interest in its insurance subsidiary, MPI Generali to Generali Asia N.V.

On 30 August 2022, the disposal has been completed and MPI Generali ceased to be a subsidiary.

A8 Segmental Information (cont'd.)

	3 months ended			9 months ended		
	30.09.2023	30.09.2022	Changes	30.09.2023	30.09.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Segmental Results						
Continuing operations						
Credit	11,007	11,672	>100.0	30,722	6,670	>100.0
Investments	(7,866)	4,971	>(100.0)	(10,528)	2,232	>(100.0)
Profit before tax	3,141	16,643	>100.0	20,194	8,902	>100.0
Income tax expense	(1,920)	(358)	436.3	(4,563)	(1,744)	161.6
Profit for the period, representing total comprehensive income for the period from continuing operations	1,221	16,285	>100.0	15,631	7,158	>100.0
Discontinued operation						
Profit before tax	-	194,773	N/A	-	189,097	N/A
Income tax expense	-	(731)	N/A	-	(764)	N/A
Profit for the period, representing total comprehensive income for the period from discontinued operation	-	194,042	N/A	-	188,333	N/A
Profit for the period, representing total comprehensive income for the period	1,221	210,327	N/A	15,631	195,491	N/A

The results of MPI Generali for the previous corresponding periods are presented below:

	3 months ended			9 months ended		
	30.09.2023	30.09.2022	Changes	30.09.2023	30.09.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	-	92,684	N/A	-	343,771	N/A
Cost of sales	-	(65,189)	N/A	-	(211,382)	N/A
Gross profit	-	27,495	N/A	-	132,389	N/A
Other income	-	199,458	N/A	-	266,686	N/A
Administrative expenses	-	(14,380)	N/A	-	(53,084)	N/A
Depreciation and amortisation	-	(1,677)	N/A	-	(6,767)	N/A
Other expenses	-	(16,103)	N/A	-	(149,976)	N/A
Operating profit	-	194,793	N/A	-	189,248	N/A
Interest expenses on lease liabilities	-	(20)	N/A	-	(151)	N/A
Profit before tax from discontinued operation	-	194,773	N/A	-	189,097	N/A
Income tax expense	-	(731)	N/A	-	(764)	N/A
Profit for the period, representing total comprehensive income for the period from discontinued operation	-	194,042	N/A	-	188,333	N/A

Assets and Liabilities as at 30 September 2023

	Assets	Liabilities
	RM'000	RM'000
Credit	815,058	4,195
Investments	918,895	30,128
	<u>1,733,953</u>	<u>34,323</u>

A8 Segmental Information (cont'd.)

Assets and Liabilities as at 31 December 2022

	Assets RM'000	Liabilities RM'000
Credit	879,523	3,404
Investments	884,559	31,853
	<u>1,764,082</u>	<u>35,257</u>

As at 30 September 2023, the status of utilisation of proceeds raised from the Disposal are as follows:

Purpose	Gross Proceeds RM'000	Actual Utilisation RM'000	Balance RM'000	Deviation RM'000	Expected utilisation timeframe from completion date
Distribution to entitled shareholders					
- Proposed Capital Reduction and Repayment	286,000	286,000	-	-	Within 6 months
- Dividend	35,750	35,750	-	-	Within 6 months
Expansion of property business	160,802	8,272	152,530	-	Within 36 months
Working capital	37,000	17,386	19,614	-	Within 24 months
Repayment of bank borrowings	500	500	-	-	Within 6 months
Estimated expenses	2,007	1,179	828 *	-	Within 6 months
	<u>522,059</u>	<u>349,087</u>	<u>172,972</u>		

* As disclosed in Circular to shareholders dated 28 June 2022 in relation to the Disposal, any excess from the proceeds allocated for the estimated expenses will be adjusted to the proceeds allocated for working capital purposes.

A9 Other Income

	3 months ended			9 months ended		
	30.09.2023 RM'000	30.09.2022 RM'000	Changes %	30.09.2023 RM'000	30.09.2022 RM'000	Changes %
Continuing operations						
Interest income	7,323	3,332	>100.0	21,880	6,054	>100.0
Rental income from properties	97	54	79.6	237	161	47.2
Net gain arising from fair value changes in financial assets at FVTPL	1,817	-	100.0	2,455	-	100.0
Gain on disposal of Property, plant and equipment	-	20	(100.0)	1	20	(95.0)
Realised gain on financial assets at FVTPL	18	-	100.0	18	2	>100.0
Accretion income on loans and advances arising from a moratorium	-	1,734	(100.0)	-	1,734	(100.0)
Reversal of ECL on trade receivables	-	-	-	-	11	(100.0)
Others	26	79	(67.1)	103	283	(63.6)
Total	<u>9,281</u>	<u>5,219</u>	77.8	<u>24,694</u>	<u>8,265</u>	>100.0
Discontinued operation						
Interest income	-	9,895	N/A	-	41,941	N/A
Dividend income on shares and unit trusts	-	-	N/A	-	327	N/A
Fee and commission income	-	9,767	N/A	-	42,524	N/A
Gain on disposal of a subsidiary	-	179,432	N/A	-	179,432	N/A
Gain on disposal of property and equipment	-	-	N/A	-	4	N/A
Service income earned from Malaysian Motor Insurance Pool	-	73	N/A	-	255	N/A
Rental income from properties	-	23	N/A	-	101	N/A
Reversal of ECL on insurance receivables	-	95	N/A	-	552	N/A
Bad Debts recovered	-	-	N/A	-	10	N/A
Others	-	173	N/A	-	1,540	N/A
Total	<u>-</u>	<u>199,458</u>	N/A	<u>-</u>	<u>266,686</u>	N/A

A10 Financial Instruments

(i) Classification

The following table analyses the financial assets and financial liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Assets		
Financial assets at FVTPL		
Investment securities:		
- quoted shares	26,285	29,594
- unquoted shares	5,058	4,942
- unquoted unit trust funds	547,984	442,573
	579,327	477,109
Financial assets at amortised cost		
Receivables	174,814	185,293
Cash and bank balances	98,902	212,978
	273,716	398,271
Liabilities		
Liabilities at amortised cost		
Lease liabilities	2,271	319
Payables	17,252	18,040
Total financial liabilities	19,523	18,359

(ii) Fair Values

(a) Financial instruments that are carried at fair value

The table below analyses those financial instruments carried at fair value by their valuation methods and non-financial assets which are carried at cost in the statements of financial position, but for which fair values are disclosed. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) of identical assets in active markets

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)

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 30 September 2023				
Current				
Financial assets at FVTPL	26,285	547,984	-	574,269
Loans and advances	-	-	109,328	109,328
Non-current				
Financial assets at FVTPL	-	5,058	-	5,058
Loans and advances	-	-	22,500	22,500
	26,285	547,984	136,886	711,155
As at 31 December 2022				
Current				
Financial assets at FVTPL	29,594	442,573	-	472,167
Loans and advances	-	-	108,975	108,975
Non-current				
Financial assets at FVTPL	-	-	4,942	4,942
Loans and advances	-	-	22,500	22,500
	29,594	442,573	136,417	608,584

A10 Financial Instruments (cont'd.)**(ii) Fair Values (cont'd.)****(b) Financial instruments that are not carried at fair value**

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximation of their fair values due to their short-term nature.

A11 Related Party Disclosures

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
<u>Affiliated companies:</u>				
Dividend received	403	303	906	806
Management fee receivables	169	189	357	469
Professional fees payable	(60)	(28)	(65)	(38)
IT management fees paid/payable	(20)	(14)	(59)	(59)
Discontinued operation				
<u>Affiliated companies:</u>				
Gross insurance premium received	-	185	-	1,320
Insurance commission paid	-	-	-	(1)
Claims paid	-	(91)	-	(274)

The above transactions are entered into in the normal course of business based on negotiated and mutually agreed terms.

Affiliated companies during the financial quarter refer to the following:

- Ganda Pesona Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- MWE Properties Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Metra Management Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.
- Magnum Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial financial interest.

A12 Contingent Liabilities

As at 22 November 2023, the Board is not aware of any material contingent liabilities which have become enforceable or are likely to become enforceable which will affect the ability of the Company or any of its subsidiaries to meet its obligations as and when they fall due.

A13 Event After The Reporting Period

There was no material event subsequent to the current quarter and period ended 30 September 2023.

A14 Significant Event During The Financial Period

There was no significant event during the current quarter and period ended 30 September 2023.

A15 Changes in Composition of The Group

There were no changes in the composition of the Group during the current quarter and period ended 30 September 2023.

A16 Capital Commitment

There was no capital commitment during the current quarter and period ended 30 September 2023.

A17 Operating Lease Arrangements**The Group as lessor**

The future aggregate minimum lease payments receivable under operating leases contracted for but not recognised as receivables are as follows:

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Not later than 1 year	3,450	2,503
Later than 1 year and not later than 5 years	<u>1,840</u>	<u>1,811</u>
	<u>5,290</u>	<u>4,314</u>

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of Performance of The Group

	3 months ended			9 months ended		
	30.09.2023	30.09.2022	Changes	30.09.2023	30.09.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Continuing operations						
Revenue	10,001	34,320	(70.9)	28,006	52,384	(46.5)
Operating profit	3,164	16,667	(81.0)	20,232	8,996	>100.0
Profit before tax	3,141	16,643	(81.1)	20,194	8,902	>100.0
Profit for the period, representing total comprehensive profit for the period	1,221	16,285	(92.5)	15,631	7,158	>100.0
Profit, total comprehensive profit attributable to owners of the Company	1,098	16,166	(93.2)	15,289	6,964	>100.0
Discontinued operation						
Revenue	-	92,684	N/A	-	343,771	N/A
Operating profit	-	194,793	N/A	-	189,248	N/A
Profit before tax	-	194,773	N/A	-	189,097	N/A
Profit for the period, representing total comprehensive income for the period	-	194,042	N/A	-	188,333	N/A
Profit, total comprehensive income attributable to owners of the Company	-	186,976	N/A	-	185,405	N/A

3Q2023 vs 3Q2022

The Group posted revenue of RM10.0 million in 3Q2023, a decrease of 70.9% compared to the revenue of RM34.3 million achieved in 3Q2022 due to revenue recognition in 3Q2022 from an ongoing Joint Venture Arrangement (“JVA”) between Tibanis Sdn Bhd, a wholly owned subsidiary and Pinggir Mentari Sdn Bhd.

Profit before tax (“PBT”) for 3Q2023 at RM3.1 million, was 81.1% lower compared to RM16.6 million achieved in 3Q2022 due to recognition of revenue by the JVA in 3Q2022.

Credit

In 3Q2023, Credit segment reported revenue of RM3.3 million which was marginally lower than revenue of RM3.6 million in 3Q2022.

In tandem with the above, the Credit segment reported lower PBT of RM11.0 million compared to RM11.7 million in 3Q2022.

Investments

The revenue of the Investments Segment was lower at RM6.7 million in 3Q2023 compared to revenue of RM30.8 million reported in 3Q2022 due to revenue recognition of RM24.9 million from JVA in 3Q2022.

It recorded LBT of RM7.9 million in 3Q023 which was significantly lower than PBT of RM5.0 million posted in 3Q2022 mainly due to recognition of revenue by the JVA in 3Q2022.

9M2023 vs 9M2022

The Group reported revenue of RM28.0 million in 9M2023, a decrease of 46.5% compared to the revenue of RM52.4 million achieved in 9M2022 due to revenue recognition from the JVA in 3Q2022.

The Group reported PBT of RM20.2 million in 9M2023, a significant improvement from RM8.9 million in 9M2022, mainly due to fair value losses from its financial assets at FVTPL in 9M2022 compared to gains derived from financial assets in 3Q2023.

B2 Material Change in Performance of the current quarter compared with the immediate preceding quarter

	3 months ended		Changes %
	30.09.2023 RM'000	30.06.2023 RM'000	
Revenue	10,001	8,483	17.9
Operating profit	3,164	6,898	(54.1)
Profit before tax	3,141	6,896	(54.5)
Profit for the period, representing total comprehensive income for the period	1,221	5,575	(78.1)
Profit for the period, total comprehensive income attributable to owners of the Company	1,098	5,458	(79.9)

3Q2023 vs 2Q2023

In 3Q2023, the Group achieved revenue of RM10.0 million, which was 17.9% higher than revenue of RM8.5 million posted in 2Q2023 due to recovery of the hospitality industry.

However, PBT achieved at RM3.1 million was 54.5% lower than RM6.9 million recorded in 2Q2023 as land cost for affordable homes has been taken into consideration which was mitigated by fair value gains from the financial assets at FVTPL.

B3 Group's Prospects

Bank Negara Malaysia projects Malaysia's GDP growth to range between 4% to 5% for 2024 versus 4% for 2023, driven by sustained domestic demand and a recovery in exports.

Credit

The Credit segment will continue to finance reputable niche clients with low-risk exposure.

Investments

The Group maintains its policy to conserve and safeguard its resources whilst evaluating viable options to create long term sustainable value to generate optimum returns. The Group may also consider joint venture arrangements with niche reliable partners or outright disposal.

B4 Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued by the Company and the Group.

B5 Income Tax Expense

	3 months ended		9 months ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Continuing operations				
Income tax expense	1,920	358	4,563	1,744
Discontinued operation				
Income tax expense	-	(587)	-	1,717
Deferred tax	-	1,318	-	(953)
	-	731	-	764
Total income tax expense	1,920	1,089	4,563	2,508

B5 Income Tax Expense (cont'd.)

Income tax is calculated at the Malaysian statutory rate of 24% (2022: 24%) of the estimated assessable profit for the current and previous corresponding period.

The effective tax rate for the Group for the current quarter was higher than the statutory rate due to certain expenses were not deductible for tax purpose.

The effective tax rate for the Group for the previous corresponding period was lower than the statutory rate due to non-taxable income.

B6 Profit Before Tax

Included in the profit before tax are the following items:

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Depreciation of property, plant and equipment	718	634	2,047	1,903
Depreciation of ROU assets	103	174	393	464
Depreciation of investment properties	426	426	1,279	1,279
Service fees & storage fees	393	25	445	77
Net loss arising from fair value changes in financial assets at FVTPL	-	7,064	-	20,764
Interest expense on revolving credit	-	17	-	68
Interest expense on lease liabilities	23	7	38	26
Realised (gain)/loss on financial assets at FVTPL	(25)	-	171	-
Discontinued operation				
Amortisation of intangible assets	-	1,008	-	3,945
Depreciation of property, plant and equipment	-	370	-	1,533
Depreciation of ROU assets	-	276	-	1,200
Depreciation of investment properties	-	23	-	89
Service fees & storage fees	-	112	-	465
Net (gain)/ loss arising from fair value changes in financial assets at FVTPL	-	(18,495)	-	6,108
Interest expense on lease liabilities	-	20	-	151
Realised loss on financial assets at FVTPL	-	7,776	-	38,931
Property and equipment written off	-	1	-	1

B7 Receivables

	As at	As at
	30.09.2023	31.12.2022
	RM'000	RM'000
Trade receivables	145,913	146,047
Less: allowance for ECL	(14,085)	(14,085)
Total trade receivables	<u>131,828</u>	<u>131,962</u>
Other receivables	43,545	53,618
Less: allowance for ECL	(143)	(143)
Total other receivables	<u>43,402</u>	<u>53,475</u>
Total receivables	<u>175,230</u>	<u>185,437</u>

**B8 Corporate Proposals
Non-Compliance (Property)**

Pursuant to the listing of the Company, the Group undertakes to rectify the following non-compliances as at 30 September 2023. As at current date, the non-compliances are as follows:

I) The condition imposed on the land title

Syarikat Perniagaan Selangor Sdn. Bhd. (“SPSSB”) is the registered proprietor of a land held under PM 345, Lot 13501, Mukim Hulu Kelang, District of Gombak, State of Selangor Darul Ehsan. This land can only be used for guards’ and keepers’ quarters. However, a Tenaga Nasional Berhad (“TNB”) sub-station and network pumping station has been erected on the said land. Despite numerous efforts over time, SPSSB has not been successful in resolving the impasse between TNB and the Gombak land office. The management of SPSSB is now exploring other options including an application to the local authorities for change of land use; and

II) The undetermined status of the certificate of fitness for occupation

The Group was unable to determine the status of the certificate of fitness for occupation to the buildings erected on GRN 28274, Lot 643 and GRN 9036, Lot 1199, Sekyen 67, Town of Kuala Lumpur, District and State of Wilayah Persekutuan Kuala Lumpur, properties registered under Mulpha Kluang Maritime Carriers Sdn. Bhd.

The buildings situated on GRN 28274, Lot 643 and GRN 9036, Lot 1199, remained unoccupied.

B9 Material Litigation

(i) Legal suit filed by ISM Sendirian Berhad - Kuala Lumpur High Court Civil Suit No. WA-22NCC-68-02/2016 [consolidated with Civil Suit no. WA-22NCC-69-02/2016, WA-22NCC-70-02/2016, WA-22NCC-71-02/2016 and WA-22NCC-72-02/2016]

ISM Sendirian Berhad (“ISM or the Plaintiff”) had filed five suits against the Company and its subsidiaries, namely, Queensway Nominees (Asing) Sdn. Bhd., Queensway Nominees (Tempatan) Sdn. Bhd., West-Jaya Sdn. Bhd., Mulpha Kluang Maritime Carrier Sdn. Bhd. and Leisure Dotcom Sdn. Bhd. (“the subsidiaries”), as well as its respective directors (collectively referred to hereinafter as “the Defendants”), alleging minority shareholders’ oppression under Section 181 of the Companies Act 1965. ISM is a minority shareholder of the subsidiaries.

In the five suits, the Plaintiff seeks damages, both general and punitive against the Defendants, several declarations regarding the manner in which the affairs of the Company and its subsidiaries are conducted, several injunctions to restrain the conduct of the Company with regards to the subsidiaries as well as an order that ISM’s shares in the subsidiaries are to be purchased by the Defendants at a value to be fixed by an independent auditor and valuer.

In response, the Defendants contended that the Plaintiff is in breach of the joint venture arrangement between the parties in failing to fulfil its financial obligations under the same. Hence, the Defendants have filed a Defense and Counterclaim (in each suit) against the Plaintiff for losses and damages suffered by the Defendants due to the Plaintiff’s breach of the joint venture arrangement.

On 21 June 2019, the High Court allowed the Plaintiff’s claim premised on minority shareholders’ oppression under Section 181 of the Companies Act 1965.

The High Court has made the following orders:

1. The Company (as the majority shareholder) is to buy out the Plaintiff’s 30% shares in the subsidiaries;
2. The buyout price is to be determined by an independent firm of accountants by taking into account the value of the land owned by the subsidiaries as determined by a licensed valuer;
3. The identities of the firm of accountants and the valuers are to be determined by agreement between the parties within 30 days from 21 June 2019 or if no agreement by the parties, the High Court will make the appointment based on nominations by the 2 parties;
4. ISM and the Company to mutually execute the terms and engagement of the accountant and valuer and shall equally bear the costs of the accountant and valuer;

B9 Material Litigation (cont'd.)

5. Interest on the buyout sum will accrue at the rate of 5% per annum from the date expiring 7 days from the final determination of the buyout price by the independent accountant until full payment;
6. Nominal damages in the sum of RM10,000.00 to be paid to the Plaintiff with interest of 5% per annum to be calculated from 22 June 2019 to the date of full and final settlement;
7. Costs of RM100,000.00 to be paid to the Plaintiff, subject to payment of allocator;
8. Both parties are given liberty to apply; and
9. The Plaintiff's claim for punitive and exemplary damages and the Defendants' counterclaim are dismissed.

On 28 June 2019, the Defendants have appealed to the Court of Appeal against the judgement made by the High Court on 21 June 2019. On 18 July 2019, the Plaintiff has appealed to the Court of Appeal against certain parts of the judgement made by the High Court on 21 June 2019 (collectively referred to hereinafter as "the Appeals").

The Defendants have filed to the High Court for a stay of the execution of the High Court's judgement dated 21 June 2019 ("Judgement") and all the proceedings relating thereto pending the disposal of the Appeals. On 13 September 2019, the High Court ordered by consent of the parties ("Consent Order") that the execution of the Judgment and all the proceedings relating thereto be stayed pending the disposal of both the Appeals before the Court of Appeal. The Appeals were partially heard by the Court of Appeal on 21 November 2023 and will be continued on dates to be fixed by the Court of Appeal.

B10 Dividend

The Board of Directors does not recommend the payment of dividend for the quarter under review.

B11 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.

B12 Earnings Per Share

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit for the period attributable to owners of the Company from:				
- Continuing operations	1,098	16,166	15,289	6,964
- Discontinued operation	-	186,976	-	185,405
	<u>1,098</u>	<u>203,142</u>	<u>15,289</u>	<u>192,369</u>
Number of ordinary shares in issue				
- weighted average	<u>702,634</u>	<u>715,000</u>	<u>702,634</u>	<u>715,000</u>
Basic and diluted earnings per share (sen) from:				
- Continuing operations	0.2	2.3	2.2	1.0
- Discontinued operation	-	26.1	-	25.9
	<u>0.2</u>	<u>28.4</u>	<u>2.2</u>	<u>26.9</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
22 November 2023