



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

INTERIM FINANCIAL STATEMENT
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2024
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	3 months ended			6 months ended		
	30.06.2024	30.06.2023	Changes	30.06.2024	30.06.2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
	Unaudited	Unaudited		Unaudited	Unaudited	
Revenue	10,497	8,483	23.7	19,269	18,005	7.0
Cost of sales	(2,193)	(1,823)	20.3	(4,370)	(4,017)	8.8
Gross profit	8,304	6,660	24.7	14,899	13,988	6.5
Other income	5,398	6,050	(10.8)	17,003	15,413	10.3
Administrative expenses	(2,002)	(1,616)	23.9	(3,678)	(3,293)	11.7
Other expenses	(6,608)	(4,196)	57.5	(11,123)	(9,040)	23.0
Operating profit	5,092	6,898	(26.2)	17,101	17,068	0.2
Finance costs	(33)	(2)	>100.0	(66)	(15)	>100.0
Profit before tax	5,059	6,896	(26.6)	17,035	17,053	(0.1)
Income tax expense	(2,982)	(1,321)	>100.0	(6,490)	(2,643)	>100.0
Profit for the period, representing total comprehensive income for the period	2,077	5,575	(62.7)	10,545	14,410	(26.8)
Profit for the period, representing total comprehensive income attributable to:						
Owners of the Company:	1,954	5,458	(64.2)	10,248	14,191	(27.8)
Non-controlling interests:	123	117	5.1	297	219	35.6
	2,077	5,575	(62.7)	10,545	14,410	(26.8)
Basic earnings per share attributable to owners of the Company: (sen per share)						
Basic and diluted	0.3	0.8		1.5	2.0	

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	As at	As at
	30.06.2024	31.12.2023
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	58,668	58,660
Right-of-use ("ROU") assets	2,026	2,242
Investment properties	838,142	771,937
Investment securities	54,518	5,108
Intangible assets	22,320	22,320
Receivables	51,518	22,500
Deferred tax assets	7,478	10,988
Tax recoverable	16,698	16,698
	1,051,368	910,453
Current assets		
Investment securities	596,304	582,534
Inventories	119	138
Receivables	32,151	149,771
Tax recoverable	1,608	1,173
Cash and bank balances	48,706	96,607
	678,888	830,223
Total assets	1,730,256	1,740,676
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	725,091	725,091
Treasury shares	(12,601)	(12,601)
Capital reserve	403	403
Merger deficit	(28,464)	(28,464)
Retained earnings	1,008,050	1,018,864
	1,692,479	1,703,293
Non-controlling interests	6,671	6,374
Total equity	1,699,150	1,709,667
Non-current liabilities		
Deferred tax liabilities	7,611	7,611
Lease liabilities	1,717	1,886
	9,328	9,497
Current liabilities		
Lease liabilities	366	388
Payables	21,215	20,511
Tax payable	197	613
	21,778	21,512
Total liabilities	31,106	31,009
Total equity and liabilities	1,730,256	1,740,676
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 2023 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 JUNE 2024

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 2024	725,091	(12,601)	403	(28,464)	1,018,864	1,703,293	6,374	1,709,667
Profit for the period, representing total comprehensive income for the period	-	-	-	-	10,248	10,248	297	10,545
Dividend paid	-	-	-	-	(21,062)	(21,062)	-	(21,062)
At 30 June 2024	725,091	(12,601)	403	(28,464)	1,008,050	1,692,479	6,671	1,699,150
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	-	-	-	-	14,191	14,191	219	14,410
Dividend paid	-	-	-	-	(35,103)	(35,103)	-	(35,103)
Purchase of treasury shares	-	(9,723)	-	-	-	(9,723)	-	(9,723)
At 30 June 2023	725,091	(12,601)	403	(28,464)	1,007,801	1,692,230	6,179	1,698,409

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2024

	6 months ended	
	30.06.2024 RM'000 Unaudited	30.06.2023 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,035	17,053
Adjustments for:		
Depreciation of property, plant and equipment	1,755	1,329
Depreciation of ROU assets	216	290
Depreciation of investment properties	841	853
Dividend income on shares and unit trusts	(1,068)	(834)
Gain on disposal of property, plant and equipment	-	(1)
Compensation from compulsory acquisition of investment property	(2,203)	-
Interest income	(13,865)	(20,428)
Interest expense on lease liabilities	66	15
Net gain arising from fair value changes in financial assets at FVTPL	(2,539)	(638)
Realised (gain)/loss from financial assets at FVTPL	(242)	196
Operating loss before working capital changes	(4)	(2,165)
Changes in working capital:		
Inventories	19	54
Receivables	21,530	6,679
Payables	704	(1,966)
Cash generated from operations	22,249	2,602
Net income tax paid	(3,831)	(3,275)
Net cash generated from/(used in) operating activities	18,418	(673)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of:		
- property, plant and equipment	-	1
- investment securities	387,585	100,000
- investment property	3,556	-
Purchase of:		
- property, plant and equipment	(1,763)	(686)
- investment securities	(447,984)	(88,844)
Net dividend received from shares and unit trusts	1,068	834
Interest received	12,538	19,166
Net movement in fixed deposits with licensed banks	24,000	70,000
Net cash (used in)/generated from investing activities	(21,000)	100,471
CASH FLOW FROM FINANCING ACTIVITIES		
Purchase of treasury shares	-	(9,723)
Dividend paid	(21,062)	(35,103)
Payment of principal portion of lease liabilities	(257)	(334)
Net cash used in financing activities	(21,319)	(45,160)
Net (decrease)/increase in cash and cash equivalents	(23,901)	54,638
Cash and cash equivalents at beginning of period	72,607	62,978
Cash and cash equivalents at end of period	48,706	117,616
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks, cash at banks and cash on hand	48,706	197,616
Short-term deposits with licensed banks with original maturity of more than 3 months	-	(80,000)
	48,706	117,616

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134

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 should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023. 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 2023.

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 2023, 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.

Amendments 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*

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 to the Group.

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 for financial periods beginning on or after 1 January 2027

MFRS 18 Presentation and Disclosure in Financial Statements

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 year-to-date ended 30 June 2024.

A5 Significant Estimates and Changes in Estimates

There were no changes in estimates that have had any material effect during the year-to-date ended 30 June 2024.

A6 Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during year-to-date ended 30 June 2024.

A7 Dividends Paid

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

Interim dividend	30.06.2024	30.06.2023
Dividend per share (single-tier)	3.0 sen	5.0 sen
For the financial year ended	31 December 2024	31 December 2023
Approved and declared on	27 May 2024	18 May 2023
Date paid	26 June 2024	20 June 2023
Number of ordinary shares on which dividend was paid ('000)	702,054	702,054
Net dividend paid (RM'000)	21,062	35,103

A8 Segmental Information

	3 months ended		Changes %	6 months ended		Changes %
	30.06.2024 RM'000	30.06.2023 RM'000		30.06.2024 RM'000	30.06.2023 RM'000	
Segmental Revenue						
Credit	3,600	3,532	1.9	6,083	6,881	(11.6)
Hospitality	5,420	3,915	38.4	10,364	8,885	16.6
Investments	1,477	1,036	42.6	2,822	2,239	26.0
Total	10,497	8,483	23.7	19,269	18,005	7.0
Segmental Results						
Credit	4,932	8,230	(40.1)	14,992	19,715	(24.0)
Hospitality	206	(844)	>100.0	11	(1,087)	>100.0
Investments	(79)	(490)	(83.9)	2,032	(1,575)	>100.0
Profit before tax	5,059	6,896	(26.6)	17,035	17,053	(0.1)
Income tax expense	(2,982)	(1,321)	>100.0	(6,490)	(2,643)	>100.0
Profit for the period, representing total comprehensive income for the period	2,077	5,575	(62.7)	10,545	14,410	(26.8)

Assets and Liabilities as at 30 June 2024

	Assets RM'000	Liabilities RM'000
Credit	821,244	1,714
Hospitality	97,042	4,620
Investments	811,970	24,772
	1,730,256	31,106

Assets and Liabilities as at 31 December 2023

	Assets RM'000	Liabilities RM'000
Credit	821,872	2,273
Hospitality	96,603	3,386
Investments	822,201	25,350
	1,740,676	31,009

A8 Segmental Information (cont'd.)

As at 30 June 2024, 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	62,735	98,067	***	Within 36 months
Working capital	37,000	29,005	7,995	**	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>415,169</u>	<u>106,890</u>		

* The excess from the proceeds allocated for the estimated expenses will be adjusted to the proceeds allocated for working capital purposes.

** The excess in the funds allocated for working capital will be used for expansion of our property business.

*** The Company will be seeking the approval of disinterested shareholders of our Company to deploy the unutilised portion allocated for the expansion of property business to partly fund the Proposed Selective Capital Repayment ("Proposed SCR").

A9 Other Income

	3 months ended			6 months ended		
	30.06.2024 RM'000	30.06.2023 RM'000	Changes %	30.06.2024 RM'000	30.06.2023 RM'000	Changes %
Interest income	4,067	7,587	(46.4)	11,614	14,557	(20.2)
Rental income from properties	57	86	(33.7)	115	140	(17.9)
Net gain arising from fair value changes in financial assets at FVTPL	693	(1,649)	>100.0	2,539	638	>100.0
Realised gain on financial assets at FVTPL	242	-	100.0	242	-	100.0
Gain on disposal of property, plant and equipment	-	1	(100.0)	-	1	(100.0)
Compensation from compulsory acquisition of investment property	236	-	100.0	2,203	-	100.0
Others	103	25	>100.0	290	77	>100.0
Total	<u>5,398</u>	<u>6,050</u>	<u>(10.8)</u>	<u>17,003</u>	<u>15,413</u>	<u>10.3</u>

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 30.06.2024 RM'000	As at 31.12.2023 RM'000
Assets		
Financial assets at FVTPL		
Investment securities:		
- quoted shares	27,130	25,632
- unquoted shares	5,038	5,108
- unquoted risk participation	49,480	-
- unquoted unit trust funds	569,174	556,902
	650,822	587,642
Financial assets at amortised cost		
Receivables	81,944	172,095
Cash and bank balances	48,706	96,607
	130,650	268,702
Liabilities		
Liabilities at amortised cost		
Lease liabilities	2,083	2,274
Payables	21,215	20,511
Total financial liabilities	23,298	22,785

(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 June 2024				
Current				
Financial assets at FVTPL	27,130	569,174	-	596,304
Loans and advances	-	-	3,342	3,342
Non-current				
Financial assets at FVTPL	-	-	54,518	54,518
Loans and advances	-	-	51,518	51,518
	27,130	569,174	109,378	705,682
As at 31 December 2023				
Current				
Financial assets at FVTPL	25,632	556,902	-	582,534
Loans and advances	-	-	112,491	112,491
Non-current				
Financial assets at FVTPL	-	-	5,108	5,108
Loans and advances	-	-	22,500	22,500
	25,632	556,902	140,099	722,633

(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		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<u>Affiliated companies:</u>				
Dividend received	302	201	705	503
Management fee receivables	132	59	219	188
Professional fees payable	(19)	-	(24)	(5)
IT management fees paid/payable	(19)	(19)	(39)	(39)

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:

- 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 August 2024, 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

On 15 August 2024, the Company announced that the Securities Commission Malaysia had notified that it has no further comments on the circular and independent advice letter in relation to the Proposed SCR.

An Extraordinary General Meeting will be held on 6 September 2024 at 10.30 a.m. to consider and if thought fit, to pass the following resolutions:

- Proposed SCR and repayment exercise pursuant to Section 116 of the Companies Act 2016 and
- Proposed variation for the utilization of proceeds from the disposal by Multi-Purpose Capital Holdings Berhad, a wholly-owned subsidiary of the Company, of 51% equity interest in MPI Generali Insurans Berhad for a disposal consideration of approximately RM522.06 million.

A14 Significant Event During The Financial Period

On 28 May 2024, the Company announced that the Board of Directors ("Board") had on even date, received a letter from its major shareholder, Casi Management Sdn Bhd ("**CMSB**"), informing the Board of its intention to privatise the Company by way of selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act, 2016 and requesting the Company to undertake the Proposed SCR.

The Proposed SCR entails a selective capital reduction and a corresponding capital repayment of a proposed cash amount of RM1.70 for each ordinary share in the Company held by all shareholders of the Company (other than CMSB and MWE Holdings Sdn Bhd, who are non-entitled shareholders) whose names appear in the Record of Depositors of MPH B as at the close of business on an entitlement date to be determined and announced later by the Board.

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 June 2024.

A16 Capital Commitment

There was no capital commitment during the current quarter and period ended 30 June 2024.

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 30.06.2024 RM'000	As at 31.12.2023 RM'000
Not later than 1 year	3,184	4,945
Later than 1 year and not later than 5 years	1,294	2,400
	4,478	7,345

B NOTES REQUIRED UNDER THE LISTING REQUIREMENTS OF BURSA SECURITIES**B1 Review of Performance of The Group**

	3 months ended			6 months ended		
	30.06.2024 RM'000	30.06.2023 RM'000	Changes %	30.06.2024 RM'000	30.06.2023 RM'000	Changes %
Revenue	10,497	8,483	23.7	19,269	18,005	7.0
Operating profit	5,092	6,898	(26.2)	17,101	17,068	0.2
Profit before tax	5,059	6,896	(26.6)	17,035	17,053	(0.1)
Profit for the period, representing total comprehensive profit for the period	2,077	5,575	(62.7)	10,545	14,410	(26.8)
Profit, total comprehensive profit attributable to owners of the Company	1,954	5,458	(64.2)	10,248	14,191	(27.8)

2Q2024 vs 2Q2023

The Group posted revenue of RM10.5 million in 2Q2024, an increase of 23.7% compared to the revenue of RM8.5 million achieved in 2Q2023 due to improved performance from all segments, especially the hospitality segment.

In 2Q2024, the Group posted Profit before tax ("PBT") of RM5.1 million, a drop of 26.6% compared to RM6.9 million achieved in 2Q2023 due to lower interest income derived from a loan debtor upon partial repayment of the loan.

Credit

Credit segment reported revenue of RM3.6 million in 2Q2024 which was slightly higher than revenue of RM3.5 million recorded in 2Q2023 as a result of incentives earned from risk participation.

PBT at RM4.9 million in 2Q2024 was lower by 40.1% than PBT of RM8.2 million achieved in 2Q2023, mainly due to lower return from financial assets at FVTPL and lower interest income from a loan debtor upon partial repayment of loan.

B1 Review of Performance of The Group (cont'd.)

Hospitality

The revenue from Hospitality segment was RM5.4 million which was 38.4% higher than RM3.9 million reported in 2Q2023 mainly due to improvement in room revenue from local and oversea markets.

In tandem with the improved revenue, the Hospitality segment reported PBT of RM0.2 million in 2Q2024 as compared to Loss before taxation ("LBT") of RM0.8 million recorded in 2Q2023.

Investments

The revenue of the Investments segment was slightly higher at RM1.5 million in 2Q2024 compared to revenue of RM1.0 million reported in 2Q2023 due to higher estate owner's entitlement.

As a result of the above, LBT of RM0.08 million in 2Q2024 decreased from LBT of RM 0.5 million in 2Q2023.

1H2024 vs 1HQ2023

The Group reported revenue of RM19.3 million in 1H2024, an increase of 7.0% compared to the revenue of RM18.0 million achieved in 1H2023 due to better performance of the hospitality and investment segments.

The Group 's PBT in 1H2024 at RM17.0 million was marginally lower than RM17.1 million achieved in 2H2023.

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

	3 months ended		Changes %
	30.06.2024 RM'000	31.03.2024 RM'000	
Revenue	10,497	8,772	19.7
Operating profit	5,092	12,009	(57.6)
Profit before tax	5,059	11,976	(57.8)
Profit for the period, representing total comprehensive income for the period	2,077	8,468	(75.5)
Profit for the period, total comprehensive income attributable to owners of the Company	1,954	8,294	(76.4)

2Q2024 vs 1Q2024

In 2Q2024, the Group reported revenue of RM10.5 million, which was 19.7% higher than revenue of RM8.8 million posted in 1Q2024 due to better performance from the credit segment.

PBT decreased by 57.8% to RM5.1 million compared to RM12.0 million recorded in 1Q2024 due to lower return from its investments in financial assets at FVTPL.

B3 Group's Prospects

The Malaysian economy performed slightly better than expected with 5.9% growth in the 2Q2024, underpinned by strong domestic demand and a further expansion in exports.

Credit

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

Investments & Hospitality

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 Hospitality segment continues to maintain its client base from both the domestic and international travels.

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		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Income tax	1,227	1,321	2,980	2,643
Deferred tax	1,755	-	3,510	-
Total income tax expense	2,982	1,321	6,490	2,643

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

The effective tax rate for the Group for the current period were higher than the statutory rate due to certain expenses that were not deductible for tax purposes.

B6 Profit Before Tax

Included in the profit before tax are the following items:

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	901	666	1,755	1,329
Depreciation of ROU assets	108	116	216	290
Depreciation of investment properties	420	426	841	853
Service fees & storage fees	3	26	7	52
Interest expense on lease liabilities	33	2	66	15
Realised loss from financial assets at FVTPL	-	(113)	-	196

B7 Receivables

	As at	As at
	30.06.2024	31.12.2023
	RM'000	RM'000
Trade receivables	68,914	150,003
Less: allowance for ECL	(14,054)	(14,054)
Total trade receivables	<u>54,860</u>	<u>135,949</u>
Other receivables	28,952	36,465
Less: allowance for ECL	(143)	(143)
Total other receivables	<u>28,809</u>	<u>36,322</u>
Total receivables	<u>83,669</u>	<u>172,271</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 31 March 2024. 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

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], Court of Appeal Civil Appeal No. W-02(NCC)(W)-1220-07/2019 and Court of Appeal Civil Appeal No. W-02(NCC)(W)-1341-07/2019

ISM Sendirian Berhad ("ISM or the Plaintiff") had filed five suits against the Company and its subsidiaries, namely, Multi-Purpose Shipping Corporation Berhad, Queensway Nominees (Asing) Sdn. Bhd. ("QNA"), Queensway Nominees (Tempatan) Sdn. Bhd. ("QNT"), West-Jaya Sdn. Bhd. ("WSJB"), Mulpha Kluang Maritime Carrier Sdn. Bhd. ("MKMC") and Leisure Dotcom Sdn. Bhd. ("LDC"), 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 (now Section 346 of the Companies Act 2016). ISM is a minority shareholder of QNA, QNT, WJSB, MKMC and LDC (collectively referred to hereinafter as "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.

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 defence 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 (now Section 346 of the Companies Act 2016). In this regard, the High Court 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 21 June 2019, the Defendants paid the nominal damages in the sum of RM10,000.00 to the Plaintiff.

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").

On 5 July 2019, the Defendants have filed an application 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 fully heard by the Court of Appeal on 21 November 2023, 30 January 2024, 4 March 2024, 6 March 2024, 28 May 2024 and 29 July 2024. The decision on the Appeals is scheduled for 21 October 2024.

The Defendants are of the view that they stand a good chance in defending against the claims made by ISM hence, no provision has been made for those claims as at 30 June 2024.

B10 Dividend

The Board of Directors does not recommend the payment of dividend of 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 2023 was not qualified.

B12 Earnings Per Share

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Profit for the period attributable to the owners of the Company (RM'000)	<u>1,954</u>	<u>5,458</u>	<u>10,248</u>	<u>14,191</u>
Weighted average number of ordinary shares in issue ('000)	<u>702,054</u>	<u>705,713</u>	<u>702,054</u>	<u>705,713</u>
Basic and diluted earnings per share (sen)	<u>0.3</u>	<u>0.8</u>	<u>1.5</u>	<u>2.0</u>

By Order Of The Board
Ng Sook Yee
Company Secretary
22 August 2024