



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

30 September 2022

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Interim Financial Report - 30 September 2022

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

(The figures have not been audited)

	AS AT 30/09/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	371,468	378,080
<i>Prepaid lease payments</i>	3,502	3,621
<i>Right-of-use assets</i>	59,133	52,663
<i>Investment properties</i>	185,880	185,880
<i>Land held for property development</i>	1,878,069	1,870,605
<i>Intangible assets</i>	5,119	5,119
<i>Deferred tax assets</i>	205,152	201,928
	2,708,323	2,697,896
Current Assets		
<i>Property development costs</i>	1,168,400	1,448,586
<i>Inventories</i>	584,812	729,358
<i>Trade and other receivables</i>	881,754	673,737
<i>Contract assets</i>	448,501	406,533
<i>Contract cost assets</i>	64,318	56,887
<i>Current tax assets</i>	7,899	13,068
<i>Land held for sales</i>	108,483	-
<i>Deposits, cash and bank balances and investment in short-term funds</i>	500,925	1,015,955
	3,765,092	4,344,124
TOTAL ASSETS	6,473,415	7,042,020
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,776,057	1,776,057
<i>Reserves</i>	12,115	11,905
<i>Retained earnings</i>	1,724,154	1,682,370
	3,512,326	3,470,332
Perpetual Securities	-	645,212
Non-Controlling Interests	25,948	21,831
Total Equity	3,538,274	4,137,375
Non-Current Liabilities		
<i>Medium term notes</i>	998,488	999,135
<i>Term loans</i>	351,674	447,656
<i>Long term and deferred payables</i>	74,514	75,470
<i>Deferred tax liabilities</i>	43,190	51,483
	1,467,866	1,573,744
Current Liabilities		
<i>Trade and other payables</i>	1,119,028	1,175,400
<i>Contract liabilities</i>	204,291	73,391
<i>Term loans</i>	90,893	54,166
<i>Short term borrowings</i>	19,077	3,947
<i>Current tax liabilities</i>	33,986	23,997
	1,467,275	1,330,901
Total Liabilities	2,935,141	2,904,645
TOTAL EQUITY AND LIABILITIES	6,473,415	7,042,020
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.45	1.43

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 30 September 2022

(The figures have not been audited)

	3 months ended		Period ended		
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000	
Revenue	671,116	364,566	1,646,354	1,216,555	
Cost of sales	<u>(531,761)</u>	<u>(254,749)</u>	<u>(1,272,674)</u>	<u>(874,202)</u>	
Gross profit	139,355	109,817	373,680	342,353	
Other income	16,030	5,237	39,060	15,855	
Selling and marketing expenses	(14,988)	(13,138)	(45,221)	(40,720)	
Administrative and other expenses	<u>(45,444)</u>	<u>(40,041)</u>	<u>(129,526)</u>	<u>(119,945)</u>	
Results from operating activities	94,953	61,875	237,993	197,543	
Finance income	719	1,780	1,512	3,026	
Finance costs	<u>(15,316)</u>	<u>(11,490)</u>	<u>(43,340)</u>	<u>(34,206)</u>	
Net finance costs	(14,597)	(9,710)	(41,828)	(31,180)	
Profit before tax	80,356	52,165	196,165	166,363	
Income tax expense	(29,800)	(11,959)	(58,911)	(37,956)	
Profit for the period	<u>50,556</u>	<u>40,206</u>	<u>137,254</u>	<u>128,407</u>	
Profit attributable to:					
Equity holders of the Company	47,056	40,165	133,270	120,847	
Non-controlling interests	3,500	41	3,984	7,560	
	<u>50,556</u>	<u>40,206</u>	<u>137,254</u>	<u>128,407</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<u>1.94</u>	<u>1.65</u>	<u>4.57</u>	<u>3.86</u>
- Diluted (sen)	Note B12(b)	<u>1.94</u>	<u>1.65</u>	<u>4.57</u>	<u>3.84</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the financial period ended 30 September 2022

(The figures have not been audited)

	3 months ended		Period ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	50,556	40,206	137,254	128,407
Other comprehensive income/(loss)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	220	229	343	219
Other comprehensive income/(loss) for the period	220	229	343	219
Total comprehensive income for the period	50,776	40,435	137,597	128,626
Total comprehensive income attributable to:				
Equity holders of the Company	47,193	40,315	133,480	120,987
Non-controlling interests	3,583	120	4,117	7,639
	50,776	40,435	137,597	128,626

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 September 2022

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company							Total Equity RM'000
	Non-distributable			Distributable		Perpetual Securities RM'000	Non-controlling interests RM'000	
	Share capital RM'000	Exchange fluctuation reserve RM'000	Equity Component of Convertible Sukuk RM'000	Retained earnings RM'000	Total RM'000			
9 months ended 30 September 2022								
Balance at 1/1/2022	1,776,057	6,151	5,754	1,682,370	3,470,332	645,212	21,831	4,137,375
Amount recognised directly in equity:								
Profit for the financial period	-	-	-	133,270	133,270	-	3,984	137,254
Other comprehensive income	-	210	-	-	210	-	133	343
Total comprehensive income for the period	-	210	-	133,270	133,480	-	4,117	137,597
Dividends for the financial year ended 31 December 2021	-	-	-	(64,334)	(64,334)	-	-	(64,334)
Redemption of Perpetual Securities	-	-	-	(4,788)	(4,788)	(645,212)	-	(650,000)
Distribution paid to holders of Perpetual Securities	-	-	-	(22,364)	(22,364)	-	-	(22,364)
Balance at 30/09/2022	1,776,057	6,361	5,754	1,724,154	3,512,326	-	25,948	3,538,274
9 months ended 30 September 2021								
Balance at 1/1/2021	1,776,057	6,016	5,754	1,616,830	3,404,657	789,388	10,346	4,204,391
Amount recognised directly in equity:								
Profit for the financial period	-	-	-	120,847	120,847	-	7,560	128,407
Other comprehensive income	-	140	-	-	140	-	79	219
Total comprehensive income for the period	-	140	-	120,847	120,987	-	7,639	128,626
Dividends for the financial year ended 31 December 2020	-	-	-	(40,300)	(40,300)	-	-	(40,300)
Distribution paid to holders of Perpetual Securities	-	-	-	(27,099)	(27,099)	-	-	(27,099)
Balance at 30/09/2021	1,776,057	6,156	5,754	1,670,278	3,458,245	789,388	17,985	4,265,618

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 September 2022

(The figures have not been audited)

	9 months ended 30/09/2022 RM'000	9 months ended 30/09/2021 RM'000
Operating Activities		
Profit before tax	196,165	166,363
Adjustments for:		
Non-cash items	50,971	31,626
Non-operating items	42,467	26,438
Operating profit before changes in working capital	<u>289,603</u>	<u>224,427</u>
Net change in property development costs	299,451	119,642
Net change in inventories	133,633	25,651
Net change in receivables	(207,690)	6,110
Net change in contract assets	(41,968)	(152,061)
Net change in contract cost assets	(7,430)	(6,956)
Net change in payables	(64,902)	(188,958)
Net change in contract liabilities	130,900	(37,654)
Cash generated from/(used in) operations	<u>531,597</u>	<u>(9,799)</u>
Interest received	3,022	8,482
Finance cost paid	(16,786)	(16,171)
Net tax paid	(55,276)	(40,957)
Net cash generated from/(used in) operating activities	<u>462,557</u>	<u>(58,445)</u>
Investing Activities		
Additions to property, plant and equipment	(36,439)	(119,845)
Additions to land held for property development	(35,466)	(25,710)
Advances to an associate company	(5)	-
Acquisition of land	(75,129)	(113,632)
Payment of balance consideration on acquisition of subsidiary companies	(7,500)	-
Proceeds from disposal of property, plant and equipment	132	219
Subscription of shares in an associate company	-*	-
Net cash used in investing activities	<u>(154,407)</u>	<u>(258,968)</u>
Financing Activities		
Dividends paid to shareholders of the Company	(64,334)	(40,300)
Distribution paid to holders of Perpetual Securities	(22,364)	(27,099)
Net repayment of borrowings	(44,615)	(11,468)
Payment of Medium Term Notes interest	(34,926)	(27,524)
Redemption of Perpetual Securities	(650,000)	-
Repayment of lease liabilities	(6,393)	(12,752)
Withdrawal/(Placement) of deposits with licensed banks pledged as collateral/Escrow Account/Sinking Fund Account/Project Account/ Trustees' Reimbursement Account/Security and Principal Account/ Finance Service Reserve Account	444,367	(105,335)
Net cash used in financing activities	<u>(378,265)</u>	<u>(224,478)</u>
Net changes in cash and cash equivalents	<u>(70,115)</u>	<u>(541,891)</u>
Effect of exchange rate changes	187	52
Cash and cash equivalents at beginning of the financial period	512,090	1,106,968
Cash and cash equivalents at end of the financial period	<u>442,162</u>	<u>565,129</u>

* Represents subscription of shares in an associate company of RM49

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 September 2022 (continued)

(The figures have not been audited)

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

	9 months ended 30/09/2022 RM'000	9 months ended 30/09/2021 RM'000
Investment in short-term funds	190,970	308,286
Cash and bank balances	304,674	386,668
Deposits with licensed banks	5,281	25,126
Bank overdrafts	-	(1,001)
	500,925	719,079
Less: Deposits in Sinking Fund Account	-	(117,153)
Less: Deposits in Escrow Account	-	(15)
Less: Deposits in Project Account	(8,230)	(34)
Less: Deposits in Security and Principal Account	(43,227)	(33,193)
Less: Deposits in Finance Service Reserve Account	(4,467)	(760)
Less: Deposits pledged as collateral	(2,776)	(2,732)
Less: Trustees' Reimbursement Account	(63)	(63)
	442,162	565,129

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statement 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

A Explanatory notes

A1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and with International Accounting Standard 14 *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2021 save for the adoption of the following:

Amendments to:

MFRS 3	Reference to the Conceptual Framework
MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual improvement to MFRS Standards 2018 - 2020

The adoption of the above amendments to MFRSs does not have any material impact on the financial statements of the Group.

A2 Seasonal or cyclical factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the financial period under review.

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A4 Changes in estimates

There were no material change in estimates for the financial period under review.

A5 Debt and equity securities

The Company had on 4 April 2022 made a redemption of its RM650 million in nominal value of unrated Senior Perpetual Securities in full, under the Perpetual Securities Programme of up to RM1.0 billion in nominal value.

Save for the above, there were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, share held as treasury shares and resale of treasury shares during the financial period under review.

A6 Dividends paid

On 29 September 2022, the Company paid a first and final single-tier dividend of 2.65 sen per ordinary share which amounted to RM64,333,710 in respect of the financial year ended 31 December 2021.

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A7 Segment reporting

Period ended 30 September 2022

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,296,526	326,097	23,731	-	1,646,354
Inter-segment	-	-	151,898	(151,898)	-
	<u>1,296,526</u>	<u>326,097</u>	<u>175,629</u>	<u>(151,898)</u>	<u>1,646,354</u>
RESULTS					
Operating profit/(loss)	247,505	(14,014)	4,502	-	237,993
Interest income					1,512
Finance costs					(43,340)
Profit before tax					196,165
Income tax expense					(58,911)
Profit for the period					<u>137,254</u>

Period ended 30 September 2021

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	917,886	268,142	30,527	-	1,216,555
Inter-segment	-	-	371,382	(371,382)	-
	<u>917,886</u>	<u>268,142</u>	<u>401,909</u>	<u>(371,382)</u>	<u>1,216,555</u>
RESULTS					
Operating profit/(loss)	189,214	(363)	8,692	-	197,543
Interest income					3,026
Finance costs					(34,206)
Profit before tax					166,363
Income tax expense					(37,956)
Profit for the period					<u>128,407</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 23 November 2022, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

A9 Related party transactions

01/01/2022
to
30/09/2022
RM'000

Transactions with Directors of the Company and its subsidiary companies, and with companies in which they have interests:

(i) Rental paid to a Company in which a Director of the Company has interest	1,153
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	140

Transactions with non-controlling interests:

(i) Interest payable to non-controlling interests of subsidiary company	10
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A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period except for on 28 January 2022, Acacia Springs Management Sdn Bhd, a wholly-owned subsidiary of the Group subscribed for 49 new ordinary shares in Future Vision Property Management Sdn Bhd (“FVPMSB”), for a cash consideration of RM49. As a result, FVPMSB became an 49%-owned associate of the Group.

A11 Changes in contingent liabilities or contingent assets

There were no contingent assets. Contingent liabilities of the Group are as follows:

30/09/2022
RM'000
175,730

Bank guarantees issued in favour of third parties

The Group has adopted the provisions of Paragraph 92 of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets* pursuant to the non-disclosure of the financial effect in relation to the litigation matters and these matters may include disputed liquidated ascertained damages and service charge rates.

The Group is relying on its solicitors view that the Group has good chance to succeed in the litigation proceedings and therefore no provisions have been made by the Group at this juncture.

A12 Capital commitments

30/09/2022
RM'000
35,360

Contractual commitment for the acquisition of development land

Commitment for acquisition of property, plant and equipment:

- Approved and contracted for	41,354
	76,714

A13 Operating lease commitments

As Lessor - for the lease of investment properties and commercial properties

The Group lease out its investment properties and commercial properties under non-cancellable operating leases. The tenure of these leases ranges between 1 to 6 years with option to renew upon expiry except for certain commercial properties. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

The future minimum lease rental receivables under non-cancellable leases as at reporting date are as follow:-

30/09/2022
RM'000
3,039
2,506
5,545

Less than one year

One to three years

B Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of Group performance

For the third quarter ended 30 September 2022, the Group recorded profit before tax ("PBT") of RM80.4 million on the back of revenue of RM671.1 million as compared to RM52.2 million PBT and RM364.6 million revenue recorded in the preceding corresponding quarter. For the nine-month period ended 30 September 2022, the Group recorded PBT of RM196.2 million on the back of revenue of RM1.65 billion as compared to RM166.4 million PBT and RM1.22 billion revenue a year ago.

The analysis of the performance for each operating segment for the current financial period are as follows:

Property development

For the nine-month period ended 30 September 2022, the property development segment recorded operating profit of RM247.5 million on the back of revenue of RM1.30 billion, which were 30.8% and 41.3% respectively higher than the operating profit and revenue recorded a year ago. The higher revenue and operating profit were mainly driven by higher property sales and revenue recognition of property projects under construction.

The development projects that were the key earnings contributors include *M Vertica* in Cheras, *M Arisa* in Setapak, *M Luna* in Kepong, *M Aruna* in Rawang, *Meridin East* in Johor, *M Oscar* in Sri Petaling, *M Adora* in Wangsa Melawati and *Southville City* in KL South. Other projects which also contributed include *D'sara Sentral* in Sungai Buloh, *Southbay City* and *Ferringhi Residence* in Penang, *Sierra Perdana*, *Meridin @ Medini* and *Mah Sing i-Parc* in Johor.

The Group's property sales for the nine-month period ended 30 September 2022 increased 32% to RM1.69 billion (including land sales of RM115 million) as compared with RM1.28 billion in the same period last year.

Manufacturing

The manufacturing segment recorded revenue of RM326 million and operating loss of RM14 million for the nine-month period ended 30 September 2022 compared to revenue of RM268.1 million and operating loss of RM0.4 million in the previous year corresponding period. Revenue increased mainly contributed by the continuous strong demand for plastic pallets and automotive parts. Operating loss of RM14 million was mainly attributed to lower absorption of overhead costs due to low production volume at the glove plant as the industry weathers an adjustment period of supply-demand imbalances.

Investment holding & others

Revenue for the investment holding and other segments comprise mainly interest income from the deposit of funds, revenue from trading of building materials and hotel operation.

B2 Material change in quarterly results compared with the immediate preceding quarter

	3 month ended	
	30/09/2022	30/6/2022
	RM'000	RM'000
Revenue	671,116	542,010
Profit before tax ("PBT")	80,356	59,767

Current quarter revenue and PBT increased by 23.8% and 34.4% respectively as compared to immediate preceding quarter mainly due to higher percentage of completion achieved on site as well as higher sales contribution from completed and near completed properties.

B3 Prospects for the current financial year

The Group achieved RM640 million new sales (including land sales of RM66 million) for the third quarter, the highest quarterly sales recorded since 2017. With nine months cumulative sales of RM1.69 billion (including land sales of RM115 million) the Group is well on-track to achieve full year sales target of RM2 billion. Unbilled sales position has grown to RM2.29 billion, providing more than one year of future property revenue visibility.

New launches during the quarter have garnered overwhelming response, with 96% take-up rate for M Senyum Phase 2 in Salak Tinggi and 100% take-up rate for M Panora Phase 1A in Rawang during the weekend launches in August and September, respectively. Registration of interests have also been very strong for upcoming projects, M Astra in Setapak, M Nova in Kepong, and the upcoming new phases of M Senyum (Phase 3), M Panora (Phase 1B) as well as the Meridin East (Jasmine and Erica West) in Johor Bahru.

Despite various industry challenges, focus on execution has ensured strong revenue stream, steady liquidity and cash flow. During the quarter Tower 1 and 2 of M Vertica in Cheras and Tower A of Sensory in Southville, Bangi were completed and delivered to buyers ahead of schedule. The Group expects to handover on time Acacia link homes in Meridin East, Johor Bahru and Carya link homes in M Aruna, Rawang by the end of the year.

The strong cash generation supports further land banking for growth, healthy balance sheet and continued returns to shareholders. Encouraged by the resilient performance of the M-series projects, the Group acquired the M Minori land in Taman Seri Austin, Johor Bahru in June 2022 and is on the lookout for similar lands with fast turnaround efficiency to develop affordable homes. On the strength of prompt project execution and vacant possessions, balance sheet improved further with net gearing at a new low of 0.27x as at 30 September 2022, providing financial flexibility for further growth. During the quarter, the Company rewarded and paid RM64.3 million to shareholders in the form of dividends, representing the 16th year of uninterrupted dividend payout record at minimum 40% of annual profit.

The strategic focus on M-series affordable developments in the recent years has positioned the Group well to capture the resilient first home buyers' market. Looking ahead, the Group will maintain discipline on execution for continued momentum in revenue and earnings delivery as well as free cash flow generation. The Group will also further enhance on productivity and cost efficiency through automations, digitalization and process optimizations. With the new quality inspection system and other internal digitalization initiatives, efforts will continue to elevate the customer experience via service delivery efficiency to enhance brand preference and loyalty.

B4 Profit forecast

Not applicable as the Group has not issued profit forecast or profit guarantee in a public document.

B5 Income tax expense

	3 months ended		Period ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	37,318	22,054	70,848	61,224
(Over)/Under provision of income tax in prior years	(373)	127	(420)	143
	36,945	22,181	70,428	61,367
Deferred tax	(7,145)	(10,222)	(11,517)	(23,411)
	29,800	11,959	58,911	37,956

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% mainly due to non-recognition of deferred tax assets for certain temporary differences, certain non-tax deductible expenses as well as the provision of one-off prosperity tax.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 23 November 2022 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- a) On 5 July 2010, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd ("**Grand Prestige**") entered into a Joint Venture Agreement ("**JVA**") with Medan Damai Sdn Bhd ("**Medan Damai**") for the joint development of a piece of residential land in Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan with a total gross area of approximately 13.2 acres (net aggregate area of 7.59 acres) ("**Kinrara Land**"). Under the terms of the JVA, Medan Damai shall grant Grand Prestige the exclusive rights to continue with the sales and development of the Kinrara Land in return for an entitlement sum of RM35,403,863.85.

The JVA is pending fulfilment by Medan Damai of certain obligations pertaining to the development components.

- b) On 26 March 2012, the Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("**Capitol Avenue**") entered into a Joint Development Agreement ("**JDA**") with Paduan Hebat Sdn Bhd ("**Paduan Hebat**") for the proposed joint development of a parcel of prime leasehold commercial land measuring approximately 4.26 acres in Kota Kinabalu, Negeri Sabah ("**KK Land**"). Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK Land shall be satisfied by way of cash and the remaining balance shall be settled by way of conveyance of such number of unit(s) which shall be developed on the KK Land with total value equivalent to RM14 million or such other lesser sum as may be adjusted in accordance with the provisions of the JDA.

On 4 December 2012, all Paduan Hebat's obligations have been fully performed pursuant to the JDA. The development of KK Land has commenced in December 2013.

- c) On 28 June 2022, the Company's wholly-owned subsidiary, MS Lakecity Sdn Bhd had entered into a conditional sale and purchase agreement ("**SPA**") with Dynasty View Sdn Bhd for the proposed acquisition of a parcel of land in Mukim Tebrau, Daerah Johor Bahru, Negeri Johor measuring approximately 6.938 acres for a total purchase consideration of RM39,288,506.

The SPA had on 31 October 2022 become unconditional and completion of the SPA is pending full settlement of the balance purchase consideration.

- d) On 12 September 2022, the Company's wholly-owned subsidiary, Klassik Tropika Development Sdn Bhd had entered into a sale and purchase agreement ("**SPA 2**") with Morningjoy Sdn Bhd to dispose of a freehold land in Pykett Avenue, George Town, Penang measuring approximately 3.38 acres for a total sales consideration of RM66,334,950.

The completion of the SPA 2 is pending full settlement of the balance sales consideration.

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B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 September 2022 were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured	RM'000	RM'000	RM'000
Medium term notes	-	998,488	998,488
Term loans	90,893	351,674	442,567
Short term borrowings	19,077	-	19,077
Hire purchase	592	503	1,095
	110,562	1,350,665	1,461,227

The currency profile of borrowings and debt securities is as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Ringgit Malaysia	106,099	1,348,796	1,454,895
Indonesian Rupiah	4,463	1,869	6,332
	110,562	1,350,665	1,461,227

B8 Material litigation

On 25 October 2019, the Company's wholly owned subsidiary, Elite Park Development Sdn Bhd ("EPD") had through its solicitors filed and served Statement of Claim against Zulhikple Abu Bakar ("ZAB") claiming for the following as a result of a breach of the Consultancy Agreement dated 9 June 2015 ("Consultancy Agreement") entered between EPD and ZAB whereby ZAB was to provide amongst others, value engineering services to the original foundation and structural designs ("Services") for the buildings in the project erected on Lot 24673 (PT 2105), Bandar Kundang, Mukim Rawang, Daerah Gombak, Selangor ("Development"):

- (i) A total sum of damages of RM40,670,557.81 and/or alternatively for damages to be assessed; and
- (ii) Interest at the rate of 5% or any other rate as the Court deems fit and proper on the judgement sum calculated from the date of judgement until the date of final settlement and costs.

On 27 November 2019, ZAB has filed a statement of defence and counterclaim against EPD alleging amongst others:

- (i) Unlawful termination of the Consultancy Agreement;
- (ii) EPD pay to ZAB a total sum of RM114,088.23 being ZAB's outstanding fee under the Consultancy Agreement; and
- (iii) General damages to be assessed.

On 15 July 2020, EPD had through its solicitors filed and served the Amended Writ and Amended Statement of Claim against ZAB and two other defendants namely, Pembinaan Infrastruktur OKH Sdn Bhd ("OKH") for breach of contract in failing amongst others, to provide material and workmanship of the quality and standard pursuant to a letter of award dated 28 November 2014 and a Standard Form PAM 2006 Contract entered into between EPD and OKH to build and construct buildings in the project erected on the Development, and Lonpac Insurance Berhad ("LONPAC") for breach of an insurance policy issued by LONPAC in favour of EPD as beneficiary under a Contractors' All Risk Policy in failing to pay to EPD for damages and/or losses suffered by EPD in the Development in the same legal proceedings.

The solicitors of EPD are of the view that EPD has good grounds to succeed in its claims against ZAB, OKH and LONPAC. It is preliminary at this stage to ascertain the potential recoverable amount. The trial has been adjourned to 13.03.2023, 14.03.2023, 15.03.2023, 16.03.2023 and 17.03.2023. The Court provided additional dates in the event they are necessary and those dates are fixed on 10.04.2023, 11.04.2023, 12.04.2023, 13.04.2023, 14.04.2023, 08.05.2023, 09.05.2023, 10.05.2023, 11.05.2023 and 12.05.2023.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 23 November 2022, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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B9 Derivatives financial instrument

As at 30 September 2022, there were no outstanding foreign currency forward contracts.

B10 Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

	3 months ended 30/09/2022 RM'000	Period ended 30/09/2022 RM'000
Reversal of allowance for impairment loss on financial assets	281	271
Allowance for impairment on inventories	(3,719)	(3,710)
Depreciation and amortisation	(9,700)	(31,256)
Gain on redemption of financial assets at fair value through profit or loss	366	3,466
Bad debts written off	(23)	(32)
Inventories written off	(4,314)	(8,611)
Insurance income	10,970	23,671
Net foreign exchange gain	445	1,040
Property, plant and equipment written off	(62)	(6,350)

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 30 September 2022.

B11 Dividend proposed

No dividend has been proposed for the nine-months ended 30 September 2022.

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B12 Earnings per share

(a) Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares in issue.

	3 months ended		Period ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Net profit for the period (RM'000)	47,056	40,165	133,270	120,847
Distribution paid to holders of Perpetual Securities (RM'000)	-	-	(22,364)	(27,099)
Net profit for the period attributable to ordinary equity holders (RM'000)	<u>47,056</u>	<u>40,165</u>	<u>110,906</u>	<u>93,748</u>
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,688	2,427,688	2,427,688
Basic earnings per share (sen)	<u>1.94</u>	<u>1.65</u>	<u>4.57</u>	<u>3.86</u>

(b) Diluted earnings per share

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares that would have been in issue assuming full conversion of Convertible Sukuk, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Net profit for the period attributable to ordinary equity holders (RM'000)	<u>47,056</u>	<u>40,165</u>	<u>110,906</u>	<u>93,748</u>
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,688	2,427,688	2,427,688
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Convertible Sukuk	*	6,135	*	14,107
Adjusted weighted average number of ordinary shares ('000)	<u>2,427,688</u>	<u>2,433,823</u>	<u>2,427,688</u>	<u>2,441,795</u>
Diluted earnings per share (sen)	<u>1.94</u>	<u>1.65</u>	<u>4.57</u>	<u>3.84</u>

*The effects of potential ordinary shares arising from the conversion of Convertible Sukuk is anti-dilutive and accordingly is excluded from the diluted earnings per share computation above.

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

B14 Comparative figures

Comparative figures, where applicable, have been modified to conform to the current year presentation.

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
30 November 2022