



**MAH SING GROUP BERHAD**

**Registration No.: 199101019838 (230149-P)**

**(Incorporated in Malaysia)**

**Interim Financial Report**

**31 March 2023**

# **MAH SING GROUP BERHAD**

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

## **Interim Financial Report - 31 March 2023**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 31 March 2023**

*(The figures have not been audited)*

|   | <b>AS AT<br/>31/03/2023<br/>RM'000</b> | <b>(AUDITED)<br/>AS AT<br/>31/12/2022<br/>RM'000</b> |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Non-Current Assets</b>   |  |  |
| <i>Property, plant and equipment</i>  | 393,406                                | 392,485  |
| <i>Prepaid lease payments</i>   | 3,287                                  | 3,196  |
| <i>Right-of-use assets</i>  | 53,702                                 | 57,576   |
| <i>Investment properties</i>  | 180,880                                | 180,880  |
| <i>Land held for property development</i>   | 1,831,263                              | 1,838,717  |
| <i>Intangible assets</i>  | 4,934                                  | 5,021  |
| <i>Deferred tax assets</i>  | 201,324                                | 206,754  |
|   | <u>2,668,796</u>                       | <u>2,684,629</u>                                     |
| <b>Current Assets</b>   |  |  |
| <i>Property development costs</i>   | 898,856                                | 1,017,090  |
| <i>Inventories</i>  | 625,971                                | 674,322  |
| <i>Land held for sale</i>   | 46,676                                 | 46,614   |
| <i>Trade and other receivables</i>  | 697,158                                | 809,235  |
| <i>Contract assets</i>  | 587,850                                | 501,962  |
| <i>Contract cost assets</i>   | 69,527                                 | 66,117   |
| <i>Current tax assets</i>   | 11,820                                 | 10,140   |
| <i>Deposits, cash and bank balances and investment in short-term funds</i>              | 706,859                                | 579,580  |
|   | <u>3,644,717</u>                       | <u>3,705,060</u>                                     |
| <b>TOTAL ASSETS</b>   | <u><b>6,313,513</b></u>                | <u><b>6,389,689</b></u>                              |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>Equity Attributable to Ordinary Equity Holders of the Company</b>                    |  |  |
| <i>Share capital</i>  | 1,776,057                              | 1,776,057  |
| <i>Reserves</i>   | 11,934                                 | 11,637   |
| <i>Retained earnings</i>  | 1,821,046                              | 1,770,989  |
|   | <u>3,609,037</u>                       | <u>3,558,683</u>                                     |
| <b>Non-Controlling Interests</b>  | 30,864                                 | 28,482   |
| <b>Total Equity</b>   | <u>3,639,901</u>                       | <u>3,587,165</u>                                     |
| <b>Non-Current Liabilities</b>  |  |  |
| <i>Medium term notes</i>  | 999,530                                | 1,001,136  |
| <i>Term loans</i>   | 348,737                                | 254,575  |
| <i>Long term and deferred payables</i>  | 68,392                                 | 70,643   |
| <i>Deferred tax liabilities</i>   | 40,353                                 | 44,160   |
|   | <u>1,457,012</u>                       | <u>1,370,514</u>                                     |
| <b>Current Liabilities</b>  |  |  |
| <i>Trade and other payables</i>   | 1,022,053                              | 1,198,121  |
| <i>Contract liabilities</i>   | 97,436                                 | 114,158  |
| <i>Term loans</i>   | 47,786                                 | 74,784   |
| <i>Short term borrowings</i>  | 21,355                                 | 20,996   |
| <i>Current tax liabilities</i>  | 27,970                                 | 23,951   |
|   | <u>1,216,600</u>                       | <u>1,432,010</u>                                     |
| <b>Total Liabilities</b>  | <u>2,673,612</u>                       | <u>2,802,524</u>                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u><b>6,313,513</b></u>                | <u><b>6,389,689</b></u>                              |
| <b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b> | <u><b>1.49</b></u>                     | <u><b>1.47</b></u>                                   |

The 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 the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the financial period ended 31 March 2023**

*(The figures have not been audited)*

|  | 3 months ended       |                      | Period ended         |                      |      |
|--|----------------------|----------------------|----------------------|----------------------|------|
|  | 31/03/2023<br>RM'000 | 31/03/2022<br>RM'000 | 31/03/2023<br>RM'000 | 31/03/2022<br>RM'000 |      |
| Revenue  | <b>643,454</b>       | 433,228              | <b>643,454</b>       | 433,228              |      |
| Cost of sales  | <b>(501,561)</b>     | (312,394)            | <b>(501,561)</b>     | (312,394)            |      |
| <b>Gross profit</b>  | <b>141,893</b>       | 120,834              | <b>141,893</b>       | 120,834              |      |
| Other income   | <b>6,444</b>         | 6,781                | <b>6,444</b>         | 6,781                |      |
| Selling and marketing expenses   | <b>(13,989)</b>      | (14,690)             | <b>(13,989)</b>      | (14,690)             |      |
| Administrative and other expenses  | <b>(45,390)</b>      | (43,499)             | <b>(45,390)</b>      | (43,499)             |      |
| <b>Results from operating activities</b>                                   | <b>88,958</b>        | 69,426               | <b>88,958</b>        | 69,426               |      |
| Finance income   | <b>2,099</b>         | 488                  | <b>2,099</b>         | 488                  |      |
| Finance costs  | <b>(15,292)</b>      | (13,872)             | <b>(15,292)</b>      | (13,872)             |      |
| <b>Net finance costs</b>   | <b>(13,193)</b>      | (13,384)             | <b>(13,193)</b>      | (13,384)             |      |
| Profit before tax  | <b>75,765</b>        | 56,042               | <b>75,765</b>        | 56,042               |      |
| Income tax expense   | <b>(23,489)</b>      | (12,304)             | <b>(23,489)</b>      | (12,304)             |      |
| <b>Profit for the period</b>   | <b>52,276</b>        | 43,738               | <b>52,276</b>        | 43,738               |      |
| Profit attributable to:  |                      |                      |                      |                      |      |
| Equity holders of the Company  | <b>50,057</b>        | 43,179               | <b>50,057</b>        | 43,179               |      |
| Non-controlling interests  | <b>2,219</b>         | 559                  | <b>2,219</b>         | 559                  |      |
|  | <b>52,276</b>        | 43,738               | <b>52,276</b>        | 43,738               |      |
| Earnings per share attributable to ordinary equity holders of the Company: |                      |                      |                      |                      |      |
| - Basic (sen)  | Note B12(a)          | <b>2.06</b>          | 1.78                 | <b>2.06</b>          | 1.78 |
| - Diluted (sen)  | Note B12(b)          | <b>2.06</b>          | 1.78                 | <b>2.06</b>          | 1.78 |

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 2022 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**For the financial period ended 31 March 2023**

*(The figures have not been audited)*

|  | 3 months ended       |               | Period ended         |               |
|--|----------------------|---------------|----------------------|---------------|
|  | 31/03/2023           | 31/03/2022    | 31/03/2023           | 31/03/2022    |
|  | RM'000               | RM'000        | RM'000               | RM'000        |
| <b>Profit for the period</b>   | <b>52,276</b>        | 43,738        | <b>52,276</b>        | 43,738        |
| <b>Other comprehensive income</b>                                    |                      |               |                      |               |
| <i>Item that may be reclassified subsequently to profit or loss:</i> |                      |               |                      |               |
| Foreign currency translation difference for foreign operations       | 460                  | 31            | 460                  | 31            |
| Other comprehensive income for the period                            | <u>460</u>           | <u>31</u>     | <u>460</u>           | <u>31</u>     |
| <b>Total comprehensive income for the period</b>                     | <b><u>52,736</u></b> | <u>43,769</u> | <b><u>52,736</u></b> | <u>43,769</u> |
| Total comprehensive income attributable to:                          |                      |               |                      |               |
| Equity holders of the Company  | 50,354               | 43,197        | 50,354               | 43,197        |
| Non-controlling interests  | 2,382                | 572           | 2,382                | 572           |
|  | <b><u>52,736</u></b> | <u>43,769</u> | <b><u>52,736</u></b> | <u>43,769</u> |

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 2022 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the financial period ended 31 March 2023**

*(The figures have not been audited)*

|   | Attributable to ordinary equity holders of the Company |                              |                                       |                   |                  |                      |                           | Total Equity     |
|---|--|------------------------------|---------------------------------------|-------------------|------------------|----------------------|---------------------------|------------------|
|   | Non-distributable                                      |                              |                                       | Distributable     |                  |                      |                           |                  |
|   | Share capital  | Exchange fluctuation reserve | Equity Component of Convertible Sukuk | Retained earnings | Total            | Perpetual Securities | Non-controlling interests |                  |
|   | RM'000   | RM'000                       | RM'000                                | RM'000            | RM'000           | RM'000               | RM'000                    | RM'000           |
| <b>3 months ended 31 March 2023</b>       |  |                              |                                       |                   |                  |                      |                           |                  |
| Balance at 1/1/2023                       | 1,776,057  | 5,883                        | 5,754                                 | 1,770,989         | 3,558,683        | -                    | 28,482                    | 3,587,165        |
| Amount recognised directly in equity:     |  |                              |                                       |                   |                  |                      |                           |                  |
| Profit for the financial period           | -  | -                            | -                                     | 50,057            | 50,057           | -                    | 2,219                     | 52,276           |
| Other comprehensive income                | -  | 297                          | -                                     | -                 | 297              | -                    | 163                       | 460              |
| Total comprehensive income for the period | -  | 297                          | -                                     | 50,057            | 50,354           | -                    | 2,382                     | 52,736           |
| <b>Balance at 31/03/2023</b>              | <b>1,776,057</b>                                       | <b>6,180</b>                 | <b>5,754</b>                          | <b>1,821,046</b>  | <b>3,609,037</b> | <b>-</b>             | <b>30,864</b>             | <b>3,639,901</b> |
| <b>3 months ended 31 March 2022</b>       |  |                              |                                       |                   |                  |                      |                           |                  |
| 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           | -  | -                            | -                                     | 43,179            | 43,179           | -                    | 559                       | 43,738           |
| Other comprehensive income                | -  | 18                           | -                                     | -                 | 18               | -                    | 13                        | 31               |
| Total comprehensive income for the period | -  | 18                           | -                                     | 43,179            | 43,197           | -                    | 572                       | 43,769           |
| <b>Balance at 31/03/2022</b>              | <b>1,776,057</b>                                       | <b>6,169</b>                 | <b>5,754</b>                          | <b>1,725,549</b>  | <b>3,513,529</b> | <b>645,212</b>       | <b>22,403</b>             | <b>4,181,144</b> |

The 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 the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 31 March 2023**

*(The figures have not been audited)*

|  | <b>3 months<br/>ended<br/>31/03/2023<br/>RM'000</b> | <b>3 months<br/>ended<br/>31/03/2022<br/>RM'000</b> |
|--|---|---|
| <b>Operating Activities</b>  |   |   |
| Profit before tax  | 75,765  | 56,042  |
| Adjustments for:   |   |   |
| Non-cash items   | 8,497   | 10,297  |
| Non-operating items  | 13,294  | 13,278  |
| Operating profit before changes in working capital   | 97,556  | 79,617  |
| Net change in property development costs   | 134,630   | 47,707  |
| Net change in inventories  | 48,591  | 13,557  |
| Net change in receivables  | 123,848   | (33,194)  |
| Net change in contract assets  | (85,888)  | 10,649  |
| Net change in contract cost assets   | (3,410)   | (1,946)   |
| Net change in payables   | (56,589)  | (109,919)   |
| Net change in contract liabilities   | (16,723)  | 30,789  |
| Cash from operations   | 242,015   | 37,260  |
| Interest received  | 2,797   | 1,041   |
| Finance cost paid  | (6,377)   | (4,872)   |
| Net tax paid   | (19,518)  | (15,685)  |
| Net cash from operating activities   | 218,917   | 17,744  |
| <b>Investing Activities</b>  |   |   |
| Additions to property, plant and equipment   | (8,829)   | (12,737)  |
| Additions to land held for sale  | (62)  | -   |
| Additions to land held for property development  | (7,127)   | (20,230)  |
| Acquisition of land  | (129,446)   | -   |
| Payment of balance consideration on acquisition of a subsidiary company  | -   | (7,500)   |
| Proceeds from disposal of property, plant and equipment  | 24  | -   |
| Net cash used in investing activities  | (145,440)   | (40,467)  |
| <b>Financing Activities</b>  |   |   |
| Net proceeds of borrowings   | 67,071  | 35,559  |
| Payment of Medium Term Notes interest  | (12,943)  | (13,014)  |
| Repayment of lease liabilities   | (1,785)   | (2,177)   |
| Withdrawal/(Placement) of deposits with licensed banks pursuant to banking facilities  | 10,663  | (12)  |
| (Placement)/Withdrawal of deposits in Sinking Fund Account, Security and Principal Accounts, Finance Service Reserve Accounts, Escrow Account, Project Accounts and Trustees' Reimbursement Accounts | (24,629)  | 459,642   |
| Net cash from financing activities   | 38,377  | 479,998   |
| Net changes in cash and cash equivalents   | 111,854   | 457,275   |
| Effect of exchange rate changes  | (51)  | 130   |
| Fair value adjustment on investment in short term funds  | 1,521   | -   |
| Cash and cash equivalents at beginning of the financial period   | 480,370   | 512,090   |
| Cash and cash equivalents at end of the financial period   | 593,694   | 969,495   |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 31 March 2023 (continued)**

*(The figures have not been audited)*

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

|   | <b>3 months<br/>ended<br/>31/03/2023<br/>RM'000</b> | <b>3 months<br/>ended<br/>31/03/2022<br/>RM'000</b> |
|---|---|---|
| Investment in short-term funds  | <b>302,371</b>                                      | 95,703  |
| Cash and bank balances  | <b>397,081</b>                                      | 507,230   |
| Deposits with licensed banks  | <b>7,407</b>  | 410,734   |
| Bank overdrafts   | <b>(934)</b>  | (672)   |
|   | <b>705,925</b>                                      | 1,012,995   |
| Less: Deposits in Sinking Fund Account, Security and Principal Accounts,<br>Finance Service Reserve Accounts and Escrow Account | <b>(110,566)</b>                                    | (38,045)  |
| Less: Deposits in Project Accounts  | -   | (2,638)   |
| Less: Deposits with licensed banks pursuant to banking facilities   | <b>(1,633)</b>                                      | (2,754)   |
| Less: Deposits in Trustees' Reimbursement Accounts  | <b>(32)</b>   | (63)  |
|   | <b>593,694</b>                                      | 969,495   |

The 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 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 2022. 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 2022.

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 2022 save for the adoption of the following:

|                |  |
|----------------|--|
| MFRS 17        | Insurance Contracts  |
| Amendments to: |  |
| MFRS 17        | Insurance Contracts  |
| MFRS 17        | Initial Application of MFRS 9 and MFRS 17 - Comparative Information                              |
| MFRS 101       | Disclosure of Accounting Policies  |
| MFRS 108       | Definition of Accounting Estimates   |
| MFRS 112       | Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

The adoption of the above MFRS and 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**

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

### **A6 Dividends paid**

No dividend was paid in current financial period under review.

**MAH SING GROUP BERHAD (199101019838 (230149-P))**  
(Incorporated in Malaysia)

**A7 Segment reporting**

Period ended 31 March 2023

|                         | Property<br>RM'000 | Manufacturing<br>RM'000 | Investment<br>Holding<br>& Others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|-------------------------|--------------------|-------------------------|---|-----------------------|------------------------|
| <b>REVENUE</b>          |                    |                         |   |                       |                        |
| External revenue        | 514,803            | 114,681                 | 13,970                                      | -                     | 643,454                |
| Inter-segment           | -                  | -                       | 45,293                                      | (45,293)              | -                      |
|                         | <u>514,803</u>     | <u>114,681</u>          | <u>59,263</u>                               | <u>(45,293)</u>       | <u>643,454</u>         |
| <b>RESULTS</b>          |                    |                         |   |                       |                        |
| Operating profit/(loss) | 89,689             | (3,682)                 | 2,951                                       | -                     | 88,958                 |
| Interest income         |                    |                         |   |                       | 2,099                  |
| Finance costs           |                    |                         |   |                       | (15,292)               |
| Profit before tax       |                    |                         |   |                       | 75,765                 |
| Income tax expense      |                    |                         |   |                       | (23,489)               |
| Profit for the period   |                    |                         |   |                       | <u>52,276</u>          |

Period ended 31 March 2022

|                         | Property<br>RM'000 | Manufacturing<br>RM'000 | Investment<br>Holding<br>& Others<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|-------------------------|--------------------|-------------------------|---|-----------------------|------------------------|
| <b>REVENUE</b>          |                    |                         |   |                       |                        |
| External revenue        | 319,295            | 107,645                 | 6,288                                       | -                     | 433,228                |
| Inter-segment           | -                  | -                       | 33,891                                      | (33,891)              | -                      |
|                         | <u>319,295</u>     | <u>107,645</u>          | <u>40,179</u>                               | <u>(33,891)</u>       | <u>433,228</u>         |
| <b>RESULTS</b>          |                    |                         |   |                       |                        |
| Operating profit/(loss) | 74,468             | (7,765)                 | 2,723                                       | -                     | 69,426                 |
| Interest income         |                    |                         |   |                       | 488                    |
| Finance costs           |                    |                         |   |                       | (13,872)               |
| Profit before tax       |                    |                         |   |                       | 56,042                 |
| Income tax expense      |                    |                         |   |                       | (12,304)               |
| Profit for the period   |                    |                         |   |                       | <u>43,738</u>          |

**A8 Material subsequent events**

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 22 May 2023, 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**

**01/01/2023**  
to  
**31/03/2023**  
**RM'000**

Transactions with companies in which a Director of the company has interests:

|  |            |
|--|------------|
| (i) Rental paid to a Company in which a Director of the Company has interest   | <b>384</b> |
| (ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company | <b>47</b>  |

Transactions with non-controlling interests:

|   |           |
|---|-----------|
| (i) Interest payable to non-controlling interests of subsidiary companies | <b>39</b> |
|---|-----------|

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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, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

**A11 Changes in contingent liabilities or contingent assets**

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

**31/03/2023**  
**RM'000**  
**201,894**

Bank guarantees issued in favour of third parties

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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 disputed liquidated ascertained damages.

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**

**31/03/2023**  
**RM'000**

Commitment for acquisition of property, plant and equipment:

|                               |               |
|-------------------------------|---------------|
| - Approved and contracted for | <b>11,885</b> |
|-------------------------------|---------------|

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**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:-

**31/03/2023**  
**RM'000**  
**4,423**  
**3,152**  
**7,575**

Less than one year  
One to three years

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

**B1 Review of Group performance**

The Group recorded strong revenue and profit before tax ("PBT") of RM643.5 million and RM75.8 million, respectively, for the first quarter ended 31 March 2023. This represents 48.5% and 35.2% improvement in revenue and PBT compared to the preceding year's corresponding quarter.

The Group's balance sheet remains healthy with cash and bank balances and investment in short-term funds of approximately RM706.9 million as at 31 March 2023.

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

**Property development**

For the first quarter ended 31 March 2023, the property development segment recorded an operating profit of RM89.7 million on the back of revenue of RM514.8 million, which were 20.4% and 61.2%, 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 progressive revenue recognition from ongoing construction progress.

The development projects that were the key earnings contributors include **M Vertica** in Cheras, **M Arisa** in Setapak, **M Luna** in Kepong, **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 **M Senyum** in Salak Tinggi, **M Astra** in Setapak, **M Aruna** and **M Panora** in Rawang, **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 first quarter ended 31 March 2023 increased 33.5% to RM600.6 million as compared with RM450 million for the first quarter ended 31 March 2022.

**Manufacturing**

The manufacturing segment's revenue grew by 6.5% to RM114.7 million in the first quarter ended 2023 compared with RM107.6 million in the preceding year's corresponding quarter due to the increased sales from plastic pallets, automotive parts, and gloves. Operating loss narrowed by 52.6% to RM3.7 million compared with RM7.8 million in the preceding year's corresponding quarter due to the Group's ongoing effort to improve glove plant utilisation and cost management for better productivity and performance efficiency.

**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 |            |
|---------------------------|---------------|------------|
|                           | 31/03/2023    | 31/12/2022 |
|                           | RM'000        | RM'000     |
| Revenue                   | 643,454       | 670,874    |
| Profit before tax ("PBT") | 75,765        | 67,959     |

Excluding land sales amounting to RM66.3 million and PBT of RM1.8 million in the previous quarter, revenue and PBT for the current quarter were higher due to stronger property sales and work progress percentage completion. Revenue and PBT were higher by 6.4% and 14.5% respectively compared to the immediate preceding quarter.

### B3 Prospects for the current financial year

For the first quarter ended 31 March 2023, the Group achieved RM600.6 million new property sales, well on track to meet its full-year sales target of minimum RM2.2 billion. The Group is confident of strong sales momentum with strategic focus on M Series affordable products. 96% of 2023 residential products are priced below RM700,000, and 65% below RM500,000.

The Group managed to garner strong interests for its newly launched properties in the first quarter, with take-up rates ranging from 85% - 95%. First quarter launches include Tower B of M Astra in Setapak, Phase 2A of M Senyum in Salak Tinggi, Erica West 1 & 2 of Meridin East in Johor Bahru. Upcoming new launches in the pipeline include M Nova in Kepong, M Minori in Johor Bahru, future phases of M Senyum in Salak Tinggi, Meridin East in Johor Bahru, M Panora in Rawang, and Southville City in Bangi.

The Group's unbilled sales of approximately RM2.26 billion provides future revenue visibility. The Group continues to be nimble and focus on sales and project execution to ensure strong revenue and earnings momentum, steady liquidity and healthy cash flows. In April 2023, the remaining Tower C, D and E for M Vertica in Cheras were completed and delivered to buyers ahead of schedule. The Group expects to handover on time by this financial year-end other projects namely, M Oscar in Sri Petaling, Erica link homes in Meridin East, Johor Bahru, Delphy link homes in M Aruna, Rawang and Tower B of Sensory Residence in Southville City.

The Group's active landbank replenishment is supported by healthy balance sheet and its unwavering confidence in the fast turnaround delivery of its projects. Net gearing has improved further to 0.20x as of end-March 2023. The Group remains on the lookout for strategic lands in Klang Valley, Penang and Johor for the development of residential and industrial properties. On 18 January 2023, the Group announced the proposed acquisition of M Terra and M Hana measuring 8.2 acres in Puchong. Based on preliminary plans, the proposed development has an estimated combined Gross Development Value of RM726 million. With an indicative starting price from RM250,000, M Terra is targeted for registration of interest in the second half of 2023.

On the Environmental, Social, and Governance (ESG) front, the Group also demonstrated its commitments in sustainability efforts by signing on as an early adopter of the Centralised Sustainability Intelligence (CSI) platform by Bursa Malaysia in collaboration with the London Stock Exchange Group. The Group will also work with Alliance Bank Malaysia Berhad to offer the Group's suppliers, contractors, and consultants several green financing incentives, to build a more sustainable and resilient business ecosystem.

In view of the significant volume of construction progress and property completions for 2023, the Group expects further growth and stronger delivery of performance for FY 2023. The Group is optimistic of the long-term prospects of its property development business and will continue deliver value to its stakeholders.

### 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         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31/03/2023<br>RM'000 | 31/03/2022<br>RM'000 | 31/03/2023<br>RM'000 | 31/03/2022<br>RM'000 |
| Estimated income tax payable:               |                      |                      |                      |                      |
| Current financial period                    | 21,866               | 11,170               | 21,866               | 11,170               |
| Over provision of income tax in prior years | -                    | (47)                 | -                    | (47)                 |
|   | <u>21,866</u>        | <u>11,123</u>        | <u>21,866</u>        | <u>11,123</u>        |
| Deferred tax                                | 1,623                | 1,181                | 1,623                | 1,181                |
|   | <u>23,489</u>        | <u>12,304</u>        | <u>23,489</u>        | <u>12,304</u>        |

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

## B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 22 May 2023 (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 18 January 2023, the wholly-owned subsidiaries of the Group, Supreme Springs Sdn Bhd ("**Supreme Springs**") and Legend Grand Development Sdn Bhd ("**Legend Grand**") had entered into the following agreements with Millennium Acres Sdn Bhd ("**Millennium**"):
- (i) a conditional sale and purchase agreement ("**SPA**") entered into by Supreme Springs for the proposed acquisition of land in Puchong Perdana, Daerah Petaling, Negeri Selangor measuring approximately 3.844 acres ("**Parcel 1**") for a purchase consideration of RM40,186,713.60 ("**Parcel 1 SPA**"); and
- (ii) a conditional SPA entered into by Legend Grand for the proposed acquisition of land in Puchong Perdana, Daerah Petaling, Negeri Selangor measuring approximately 4.369 acres ("**Parcel 2**") for a purchase consideration of RM45,675,273.60 ("**Parcel 2 SPA**")

Both Parcel 1 and Parcel 2 are hereinafter collectively referred to as the ("**Proposed Acquisition**"). The Parcel 1 SPA and Parcel 2 SPA are hereinafter collectively referred to as ("**SPAs**").

The completion of the Proposed Acquisition is pending the fulfillment of the conditions precedent of the SPAs.

On 27 February 2023, Supreme Springs and Legend Grand had also entered into a supplemental agreement with Millennium to vary certain terms and conditions of the SPAs.

## B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2023 were as follows:

| <b>Secured</b>        | <b>Short term<br/>RM'000</b> | <b>Long term<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------|------------------------------|-----------------------------|-------------------------|
| Medium term notes     | -                            | 999,530                     | 999,530                 |
| Term loans            | 47,786                       | 348,737                     | 396,523                 |
| Short term borrowings | 21,355                       | -                           | 21,355                  |
| Hire purchase         | 375                          | 368                         | 743                     |
|                       | <b>69,516</b>                | <b>1,348,635</b>            | <b>1,418,151</b>        |

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

|                   | <b>Short term<br/>RM'000</b> | <b>Long term<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-------------------|------------------------------|-----------------------------|-------------------------|
| Ringgit Malaysia  | 62,579                       | 1,347,957                   | 1,410,536               |
| Indonesian Rupiah | 6,937                        | 678                         | 7,615                   |
|                   | <b>69,516</b>                | <b>1,348,635</b>            | <b>1,418,151</b>        |

**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 Zulhkiple 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 dates initially fixed on 13 March 2023 to 17 March 2023, 10 April 2023 to 14 April 2023 and 8 May 2023 to 12 May 2023 were vacated and a Case Management is fixed on 25 May 2023 to fix new trial dates.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 22 May 2023, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

**B9 Derivatives financial instrument**

As at 31 March 2023, 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**

|   | <b>3 months<br/>ended<br/>31/03/2023<br/>RM'000</b> | <b>Period<br/>ended<br/>31/03/2023<br/>RM'000</b> |
|---|---|---|
| Reversal for impairment loss on financial assets                            | 302   | 302   |
| Depreciation and amortisation   | (10,131)  | (10,131)  |
| Gain on redemption of financial assets at fair value through profit or loss | 425   | 425   |
| Impairment of intangible assets   | (87)  | (87)  |
| Inventories written off   | (85)  | (85)  |
| Net foreign exchange gain   | 130   | 130   |
| Property, plant and equipment written off                                   | (211)   | (211)   |

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 31 March 2023.

**B11 Dividend proposed**

No dividend has been proposed for the first quarter ended 31 March 2023.

The first and final single-tier dividend of 3 sen per ordinary share (2021: 2.65 sen per ordinary share) in respect of the financial year ended 31 December 2022, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 22 June 2023, will be paid on 21 September 2023 to depositors whose names appear in the Record of Depositors of the Company on 11 September 2023.



## 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     |            |
|--|------------------|------------|------------------|------------|
|  | 31/03/2023       | 31/03/2022 | 31/03/2023       | 31/03/2022 |
| Net profit for the period attributable to ordinary equity holders (RM'000) | <b>50,057</b>    | 43,179     | <b>50,057</b>    | 43,179     |
| Weighted average number of ordinary shares in issue ('000)                 | <b>2,427,688</b> | 2,427,688  | <b>2,427,688</b> | 2,427,688  |
| Basic earnings per share (sen)   | <b>2.06</b>      | 1.78       | <b>2.06</b>      | 1.78       |

### (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     |            |
|---|------------------|------------|------------------|------------|
|   | 31/03/2023       | 31/03/2022 | 31/03/2023       | 31/03/2022 |
| Net profit for the period attributable to ordinary equity holders (RM'000)          | <b>50,057</b>    | 43,179     | <b>50,057</b>    | 43,179     |
| Weighted average number of ordinary shares in issue ('000)                          | <b>2,427,688</b> | 2,427,688  | <b>2,427,688</b> | 2,427,688  |
| Weighted average number of ordinary shares deemed issued at no consideration ('000) |                  |            |                  |            |
| - Convertible Sukuk   | *                | *          | *                | *          |
| Adjusted weighted average number of ordinary shares ('000)                          | <b>2,427,688</b> | 2,427,688  | <b>2,427,688</b> | 2,427,688  |
| Diluted earnings per share (sen)  | <b>2.06</b>      | 1.78       | <b>2.06</b>      | 1.78       |

\*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 2022 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  
29 May 2023