

# **MahSing**

**MAH SING GROUP BERHAD**

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

**(Incorporated in Malaysia)**

**Interim Financial Report**

**30 June 2023**

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## **Interim Financial Report - 30 June 2023**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2023**

*(The figures have not been audited)*

	<b>AS AT 30/06/2023 RM'000</b>	<b>(AUDITED) AS AT 31/12/2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<i>Property, plant and equipment</i>	396,358	392,485
<i>Prepaid lease payments</i>	3,406	3,196
<i>Right-of-use assets</i>	54,007	57,576
<i>Investment properties</i>	180,880	180,880
<i>Land held for property development</i>	1,798,401	1,838,717
<i>Intangible assets</i>	4,663	5,021
<i>Deferred tax assets</i>	221,212	206,754
	<u>2,658,927</u>	<u>2,684,629</u>
<b>Current Assets</b>		
<i>Property development costs</i>	829,312	1,017,090
<i>Inventories</i>	579,261	674,322
<i>Land held for sale</i>	-	46,614
<i>Trade and other receivables</i>	770,486	809,235
<i>Contract assets</i>	526,566	501,962
<i>Contract cost assets</i>	73,540	66,117
<i>Current tax assets</i>	10,535	10,140
<i>Deposits, cash and bank balances and investment in short-term funds</i>	929,742	579,580
	<u>3,719,442</u>	<u>3,705,060</u>
<b>TOTAL ASSETS</b>	<u><b>6,378,369</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>	12,213	11,637
<i>Retained earnings</i>	1,798,690	1,770,989
	<u>3,586,960</u>	<u>3,558,683</u>
<b>Non-Controlling Interests</b>	33,745	28,482
<b>Total Equity</b>	<u>3,620,705</u>	<u>3,587,165</u>
<b>Non-Current Liabilities</b>		
<i>Medium term notes</i>	1,002,105	1,001,136
<i>Term loans</i>	311,370	254,575
<i>Long term and deferred payables</i>	70,800	70,643
<i>Deferred tax liabilities</i>	38,081	44,160
	<u>1,422,356</u>	<u>1,370,514</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	958,173	1,198,121
<i>Contract liabilities</i>	195,195	114,158
<i>Term loans</i>	28,756	74,784
<i>Short term borrowings</i>	23,177	20,996
<i>Current tax liabilities</i>	57,176	23,951
<i>Dividend payable</i>	72,831	-
	<u>1,335,308</u>	<u>1,432,010</u>
<b>Total Liabilities</b>	<u>2,757,664</u>	<u>2,802,524</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>6,378,369</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>1.48</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 30 June 2023**

*(The figures have not been audited)*

	3 months ended		Period ended		
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000	
Revenue	<b>644,223</b>	542,010	<b>1,287,677</b>	975,238	
Cost of sales	<b>(507,522)</b>	(428,519)	<b>(1,009,083)</b>	(740,913)	
<b>Gross profit</b>	<b>136,701</b>	113,491	<b>278,594</b>	234,325	
Other income	<b>7,538</b>	16,249	<b>13,982</b>	23,030	
Selling and marketing expenses	<b>(13,609)</b>	(15,543)	<b>(27,598)</b>	(30,233)	
Administrative and other expenses	<b>(43,125)</b>	(40,583)	<b>(88,515)</b>	(84,082)	
<b>Results from operating activities</b>	<b>87,505</b>	73,614	<b>176,463</b>	143,040	
Finance income	<b>1,609</b>	305	<b>3,708</b>	793	
Finance costs	<b>(14,093)</b>	(14,152)	<b>(29,385)</b>	(28,024)	
<b>Net finance costs</b>	<b>(12,484)</b>	(13,847)	<b>(25,677)</b>	(27,231)	
Profit before tax	<b>75,021</b>	59,767	<b>150,786</b>	115,809	
Income tax expense	<b>(21,835)</b>	(16,807)	<b>(45,324)</b>	(29,111)	
<b>Profit for the period</b>	<b>53,186</b>	42,960	<b>105,462</b>	86,698	
Profit attributable to:					
Equity holders of the Company	<b>50,475</b>	43,035	<b>100,532</b>	86,214	
Non-controlling interests	<b>2,711</b>	(75)	<b>4,930</b>	484	
	<b>53,186</b>	42,960	<b>105,462</b>	86,698	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<b>2.08</b>	0.85	<b>4.14</b>	2.63
- Diluted (sen)	Note B12(b)	<b>2.08</b>	0.85	<b>4.14</b>	2.63

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 30 June 2023**

*(The figures have not been audited)*

	3 months ended		Period ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>53,186</b>	42,960	<b>105,462</b>	86,698
<b>Other comprehensive income</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	445	92	905	123
Other comprehensive income for the period	<u>445</u>	<u>92</u>	<u>905</u>	<u>123</u>
<b>Total comprehensive income for the period</b>	<b><u>53,631</u></b>	<u>43,052</u>	<b><u>106,367</u></b>	<u>86,821</u>
Total comprehensive income attributable to:				
Equity holders of the Company	50,754	43,090	101,108	86,287
Non-controlling interests	2,877	(38)	5,259	534
	<u>53,631</u>	<u>43,052</u>	<u>106,367</u>	<u>86,821</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 30 June 2023**

*(The figures have not been audited)*

	Attributable to ordinary equity holders of the Company							
	Non-distributable			Distributable		Perpetual Securities	Non-controlling interests	Total Equity
	Share capital	Exchange fluctuation reserve	Equity Component of Convertible Sukuk	Retained earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>6 months ended 30 June 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	-	-	-	100,532	100,532	-	4,930	105,462
Other comprehensive income	-	576	-	-	576	-	329	905
Total comprehensive income for the period	-	576	-	100,532	101,108	-	5,259	106,367
Dividends for the financial year ended 31 December 2022	-	-	-	(72,831)	(72,831)	-	-	(72,831)
Issue of shares by a subsidiary to non-controlling shareholders	-	-	-	-	-	-	4	4
<b>Balance at 30/06/2023</b>	<b>1,776,057</b>	<b>6,459</b>	<b>5,754</b>	<b>1,798,690</b>	<b>3,586,960</b>	<b>-</b>	<b>33,745</b>	<b>3,620,705</b>
<b>6 months ended 30 June 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	-	-	-	86,214	86,214	-	484	86,698
Other comprehensive income	-	73	-	-	73	-	50	123
Total comprehensive income for the period	-	73	-	86,214	86,287	-	534	86,821
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)
<b>Balance at 30/06/2022</b>	<b>1,776,057</b>	<b>6,224</b>	<b>5,754</b>	<b>1,677,098</b>	<b>3,465,133</b>	<b>-</b>	<b>22,365</b>	<b>3,487,498</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 30 June 2023**

*(The figures have not been audited)*

	<b>6 months ended 30/06/2023 RM'000</b>	6 months ended 30/06/2022 RM'000
<b>Operating Activities</b>		
Profit before tax	<b>150,786</b>	115,809
Adjustments for:		
Non-cash items	<b>17,979</b>	32,313
Non-operating items	<b>25,783</b>	27,506
Operating profit before changes in working capital	<b>194,548</b>	175,628
Net change in property development costs	<b>245,572</b>	171,290
Net change in land held for sales	<b>46,614</b>	-
Net change in inventories	<b>95,407</b>	64,415
Net change in receivables	<b>103,893</b>	(80,984)
Net change in contract assets	<b>(24,604)</b>	(80,798)
Net change in contract cost assets	<b>(7,423)</b>	(8,021)
Net change in payables	<b>(115,543)</b>	(96,418)
Net change in contract liabilities	<b>81,037</b>	37,946
Cash from operations	<b>619,501</b>	183,058
Interest received	<b>5,515</b>	1,841
Finance cost paid	<b>(11,950)</b>	(11,133)
Net tax paid	<b>(33,005)</b>	(27,900)
Net cash from operating activities	<b>580,061</b>	145,866
<b>Investing Activities</b>		
Additions to property, plant and equipment	<b>(21,787)</b>	(21,000)
Additions to land held for property development	<b>(13,522)</b>	(28,673)
Advances to an associate company	-	(5)
Acquisition of land	<b>(176,259)</b>	(75,129)
Payment of balance consideration on acquisition of a subsidiary company	<b>(7,500)</b>	(7,500)
Proceeds from disposal of property, plant and equipment	<b>351</b>	67
Subscription of shares in an associate company	-	-
Net cash used in investing activities	<b>(218,717)</b>	(132,240)
<b>Financing Activities</b>		
Distribution paid to holders of Perpetual Securities	-	(22,364)
Net proceeds of borrowings	<b>12,845</b>	37,898
Payment of Medium Term Notes interest	<b>(21,776)</b>	(21,840)
Redemption of Perpetual Securities	-	(650,000)
Repayment of lease liabilities	<b>(3,573)</b>	(4,362)
Issue of shares by a subsidiary to non-controlling shareholders	<b>4</b>	-
Withdrawal/(Placement) of deposits with licensed banks pursuant to banking facilities (Placement)/Withdrawal of deposits in Sinking Fund Account, Security and Principal Accounts, Finance Service Reserve Accounts, Escrow Account, Project Accounts and Trustees' Reimbursement Accounts	<b>(37,548)</b>	437,632
Net cash used in financing activities	<b>(39,395)</b>	(223,058)
Net changes in cash and cash equivalents	<b>321,949</b>	(209,432)
Effect of exchange rate changes	<b>26</b>	189
Fair value adjustment on investment in short term funds	<b>2,228</b>	-
Cash and cash equivalents at beginning of the financial period	<b>480,370</b>	512,090
Cash and cash equivalents at end of the financial period	<b>804,573</b>	302,847

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 30 June 2023 (continued)**

*(The figures have not been audited)*

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

	<b>6 months ended 30/06/2023 RM'000</b>	6 months ended 30/06/2022 RM'000
Investment in short-term funds	<b>540,795</b>	81,809
Cash and bank balances	<b>381,008</b>	282,449
Deposits with licensed banks	<b>7,939</b>	5,270
Bank overdrafts	<b>(9)</b>	(1,161)
	<b>929,733</b>	368,367
Less: Deposits in Sinking Fund Account, Security and Principal Accounts, Finance Service Reserve Accounts and Escrow Account	<b>(123,485)</b>	(55,838)
Less: Deposits in Project Accounts	-	(6,854)
Less: Deposits with licensed banks pursuant to banking facilities	<b>(1,643)</b>	(2,765)
Less: Deposits in Trustees' Reimbursement Accounts	<b>(32)</b>	(63)
	<b>804,573</b>	302,847

\* Represents subscription of shares in an associated company of RM49

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.

**A7 Segment reporting**

Period ended 30 June 2023

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,041,330	218,650	27,697	-	1,287,677
Inter-segment	-	-	90,834	(90,834)	-
	<u>1,041,330</u>	<u>218,650</u>	<u>118,531</u>	<u>(90,834)</u>	<u>1,287,677</u>
<b>RESULTS</b>					
Operating profit/(loss)	177,875	(7,844)	6,432	-	176,463
Interest income					3,708
Finance costs					(29,385)
Profit before tax					<u>150,786</u>
Income tax expense					(45,324)
Profit for the period					<u>105,462</u>

Period ended 30 June 2022

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	746,179	214,048	15,011	-	975,238
Inter-segment	-	-	94,192	(94,192)	-
	<u>746,179</u>	<u>214,048</u>	<u>109,203</u>	<u>(94,192)</u>	<u>975,238</u>
<b>RESULTS</b>					
Operating profit/(loss)	148,127	(8,988)	3,901	-	143,040
Interest income					793
Finance costs					(28,024)
Profit before tax					<u>115,809</u>
Income tax expense					(29,111)
Profit for the period					<u>86,698</u>

**A8 Material subsequent events**

On 6 July 2023, the wholly-owned subsidiary of the Company, Star Residence Sdn Bhd, had entered into a joint venture agreement with Liberty Triangle Sdn Bhd for the Proposed Joint Venture to undertake a development of two pieces of land in Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring in aggregate approximately 4.88 acres for a total consideration of RM85,300,000.

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 21 August 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  
30/06/2023  
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	769
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	<u>93</u>

Transactions with non-controlling interests:

(i) Interest payable to non-controlling shareholders of subsidiary companies	81
(ii) Advisory fee paid to a non-controlling shareholder of a subsidiary company	<u>31</u>

**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 18 April 2023, Vital Routes Sdn Bhd, a wholly-owned subsidiary of the Company subscribed for 6,000 new ordinary shares in Grow Innovations Sdn Bhd ("GI"), for a cash consideration of RM6,000. As a result, GI became a 60%-owned subsidiary of the Company.

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

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

30/06/2023  
RM'000

Bank guarantees issued in favour of third parties	<u>186,060</u>
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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**

30/06/2023  
RM'000

Contractual commitment for the acquisition of development land	491,010
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Commitment for acquisition of property, plant and equipment:

- Approved and contracted for	16,643
	<u>507,653</u>

**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:-

30/06/2023  
RM'000

Less than one year	4,878
One to three years	3,629
	<u>8,507</u>

**B Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B1 Review of Group performance**

For the second quarter ended 30 June 2023, the Group recorded strong revenue and profit before tax ("PBT") of RM644.2 million and RM75.0 million respectively. This represents 18.9% and 25.5% improvement in revenue and PBT compared to the preceding year's corresponding quarter. For the six-month period ended 30 June 2023, the Group recorded revenue and PBT of RM1.29 billion and RM150.8 million respectively as compared to RM975.2 million and RM115.8 million a year ago.

The Group's balance sheet remains healthy with cash and bank balances and investment in short-term funds of approximately RM929.7 million as at 30 June 2023.

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

**Property development**

For the period ended 30 June 2023, the property development segment recorded an operating profit of RM177.9 million on the back of revenue of RM1.04 billion, which were 20.1% and 39.6%, 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 Sentul, **M Luna** in Kepong, **Meridin East** in Johor Bahru, **M Oscar** in Sri Petaling, **M Adora** in Wangsa Melawati, **M Senyum** in Salak Tinggi and **Southville City** in Bangi. Other projects which also contributed include **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 half of 2023 increased 20% to RM1.2 billion as compared with RM1.0 billion in the same period last year.

**Manufacturing**

The manufacturing segment's revenue grew by 2.1% to RM218.7 million in the current period ended 30 June 2023 compared with RM214.0 million in the preceding year's corresponding period. Operating loss narrowed by 12.7% to RM7.8 million compared with RM9.0 million in the preceding year's corresponding period due to the Group's ongoing effort on cost management and cost optimization measures to improve productivity.

**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**

	<b>3 month ended</b>	
	<b>30/06/2023</b>	<b>31/3/2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>644,223</b>	643,454
Profit before tax ("PBT")	<b>75,021</b>	75,765

There was no major fluctuation in the Group's current quarter PBT of RM75 million as compared to the immediate preceding quarter of RM75.8 million.

### B3 Prospects for the current financial year

The Group registered new property sales of RM600 million for the second quarter ended 30 June 2023 bringing first-half total sales to RM1.2 billion. The Group's unique positioning in the affordable segment alongside with its highly differentiated product offering, known as "Luxury You Can Afford", has resonated with its target market and led to this strong performance. Unbilled sales position has grown to RM2.34 billion, providing future revenue visibility.

With its strong product leadership position in affordable homes and more new launches planned in the second half of 2023, the Group is confident of meeting the full year sales target of minimum RM2.2 billion. Second quarter launches include Phase 2B of M Senyum in Salak Tinggi, Jasmine of Meridin East in Johor Bahru and Phase 2 of M Panorama in Rawang. Further to launch of M Nova in Kepong in August 2023, upcoming new launches in the pipeline include M Minori in Johor Bahru, future phases of M Senyum in Salak Tinggi, Meridin East in Johor Bahru, M Panorama in Rawang and M Sinar, Southville City in Bangi.

Disciplined execution of projects with steady construction progress helped drive revenue, earnings, and cashflow momentum. Free cash flows from timely completions and vacant possession of properties reduced net gearing to a record low of 0.12x as of end-June 2023. The strong financial profile and liquidity enable acceleration of growth with continued landbanking. Year-to-date, the Group has locked-in 4 pieces of land. Following the acquisition of M Terra and M Hana, Puchong (8.2 acres) in January 2023, the Group added another 3 pieces in June and July 2023, namely M Tiara in Johor Bahru (75.7 acres), Glengowrie Estate in Semenyih (500 acres) and M Zenya in Kepong (4.88 acres), strengthening the Group's landbank by approximately RM5.0 billion Gross Development Value. The Group's active land replenishment efforts demonstrated its unwavering confidence in its products and strategy.

Supported by strong balance sheets and encouraged by the healthy take-ups of M Series of projects, the Group will continue to pursue more acquisitions to develop affordable residential homes. In addition to residential development, the Group is also looking to expand its industrial development portfolio.

In view of strong sales performance and significant volume of construction progress / property completions for 2023, the Group expects strong financial performance for FY 2023. Our agile and nimble business model, product innovation and brand positioning, operational efficiency, prudent capital management and a healthy financial profile should continue to drive future performance.

### 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	
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Estimated income tax payable:				
Current financial period	<b>43,994</b>	22,360	<b>65,860</b>	33,530
Over provision of income tax in prior years	-	-	-	(47)
	<b>43,994</b>	22,360	<b>65,860</b>	33,483
Deferred tax	<b>(22,159)</b>	(5,553)	<b>(20,536)</b>	(4,372)
	<b>21,835</b>	16,807	<b>45,324</b>	29,111

The Group's effective tax rate for the current quarter and current financial period were higher than the statutory tax rate of 24% mainly due to certain non-tax deductible expenses and non-recognition of deferred tax assets arising from certain loss-making entities.

## **B6 Status of corporate proposals**

The following corporate proposals as announced by the Company have not been completed as at 21 August 2023 (being

- 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 13 June 2023, the Company's wholly-owned subsidiary, Venice View Development Sdn Bhd had entered into the following agreements: -
- (i) a conditional sale and purchase agreement ("**SPA**") with Amanah Raya Berhad (as the Administrator for the Estate of Almarhumah Tunku Zanariah Ahmad) for the proposed acquisition of land in Mukim Pulai, Daerah Johor Bahru, Negeri Johor measuring approximately 53.9572 acres ("**Parcel 1**") for a purchase consideration of RM53,314,390.80 ("**Parcel 1 SPA**"); and
- (ii) a conditional SPA with Mutiara Kiara Properties Sdn Bhd for the proposed acquisition of land in Mukim Pulai, Daerah Johor Bahru, Negeri Johor measuring approximately 21.79 acres ("**Parcel 2**") for a purchase consideration of RM22,779,878.88 ("**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 fulfilment of the conditions precedent of the SPAs.

- d) On 19 June 2023, the wholly-owned subsidiaries of the Group, Mestika Bistari Sdn Bhd, Grand Prestige Development Sdn Bhd and Elite Park Development Sdn Bhd had entered into three inter-conditional sale and purchase agreements ("**SPAs**") with Petaling Garden Sdn Bhd for the Proposed Acquisition of 500 acres in total area of land located in Mukim Beranang, Daerah Ulu Langat Selangor for a purchase consideration of RM392,040,000 ("**Proposed Acquisition**") comprising:
- (i) 440 acres being part of all that piece of freehold land held under Geran 46222, Lot 41, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 745 acres in area; and
- (ii) all that piece of freehold land held under Geran 9403, Lot 1807, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 60 acres in area.

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

## B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 June 2023 were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
<b>Secured</b>			
Medium term notes	-	1,002,105	1,002,105
Term loans	28,756	311,370	340,126
Short term borrowings	23,177	-	23,177
Hire purchase	573	1,570	2,143
	<u>52,506</u>	<u>1,315,045</u>	<u>1,367,551</u>

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

	Short term RM'000	Long term RM'000	Total RM'000
Ringgit Malaysia	43,594	1,314,864	1,358,458
Indonesian Rupiah	8,912	181	9,093
	<u>52,506</u>	<u>1,315,045</u>	<u>1,367,551</u>

## 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. Trial dates have been fixed on 13 May 2024 to 16 May 2024, 20 May 2024 to 21 May 2024, 20 June 2024 to 21 June 2024 and 24 June 2024 to 27 June 2024.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 21 August 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 30 June 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 ended 30/06/2023 RM'000</b>	<b>Period ended 30/06/2023 RM'000</b>
Reversal for impairment loss on financial assets	1,059	1,361
Bad debts recovered	1	1
Depreciation and amortisation	(10,474)	(20,605)
Gain on redemption of financial assets at fair value through profit or loss	1,638	2,063
Impairment of intangible assets	(271)	(358)
Inventories written off	(290)	(375)
Insurance income	-	28
Net foreign exchange gain	1,175	1,305
Property, plant and equipment written off	(171)	(382)

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 June 2023.

**B11 Dividend proposed**

No dividend has been proposed for the first half of the year ended 30 June 2023.

At the Annual General Meeting held on 22 June 2023, the shareholders of the Company had approved the first and final single-tier dividend of 3 sen per ordinary share (2021: 2.65 sen per ordinary shares) in respect of the financial year ended 31 December 2022. The dividend 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	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Net profit for the period (RM'000)	50,475	43,035	100,532	86,214
Distribution paid to holders of perpetual Sukuk (RM'000)	-	(22,364)	-	(22,364)
Net profit for the period attributable to ordinary equity holders (RM'000)	<u>50,475</u>	<u>20,671</u>	<u>100,532</u>	<u>63,850</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>2.08</u>	<u>0.85</u>	<u>4.14</u>	<u>2.63</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	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
Net profit for the period attributable to ordinary equity holders (RM'000)	<u>50,475</u>	<u>20,671</u>	<u>100,532</u>	<u>63,850</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	*	*	*	*
Adjusted weighted average number of ordinary shares ('000)	<u>2,427,688</u>	<u>2,427,688</u>	<u>2,427,688</u>	<u>2,427,688</u>
Diluted earnings per share (sen)	<u>2.08</u>	<u>0.85</u>	<u>4.14</u>	<u>2.63</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 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  
28 August 2023