



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

31 March 2020

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Interim Financial Report - 31 March 2020

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

(The figures have not been audited)

	AS AT 31/03/2020 RM'000	(AUDITED) AS AT 31/12/2019 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	218,847	225,674
<i>Prepaid lease payments</i>	3,942	4,511
<i>Right-of-use assets</i>	18,176	18,561
<i>Investment properties</i>	195,880	195,880
<i>Land held for property development</i>	1,766,188	1,750,409
<i>Intangible assets</i>	5,167	5,174
<i>Deferred tax assets</i>	151,181	145,606
	<u>2,359,381</u>	<u>2,345,815</u>
Current Assets		
<i>Property development costs</i>	1,546,401	1,531,647
<i>Inventories</i>	731,916	763,276
<i>Trade and other receivables</i>	477,814	559,953
<i>Contract assets</i>	412,790	403,492
<i>Current tax assets</i>	10,362	8,182
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,053,702	1,063,461
	<u>4,232,985</u>	<u>4,330,011</u>
TOTAL ASSETS	<u>6,592,366</u>	<u>6,675,826</u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,776,057	1,776,055
<i>Other reserves</i>	5,107	27,618
<i>Retained earnings</i>	1,718,251	1,685,326
	<u>3,499,415</u>	<u>3,488,999</u>
Perpetual Securities	789,388	789,388
Perpetual Sukuk	-	540,000
Non-Controlling Interests	9,981	7,980
Total Equity	<u>4,298,784</u>	<u>4,826,367</u>
Non-Current Liabilities		
<i>Medium term notes</i>	598,838	-
<i>Term loans</i>	397,205	444,925
<i>Long term and deferred payables</i>	44,589	49,220
<i>Deferred tax liabilities</i>	66,737	69,074
	<u>1,107,369</u>	<u>563,219</u>
Current Liabilities		
<i>Trade and other payables</i>	1,017,967	1,063,946
<i>Contract liabilities</i>	61,721	85,505
<i>Term loans</i>	86,500	119,369
<i>Short term borrowings</i>	2,112	2,655
<i>Bank overdrafts</i>	288	-
<i>Current tax liabilities</i>	17,625	14,765
	<u>1,186,213</u>	<u>1,286,240</u>
Total Liabilities	<u>2,293,582</u>	<u>1,849,459</u>
TOTAL EQUITY AND LIABILITIES	<u>6,592,366</u>	<u>6,675,826</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.44</u>	<u>1.44</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 2019 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 2020

(The figures have not been audited)

	3 months ended		Period ended		
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000	
Revenue	371,127	450,333	371,127	450,333	
Cost of sales	<u>(272,268)</u>	<u>(311,011)</u>	<u>(272,268)</u>	<u>(311,011)</u>	
Gross profit	98,859	139,322	98,859	139,322	
Other income	2,933	4,990	2,933	4,990	
Selling and marketing expenses	(16,486)	(19,439)	(16,486)	(19,439)	
Administrative and other expenses	<u>(42,465)</u>	<u>(50,078)</u>	<u>(42,465)</u>	<u>(50,078)</u>	
Results from operating activities	42,841	74,795	42,841	74,795	
Finance income	4,208	3,827	4,208	3,827	
Finance costs	<u>(3,915)</u>	<u>(4,673)</u>	<u>(3,915)</u>	<u>(4,673)</u>	
Net finance income/(costs)	293	(846)	293	(846)	
Profit before tax	43,134	73,949	43,134	73,949	
Income tax expense	(10,389)	(19,274)	(10,389)	(19,274)	
Profit for the period	<u>32,745</u>	<u>54,675</u>	<u>32,745</u>	<u>54,675</u>	
Profit attributable to:					
Equity holders of the Company	30,070	55,013	30,070	55,013	
Non-controlling interests	2,675	(338)	2,675	(338)	
	<u>32,745</u>	<u>54,675</u>	<u>32,745</u>	<u>54,675</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<u>0.48</u>	<u>1.51</u>	<u>0.48</u>	<u>1.51</u>
- Diluted (sen)	Note B12(b)	<u>0.48</u>	<u>1.51</u>	<u>0.48</u>	<u>1.51</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 2019 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 2020

(The figures have not been audited)

	3 months ended		Period ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	32,745	54,675	32,745	54,675
Other comprehensive loss				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(1,920)	(76)	(1,920)	(76)
Other comprehensive loss for the period	<u>(1,920)</u>	<u>(76)</u>	<u>(1,920)</u>	<u>(76)</u>
Total comprehensive income for the period	<u>30,825</u>	<u>54,599</u>	<u>30,825</u>	<u>54,599</u>
Total comprehensive income attributable to:				
Equity holders of the Company	28,824	54,957	28,824	54,957
Non-controlling interests	2,001	(358)	2,001	(358)
	<u>30,825</u>	<u>54,599</u>	<u>30,825</u>	<u>54,599</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 2019 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 2020

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company								
	Non-Distributable			Distributable					Total Equity
	Share capital	Warrants reserve	Exchange fluctuation reserve	Retained earnings	Total	Perpetual Securities	Perpetual Sukuk	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 2020									
Balance at 1/1/2020	1,776,055	21,265	6,353	1,685,326	3,488,999	789,388	540,000	7,980	4,826,367
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	30,070	30,070	-	-	2,675	32,745
Other comprehensive loss	-	-	(1,246)	-	(1,246)	-	-	(674)	(1,920)
Total comprehensive (loss)/income for the period	-	-	(1,246)	30,070	28,824	-	-	2,001	30,825
Issuance of ordinary shares pursuant to warrants exercised	2	-	-	-	2	-	-	-	2
Warrants lapsed during the period	-	(21,265)	-	21,265	-	-	-	-	-
Redemption of Perpetual Sukuk	-	-	-	-	-	-	(540,000)	-	(540,000)
Distribution paid to holders of Perpetual Sukuk	-	-	-	(18,410)	(18,410)	-	-	-	(18,410)
Balance at 31/03/2020	1,776,057	-	5,107	1,718,251	3,499,415	789,388	-	9,981	4,298,784

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2019

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company		Exchange fluctuation reserve	Retained earnings	Total	Perpetual Securities	Perpetual Sukuk	Non- controlling interests	Total Equity
	Non-Distributable	Distributable							
3 months ended 31 March 2019	Share capital	Warrants reserve							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1/1/2019	1,776,055	21,265	6,055	1,685,597	3,488,972	789,388	540,000	5,318	4,823,678
Effect of MFRS 16 adoption	-	-	-	(558)	(558)	-	-	(2)	(560)
Balance at 1/1/2019 (restated)	1,776,055	21,265	6,055	1,685,039	3,488,414	789,388	540,000	5,316	4,823,118
Amount recognised directly in equity:									
Profit/(Loss) for the financial period	-	-	-	55,013	55,013	-	-	(338)	54,675
Other comprehensive loss	-	-	(56)	-	(56)	-	-	(20)	(76)
Total comprehensive (loss)/income for the period	-	-	(56)	55,013	54,957	-	-	(358)	54,599
Distribution paid to holders of Perpetual Sukuk	-	-	-	(18,310)	(18,310)	-	-	-	(18,310)
Balance at 31/03/2019	1,776,055	21,265	5,999	1,721,742	3,525,061	789,388	540,000	4,958	4,859,407

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2020

(The figures have not been audited)

	3 months ended 31/03/2020 RM'000	3 months ended 31/03/2019 RM'000
Operating Activities		
Profit before tax	43,134	73,949
Adjustments for:		
Non-cash items	9,618	10,232
Non-operating items	(1,464)	1,642
Operating profit before changes in working capital	<u>51,288</u>	85,823
Net change in property development costs	(4,498)	(6,619)
Net change in inventories	30,648	57,372
Net change in receivables	84,935	49,929
Net change in contract assets	(9,298)	62,147
Net change in payables	(49,900)	(79,203)
Net change in contract liabilities	<u>(23,784)</u>	<u>(48,481)</u>
Cash generated from operations	79,391	120,968
Interest received	10,047	9,751
Finance cost paid	(7,245)	(8,086)
Net tax paid	<u>(17,613)</u>	<u>(31,223)</u>
Net cash generated from operating activities	<u>64,580</u>	<u>91,410</u>
Investing Activities		
Additions to property, plant and equipment	(4,758)	(4,418)
Additions to land held for property development	(25,921)	(5,069)
Acquisition of land	-	(9,030)
Proceeds from disposal of property, plant and equipment	41	96
Net cash used in investing activities	<u>(30,638)</u>	<u>(18,421)</u>
Financing Activities		
Distribution paid to holders of Perpetual Sukuk	(18,410)	(18,310)
Net (repayment of)/proceeds from borrowings	(80,648)	4,978
Withdrawal of deposits with licensed banks pledged as collateral/Escrow Accounts/Sinking Fund Account/ Trustees' Reimbursement Account/Project Account	272,016	429
Proceeds from warrants exercised	2	-
Repayment of lease liabilities	(3,416)	(3,242)
Redemption of Perpetual Sukuk	(540,000)	-
Net proceeds from issuance of medium term notes	598,500	-
Net cash generated from/(used in) financing activities	<u>228,044</u>	<u>(16,145)</u>
Net changes in cash and cash equivalents	261,986	56,844
Effect of exchange rate changes	(17)	28
Cash and cash equivalents at beginning of the financial period	<u>733,474</u>	<u>1,187,964</u>
Cash and cash equivalents at end of the financial period	<u>995,443</u>	<u>1,244,836</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 31 March 2020 (continued)***(The figures have not been audited)*

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

	3 months ended 31/03/2020 RM'000	3 months ended 31/03/2019 RM'000
Investment in short-term funds	579,537	686,060
Cash and bank balances	452,126	520,295
Deposits with licensed banks	22,039	69,595
Bank overdrafts	(288)	(111)
	1,053,414	1,275,839
Less: Deposits in Escrow Accounts	(23,064)	(22,467)
Less: Deposits in Project Account	(26,203)	-
Less: Deposits pledged as collateral	(8,643)	(8,476)
Less: Trustees' Reimbursement Account	(61)	(60)
	995,443	1,244,836

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 2019. 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 2019.

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 2019 save for the adoption of the following:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards

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 changes in estimates for the financial period under review.

A5 Debt and equity securities

Share capital

During the financial period ended 31 March 2020, the Company increased its issued and paid up share capital by way of issuance of 787 new ordinary shares pursuant to the exercise of the Warrant C 2015/2020 at an issue price of RM2.10 per ordinary share.

Medium Term Notes

On 13 March 2020, the Company has completed the issuance of a secured and unrated Islamic medium term notes ("Sukuk Murabahah") of RM600 million in nominal value under a Sukuk Murabahah Programme of up to RM1 billion in nominal value. The Sukuk Murabahah has a tenure of 5 years and carries a fixed profit rate of 4.35% per annum payable semi-annually.

Perpetual Sukuk

Perpetual Sukuk On 31 March 2020, the Company has completed the redemption of a RM540 million nominal value unrated Perpetual Sukuk under the Shariah principle of Musharakah.

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.

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A6 Dividends paid

No dividend was paid in current financial period under review.

A7 Segment reporting

Period ended 31 March 2020

	Properties RM'000	Plastics RM'000	Hotel RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External revenue	281,320	76,147	1,870	11,790	-	371,127
Inter-segment	-	-	67	79,139	(79,206)	-
	<u>281,320</u>	<u>76,147</u>	<u>1,937</u>	<u>90,929</u>	<u>(79,206)</u>	<u>371,127</u>
RESULTS						
Operating profit/(loss)	36,684	3,342	(3,020)	5,835	-	42,841
Interest income	4,141	34	-	33	-	4,208
Finance costs	(1,812)	(464)	(335)	(1,304)	-	(3,915)
Profit/(Loss) before tax	39,013	2,912	(3,355)	4,564	-	43,134
Income tax expense						(10,389)
Profit for the period						<u>32,745</u>

Period ended 31 March 2019

	Properties RM'000	Plastics RM'000	Hotel RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External revenue	355,486	80,480	2,219	12,148	-	450,333
Inter-segment	-	-	3	93,221	(93,224)	-
	<u>355,486</u>	<u>80,480</u>	<u>2,222</u>	<u>105,369</u>	<u>(93,224)</u>	<u>450,333</u>
RESULTS						
Operating profit/(loss)	68,900	3,303	(3,657)	6,249	-	74,795
Interest income	3,693	65	-	69	-	3,827
Finance costs	(3,564)	(688)	(419)	(2)	-	(4,673)
Profit/(Loss) before tax	69,029	2,680	(4,076)	6,316	-	73,949
Income tax expense						(19,274)
Profit for the period						<u>54,675</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 22 May 2020, 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

	01/01/2020 to 31/03/2020 RM'000
Transactions with Directors of the Company and subsidiary companies and companies in which they have interests:	
(i) Rental paid to a Company in which a Director of the Company has interest	384
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	45
Transactions with non-controlling interests:	
(i) Interest payable to non-controlling interests of subsidiary company	5

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:

	31/03/2020 RM'000	31/12/2019 RM'000
Bank guarantees issued in favour of third parties	143,385	154,956

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 thus no provisions have been made by the Group at this juncture.

A12 Capital commitments

	31/03/2020 RM'000
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	5,286

A13 Operating lease commitments

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

The Group leases out its investment properties and commercial properties under non-cancellable operating leases. The tenure of these leases ranges between 2 to 3 years with option to renew upon expiry. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

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

	<u>Lease rental receivables</u> 31/03/2020 RM'000
Less than one year	3,887
One to three years	3,206
	7,093

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

B1 Review of Group performance

For the first quarter ended 31 March 2020, the Group posted profit before tax of RM43.1 million on the back of revenue of RM371.1 million as compared to RM73.9 million profit before tax and RM450.3 million revenue a year ago.

The Group's balance sheet remains healthy with cash and bank balances of approximately RM1.05 billion as at 31 March 2020.

Property development

For the period ended 31 March 2020, revenue from property development was RM281.3 million as compared to RM355.5 million a year ago while operating profit was RM36.7 million as compared to RM68.9 million a year ago. The property development segment reported lower revenue and profit in the current quarter mainly due to traditionally softer demand during the Chinese New Year festive season as well as delayed construction progress due to the Movement Control Order ("MCO"). Weaker buyer sentiment and the closures of construction sites and sales offices due to the imposition of MCO in response to Covid-19 pandemic on 18 March 2020 further weighed on sales conversion and rate of works.

The development projects which contributed mainly to the Group's results include ***M Vertica*** in Cheras, ***M Centura*** in Sentul, ***Southville City*** in KL South, ***Southbay City*** in Penang, ***Meridin East*** and ***Sierra Perdana*** in Johor. Other projects which also contributed include ***M Oscar*** in Off Kuchai Lama, ***Lakeville Residence*** in Jalan Kuching, ***D'sara Sentral*** in Sungai Buloh, ***M Aruna*** in Rawang, ***Ferringhi Residence*** in Penang, ***Meridin @ Medini*** and ***Mah Sing i-Parc*** in Johor.

The Group achieved property sales of approximately RM247.4 million for the period ended 31 March 2020.

Plastics

The plastics segment continued to contribute positively to Group performance and recorded revenue of RM76.1 million in the current quarter compared to revenue of RM80.4 million in the previous year corresponding period. Lower revenue recorded in the current quarter was mainly due to the imposition of MCO in response to Covid-19 pandemic on 18 March 2020. Despite the decrease in revenue, operating profit grew slightly by 1.2% from approximately RM3.30 million a year ago to RM3.34 million in the current quarter mainly due to the drop in raw material prices.

Hotel

For the period ended 31 March 2020, revenue from the hotel segment amounted to RM1.9 million compared to RM2.2 million a year ago. Notwithstanding the lower revenue reported, the operating loss for the current quarter was lower at RM3 million as compared to RM3.7 million a year ago mainly attributable to lower depreciation charges on the hotel operating assets, in line with the lower carrying value of these assets as a result of certain impairment provisions made in the previous quarter.

Investment holding & Others

Revenue for the segment comprise mainly interest income from the deposit of funds and trading of building materials.

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

The Group's current quarter profit before tax of RM43.1 million was lower as compared to the immediate preceding quarter of RM58.3 million mainly due to the reasons as explained in B1 above for the property segment.

B3 Prospects for the current financial year

The Group has set a RM1.6 billion sales target for 2020 with 84% of products priced below RM700,000. While the market is challenging, the Group is cautiously optimistic that demand for their property projects will obtain buyers' interest, driven by strategic location, attractive price points coupled with attractive packages, innovative design and layout.

The market environment is expected to remain challenging for the financial year ending 31 December 2020 due to the uncertainties posted by Covid-19 pandemic and the Group has activated its Business Continuity Plan (BCP) which incorporated their digitisation capabilities to mitigate operational disruptions.

During the Movement Control Order (MCO) period, the Group's full workforce migrated to remote working. Collaboration tools ensured seamless communication and business processes. Key parts of the Group's digitalised sales processes were successfully integrated including virtual show units, increased digital marketing campaigns, online bookings and payments as well as adding incentives for sales conversion.

Strict standard operating procedures with regard to hygiene and sanitation for offices premises, sales galleries and construction sites were set up. These measures will lessen the impact of MCO and allow the Group to catch up on work progress at site.

In addition, the Group has implemented several cost savings and rationalisation measures. This includes temporarily freezing staff recruitment whilst still maintaining an effective operational structure. As this is a continually evolving situation, the Group will continue to monitor and implement further appropriate measures if required.

The stimulus measures announced by the Government will assist households and businesses and the attractive interest rate environment due to multiple rounds of Overnight Policy Rate reduction serve to make home ownership more affordable. The reduction of Statutory Reserve Requirement will maintain sufficient liquidity in the domestic financial system and may spur lending.

Liquidity and business resiliency should be the key focus in challenging times like this. In that regard, the Group's consistent prudent capital management has ensured that balance sheet position with cash and bank balances of approximately RM1.05 billion remained one of the healthiest among peers.

Planned new launches for the remainder of 2020 include M Adora in Wangsa Melawati, M Luna in Kepong, Carya in M Aruna, Rawang, remaining blocks of M Vertica in Cheras, Ferringhi Residence 2 in Penang and Acacia, Jasmine linkhomes in Meridin East, Johor.

The Group will continue to launch innovative marketing campaigns, for example the Eazy to Own Campaign launched in February which is aimed at enabling homebuyers to own their dream home with a financing plan. This includes a collaboration with Maybank Islamic to offer HouzKey, an innovative home financing solution.

At 31 March 2020, the Group has remaining landbank of 2,019 acres with remaining gross development value and unbilled sales totalling RM24.86 billion of which the remaining performance obligation (unsatisfied or partially unsatisfied) was RM1.69 billion.

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	
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Estimated income tax payable:				
Current financial period	18,301	9,917	18,301	9,917
Deferred tax	(7,912)	9,357	(7,912)	9,357
	<u>10,389</u>	<u>19,274</u>	<u>10,389</u>	<u>19,274</u>

The Group's effective tax rate for the current quarter was closely in line with the statutory tax rate of 24%.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 22 May 2020 (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 3 July 2017, the Company's wholly-owned subsidiary, Nature Legend Development Sdn Bhd ("**NLD**") entered into a Share Sale Agreement ("**SSA**") with Hazreeq Putra Bin Hasman and Maslinda Binti Othman to acquire 500,000 ordinary shares ("**Sale Shares**") in M Vertica Sdn Bhd ("**M Vertica**"), representing the entire equity interest in M Vertica for a purchase consideration of RM156,349,900.

On 30 August 2017, NLD entered into a Supplemental Agreement ("**Amended SSA**") to vary the terms of the SSA and on 27 April 2018 NLD entered into a Further Supplemental Agreement to vary the terms of the Amended SSA.

Completion of the SSA is pending the full settlement of the purchase consideration.

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B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2020 were as follows:

	Short term	Long term	Total
Secured	RM'000	RM'000	RM'000
Medium term notes	-	598,838	598,838
Term loans payable	86,500	397,205	483,705
Short term borrowings	2,112	-	2,112
Bank overdrafts	288	-	288
Hire purchase	1,040	2,144	3,184
	89,940	998,187	1,088,127

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

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	84,592	997,123	1,081,715
Indonesian Rupiah	5,348	1,064	6,412
	89,940	998,187	1,088,127

B8 Material litigation

(a) 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") following a general endorsed writ.

By way of a Consultancy Agreement dated 9 June 2015 ("**Consultancy Agreement**"), EPD appointed ZAB 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.

EPD has appointed experts and found that ZAB's designs are not in accordance with established engineering practices and standards. EPD claims ZAB is in breach of the Consultancy Agreement and/or negligent in providing the Services to EPD. As such, EPD is claiming for damages against ZAB as follows:

- (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.

The solicitors of EPD are of the view that EPD has good grounds in succeeding in its claims against ZAB. It is too preliminary at this stage to ascertain the potential recoverable amount.

(b) 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.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 22 May 2020, 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 31 March 2020, 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 31/03/2020 RM'000	Period ended 31/03/2020 RM'000
Depreciation and amortisation	(9,567)	(9,567)
Impairment of intangible assets	(8)	(8)
Loss on redemption of financial assets at fair value through profit or loss	(888)	(888)
Bad debts written off	(1)	(1)
Net foreign exchange loss	(389)	(389)
Allowance for impairment loss on financial assets	(344)	(344)
Reversal of allowance for impairment loss on financial assets	405	405
Reversal of allowance for impairment on inventories	7	7

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 2020.

B11 Dividend proposed

No dividend has been proposed for the first quarter ended 31 March 2020.

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B12 Earnings per share ("EPS")

(a) Basic EPS

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	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Net profit for the period (RM'000)	30,070	55,013	30,070	55,013
Distribution paid to holders of - Perpetual Sukuk (RM'000)	(18,410)	(18,310)	(18,410)	(18,310)
Net profit for the period attributable to ordinary equity holders (RM'000)	11,660	36,703	11,660	36,703
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,687	2,427,688	2,427,687
Basic EPS (sen)	0.48	1.51	0.48	1.51

(b) Diluted EPS

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 exercise of the remaining warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
Net profit for the period attributable to ordinary equity holders (RM'000)	11,660	36,703	11,660	36,703
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,687	2,427,688	2,427,687
Weighted average number of ordinary shares deemed issued at no consideration ('000) - Warrants C ⁽¹⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,427,688	2,427,687	2,427,688	2,427,687
Diluted EPS (sen)	0.48	1.51	0.48	1.51

⁽¹⁾ The effects of potential ordinary shares arising from the exercise of Warrants C is anti-dilutive and accordingly is excluded from the Diluted EPS computation above.

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 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 2020