



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

30 June 2022

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Interim Financial Report - 30 June 2022

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

(The figures have not been audited)

	AS AT 30/06/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	371,895	378,080
<i>Prepaid lease payments</i>	3,466	3,621
<i>Right-of-use assets</i>	60,392	52,663
<i>Investment properties</i>	185,880	185,880
<i>Land held for property development</i>	1,999,942	1,870,605
<i>Intangible assets</i>	5,119	5,119
<i>Deferred tax assets</i>	201,959	201,928
	<u>2,828,653</u>	<u>2,697,896</u>
Current Assets		
<i>Property development costs</i>	1,268,961	1,448,586
<i>Inventories</i>	668,338	729,358
<i>Trade and other receivables</i>	750,939	673,737
<i>Contract assets</i>	487,331	406,533
<i>Contract cost assets</i>	64,909	56,887
<i>Current tax assets</i>	8,608	13,068
<i>Deposits, cash and bank balances and investment in short-term funds</i>	369,528	1,015,955
	<u>3,618,614</u>	<u>4,344,124</u>
TOTAL ASSETS	<u><u>6,447,267</u></u>	<u><u>7,042,020</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,776,057	1,776,057
<i>Reserves</i>	11,978	11,905
<i>Retained earnings</i>	1,677,098	1,682,370
	<u>3,465,133</u>	<u>3,470,332</u>
Perpetual Securities	-	645,212
Non-Controlling Interests	22,365	21,831
Total Equity	<u>3,487,498</u>	<u>4,137,375</u>
Non-Current Liabilities		
<i>Medium term notes</i>	999,995	999,135
<i>Term loans</i>	419,658	447,656
<i>Long term and deferred payables</i>	76,438	75,470
<i>Deferred tax liabilities</i>	47,141	51,483
	<u>1,543,232</u>	<u>1,573,744</u>
Current Liabilities		
<i>Trade and other payables</i>	1,090,619	1,175,400
<i>Contract liabilities</i>	111,336	73,391
<i>Term loans</i>	86,218	54,166
<i>Short term borrowings</i>	38,908	3,947
<i>Current tax liabilities</i>	25,122	23,997
<i>Dividend payable</i>	64,334	-
	<u>1,416,537</u>	<u>1,330,901</u>
Total Liabilities	<u>2,959,769</u>	<u>2,904,645</u>
TOTAL EQUITY AND LIABILITIES	<u><u>6,447,267</u></u>	<u><u>7,042,020</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.43</u>	<u>1.43</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 2021 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 2022

(The figures have not been audited)

	3 months ended		Period ended		
	30/06/2022 RM'000	30/06/2021 RM'000	30/06/2022 RM'000	30/06/2021 RM'000	
Revenue	542,010	438,673	975,238	851,989	
Cost of sales	(428,519)	(322,089)	(740,913)	(619,453)	
Gross profit	113,491	116,584	234,325	232,536	
Other income	16,249	4,857	23,030	10,618	
Selling and marketing expenses	(15,543)	(13,311)	(30,233)	(27,582)	
Administrative and other expenses	(40,583)	(39,727)	(84,082)	(79,904)	
Results from operating activities	73,614	68,403	143,040	135,668	
Finance income	305	674	793	1,246	
Finance costs	(14,152)	(11,039)	(28,024)	(22,716)	
Net finance costs	(13,847)	(10,365)	(27,231)	(21,470)	
Profit before tax	59,767	58,038	115,809	114,198	
Income tax expense	(16,807)	(13,739)	(29,111)	(25,997)	
Profit for the period	42,960	44,299	86,698	88,201	
Profit attributable to:					
Equity holders of the Company	43,035	40,401	86,214	80,682	
Non-controlling interests	(75)	3,898	484	7,519	
	42,960	44,299	86,698	88,201	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	0.85	0.55	2.63	2.21
- Diluted (sen)	Note B12(b)	0.85	0.54	2.63	2.19

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

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

(The figures have not been audited)

	3 months ended		Period ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	42,960	44,299	86,698	88,201
Other comprehensive income/(loss)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	92	35	123	(10)
Other comprehensive income/(loss) for the period	92	35	123	(10)
Total comprehensive income for the period	43,052	44,334	86,821	88,191
Total comprehensive income attributable to:				
Equity holders of the Company	43,090	40,423	86,287	80,672
Non-controlling interests	(38)	3,911	534	7,519
	43,052	44,334	86,821	88,191

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2022

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company							Total Equity RM'000
	Non-distributable			Distributable		Perpetual Securities RM'000	Non-controlling interests RM'000	
	Share capital RM'000	Exchange fluctuation reserve RM'000	Equity Component of Convertible Sukuk RM'000	Retained earnings RM'000	Total RM'000			
6 months ended 30 June 2022								
Balance at 1/1/2022	1,776,057	6,151	5,754	1,682,370	3,470,332	645,212	21,831	4,137,375
Amount recognised directly in equity:								
Profit for the financial period	-	-	-	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)
Balance at 30/06/2022	1,776,057	6,224	5,754	1,677,098	3,465,133	-	22,365	3,487,498
6 months ended 30 June 2021								
Balance at 1/1/2021	1,776,057	6,016	5,754	1,616,830	3,404,657	789,388	10,346	4,204,391
Amount recognised directly in equity:								
Profit for the financial period	-	-	-	80,682	80,682	-	7,519	88,201
Other comprehensive loss	-	(10)	-	-	(10)	-	-	(10)
Total comprehensive (loss)/income for the period	-	(10)	-	80,682	80,672	-	7,519	88,191
Dividends for the financial year ended 31 December 2020	-	-	-	(40,300)	(40,300)	-	-	(40,300)
Distribution paid to holders of Perpetual Securities	-	-	-	(27,099)	(27,099)	-	-	(27,099)
Balance at 30/06/2021	1,776,057	6,006	5,754	1,630,113	3,417,930	789,388	17,865	4,225,183

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period ended 30 June 2022

(The figures have not been audited)

	6 months ended 30/06/2022 RM'000	6 months ended 30/06/2021 RM'000
Operating Activities		
Profit before tax	115,809	114,198
Adjustments for:		
Non-cash items	32,313	19,745
Non-operating items	27,506	18,114
Operating profit before changes in working capital	<u>175,628</u>	152,057
Net change in property development costs	171,290	74,308
Net change in inventories	64,415	20,316
Net change in receivables	(80,984)	8,673
Net change in contract assets	(80,798)	(93,690)
Net change in contract cost assets	(8,021)	(7,172)
Net change in payables	(96,418)	(115,857)
Net change in contract liabilities	37,946	(45,669)
Cash generated from/(used in) operations	<u>183,058</u>	(7,034)
Interest received	1,841	5,209
Finance cost paid	(11,133)	(10,760)
Net tax paid	(27,900)	(30,613)
Net cash generated from/(used in) operating activities	<u>145,866</u>	(43,198)
Investing Activities		
Additions to property, plant and equipment	(21,000)	(103,062)
Additions to land held for property development	(28,673)	(117,159)
Advances to an associate company	(5)	-
Acquisition of land	(75,129)	(17,800)
Payment of balance consideration on acquisition of subsidiary companies	(7,500)	-
Proceeds from disposal of property, plant and equipment	67	93
Subscription of shares in an associate company	-*	-
Net cash used in investing activities	<u>(132,240)</u>	(237,928)
Financing Activities		
Distribution paid to holders of Perpetual Securities	(22,364)	(27,099)
Net proceeds from/(repayment of) borrowings	37,898	(17,486)
Payment of Medium Term Notes interest	(21,840)	(14,510)
Redemption of Perpetual Securities	(650,000)	-
Repayment of lease liabilities	(4,362)	(8,467)
Withdrawal/(Placement) of deposits with licensed banks pledged as collateral/Escrow Account/Sinking Fund Account/Project Account/ Trustees' Reimbursement Account/Security and Principal Account/ Finance Service Reserve Account	437,610	(47,587)
Net cash used in financing activities	<u>(223,058)</u>	(115,149)
Net changes in cash and cash equivalents	<u>(209,432)</u>	(396,275)
Effect of exchange rate changes	189	47
Cash and cash equivalents at beginning of the financial period	512,090	1,106,968
Cash and cash equivalents at end of the financial period	<u>302,847</u>	<u>710,740</u>

* Represents subscription of shares in an associate company of RM49

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 30 June 2022 (continued)***(The figures have not been audited)*

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

	6 months ended 30/06/2022 RM'000	6 months ended 30/06/2021 RM'000
Investment in short-term funds	81,809	400,848
Cash and bank balances	282,449	389,028
Deposits with licensed banks	5,270	17,616
Bank overdrafts	(1,161)	(550)
	368,367	806,942
Less: Deposits in Sinking Fund Account	-	(58,600)
Less: Deposits in Escrow Account	-	(14)
Less: Deposits in Project Account	(6,854)	(240)
Less: Deposits in Security and Principal Account	(49,275)	(26,385)
Less: Deposits in Finance Service Reserve Account	(6,563)	(6,531)
Less: Deposits pledged as collateral	(2,765)	(4,370)
Less: Trustees' Reimbursement Account	(63)	(62)
	302,847	710,740

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

A Explanatory notes

A1 Basis of preparation

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

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

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

Amendments to:

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

Annual improvement to MFRS Standards 2018 - 2020

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

A2 Seasonal or cyclical factors

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

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

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

A4 Changes in estimates

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

A5 Debt and equity securities

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

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

A6 Dividends paid

No dividend was paid in current financial period under review.

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A7 Segment reporting

Period ended 30 June 2022

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
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>
RESULTS					
Operating profit/(loss)	148,127	(8,988)	3,901	-	143,040
Interest income					793
Finance costs					(28,024)
Profit before tax					115,809
Income tax expense					(29,111)
Profit for the period					<u>86,698</u>

Period ended 30 June 2021

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	652,143	179,088	20,758	-	851,989
Inter-segment	-	-	317,200	(317,200)	-
	<u>652,143</u>	<u>179,088</u>	<u>337,958</u>	<u>(317,200)</u>	<u>851,989</u>
RESULTS					
Operating profit	123,586	6,127	5,955	-	135,668
Interest income					1,246
Finance costs					(22,716)
Profit before tax					114,198
Income tax expense					(25,997)
Profit for the period					<u>88,201</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 22 August 2022, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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A9 Related party transactions

**01/01/2022
to
30/06/2022
RM'000**

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

(i) Rental paid to a Company in which a Director of the Company has interest	769
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	93

Transactions with non-controlling interests:

(i) Interest payable to non-controlling interests of subsidiary company	4
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A10 Changes in the composition of the Group

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

A11 Changes in contingent liabilities or contingent assets

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

**30/06/2022
RM'000
170,857**

Bank guarantees issued in favour of third parties

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

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

A12 Capital commitments

**30/06/2022
RM'000
35,360**

Contractual commitment for the acquisition of development land

Commitment for acquisition of property, plant and equipment:

- Approved and contracted for	29,624
	64,984

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:-

**30/06/2022
RM'000
2,551
1,520
4,071**

Less than one year
One to three years

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

B1 Review of Group performance

For the second quarter ended 30 June 2022, the Group recorded profit before tax ("PBT") of RM59.8 million on the back of revenue of RM542 million as compared to RM58 million PBT and RM438.7 million revenue recorded in the preceding corresponding quarter. For the six-month period ended 30 June 2022, the Group recorded PBT of RM115.8 million on the back of revenue of RM975.2 million as compared to RM114.2 million PBT and RM852 million revenue a year ago.

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

Property development

For the period ended 30 June 2022, the property development segment recorded operating profit of RM148.1 million on the back of revenue of RM746.2 million, which were 20% and 14% respectively higher than the operating profit and revenue recorded a year ago. The higher revenue and operating profit were mainly driven by higher property sales and revenue recognition of property projects under construction coupled with the finalisation of construction costs for certain construction contracts.

The development projects that were the key earnings contributors include *M Vertica* in Cheras, *M Arisa* in Setapak, *M Luna* in Kepong, *M Aruna* in Rawang, *Meridin East* in Johor, *M Oscar* in Sri Petaling, *M Adora* in Wangsa Melawati and *Southville City* in KL South. Other projects which also contributed include *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 2022 surged 24.9% to RM1.0 billion, in comparison with RM800.9 million in the same period last year.

Manufacturing

The manufacturing segment recorded revenue of RM214 million and operating loss of RM9.0 million in the current period compared to revenue of RM179.1 million and operating profit of RM6.1 million in the previous year corresponding period. Revenue increased mainly contributed by the continuous strong demand for plastic pallets and automotive parts. Operating loss of RM9.0 million mainly attributed to lower absorption of overhead costs due to low production volume at the glove plant. Barring unforeseen circumstances, the Group expects plant efficiency and performance to improve as production volume ramps up.

Investment holding & others

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

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

	3 month ended	
	30/06/2022	31/3/2022
	RM'000	RM'000
Revenue	542,010	433,228
Profit before tax ("PBT")	59,767	56,042

Current quarter revenue and PBT increased by 25.1% and 6.6% respectively as compared to immediate preceding quarter mainly due to higher sales contribution from completed and near completed properties.

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B3 Prospects for the current financial year

The Group registered sales of RM 550 million for the second quarter ended 30 June 2022 bringing first-half total sales to RM 1 billion. This is the highest quarterly and half-year sales recorded since 2017. The Group is on track to achieve the full-year sales target of RM2 billion. The strong performance was largely due to recovery momentum driven by border re-openings, the Group's successful launches of new parcels of affordably priced homes in M Senyum, Salak Tinggi and Meridin East, Johor Bahru, and the good take-up of other ongoing projects like M Vertica in Cheras, M Arisa in Setapak, M Luna in Kepong, M Oscar in Sri Petaling, M Adora in Wangsa Melawati, M Aruna in Rawang, Southville City in KL South and Meridin East in Johor. Completed inventories from Southbay City and Ferringhi Residence in Penang, Sierra Perdana, Meridin @ Medini, and Mah Sing i-Parc in Johor also contributed.

The strategic shift to focus more on the M-Series of affordable developments has proven effective in ensuring resilient performance. The Government's introduction of Keluarga Malaysia Home Ownership Initiative (i-MILIKI) with 100% stamp duty exemption for properties below RM500,000 and 50% stamp duty exemption for homes priced between RM500,000 to RM1 million will further benefit the Group. 94% of the Group's product offerings are priced at RM700,000 and below, and 60% at RM500,000 and below. Aided by Mah Sing's own H.O.M.E sales campaign and further project launches, the Group expects the strong sales momentum to continue into the second half of the year. Upcoming planned launches include M Astra (high-rise residential from RM399,000) in Setapak, M Panora (landed residential from RM635,000) in Rawang, Phase 2 and 3 M Senyum (landed residential from RM495,000) in Salak Tinggi, and new phases Meridin East double storey link homes (landed residential from RM425,000) in Johor Bahru.

As at 30 June 2022, net gearing is healthy at 0.34 times. Unbilled sales of approximately RM2.16 billion further support liquidity and provide future revenue visibility. Following the recently announced Proposed Acquisition of M Minori land in Johor Bahru with estimated gross development value of approximately RM469 million, the Group intends to further enhance its development pipeline growth with more selective and disciplined acquisitions. Armed with a robust balance sheet, market-led portfolio, and a focus on execution, the Group is well positioned to navigate near-term volatility and uncertainties.

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	
	30/06/2022 RM'000	30/06/2021 RM'000	30/06/2022 RM'000	30/06/2021 RM'000
Estimated income tax payable:				
Current financial period	22,360	20,677	33,530	39,170
(Over)/Under provision of income tax in prior years	-	5	(47)	16
	22,360	20,682	33,483	39,186
Deferred tax	(5,553)	(6,943)	(4,372)	(13,189)
	16,807	13,739	29,111	25,997

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

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 22 August 2022 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

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

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

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

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

- c) On 30 November 2021, the Company's wholly-owned subsidiary, Myvilla Development Sdn Bhd had entered into a conditional sale and purchase agreement ("**Agreement**") with Nation Holdings Sdn Bhd for the proposed acquisition of a parcel of vacant land in Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 8.09 acres for a total purchase consideration of RM95 million.

The Agreement had on 28 January 2022 become unconditional and completion of the Agreement is pending full settlement of the balance purchase consideration.

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

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

B7 Group Borrowings and Debt Securities

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

<u>Secured</u>	Short term RM'000	Long term RM'000	Total RM'000
Medium term notes	-	999,995	999,995
Term loans	86,218	419,658	505,876
Short term borrowings	38,908	-	38,908
Hire purchase	854	613	1,467
	<u>125,980</u>	<u>1,420,266</u>	<u>1,546,246</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	117,990	1,418,133	1,536,123
Indonesian Rupiah	7,990	2,133	10,123
	<u>125,980</u>	<u>1,420,266</u>	<u>1,546,246</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 Zulkiple Abu Bakar ("**ZAB**") claiming for the following as a result of a breach of the Consultancy Agreement dated 9 June 2015 ("**Consultancy Agreement**") entered between EPD and ZAB whereby ZAB was to provide amongst others, value engineering services to the original foundation and structural designs ("**Services**") for the buildings in the project erected on Lot 24673 (PT 2105), Bandar Kundang, Mukim Rawang, Daerah Gombak, Selangor ("**Development**"):

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

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

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

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

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

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 22 August 2022, 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 2022, there were no outstanding foreign currency forward contracts.

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

	3 months ended 30/06/2022 RM'000	Period ended 30/06/2022 RM'000
Allowance for impairment loss on financial assets	(264)	(384)
Depreciation and amortisation	(11,103)	(21,556)
Gain on redemption of financial assets at fair value through profit or loss	369	3,100
Bad debts written off	-	(9)
Inventories written off	(3,755)	(3,755)
Insurance income	12,701	12,701
Net foreign exchange gain	341	595
Property, plant and equipment written off	(6,117)	(6,288)
Reversal of allowance for impairment loss on financial assets	241	374
Reversal of allowance for impairment on inventories	<u>8</u>	<u>9</u>

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 2022.

B11 Dividend proposed

No dividend has been proposed for the first half of the year ended 30 June 2022.

At the Annual General Meeting held on 30 June 2022, the shareholders of the Company had approved the first and final single-tier dividend of 2.65 sen per ordinary share in respect of the financial year ended 31 December 2021 (2020: 1.66 sen per ordinary share). The dividend shall be paid on 29 September 2022 to depositors whose names appear in the Record of Depositors of the Company on 19 September 2022.

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

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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Net profit for the period (RM'000)	43,035	40,401	86,214	80,682
Distribution paid to holders of Perpetual Securities (RM'000)	(22,364)	(27,099)	(22,364)	(27,099)
Net profit for the period attributable to ordinary equity holders (RM'000)	<u>20,671</u>	<u>13,302</u>	<u>63,850</u>	<u>53,583</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>0.85</u>	<u>0.55</u>	<u>2.63</u>	<u>2.21</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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Net profit for the period attributable to ordinary equity holders (RM'000)	<u>20,671</u>	<u>13,302</u>	<u>63,850</u>	<u>53,583</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	*	24,923	*	17,728
Adjusted weighted average number of ordinary shares ('000)	<u>2,427,688</u>	<u>2,452,611</u>	<u>2,427,688</u>	<u>2,445,416</u>
Diluted earnings per share (sen)	<u>0.85</u>	<u>0.54</u>	<u>2.63</u>	<u>2.19</u>

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

B13 Auditors' report on preceding annual financial statements

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

B14 Comparative figures

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

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
29 August 2022