



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

31 March 2022

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Interim Financial Report - 31 March 2022

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

(The figures have not been audited)

	AS AT 31/03/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	379,939	378,080
<i>Prepaid lease payments</i>	3,528	3,621
<i>Right-of-use assets</i>	60,808	52,663
<i>Investment properties</i>	185,880	185,880
<i>Land held for property development</i>	1,988,299	1,870,605
<i>Intangible assets</i>	5,119	5,119
<i>Deferred tax assets</i>	199,990	201,928
	<u>2,823,563</u>	<u>2,697,896</u>
Current Assets		
<i>Property development costs</i>	1,394,449	1,448,586
<i>Inventories</i>	721,921	729,358
<i>Trade and other receivables</i>	696,076	673,737
<i>Contract assets</i>	395,883	406,533
<i>Contract cost assets</i>	58,833	56,887
<i>Current tax assets</i>	10,586	13,068
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,013,667	1,015,955
	<u>4,291,415</u>	<u>4,344,124</u>
TOTAL ASSETS	<u>7,114,978</u>	<u>7,042,020</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>	11,923	11,905
<i>Retained earnings</i>	1,725,549	1,682,370
	<u>3,513,529</u>	<u>3,470,332</u>
Perpetual Securities	645,212	645,212
Non-Controlling Interests	22,403	21,831
Total Equity	<u>4,181,144</u>	<u>4,137,375</u>
Non-Current Liabilities		
<i>Medium term notes</i>	997,437	999,135
<i>Term loans</i>	440,360	447,656
<i>Long term and deferred payables</i>	76,274	75,470
<i>Deferred tax liabilities</i>	50,725	51,483
	<u>1,564,796</u>	<u>1,573,744</u>
Current Liabilities		
<i>Trade and other payables</i>	1,146,672	1,175,400
<i>Contract liabilities</i>	104,180	73,391
<i>Term loans</i>	85,752	54,166
<i>Short term borrowings</i>	15,479	3,947
<i>Current tax liabilities</i>	16,955	23,997
	<u>1,369,038</u>	<u>1,330,901</u>
Total Liabilities	<u>2,933,834</u>	<u>2,904,645</u>
TOTAL EQUITY AND LIABILITIES	<u>7,114,978</u>	<u>7,042,020</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.45</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 31 March 2022

(The figures have not been audited)

	3 months ended		Period ended		
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000	
Revenue	433,228	413,316	433,228	413,316	
Cost of sales	(312,394)	(297,364)	(312,394)	(297,364)	
Gross profit	120,834	115,952	120,834	115,952	
Other income	6,781	5,761	6,781	5,761	
Selling and marketing expenses	(14,690)	(14,271)	(14,690)	(14,271)	
Administrative and other expenses	(43,499)	(40,177)	(43,499)	(40,177)	
Results from operating activities	69,426	67,265	69,426	67,265	
Finance income	488	572	488	572	
Finance costs	(13,872)	(11,677)	(13,872)	(11,677)	
Net finance costs	(13,384)	(11,105)	(13,384)	(11,105)	
Profit before tax	56,042	56,160	56,042	56,160	
Income tax expense	(12,304)	(12,258)	(12,304)	(12,258)	
Profit for the period	43,738	43,902	43,738	43,902	
Profit attributable to:					
Equity holders of the Company	43,179	40,281	43,179	40,281	
Non-controlling interests	559	3,621	559	3,621	
	43,738	43,902	43,738	43,902	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	1.78	1.66	1.78	1.66
- Diluted (sen)	Note B13(b)	1.78	1.65	1.78	1.65

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 31 March 2022

(The figures have not been audited)

	3 months ended		Period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	43,738	43,902	43,738	43,902
Other comprehensive income/(loss)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	31	(45)	31	(45)
Other comprehensive income/(loss) for the period	<u>31</u>	<u>(45)</u>	<u>31</u>	<u>(45)</u>
Total comprehensive income for the period	<u>43,769</u>	<u>43,857</u>	<u>43,769</u>	<u>43,857</u>
Total comprehensive income attributable to:				
Equity holders of the Company	43,197	40,249	43,197	40,249
Non-controlling interests	572	3,608	572	3,608
	<u>43,769</u>	<u>43,857</u>	<u>43,769</u>	<u>43,857</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 2021 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 2022

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company							Total Equity
	Non-distributable			Distributable				
	Share capital	Exchange fluctuation reserve	Equity Component of Convertible Sukuk	Retained earnings	Total	Perpetual Securities	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 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	-	-	-	43,179	43,179	-	559	43,738
Other comprehensive income	-	18	-	-	18	-	13	31
Total comprehensive income for the period	-	18	-	43,179	43,197	-	572	43,769
Balance at 31/03/2022	1,776,057	6,169	5,754	1,725,549	3,513,529	645,212	22,403	4,181,144
3 months ended 31 March 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	-	-	-	40,281	40,281	-	3,621	43,902
Other comprehensive loss	-	(32)	-	-	(32)	-	(13)	(45)
Total comprehensive (loss)/income for the period	-	(32)	-	40,281	40,249	-	3,608	43,857
Balance at 31/03/2021	1,776,057	5,984	5,754	1,657,111	3,444,906	789,388	13,954	4,248,248

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2022

(The figures have not been audited)

	3 months ended 31/03/2022 RM'000	3 months ended 31/03/2021 RM'000
Operating Activities		
Profit before tax	56,042	56,160
Adjustments for:		
Non-cash items	10,297	8,230
Non-operating items	13,278	9,251
Operating profit before changes in working capital	<u>79,617</u>	73,641
Net change in property development costs	47,707	44,533
Net change in inventories	13,557	5,701
Net change in receivables	(33,194)	52,290
Net change in contract assets	10,649	(54,713)
Net change in contract cost assets	(1,946)	(5,617)
Net change in payables	(109,919)	(129,846)
Net change in contract liabilities	30,789	(27,373)
Cash generated from/(used in) operations	<u>37,260</u>	(41,384)
Interest received	1,041	2,847
Finance cost paid	(4,872)	(5,682)
Net tax paid	(15,685)	(20,009)
Net cash generated from/(used in) operating activities	<u>17,744</u>	<u>(64,228)</u>
Investing Activities		
Additions to property, plant and equipment	(12,737)	(62,125)
Additions to land held for property development	(20,230)	(112,936)
Payment of balance consideration on acquisition of subsidiary companies	(7,500)	-
Proceeds from disposal of property, plant and equipment	-	89
Net cash used in investing activities	<u>(40,467)</u>	<u>(174,972)</u>
Financing Activities		
Net proceeds of borrowings	35,559	2,036
Payment of Medium Term Notes interest	(13,014)	(13,014)
Repayment of lease liabilities	(2,177)	(4,218)
Withdrawal 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	459,630	1,631
Net cash generated from/(used in) financing activities	<u>479,998</u>	<u>(13,565)</u>
Net changes in cash and cash equivalents	457,275	(252,765)
Effect of exchange rate changes	130	52
Cash and cash equivalents at beginning of the financial period	512,090	1,106,968
Cash and cash equivalents at end of the financial period	<u>969,495</u>	<u>854,255</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 31 March 2022 (continued)***(The figures have not been audited)*

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

	3 months ended 31/03/2022 RM'000	3 months ended 31/03/2021 RM'000
Investment in short-term funds	95,703	541,677
Cash and bank balances	507,230	337,622
Deposits with licensed banks	410,734	21,939
Bank overdrafts	(672)	-
	1,012,995	901,238
Less: Deposits in Sinking Fund Account	(207)	-
Less: Deposits in Escrow Account	(10)	(17,033)
Less: Deposits in Project Account	(2,638)	(321)
Less: Deposits in Security and Principal Account	(32,866)	(20,066)
Less: Deposits in Finance Service Reserve Account	(4,962)	(756)
Less: Deposits pledged as collateral	(2,754)	(8,745)
Less: Trustees' Reimbursement Account	(63)	(62)
	969,495	854,255

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

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 31 March 2022

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

Period ended 31 March 2021

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	311,002	91,252	11,062	-	413,316
Inter-segment	-	-	275,600	(275,600)	-
	<u>311,002</u>	<u>91,252</u>	<u>286,662</u>	<u>(275,600)</u>	<u>413,316</u>
RESULTS					
Operating profit	60,998	2,970	3,297	-	67,265
Interest income					572
Finance costs					(11,677)
Profit before tax					56,160
Income tax expense					(12,258)
Profit for the period					<u>43,902</u>

A8 Material subsequent events

The Company had on its first call date of 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 and as disclosed in B6, there were no material events subsequent to the reporting date up to 24 May 2022, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

A9 Related party transactions

01/01/2022
to
31/03/2022
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	384
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	47

Transactions with non-controlling interests:

(i) Interest payable to non-controlling interests of subsidiary company	1
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A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

A11 Changes in contingent liabilities or contingent assets

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

31/03/2022
RM'000
163,120

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

31/03/2022
RM'000

Commitment for acquisition of property, plant and equipment:

- Approved and contracted for	30,198
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A13 Operating lease commitments

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

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

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

31/03/2022
RM'000
2,902
1,425
17
4,344

Less than one year	
One to three years	
More than 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 first quarter ended 31 March 2022, the Group recorded profit before tax ("PBT") of RM56.0 million on the back of revenue of RM433.2 million as compared to RM56.2 million PBT and RM413.3 million revenue recorded in the preceding corresponding quarter.

The Group's balance sheet remains healthy with cash and bank balances and investment in short-term funds of approximately RM1.01 billion as at 31 March 2022.

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

Property development

For the period ended 31 March 2022, the property development segment recorded operating profit of RM74.5 million on the back of revenue of RM319.3 million, which were 22% and 3% respectively higher than the operating profit and revenue recorded a year ago. The higher revenue and operating profit are 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 Sentul, *M Luna* in Kepong, *M Aruna* in Rawang, *Meridin East* in Johor, *M Oscar* in Off Kuchai Lama, *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 achieved property sales of approximately RM450 million for the first quarter ended 31 March 2022.

Manufacturing

The manufacturing segment recorded revenue of RM107.6 million and operating loss of RM7.8 million in the current quarter compared to revenue of RM91.3 million and operating profit of RM3.0 million in the previous year corresponding period. Revenue increased mainly contributed by the continuous strong demand for plastic pallets and automotive parts, while glove sales also contributed to the increase in revenue. Operating loss of RM7.8 million mainly attributed to lower absorption of overhead costs at the initial phases of the glove plant's operation. Barring unforeseen circumstances, the Group expects plant efficiency and performance to improve as production 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	
	31/03/2022	31/12/2021
	RM'000	RM'000
Revenue	433,228	537,422
Profit before tax ("PBT")	56,042	52,877

Current quarter revenue was lower compared to immediate preceding quarter that had a surge in revenue due to higher number of property completions. Despite lower revenue, the current quarter PBT of RM56 million was higher as compared to immediate preceding quarter of RM52.9 million due to the finalisation of construction costs for certain construction contracts.

B3 Prospects for the current financial year

The Group's projects continued to record a rebound in sales momentum as the reopening of the country's borders and the transition to the endemic phase spurred a recovery in economic activities. The Group has locked in RM450 million new property sales for the first quarter ended 31 March 2022. With more new launches planned in the second half of 2022 and 21 pipeline projects to support sales growth, the Group is well on track to achieve its 2022 sales target.

Following the recent success of Delphy link homes in M Aruna, Rawang (from RM583,000 per unit), which has since recorded a 95% take-up rate, the Group launched M Senyum double-storey link homes (from RM450,000 per unit) in Salak Tinggi, Sepang, in May 2022. The response was overwhelming, with a 100% take-up rate for the first phase comprising 262 units. Encouraged by the success of M-series landed link homes in suburban areas, the Group will continue to scout for similar lands to develop affordable homes, prioritizing lands that can generate returns with turnaround efficiency. In addition to Klang Valley, Johor and Penang, other locations on the Group's radar include high-growth corridors of Seremban, Melaka, and Perak. Other upcoming launches of landed link homes include M Panora in Rawang and new phases of Meridin East in Johor Bahru. The Group had recently disposed of the Permatang Tinggi land in mainland Penang on 23 May 2022 to focus more on good take-up and shorter turnaround M-Series type of residential lands for development of affordable properties that are in line with market demand.

Within Kuala Lumpur city center, the M-series of affordable apartments have seen equally strong demand. These include M Centura (from RM328,000, 100% take-up) and M Arisa (from RM299,000, 87% take-up) in Sentul, M Vertica (from RM450,000, 81% take-up for the first 4 blocks) in Cheras, M Luna (from RM385,000, 94% take-up) in Kepong, M Adora (from RM468,000, 93% take-up) in Wangsa Melawati and M Oscar (from RM428,000, 88% take-up) in Off Kuchai Lama. The Group looks forward to the upcoming launch of M Astra (from RM399,000) in Setapak, and M Nova (from RM318,000) in Kepong to capture potential spillover demand from M Adora and M Luna. With an emphasis on attractive price points and practical design, complemented by engaging and impactful marketing campaigns, the Group will continue to strengthen its product leadership position in affordable homes targeting first-time homebuyers.

The market driven product-location strategy and continuous focus on execution have ensured that the Group demonstrates resilience, strength, and stability even under challenging market conditions. The planned vacant possession of more than 4,000 completed units this year is expected to boost liquidity, providing a strong cash buffer to support land banking activities. The Group has locked in near-term revenue visibility with unbilled sales amounting to RM2.03 billion as of 31 March 2022.

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	
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Estimated income tax payable:				
Current financial period	11,170	18,493	11,170	18,493
(Over)/Under provision of income tax in prior years	(47)	11	(47)	11
	<u>11,123</u>	<u>18,504</u>	<u>11,123</u>	<u>18,504</u>
Deferred tax	1,181	(6,246)	1,181	(6,246)
	<u>12,304</u>	<u>12,258</u>	<u>12,304</u>	<u>12,258</u>

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 24% mainly due to utilisation of previously unrecognised deferred tax assets.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 24 May 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 SPA is pending the full settlement of the balance purchase consideration.

B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2022 were as follows:

Secured	Short term RM'000	Long term RM'000	Total RM'000
Medium term notes	-	997,437	997,437
Term loans	85,752	440,360	526,112
Short term borrowings	15,479	-	15,479
Hire purchase	1,009	743	1,752
	102,240	1,438,540	1,540,780

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

	Short term RM'000	Long term RM'000	Total RM'000
Ringgit Malaysia	93,771	1,437,377	1,531,148
Indonesian Rupiah	8,469	1,163	9,632
	102,240	1,438,540	1,540,780

B8 Material litigation

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

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

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

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

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

The solicitors of EPD are of the view that EPD has good grounds to succeed in its claims against ZAB, OKH and LONPAC. It is preliminary at this stage to ascertain the potential recoverable amount. The trial 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 24 May 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 31 March 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 31/03/2022 RM'000	Period ended 31/03/2022 RM'000
Allowance for impairment loss on financial assets	(120)	(120)
Depreciation and amortisation	(10,453)	(10,453)
Gain on redemption of financial assets at fair value through profit or loss	2,731	2,731
Bad debts written off	(9)	(9)
Net foreign exchange gain	254	254
Property, plant and equipment written off	(171)	(171)
Reversal of allowance for impairment loss on financial assets	133	133
Reversal of allowance for impairment on inventories	<u>1</u>	<u>1</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 31 March 2022.

B11 Dividend proposed

No dividend has been proposed for first quarter ended 31 March 2022.

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

B12 Earnings per share

(a) Basic earnings per share

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

	3 months ended		Period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Net profit for the period attributable to ordinary equity holders (RM'000)	43,179	40,281	43,179	40,281
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)	1.78	1.66	1.78	1.66

(b) Diluted earnings per share

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

	3 months ended		Period ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Net profit for the period attributable to ordinary equity holders (RM'000)	43,179	40,281	43,179	40,281
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	*	9,500	*	9,500
Adjusted weighted average number of ordinary shares ('000)	2,427,688	2,437,188	2,427,688	2,437,188
Diluted earnings per share (sen)	1.78	1.65	1.78	1.65

*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
31 May 2022