



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

31 December 2022

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	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Statement Of Profit Or Loss	2
Condensed Consolidated Statement Of Other Comprehensive Income	3
Condensed Consolidated Statement Of Changes In Equity	4
Condensed Consolidated Statement Of Cash Flows	5 - 6
Notes To The Interim Financial Report	7 - 15

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(The figures have been audited)

	AS AT 31/12/2022 RM'000	(AUDITED) AS AT 31/12/2021 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	392,485	378,080
<i>Prepaid lease payments</i>	3,196	3,621
<i>Right-of-use assets</i>	57,576	52,663
<i>Investment properties</i>	180,880	185,880
<i>Land held for property development</i>	1,838,717	1,870,605
<i>Intangible assets</i>	5,021	5,119
<i>Deferred tax assets</i>	206,754	201,928
	2,684,629	2,697,896
Current Assets		
<i>Property development costs</i>	1,017,090	1,448,586
<i>Inventories</i>	674,322	729,358
<i>Land held for sale</i>	46,614	-
<i>Trade and other receivables</i>	809,235	673,737
<i>Contract assets</i>	501,962	406,533
<i>Contract cost assets</i>	66,117	56,887
<i>Current tax assets</i>	10,140	13,068
<i>Deposits, cash and bank balances and investment in short-term funds</i>	579,580	1,015,955
	3,705,060	4,344,124
TOTAL ASSETS	6,389,689	7,042,020
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>	11,637	11,905
<i>Retained earnings</i>	1,770,989	1,682,370
	3,558,683	3,470,332
Perpetual Securities	-	645,212
Non-Controlling Interests	28,482	21,831
Total Equity	3,587,165	4,137,375
Non-Current Liabilities		
<i>Medium term notes</i>	1,001,136	999,135
<i>Term loans</i>	254,575	447,656
<i>Long term and deferred payables</i>	70,643	75,470
<i>Deferred tax liabilities</i>	44,160	51,483
	1,370,514	1,573,744
Current Liabilities		
<i>Trade and other payables</i>	1,198,121	1,175,400
<i>Contract liabilities</i>	114,158	73,391
<i>Term loans</i>	74,784	54,166
<i>Short term borrowings</i>	20,996	3,947
<i>Current tax liabilities</i>	23,951	23,997
	1,432,010	1,330,901
Total Liabilities	2,802,524	2,904,645
TOTAL EQUITY AND LIABILITIES	6,389,689	7,042,020
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.47	1.43

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 year ended 31 December 2022

(The figures have been audited)

	3 months ended		Year ended		
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000	
Revenue	670,874	537,422	2,317,228	1,753,977	
Cost of sales	(531,665)	(422,623)	(1,804,339)	(1,296,825)	
Gross profit	139,209	114,799	512,889	457,152	
Other income	5,732	8,587	44,792	24,442	
Selling and marketing expenses	(15,586)	(17,980)	(60,807)	(58,700)	
Administrative and other expenses	(46,890)	(41,543)	(176,416)	(161,488)	
Results from operating activities	82,465	63,863	320,458	261,406	
Finance income	953	1,090	2,465	4,116	
Finance costs	(15,459)	(12,076)	(58,799)	(46,282)	
Net finance costs	(14,506)	(10,986)	(56,334)	(42,166)	
Profit before tax	67,959	52,877	264,124	219,240	
Income tax expense	(18,415)	(9,020)	(77,326)	(46,976)	
Profit for the period/year	49,544	43,857	186,798	172,264	
Profit attributable to:					
Equity holders of the Company	46,780	40,011	180,050	160,858	
Non-controlling interests	2,764	3,846	6,748	11,406	
	49,544	43,857	186,798	172,264	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	1.93	0.53	6.50	4.39
- Diluted (sen)	Note B12(b)	1.93	0.53	6.50	4.37

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 year ended 31 December 2022

(The figures have been audited)

	3 months ended		Year ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Profit for the period/year	49,544	43,857	186,798	172,264
Other comprehensive (loss)/income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(738)	(7)	(395)	212
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of defined benefit obligations	85	7	85	7
Other comprehensive (loss)/income for the period/year	<u>(653)</u>	-	<u>(310)</u>	219
Total comprehensive income for the period/year	<u>48,891</u>	<u>43,857</u>	<u>186,488</u>	<u>172,483</u>
Total comprehensive income attributable to:				
Equity holders of the Company	46,357	40,011	179,837	160,998
Non-controlling interests	2,534	3,846	6,651	11,485
	<u>48,891</u>	<u>43,857</u>	<u>186,488</u>	<u>172,483</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 year ended 31 December 2022

(The figures have 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			
Year ended 31 December 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 year	-	-	-	180,050	180,050	-	6,748	186,798
Other comprehensive (loss)/income	-	(268)	-	55	(213)	-	(97)	(310)
Total comprehensive (loss)/income for the year	-	(268)	-	180,105	179,837	-	6,651	186,488
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 31/12/2022	1,776,057	5,883	5,754	1,770,989	3,558,683	-	28,482	3,587,165
Year ended 31 December 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 year	-	-	-	160,858	160,858	-	11,406	172,264
Other comprehensive income	-	135	-	5	140	-	79	219
Total comprehensive income for the year	-	135	-	160,863	160,998	-	11,485	172,483
Dividends for the financial year ended 31 December 2020	-	-	-	(40,300)	(40,300)	-	-	(40,300)
Redemption of Perpetual Securities	-	-	-	(824)	(824)	(144,176)	-	(145,000)
Distribution paid to holders of Perpetual Securities	-	-	-	(54,199)	(54,199)	-	-	(54,199)
Balance at 31/12/2021	1,776,057	6,151	5,754	1,682,370	3,470,332	645,212	21,831	4,137,375

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022

(The figures have been audited)

	12 months ended 31/12/2022 RM'000	12 months ended 31/12/2021 RM'000
Operating Activities		
Profit before tax	264,124	219,240
Adjustments for:		
Non-cash items	63,028	42,478
Non-operating items	56,973	35,388
Operating profit before changes in working capital	<u>384,125</u>	297,106
Net change in property development costs	478,583	176,101
Net change in inventories	173,739	64,698
Net change in receivables	(144,861)	(44,166)
Net change in contract assets	(95,429)	(141,212)
Net change in contract cost assets	(9,230)	(4,258)
Net change in payables	(6,754)	(85,853)
Net change in contract liabilities	40,767	(4,822)
Cash generated from operations	<u>820,940</u>	257,594
Interest received	4,560	11,567
Finance cost paid	(23,218)	(21,695)
Net tax paid	(86,613)	(83,770)
Net cash generated from operating activities	<u>715,669</u>	163,696
Investing Activities		
Additions to property, plant and equipment	(76,291)	(145,095)
Additions to land held for property development	(49,893)	(34,797)
Advances to an associate company	(5)	-
Acquisition of land	(75,129)	(123,132)
Payment of balance consideration on acquisition of a subsidiary company	(7,500)	-
Proceeds from disposal of property, plant and equipment	204	836
Subscription of shares in an associate company	-*	-
Net cash used in investing activities	<u>(208,614)</u>	(302,188)
Financing Activities		
Dividends paid to shareholders of the Company	(64,334)	(40,300)
Distribution paid to holders of Perpetual Securities	(22,364)	(54,199)
Net proceeds from issuance of Medium Term Notes	-	299,250
Net repayment of borrowings	(156,604)	(16,799)
Payment of corporate exercise expenses	-	(187)
Payment of Medium Term Notes interest	(43,800)	(29,028)
Redemption of Perpetual Securities	(650,000)	(145,000)
Repayment of lease liabilities	(7,863)	(15,671)
(Placement)/Withdrawal of deposits with licensed banks pursuant to banking facilities	(9,554)	5,981
Withdrawal/(Placement) of deposits in Sinking Fund Account, Security and Principal Accounts, Finance Service Reserve Accounts, Escrow Account, Project Account and Trustees' Reimbursement Accounts	414,419	(460,497)
Net cash used in financing activities	<u>(540,100)</u>	(456,450)
Net changes in cash and cash equivalents	(33,045)	(594,942)
Effect of exchange rate changes	261	64
Fair value adjustment on investment in short-term funds	1,064	-
Cash and cash equivalents at beginning of the financial year	512,090	1,106,968
Cash and cash equivalents at end of the financial year	<u>480,370</u>	512,090

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2022 (continued)

(The figures have been audited)

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

	12 months ended 31/12/2022 RM'000	12 months ended 31/12/2021 RM'000
Investment in short-term funds	203,059	604,892
Cash and bank balances	360,846	406,782
Deposits with licensed banks	15,675	4,281
Bank overdrafts	(945)	(735)
	578,635	1,015,220
Less: Deposits in Sinking Fund Account, Security and Principal Accounts, Finance Service Reserve Accounts and Escrow Account	(85,579)	(493,581)
Less: Deposits in Project Accounts	(329)	(6,744)
Less: Deposits with licensed banks pursuant to banking facilities	(12,296)	(2,742)
Less: Deposits in Trustees' Reimbursement Accounts	(61)	(63)
	480,370	512,090

* Represents subscription of shares in an associate company of RM49.

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

A4 Changes in estimates

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

A6 Dividends paid

On 29 September 2022, the Company paid a first and final single-tier dividend of 2.65 sen per ordinary share which amounted to RM64,333,710 in respect of the financial year ended 31 December 2021.

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A7 Segment reporting

Year ended 31 December 2022

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,839,981	441,300	35,947	-	2,317,228
Inter-segment	-	-	186,689	(186,689)	-
	<u>1,839,981</u>	<u>441,300</u>	<u>222,636</u>	<u>(186,689)</u>	<u>2,317,228</u>
RESULTS					
Operating profit/(loss)	338,677	(23,063)	4,844	-	320,458
Interest income					2,465
Finance costs					(58,799)
Profit before tax					264,124
Income tax expense					(77,326)
Profit for the year					<u>186,798</u>

Year ended 31 December 2021

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,342,228	370,286	41,463	-	1,753,977
Inter-segment	-	-	416,148	(416,148)	-
	<u>1,342,228</u>	<u>370,286</u>	<u>457,611</u>	<u>(416,148)</u>	<u>1,753,977</u>
RESULTS					
Operating profit/(loss)	259,725	(8,459)	10,140	-	261,406
Interest income					4,116
Finance costs					(46,282)
Profit before tax					219,240
Income tax expense					(46,976)
Profit for the year					<u>172,264</u>

A8 Material subsequent events

On 18 January 2023, the wholly-owned subsidiaries of the Group, Supreme Springs Sdn Bhd ("**Supreme Springs**") and Legend Grand Development Sdn Bhd ("**Legend Grand**") had entered into the following agreements with Millennium Acres Sdn Bhd:

- (i) a conditional sale and purchase agreement ("**SPA**") entered into by Supreme Springs for the proposed acquisition of land in Puchong Perdana, Daerah Petaling, Negeri Selangor measuring approximately 3.844 acres ("**Parcel 1**") for a purchase consideration of RM40,186,713.60 ("**Parcel 1 SPA**"); and
- (ii) a conditional SPA entered into by Legend Grand for the proposed acquisition of land in Puchong Perdana, Daerah Petaling, Negeri Selangor measuring approximately 4.369 acres ("**Parcel 2**") for a purchase consideration of RM45,675,273.60 ("**Parcel 2 SPA**")

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

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

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 21 February 2023, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

A9 Related party transactions

01/01/2022
to
31/12/2022
RM'000

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

(i) Rental paid to a Company in which a Director of the Company has interest	1,538
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	187

Transactions with non-controlling interests:

(i) Interest payable to non-controlling interests of a subsidiary company	21
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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 year except for on 28 January 2022, Acacia Springs Management Sdn Bhd, 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:

31/12/2022
RM'000
181,935

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 disputed liquidated ascertained damages.

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

A12 Capital commitments

31/12/2022
RM'000

Commitment for acquisition of property, plant and equipment:

- Approved and contracted for	16,156
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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:-

31/12/2022
RM'000
4,481
3,536
8,017

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 fourth quarter ended 31 December 2022, the Group recorded profit before tax ("PBT") of RM68 million on the back of revenue of RM670.9 million as compared to RM52.9 million PBT and RM537.4 million revenue recorded in the preceding year 2021 corresponding quarter. For the year ended 31 December 2022, the Group recorded PBT of RM264.1 million on the back of revenue of RM2.32 billion as compared to RM219.2 million PBT and RM1.75 billion revenue a year ago.

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

Property development

For the year ended 31 December 2022, the property development segment recorded operating profit of RM338.7 million on the back of revenue of RM1.84 billion, which were 30.4% and 37.1% 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.

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 *M Senyum* in Salak Tinggi, *D'sara Sentral* in Sungai Buloh, *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 year ended 31 December 2022 increased 32.2% to RM2.12 billion (including land sales of RM115.3 million) as compared with RM1.6 billion for the financial year 2021.

Manufacturing

The manufacturing segment recorded revenue of RM441.3 million and operating loss of RM23.1 million for the year ended 31 December 2022 compared to revenue of RM370.3 million and operating loss of RM8.5 million in the previous year. Revenue increased mainly contributed by the continuous strong demand for plastic pallets and automotive parts. Operating loss of RM23.1 million was mainly attributed to lower absorption of overhead costs due to low production volume at the glove plant as the industry weathers an adjustment period of supply-demand imbalances.

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	
	31/12/2022	30/9/2022
	RM'000	RM'000
Revenue	670,874	671,116
Profit before tax ("PBT")	67,959	80,356

The Group's current quarter PBT of RM68 million was lower as compared to the immediate preceding quarter of RM80.4 million mainly due to a one-off fire insurance income of RM10 million recorded in the immediate preceding quarter.

B3 Prospects for the next financial year

The Group achieved property sales of RM2.12 billion (including land sales of RM115.3 million) for the financial year 2022, the highest property sales recorded since 2016. The Group is rightly positioned with its strategic focus on M-series affordable range of properties. Attractive price points, strong brand recognition and the highly differentiated “Luxury You Can Afford” product offerings ensured repeated success at project launches. The recent launch of the first tower of M Astra in Setapak with starting price from RM399,000 per unit was 95% sold over one weekend. Other than the final tower of M Astra in Setapak that is now open for sale, other upcoming launches in 2023 include M Nova in Kepong, M Minori in Johor Bahru, future phases of M Senyum in Salak Tinggi, Meridin East in Johor Bahru, M Panora in Rawang, and Southville City in Bangi.

Disciplined execution of projects with steady construction progress helped drive revenue, earnings, and cash flow momentum. Free cash flows from timely completions and vacant possession of properties reduced net gearing to record low of 0.22x as at end of 2022. The strong financial profile and liquidity enables acceleration of growth with continued landbanking, and supports consistent shareholder returns. With the proposed acquisition in January 2023 of 8.2 acres of lands in Puchong for M Terra and M Hana developments, the Group’s landbank is strengthened by approximately RM726 million Gross Development Value. Going forward, the Group expects further momentum in land replenishment for even stronger growth visibility. The proposed dividend of 3 sen per share for FY 2022 represents the 17th year of uninterrupted annual dividend payment record at minimum 40% payout ratio.

Supported by a strong pipeline of projects and encouraged by the resilient sales momentum across all projects, the Group has set an even higher sales target for 2023 at minimum RM2.2 billion. Unbilled sales of approximately RM2.18 billion will support liquidity and provide future revenue visibility. The nimble and execution-focused culture should continue to ensure operational reliability. In view of the significant volume of construction progress and property completions for 2023, the Group expects further growth and stronger delivery of performance for FY 2023.

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		Year ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Estimated income tax payable:				
Current financial period/year	18,596	19,303	89,444	80,527
Under provision of income tax in prior years	451	1,022	31	1,165
	19,047	20,325	89,475	81,692
Deferred tax	(632)	(11,305)	(12,149)	(34,716)
	18,415	9,020	77,326	46,976

The Group's effective tax rate for the current quarter and current financial year were higher than the statutory tax rate of 24% mainly due to the non-recognition of deferred tax assets for certain temporary differences, certain non-tax deductible expenses as well as the provision of one-off prosperity tax.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 21 February 2023 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

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

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

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

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

B7 Group Borrowings and Debt Securities

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

<u>Secured</u>	Short term RM'000	Long term RM'000	Total RM'000
Medium term notes	-	1,001,136	1,001,136
Term loans	74,784	254,575	329,359
Short term borrowings	20,996	-	20,996
Hire purchase	459	431	890
	<u>96,239</u>	<u>1,256,142</u>	<u>1,352,381</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	89,788	1,255,021	1,344,809
Indonesian Rupiah	6,451	1,121	7,572
	<u>96,239</u>	<u>1,256,142</u>	<u>1,352,381</u>

B8 Material litigation

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

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

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

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

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

The solicitors of EPD are of the view that EPD has good grounds to succeed in its claims against ZAB, OKH and LONPAC. It is preliminary at this stage to ascertain the potential recoverable amount. The trial has been adjourned from 13 March 2023 to 17 March 2023. The Court provided additional dates in the event they are necessary and those dates are fixed from 10 April 2023 to 14 April 2023 and 8 May 2023 to 12 May 2023.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 21 February 2023, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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

B9 Derivatives financial instrument

As at 31 December 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 31/12/2022 RM'000	Year ended 31/12/2022 RM'000
Allowance for impairment loss on financial assets	(835)	(564)
Reversal/(Allowance) for impairment on inventories	618	(3,092)
Depreciation and amortisation	(9,464)	(40,720)
Fair value loss on an investment property	(5,000)	(5,000)
Fire damage restoration costs	(1,171)	(4,784)
Gain on redemption of financial assets at fair value through profit or loss	752	4,218
Impairment of intangible assets	(98)	(98)
Bad debts written off	-	(32)
Inventories written off	(418)	(9,029)
Insurance income	65	23,736
Net foreign exchange (loss)/gain	(413)	627
Property, plant and equipment written off	(408)	(6,758)

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 year ended 31 December 2022.

B11 Dividend proposed

- i) The Board of Directors has proposed a first and final single-tier dividend of 3 sen per ordinary share (2021: 2.65 sen per ordinary share) in respect of the financial year ended 31 December 2022, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- ii) Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

The proposed dividend shall be payable on a date to be determined later.
- iii) In respect of deposited securities, the entitlement to dividends shall be determined on the basis of the record of depositors at a date to be determined later.

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/year by the weighted average number of ordinary shares in issue.

	3 months ended		Year ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net profit for the period/year (RM'000)	46,780	40,011	180,050	160,858
Distribution paid to holders of Perpetual Securities (RM'000)	-	(27,100)	(22,364)	(54,199)
Net profit for the period/year attributable to ordinary equity holders (RM'000)	46,780	12,911	157,686	106,659
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)	1.93	0.53	6.50	4.39

(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/year 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		Year ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net profit for the period/year attributable to ordinary equity holders (RM'000)	46,780	12,911	157,686	106,659
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	*	*	*	10,561
Adjusted weighted average number of ordinary shares ('000)	2,427,688	2,427,688	2,427,688	2,438,249
Diluted earnings per share (sen)	1.93	0.53	6.50	4.37

*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
28 February 2023