



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

31 December 2023

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Interim Financial Report - 31 December 2023

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MAH SING GROUP BERHAD (199101019838 (230149-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2023***(The figures have been audited)*

	AS AT 31/12/2023 RM'000	AS AT 31/12/2022 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	407,864	392,485
<i>Prepaid lease payments</i>	3,151	3,196
<i>Right-of-use assets</i>	46,874	57,576
<i>Investment properties</i>	175,880	180,880
<i>Land held for property development</i>	1,766,139	1,838,717
<i>Intangible assets</i>	3,960	5,021
<i>Deferred tax assets</i>	223,377	206,754
	<u>2,627,245</u>	<u>2,684,629</u>
Current Assets		
<i>Property development costs</i>	999,667	1,017,090
<i>Inventories</i>	529,659	674,322
<i>Land held for sale</i>	-	46,614
<i>Trade and other receivables</i>	618,086	809,235
<i>Contract assets</i>	572,942	501,962
<i>Contract cost assets</i>	75,892	66,117
<i>Current tax assets</i>	12,027	10,140
<i>Deposits, cash and bank balances and investment in short-term funds</i>	981,261	579,580
	<u>3,789,534</u>	<u>3,705,060</u>
TOTAL ASSETS	<u><u>6,416,779</u></u>	<u><u>6,389,689</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>	12,004	11,637
<i>Retained earnings</i>	1,913,090	1,770,989
	<u>3,701,151</u>	<u>3,558,683</u>
Non-Controlling Interests	35,706	28,482
Total Equity	<u>3,736,857</u>	<u>3,587,165</u>
Non-Current Liabilities		
<i>Medium term notes</i>	1,003,232	1,001,136
<i>Term loans</i>	265,999	254,575
<i>Long term and deferred payables</i>	83,597	70,643
<i>Deferred tax liabilities</i>	32,213	44,160
	<u>1,385,041</u>	<u>1,370,514</u>
Current Liabilities		
<i>Trade and other payables</i>	1,109,951	1,198,121
<i>Contract liabilities</i>	138,302	114,158
<i>Term loans</i>	1,185	74,784
<i>Short term borrowings</i>	8,265	20,996
<i>Current tax liabilities</i>	37,178	23,951
	<u>1,294,881</u>	<u>1,432,010</u>
Total Liabilities	<u>2,679,922</u>	<u>2,802,524</u>
TOTAL EQUITY AND LIABILITIES	<u><u>6,416,779</u></u>	<u><u>6,389,689</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.52</u>	<u>1.47</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 December 2023

(The figures have been audited)

	3 months ended		Year ended		
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000	
Revenue	671,275	670,874	2,603,212	2,317,228	
Cost of sales	<u>(493,817)</u>	<u>(531,665)</u>	<u>(2,007,556)</u>	<u>(1,804,339)</u>	
Gross profit	177,458	139,209	595,656	512,889	
Other income	8,317	5,732	30,528	44,792	
Selling and marketing expenses	(17,291)	(15,586)	(57,585)	(60,807)	
Administrative and other expenses	<u>(54,400)</u>	<u>(46,890)</u>	<u>(189,399)</u>	<u>(176,416)</u>	
Results from operating activities	114,084	82,465	379,200	320,458	
Finance income	2,445	953	7,834	2,465	
Finance costs	<u>(15,978)</u>	<u>(15,459)</u>	<u>(59,647)</u>	<u>(58,799)</u>	
Net finance costs	(13,533)	(14,506)	(51,813)	(56,334)	
Profit before tax	100,551	67,959	327,387	264,124	
Income tax expense	(35,382)	(18,415)	(105,208)	(77,326)	
Profit for the period/year	<u>65,169</u>	<u>49,544</u>	<u>222,179</u>	<u>186,798</u>	
Profit attributable to:					
Equity holders of the Company	64,739	46,780	215,287	180,050	
Non-controlling interests	430	2,764	6,892	6,748	
	<u>65,169</u>	<u>49,544</u>	<u>222,179</u>	<u>186,798</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<u>2.67</u>	<u>1.93</u>	<u>8.87</u>	<u>6.50</u>
- Diluted (sen)	Note B12(b)	<u>2.66</u>	<u>1.93</u>	<u>8.87</u>	<u>6.50</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2023

(The figures have been audited)

	3 months ended		Year ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	65,169	49,544	222,179	186,798
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(133)	(738)	587	(395)
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Remeasurements of defined benefit obligations	(547)	85	(547)	85
Other comprehensive (loss)/income for the period/year	<u>(680)</u>	<u>(653)</u>	<u>40</u>	<u>(310)</u>
Total comprehensive income for the period/year	<u>64,489</u>	<u>48,891</u>	<u>222,219</u>	<u>186,488</u>
Total comprehensive income attributable to:				
Equity holders of the Company	64,296	46,357	215,299	179,837
Non-controlling interests	193	2,534	6,920	6,651
	<u>64,489</u>	<u>48,891</u>	<u>222,219</u>	<u>186,488</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2023

(The figures have been audited)

	Attributable to ordinary equity holders of the Company							
	Non-distributable			Distributable		Perpetual Securities	Non-controlling interests	Total Equity
	Share capital	Exchange fluctuation reserve	Equity Component of Convertible Sukuk	Retained earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Year ended 31 December 2023								
Balance at 1/1/2023	1,776,057	5,883	5,754	1,770,989	3,558,683	-	28,482	3,587,165
Amount recognised directly in equity:								
Profit for the financial year	-	-	-	215,287	215,287	-	6,892	222,179
Other comprehensive income/(loss)	-	367	-	(355)	12	-	28	40
Total comprehensive income for the year	-	367	-	214,932	215,299	-	6,920	222,219
Dividends for the financial year ended 31 December 2022	-	-	-	(72,831)	(72,831)	-	-	(72,831)
Issue of shares by subsidiaries to non-controlling shareholders	-	-	-	-	-	-	304	304
Balance at 31/12/2023	1,776,057	6,250	5,754	1,913,090	3,701,151	-	35,706	3,736,857
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

(The figures have been audited)

	12 months ended 31/12/2023 RM'000	12 months ended 31/12/2022 RM'000
Operating Activities		
Profit before tax	327,387	264,124
Adjustments for:		
Non-cash items	47,178	63,028
Non-operating items	49,604	56,973
Operating profit before changes in working capital	424,169	384,125
Net change in property development costs	365,745	478,583
Net change in land held for sale	46,614	-
Net change in inventories	155,037	173,739
Net change in receivables	245,628	(144,861)
Net change in contract assets	(70,980)	(95,429)
Net change in contract cost assets	(9,775)	(9,230)
Net change in payables	42,492	(6,754)
Net change in contract liabilities	24,144	40,767
Cash from operations	1,223,074	820,940
Interest received	12,413	4,560
Finance cost paid	(23,016)	(23,218)
Net tax paid	(122,410)	(86,613)
Net cash from operating activities	1,090,061	715,669
Investing Activities		
Additions to property, plant and equipment	(53,260)	(76,291)
Additions to land held for property development	(46,387)	(49,893)
Advances to an associate company	-	(5)
Acquisition of land	(389,294)	(75,129)
Payment of balance consideration on acquisition of a subsidiary company	(7,500)	(7,500)
Proceeds from disposal of property, plant and equipment	762	204
Subscription of shares in an associate company	-	-*
Net cash used in investing activities	(495,679)	(208,614)
Financing Activities		
Dividends paid to shareholders of the Company	(72,831)	(64,334)
Distribution paid to holders of Perpetual Securities	-	(22,364)
Net repayment of borrowings	(76,093)	(156,604)
Payment of Medium Term Notes interest	(43,800)	(43,800)
Redemption of Perpetual Securities	-	(650,000)
Repayment of lease liabilities	(5,038)	(7,863)
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	304	-
Withdrawal/(Placement) of deposits with licensed banks pursuant to banking facilities (Placement)/Withdrawal of deposits in Sinking Fund Account, Security and Principal Accounts, Finance Service Reserve Accounts, Escrow Account, Project Accounts and Trustees' Reimbursement Accounts	(111,576)	414,419
Net cash used in financing activities	(298,403)	(540,100)
Net changes in cash and cash equivalents	295,979	(33,045)
Effect of exchange rate changes	38	261
Fair value gain on investment in short-term funds	4,551	1,064
Cash and cash equivalents at beginning of the financial year	480,370	512,090
Cash and cash equivalents at end of the financial year	780,938	480,370

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023 (continued)

(The figures have been audited)

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

	12 months ended 31/12/2023 RM'000	12 months ended 31/12/2022 RM'000
Investment in short-term funds	521,160	203,059
Cash and bank balances	453,577	360,846
Deposits with licensed banks	6,524	15,675
Bank overdrafts	(1,113)	(945)
	980,148	578,635
Less: Deposits in Security and Principal Accounts and Financial Service Reserve Accounts	(197,513)	(85,579)
Less: Deposits in Project Accounts	-	(329)
Less: Deposits with licensed banks pursuant to banking facilities	(1,665)	(12,296)
Less: Deposits in Trustees' Reimbursement Accounts	(32)	(61)
	780,938	480,370

* Represents subscription of shares in an associated company of RM49

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

A Explanatory notes

A1 Basis of preparation

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

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2022 save for the adoption of the following:

MFRS 17	Insurance Contracts
Amendments to:	
MFRS 17	Insurance Contracts
MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definition of Accounting Estimates
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
MFRS 112	International Tax Reform – Pillar Two Model Rules

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

A2 Seasonal or cyclical factors

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

There were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, share held as treasury and resale of treasury shares during the financial year under review.

A6 Dividends paid

On 21 September 2023, the Company paid a first and final single-tier dividend of 3 sen per ordinary share which amounted to RM72,830,636 in respect of the financial year ended 31 December 2022.

A7 Segment reporting

Year ended 31 December 2023

	Property RM'000	Manufacturing RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	2,114,883	435,186	53,143	-	2,603,212
Inter-segment	-	-	276,076	(276,076)	-
	<u>2,114,883</u>	<u>435,186</u>	<u>329,219</u>	<u>(276,076)</u>	<u>2,603,212</u>
RESULTS					
Operating profit/(loss)	368,391	(5,044)	15,853	-	379,200
Interest income					7,834
Finance costs					(59,647)
Profit before tax					<u>327,387</u>
Income tax expense					(105,208)
Profit for the year					<u>222,179</u>

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					<u>264,124</u>
Income tax expense					(77,326)
Profit for the year					<u>186,798</u>

A8 Material subsequent events

- (a) On 23 January 2024, the Company's wholly-owned subsidiary, Mah Sing Plastics Industries Sdn Bhd ("**MSPI**") had entered into a master cooperation agreement ("**Agreement**") with PT Gaya Sukses Mandiri Kaseindo ("**PT Gaya**") to jointly carry out the business relating to manufacturing and trading of plastic pallets, containers and related material handling and storage products in Indonesia ("**Joint Venture**"). Pursuant to the terms of the Agreement, the Joint Venture shall be carried out through a joint venture company whereby MSPI will hold a 70% shareholding while PT Gaya will hold 30%.
- (b) On 31 January 2024, the Company's wholly-owned subsidiary, Fusion Heights Development Sdn Bhd ("**Purchaser**") had entered into a conditional sale and purchase agreement ("**SPA**") with Premier Land Resources Sdn Bhd ("**Vendor**") for the proposed acquisition of a parcel of prime land measuring 185 acres in Mukim Labu, Daerah Sepang, Negeri Selangor ("**Land**") for a total purchase consideration of RM100,732,500 or RM12.50 per square foot. The proposed acquisition comes with an option for a further approximately 376.65 acres of adjacent land which may be acquired at the Purchaser's discretion within 4 years from the date of the SPA at the rate of RM12.50 per square foot subject to the terms and conditions set out in the SPA. The completion of the SPA is pending the fulfilment of the conditions precedent of the SPA.

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 20 February 2024, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

A9 Related party transactions

01/01/2023
to
31/12/2023
RM'000

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

(i) Rental paid to a Company in which a Director of the Company has interest	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 shareholders of subsidiary companies	170
(ii) Advisory fee paid to a non-controlling shareholder of a subsidiary company	94
(iii) Service fee paid to a non-controlling shareholder of a subsidiary company	20

A10 Changes in the composition of the Group

There were no change in the composition of the Group during the current financial year except for the following:-

- (i) On 2 May 2023, Vital Routes Sdn Bhd, a wholly-owned subsidiary of the Company, subscribed for 6,000 new ordinary shares in Grow Innovations Sdn Bhd ("GI") at an issue price of RM1. As a result, GI became a 60%-owned subsidiary of the Group.
- (ii) On 7 August 2023, Nova Legend Development Sdn Bhd ("NLDSB"), a wholly-owned subsidiary of the Company had incorporated a new subsidiary known as Mah Sing South Sea Industrial Development Sdn Bhd ("MSSS"), with paid-up share capital of RM2 comprising 2 new ordinary shares.

On 19 September 2023, NLDSB and Jastamax Sdn Bhd (a wholly-owned subsidiary of the Company) had further subscribed for an additional 499,998 and 200,000 new ordinary shares, respectively, while the non-controlling interests had subscribed 300,000 ordinary shares. Each share was issued at a price of RM1. As a result, the effective interest of the Group in MSSS had reduced to 70% of the enlarged paid-up capital of MSSS.

A11 Changes in contingent liabilities or contingent assets

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

31/12/2023
RM'000
231,776

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

31/12/2023
RM'000

Contractual commitment for the acquisition of development land

412,276

Commitment for acquisition of property, plant and equipment:

- Approved and contracted for

36,473

448,749

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:-

31/12/2023
RM'000

Less than one year

4,866

One to three years

2,954

7,820

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 2023, the Group recorded revenue of RM671.3 million and profit before tax ("PBT") of RM100.6 million. For the financial year ended 31 December 2023, the Group recorded revenue and PBT of RM2.6 billion and RM327.4 million respectively as compared to RM2.32 billion and RM264.1 million a year ago. This represents 12.3% and 24.0% improvement in revenue and PBT compared to the preceding year's corresponding period.

The Group's balance sheet remains healthy with cash and bank balances and investment in short-term funds of approximately RM981.3 million as at 31 December 2023.

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

Property development

For the financial year ended 31 December 2023, the property development segment recorded an operating profit of RM368.4 million on the back of revenue of RM2.11 billion, which were 8.8% and 14.9% higher than the operating profit and revenue recorded a year ago. The higher revenue and operating profit were mainly driven by higher property sales and progressive revenue recognition from ongoing construction progress.

The development projects that were the key earnings contributors include *M Vertica* in Cheras, *M Arisa* in Sentul, *M Luna* in Kepong, *Meridin East* in Johor Bahru, *M Oscar* in Sri Petaling, *M Adora* in Wangsa Melawati, *M Senyum* in Salak Tinggi, *M Panora* in Rawang and *Southville City* in Bangi. Other projects which also contributed include *M Astra* in Setapak, *M Nova* in Kepong, *M Aruna* in Rawang, *Southbay City* and *Ferringhi Residence* in Penang, *M Minori*, *Sierra Perdana*, *Meridin @ Medini* and *Mah Sing i-Parc* in Johor.

The Group's property sales for the financial year ended 31 December 2023 increased 13% to RM2.26 billion as compared with RM2 billion (excluding land sales of RM115 million) for the financial year 2022.

Manufacturing

The manufacturing segment's revenue dropped marginally by 1.4% to RM435.2 million in the current financial year ended 31 December 2023 compared with RM441.3 million in the preceding year's corresponding period. Operating loss narrowed significantly by 78.1% to RM5.0 million compared with RM23.1 million in the preceding year's corresponding period due to the Group's ongoing effort on cost management and cost optimisation measures to improve productivity and efficiency of its gloves operation.

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	
	31/12/2023	30/9/2023
	RM'000	RM'000
Revenue	671,275	644,260
Profit before tax ("PBT")	100,551	76,050

Current quarter revenue and PBT increased by 4.2% and 32.2% respectively as compared to the immediate preceding quarter. This was due to higher sales of completed and nearly completed products. Additionally, the PBT also increased due to the realisation of cost savings upon finalisation of certain construction contracts for completed phases.

B3 Prospects for the next financial year

The impressive performance of the Group in the 2023 financial year, with sales soaring to RM2.26 billion and surpassing the target of RM2.2 billion, sets a strong foundation for the promising outlook in 2024. Encouraged by this success, the Group is confidently projecting an even more robust financial year, targeting sales of minimum RM2.5 billion. This optimistic forecast is underpinned by a compelling pipeline of projects strategically positioned in the affordably priced housing segment, aligning seamlessly with current market demands, particularly from the rapidly growing first-home market.

In 2023, the Group acquired five residential new lands with a substantial potential Gross Development Value (GDV) exceeding RM5.5 billion. These lands expanded the Group's M-Series development footprint, including M Terra and M Hana in Puchong, M Tiara in Johor, M Legasi in Semenyih, M Zenya in Kepong, and M Azura in Setapak. A significant addition to this strategic move is the securing of a land in Sepang in January 2024 for Mah Sing Business Park industrial development, boasting a potential GDV of up to RM2 billion for the extensive 561.65 acres (RM728 million for the immediate 185 acres). Demonstrating an agile and quick-turnaround business model, the Group plans to launch all the new developments before the end of 2024, anticipating early contributions from the newly acquired industrial land.

The flagship M-Series residential developments have solidified the Group's market share in the domestic residential market, positioning it as a leader in mid-range affordably priced housing in the Greater Kuala Lumpur city center and suburban areas. This success is attributed to a proven formula, combining an attractive price point, uncompromised quality, and comprehensive lifestyle amenities. Moreover, the Group anticipates a heightened contribution from the industrial segment going forward, complementing its residential focus.

Prudent capital management has been instrumental in maintaining a robust balance sheet and ample liquidity, resulting in a year-end cash balance of RM981.3 million and a record-low net gearing of 0.08x. This financial strength provides a solid foundation for continued land-banking, fueling future growth. Notably, the Group's unwavering commitment to shareholder value is evidenced by the 18th consecutive year of dividends, with a 45% payout for the financial year 2023, surpassing the minimum 40% dividend policy based on annual profit.

Supported by unbilled sales of RM2.33 billion and a strategic emphasis on fast-track project completions, the Group anticipates an even stronger financial performance in 2024. The momentum gained in 2023, coupled with prudent strategies and a diversified project portfolio, positions the Group for continued success in the upcoming financial year.

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	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Estimated income tax payable:				
Current financial period/year	48,324	18,596	128,574	89,444
Under provision of income tax in prior years	-	451	5,204	31
	48,324	19,047	133,778	89,475
Deferred tax				
Current financial period/year	(13,154)	(625)	(21,834)	(10,640)
Over/(Under) provision of income tax in prior years	212	(7)	(6,736)	(1,509)
	(12,942)	(632)	(28,570)	(12,149)
	35,382	18,415	105,208	77,326

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 certain non-tax deductible expenses and non-recognition of deferred tax assets arising from certain loss-making entities.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 20 February 2024 (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 19 June 2023, the wholly-owned subsidiaries of the Group, Mestika Bistari Sdn Bhd, Grand Prestige Development Sdn Bhd and Elite Park Development Sdn Bhd had entered into three inter-conditional sale and purchase agreements ("**SPAs**") with Petaling Garden Sdn Bhd for the Proposed Acquisition of 500 acres in total area of land located in Mukim Beranang, Daerah Ulu Langat Selangor for a purchase consideration of RM392,040,000 ("**Proposed Acquisition**") comprising:
- (i) 440 acres being part of all that piece of freehold land held under Geran 46222, Lot 41, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 745 acres in area; and
- (ii) all that piece of freehold land held under Geran 9403, Lot 1807, Mukim Beranang, Daerah Ulu Langat, Negeri Selangor measuring approximately 60 acres in area.

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

- c) On 6 July 2023, the Company's wholly-owned subsidiary, Star Residence Sdn Bhd had entered into a joint venture agreement ("**JVA**") with Liberty Triangle Sdn Bhd to undertake a development of two pieces of land in Mukim Batu, Daerah Kuala Lumpur, measuring approximately 4.88 acres for a total consideration of RM85,300,000.
- This JVA is pending fulfillment of parties obligations in accordance with the terms thereof.
- (d) On 8 December 2023, the Company's wholly-owned subsidiary, Jastamax Sdn Bhd had entered into a conditional sale and purchase agreement ("**Agreement**") with Tekun Juara Sdn Bhd for the proposed acquisition of a parcel of prime land in Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 4.036 acres for a total purchase consideration of RM74.3 million.

The completion of the proposed acquisition is pending the fulfilment of the conditions precedent of the Agreement.

B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 December 2023 were as follows:

<u>Secured</u>	Short term RM'000	Long term RM'000	Total RM'000
Medium term notes	-	1,003,232	1,003,232
Term loans	1,185	265,999	267,184
Short term borrowings	8,265	-	8,265
Hire purchase	595	1,866	2,461
	<u>10,045</u>	<u>1,271,097</u>	<u>1,281,142</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	595	1,271,097	1,271,692
Indonesian Rupiah	9,450	-	9,450
	<u>10,045</u>	<u>1,271,097</u>	<u>1,281,142</u>

B8 Material litigation

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

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

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

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

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

The solicitors of EPD are of the view that EPD has good grounds to succeed in its claims against ZAB, OKH and LONPAC. It is preliminary at this stage to ascertain the potential recoverable amount. Trial dates have been moved to 13 May 2024 to 16 May 2024, 20 May 2024, 21 May 2024, 20 June 2024, 21 June 2024, 24 June 2024 to 27 June 2024.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 20 February 2024, 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 December 2023, there were no outstanding foreign currency forward contracts.

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

	3 months ended 31/12/2023 RM'000	Year ended 31/12/2023 RM'000
Reversal for impairment loss on financial assets	241	430
Allowance for impairment on inventories	(1,642)	(1,742)
Bad debts recovered	2	5
Depreciation and amortisation	(10,265)	(41,461)
Fair value loss on an investment property	(5,000)	(5,000)
Gain on redemption of financial assets at fair value through profit or loss	1,399	5,310
Impairment of intangible assets	(364)	(1,061)
Impairment of property, plant and equipment	(856)	(856)
Reversal of impairment of right-of-use assets	1,687	1,687
Inventories written off	-	(632)
Net foreign exchange (loss)/gain	(144)	1,357
Property, plant and equipment written off	(1,274)	(1,749)

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 2023.

B11 Dividend declared

The Board of Directors has declared a first and final single tier dividend in respect of the financial year ended 31 December 2023:

- (i) Amount per share : First and final single tier dividend of 4 sen per share
- (ii) Previous corresponding financial year : First and final single tier dividend of 3 sen per share
- (iii) Date payable : 23 May 2024
- (iv) In respect of deposited securities, the entitlement to dividends will be determined on the basis of the record of depositors as at 10 May 2024.

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		Year ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net profit for the period (RM'000)	64,739	46,780	215,287	180,050
Distribution paid to holders of perpetual Sukuk (RM'000)	-	-	-	(22,364)
Net profit for the period attributable to ordinary equity holders (RM'000)	64,739	46,780	215,287	157,686
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)	2.67	1.93	8.87	6.50

(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		Year ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net profit for the period attributable to ordinary equity holders (RM'000)	64,739	46,780	215,287	157,686
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	10,001	*	*	*
Adjusted weighted average number of ordinary shares ('000)	2,437,689	2,427,688	2,427,688	2,427,688
Diluted earnings per share (sen)	2.66	1.93	8.87	6.50

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

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

B14 Comparative figures

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

BY ORDER OF THE BOARD

YANG BAO LING
THAM WAI YING

Kuala Lumpur
27 February 2024