Aspen (Group) Holdings Limited

And its subsidiaries

Registration Number: 201634750K

Condensed Interim Financial Statements

For the six months ended 31 December 2022

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group 6 months ended 31.12.22 Unaudited RM'000	31.12.21 Unaudited RM'000	% Change
Revenue	4	147,829	62,400	137
Cost of sales		(102,275)	(58,102)	76
Gross profit		45,554	4,298	960
Other income		2,644	9,127	(71)
Administrative expenses		(25,470)	(36,238)	(30)
Selling and distribution expenses		(4,165)	(3,242)	28
Other operating expenses		(1,334)	(550)	143
Results from operating activities		17,229	(26,605)	NM
Finance income		169	783	(78)
Finance costs		(3,664)	(5,115)	(28)
Net finance costs		(3,495)	(4,332)	(19)
Share of results of equity-accounted investees, net of tax		(1,135)	(15,958)	(93)
Profit/(Loss) before tax	6	12,599	(46,895)	NM
Tax expense	7	(5,413)	(11,618)	(53)
Profit/(Loss) for the period		7,186	(58,513)	NM
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations		104	-	-
Other comprehensive income, net of tax		104	-	-
Total comprehensive income/(loss) for the period		7,290	(58,513)	NM
Profit/(loss) for the period attributable to:				
Owners of the Company		3,936	(59,396)	NM
Non-controlling interests		3,250	883	268
		7,186	(58,513)	NM
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company		4,040	(59,396)	NM
Non-controlling interests		3,250	883	268
		7,290	(58,513)	NM
Earnings per share (cents)				
- Basic	9	0.36	(5.48)	
- Diluted	9	0.36	(5.48)	

NM = Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		31.12.22 Unaudited RM'000	30.06.22 Audited RM'000	31.12.22 Unaudited RM'000	30.06.22 Audited RM'000
Non-current assets					
Property, plant and equipment	11	336,992	343,103	-	-
Intangible assets	12	1,736	1,786	-	-
Subsidiaries		-	-	223,632	223,632
Associates	13	95,222	96,357	-	-
Development properties		370,371	369,586	-	-
Trade and other receivables		8,231	7,926	-	-
Deferred tax assets		36,640	37,171	-	-
		849,192	855,929	223,632	223,632
Current assets					
Development properties		402,742	425,141	-	-
Contract costs		22,868	29,028	-	-
Contract assets		64,960	60,013	-	-
Tax recoverables		4,962	5,590	-	-
Inventories		14,728	15,025	-	-
Trade and other receivables		68,288	86,856	816	167
Cash and cash equivalents		33,660	31,807	312	416
		612,208	653,460	1,128	583
Total assets		1,461,400	1,509,389	224,760	224,215
Current liabilities					
Loans and borrowings	14	190,371	182,477	3,693	4,732
Trade and other payables		482,617	472,986	3,507	2,562
Contract liabilities		15,126	31,872	-	-
Current tax liabilities		13,946	10,872	-	-
		702,060	698,207	7,200	7,294
Non-current liabilities					
Loans and borrowings	14	165,106	221,227	-	-
Trade and other payables		114,490	114,365	-	-
Non-current tax liabilities		19,790	22,736		
Deferred tax liabilities		10,300	10,490	-	-
		309,686	368,818	-	-
Total liabilities		1,011,746	1,067,025	7,200	7,294
Equity					
Share capital	15	316,786	316,786	316,786	316,786
Reserves		73,511	69,471	(99,226)	(99,865)
Equity attributable to owners of the Company		390,297	386,257	217,560	216,921
Non-controlling interests		59,357	56,107	-	-
Total equity		449,654	442,364	217,560	216,921
Total equity and liabilities		1,461,400	1,509,389	224,760	224,215

C. Condensed interim statements of changes in equity

Group	Share capital RM'000	Translation reserve RM'000	Reserve for own shares RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2022	316,786	89	(21)	37,442	31,961	386,257	56,107	442,364
Profit for the year	-	-	-	-	3,936	3,936	3,250	7,186
Other comprehensive income, net of tax	-	104	-	-	-	104	-	104
Total comprehensive income for the period	-	104	-	-	3,936	4,040	3,250	7,290
At 31 December 2022	316,786	193	(21)	37,442	35,897	390,297	59,357	449,654

Group	Share capital RM'000	Translation reserve RM'000	Reserve for own shares RM'000	Merger reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2021	316,786	99	(21)	37,442	195,937	550,243	73,265	623,508
Loss for the year	-	-	-	-	(59,396)	(59,396)	883	(58,513)
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(59,396)	(59,396)	883	(58,513)
Changes in ownership interest in subsidiary	-	-	-	-	-	-	(2,500)	(2,500)
Issuance of redeemable convertible preference shares	-	-	-	-	-	-	15,426	15,426
Total transactions with owners	-	-	-	-	-	-	12,926	12,926
At 31 December 2021	316,786	99	(21)	37,442	136,541	490,847	87,074	577,921

C. Condensed interim statements of changes in equity (cont'd)

Company	Share capital RM'000	Reserve for own shares RM'000	Retained losses RM'000	Total equity RM'000
At 1 July 2022	316,786	(21)	(99,844)	216,921
Total comprehensive income for the period	-	-	639	639
At 31 December 2022	316,786	(21)	(99,205)	217,560

Company	Share capital RM'000	Reserve for own shares RM'000	Retained losses RM'000	Total equity RM'000
At 1 July 2021	316,786	(21)	(11,350)	305,415
Total comprehensive loss for the period	-	-	(2,543)	(2,543)
At 31 December 2021	316,786	(21)	(13,893)	302,872

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended	
	31.12.22 Unaudited RM'000	31.12.21 Unaudited RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	12,599	(46,895)
Adjustments for:		
Depreciation of property, plant and equipment	8,921	10,793
Amortisation of intangible assets	113	165
Finance costs	14,235	20,583
Finance income	(169)	(783)
Impairment loss on property, plant and equipment	825	-
Loss/(Gain) on disposal of property, plant and equipment	500	(151)
Share of results of equity-accounted investees	1,135	15,958
Gain on disposal of associate	-	(6,212)
Unrealised gain on foreign exchange	-	(840)
	38,159	(7,382)
Changes in:		
- development properties	21,911	14,075
- contract costs	6,160	(9,706)
- contract assets	(4,947)	(29,679)
- trade and other receivables	18,263	8,755
- trade and other payables	3,561	103,758
- contract liabilities	(16,746)	29,993
Cash generated from operations	66,361	109,814
Tax paid	(4,316)	(11,086)
Net cash generated from operating activities	62,045	98,728
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,226)	(147,022)
Acquisition of intangible assets	-	(17)
Proceeds from sale of property, plant and equipment	3,831	173
Interest received	72	783
Proceeds from sale of associate	-	8,712
Acquisition of non-controlling interests in subsidiaries	-	(2,500)
Advances to associates	-	(647)
Net cash generated from/(used in) investing activities	1,677	(140,518)

D. Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	6 months ended	
	31.12.22	31.12.21
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from financing activities		
Changes in fixed deposit pledged	73	(6,778)
Proceeds from loans and borrowings	24,624	100,741
Repayment of loans and borrowings	(75,832)	(77,878)
Payment of lease liabilities	(2,311)	(18,530)
Capital injection from non-controlling interests	-	5,700
Issuance of redeemable preference shares	-	514
Interest paid	(8,069)	(10,460)
Net cash used in financing activities	(61,515)	(6,691)
Net increase/(decrease) in cash and cash equivalents	2,207	(48,481)
Effect of exchange rate changes on cash and cash equivalents	(407)	(7)
Cash and cash equivalents at 1 July	26,687	65,270
Cash and cash equivalents at 31 December	28,487	16,782

Cash and cash equivalents included in the consolidated statement of cash flows comprises the followings:

	Group	
	31.12.22	31.12.21
	Unaudited	Unaudited
	RM'000	RM'000
Cash and cash equivalents	33,660	26,354
Less: Fixed deposits pledged to financial institutions	(5,173)	(9,572)
	28,487	16,782

E. Notes to the condensed interim consolidated financial statements

1. Domicile and activities

Aspen (Group) Holdings Limited (the "**Company**") is incorporated in the Republic of Singapore. The address of the Company's registered office is 80 Robinson Road #02-00 Singapore 068898.

The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 28 July 2017. With effect from 28 January 2021, the Company was transferred to the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The principal activity of the Company is that of investment holding. The Group is principally engaged in (i) property development, (ii) manufacturing of gloves and (iii) restaurants. The immediate and ultimate holding company is Aspen Vision Group Sdn. Bhd., a company incorporated in Malaysia.

The condensed interim financial statements of the Group as at and for the six months ended 31 December 2022 ("**1H FY2023**") comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in equity-accounted investees.

2. Basis of preparation

The unaudited condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

These financial statements are presented in Malaysian ringgit ("**RM**"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

During the current financial period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 July 2022:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to SFRS(I) 3 Reference to the Conceptual Framework;
- Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvements to SFRS(I)s 2018 – 2020;
- Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current;
- Amendments to SFRS(I) 1-8 Definition of Accounting Estimates;

- Amendments to SFRS(I) 1-12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction;
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statements 2 Disclosure of Accounting Policies;
- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use; and*
- Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

The adoption of the above amendments to SFRS(I)s did not result in material changes to the Group's accounting policies and is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the current or prior reporting periods. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

2.2 Use of estimates and judgements

The preparation of the condensed financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next interim period are included in the following note:

Note 4 – Revenue recognition - Measurement of stage of property development
Note 13 – Fair value of investment properties held by associates

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest). The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 5 – financial instruments
Note 13 – Fair value of investment properties held by associates

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("**CODM**"). The CODM is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The following summary describes the operations in each of the Group's reportable segments:

Property development	Development of residential and commercial properties
Healthcare	Manufacturing of gloves
Others	Includes sales of food and beverages and investment holdings

4.1. Reportable segments

	Property development RM'000	Healthcare RM'000	Others RM'000	Total reportable segment RM'000	Elimination RM'000	Consolidation RM'000
1 July 2022 to 31 December 2022						
External revenue	141,650	158	6,021	147,829	-	147,829
Inter-segment revenue	1,209	-	12,728	13,937	(13,937)	-
Interest income	164	-	5	169	-	169
Interest expenses	(1,976)	(3,876)	(3,093)	(8,945)	5,281	(3,664)
Depreciation and amortisation	(1,844)	(2,876)	(4,378)	(9,098)	151	(8,947)
Segment profit/(loss) before tax	5,678	11,705	(5,990)	11,393	1,206	12,599
Share of loss of equity-accounted investees	-	-	(1,135)	(1,135)	-	(1,135)
Reportable segment assets	1,227,198	226,743	1,248,634	2,702,575	(1,241,175)	1,461,400
Equity-accounted investees	-	-	95,222	95,222	-	95,222
Capital expenditure	53	322	8,203	8,578	(63)	8,515
Reportable segment liabilities	976,135	259,271	508,537	1,743,943	(732,197)	1,011,746

4.1. Reportable segments (cont'd.)

	Property development RM'000	Healthcare RM'000	Others RM'000	Total reportable segment RM'000	Elimination RM'000	Consolidation RM'000
1 July 2021 to 31 December 2021						
External revenue	45,513	12,424	4,463	62,400	-	62,400
Inter-segment revenue	540	-	29,556	30,096	(30,096)	-
Interest income	735	35	13	783	-	783
Interest expenses	(1,412)	(3,058)	(3,145)	(7,615)	2,500	(5,115)
Depreciation and amortisation	(2,235)	(776)	(5,111)	(8,122)	61	(8,061)
Segment loss before tax	(19,766)	(18,170)	(5,998)	(43,934)	(2,961)	(46,895)
Share of loss of equity-accounted investees	-	-	(15,958)	(15,958)	-	(15,958)
Reportable segment assets	1,277,111	329,317	1,419,352	3,025,780	(1,296,033)	1,729,747
Equity-accounted investees	-	-	145,309	145,309	(72)	160,621
Capital expenditure	707	254,520	3,776	259,003	(1,012)	257,991
Reportable segment liabilities	1,034,704	239,108	459,372	1,733,184	(581,358)	1,151,826

4.2 Disaggregation of revenue

Segment revenue is disaggregated into geographical location and timing of recognition.

	Group 1 July 2022 to 31 December 2022				Group 1 July 2021 to 31 December 2021			
	Property development RM'000	Healthcare RM'000	Others RM'000	Total RM'000	Property development RM'000	Healthcare RM'000	Others RM'000	Total RM'000
Geographical location								
Malaysia	141,650	158	-	141,808	45,513	12,424	-	57,937
Singapore	-	-	6,021	6,021	-	-	4,463	4,463
	141,650	158	6,021	147,829	45,513	12,424	4,463	62,400
Timing of recognition								
Over time (properties under development)	69,514	-	-	69,514	40,071	-	-	40,071
At a point in time (mainly completed units)	72,136	-	-	72,136	5,442	-	-	5,442
Sale of food and beverages	-	-	6,021	6,021	-	-	4,463	4,463
Sale of gloves	-	158	-	158	-	12,424	-	12,424
	141,650	158	6,021	147,829	45,513	12,424	4,463	62,400

5. Financial assets and financial liabilities

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Amortised costs RM'000	Other financial liabilities RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group							
31 December 2022							
Financial assets not measured at fair value							
Redeemable preference shares – associates	22,485	-	22,485	-	-	25,827	25,827
Trade and other receivables*	64,982	-	64,982				
Deposit	1,082	-	1,082	-	917	-	917
Cash and cash equivalents	33,660	-	33,660				
	122,209	-	122,209				
Financial liabilities not measured at fair value							
Trade and other payables^	-	(597,106)	(597,106)				
Loans and borrowings							
- Term loans and bridging loans	-	(255,318)	(255,318)	-	(272,634)	-	(272,634)
- Revolving credit	-	(12,000)	(12,000)	-	(12,000)	-	(12,000)
- Redeemable preference shares	-	(38,140)	(38,140)	-	-	(42,751)	(42,751)
- Bank overdraft	-	(4,351)	(4,351)	-	-	(4,351)	(4,351)
	-	(906,915)	(906,915)				

* Excluding prepayments and non-current deposits.

^ Excluding booking fee received and provision for reinstatement costs.

5. Financial assets and financial liabilities (cont'd.)

	Carrying amount			Fair value			
	Amortised costs RM'000	Other financial liabilities RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group							
30 June 2022							
Financial assets not measured at fair value							
Redeemable preference shares – associates	22,485	-	22,485	-	-	25,430	25,430
Trade and other receivables*	88,471	-	88,471				
Deposit	936	-	936	-	856	-	856
Cash and cash equivalents	31,807	-	31,807				
	143,699	-	143,699				
Financial liabilities not measured at fair value							
Trade and other payables^	-	(587,351)	(587,351)				
Loans and borrowings							
- Term loans and bridging loans	-	(306,973)	(306,973)	-	(330,649)	-	(330,649)
- Revolving credit	-	(12,000)	(12,000)	-	(12,000)	-	(12,000)
- Redeemable preference shares	-	(38,140)	(38,140)	-	-	(42,685)	(42,685)
- Bank overdraft	-	(3,875)	(3,875)	-	-	(3,875)	(3,875)
	-	(948,339)	(948,339)				

* Excluding prepayments and non-current deposits.

^ Excluding booking fee received and provision for reinstatement costs.

5. **Financial assets and financial liabilities (cont'd.)**

	Carrying amount			Fair value			
	Amortised costs RM'000	Other financial liabilities RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company							
31 December 2022							
Financial assets not measured at fair value							
Trade and other receivables*	816	-	816				
Cash and cash equivalents	312	-	312				
	1,128	-	1,128				
Financial liabilities not measured at fair value							
Trade and other payables^	-	(2,562)	(2,562)				
Term loan	-	(3,693)	(3,693)	-	-	(3,693)	(3,693)
	-	(6,255)	(6,255)				
Company							
30 June 2022							
Financial assets not measured at fair value							
Trade and other receivables*	167	-	167				
Cash and cash equivalents	416	-	416				
	583	-	583				
Financial liabilities not measured at fair value							
Trade and other payables^	-	(2,562)	(2,562)				
Term loan	-	(4,732)	(4,732)	-	-	(4,732)	(4,732)
	-	(7,294)	(7,294)				

* Excluding prepayments.

6. Loss before taxation

6.1. Significant items

The following items have been included in arriving at profit before tax for the six months ended:

	Group	
	6 months ended	
	31.12.22 RM'000	31.12.21 RM'000
Audit fees paid to:		
- Auditors of the Company	223	542
- Other member firms of the auditors	90	109
Depreciation of property, plant and equipment	8,921	10,793
Amortisation of intangible asset	113	165
(Gain)/Loss on disposal of property, plant and equipment	500	(151)
Government grant income	(190)	(885)
Gain on disposal of associate	-	6,212
Employee benefit expense*:		
Salaries, bonus and other costs	8,360	11,670
Contributions to defined contribution plans	813	1,229

* Employee benefit expense excluding directors' remuneration.

6.2. Related party transactions

Transactions with key management personnel comprised:

	Group	
	6 months ended	
	31.12.22 RM'000	31.12.21 RM'000
Progress billings		
Key management personnel and connected person	72	-
Companies in which directors, key management personnel and connected person have substantial interests	1,468	-
	1,540	-
Finance cost		
Companies in which directors and key management personnel have substantial interests	245	-
	245	-

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended	
	31.12.22	31.12.21
	RM'000	RM'000
Current income tax expense	5,072	40,426
Deferred tax expense		
Origination and reversal of temporary differences	341	(29,100)
Changes in estimates related to prior years	-	292
	341	(28,808)
Total tax expense	5,413	11,618

8. Dividends

No dividend was paid for the current financial period reported on.

9. Earnings per share

	Group	
	6 months ended	
	31.12.22	31.12.21
Profit/(Loss) attributable to equity holders of the Company (RM'000)	3,936	(59,396)
Weighted average number of ordinary shares ('000)[1]	1,083,270	1,083,270
Basic and diluted earnings per share ("**EPS**") (RM cents) [2]	0.36	(5.48)

Notes:

1) EPS have been computed based on the weighted average share capital of 1,083,269,594 shares for the respective six months ended 31 December 2022(31 December 2021: 1,083,269,594 shares).

2) The diluted earnings per share for six months ended 31 December 2022 and 31 December 2021 are the same as the basic earnings per share.

10. Net asset value

	Group		Company	
	31.12.22	**30.06.22**	**31.12.22**	**30.06.22**
Net asset value (RM'000)	390,297	386,257	217,560	216,921
Number of ordinary shares in issue ('000)	1,083,270	1,083,270	1,083,270	1,083,270
Net asset value per ordinary share (RM cents)	36.03	35.66	20.08	20.02

11. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to RM8,515,000 (31 December 2021: RM214,633,000) and disposed of assets amounting to RM6,257,000 (31 December 2021: RM669,000).

12. Intangible assets

	Group RM'000
Cost	
At 1 July 2022	2,361
Additions	-
Effect of movement in exchange rate	87
At 31 December 2022	2,448
Accumulated Amortisation	
At 1 July 2022	575
Amortisation charge	113
Effect of movement in exchange rate	24
At 31 December 2022	712
Carrying amounts at 31 December 2022	1,736
At 30 June 2022	
Cost	2,361
Accumulated amortisation	(575)
Carrying amount	1,786

Amortisation

The amortisation of franchise license is included in 'administrative expenses'.

13. Associates

	Group	
	31.12.22 RM'000	30.06.22 RM'000
Interest in associates	72,737	73,872
Redeemable preference shares	22,485	22,485
	95,222	96,357

Total assets of associates include investment properties held to earn rental income or for capital appreciation or both.

13.1 Valuation of investment properties of associates

The Group's policy is for an investment property to be measured at fair value for which the Group appoints independent registered valuers to undertake property valuations at least annually at the end of the financial year. The Group did not engage an independent valuer to determine the fair value of the investment property as at 31 December 2022. However, the Management had taken into consideration those underlying factors that would have an impact to the fair value of the investment property since the last valuations completed in June 2022 and concluded that there are no major aspects that could affect the fair value of the investment property as at 31 December 2022.

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.2).

14. Borrowings

	Group	
	31.12.22 RM'000	30.06.22 RM'000
Amount repayable in one year or less, or on demand		
Secured	190,371	182,477
Unsecured	-	-
Amount repayable after one year		
Secured	126,966	183,087
Unsecured	38,140	38,140

The loans and borrowings are secured over the freehold land, leasehold land, fixed and floating charges over certain subsidiaries' present and future assets, fixed deposits placed by the subsidiaries, corporate guarantees by subsidiaries and corporate shareholder, and joint and several guarantees by certain directors of the subsidiaries.

For healthcare segment, due to an event of breach of covenant of the term loan, it has been reclassified as current liabilities.

15. Share capital

	Company			
	31.12.22		30.06.22	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Beginning of interim period (excluding treasury shares)	1,083,270	316,786	1,083,270	316,786
Add: Share placement	-	-	-	-
Transaction costs	-	-	-	-
End of interim period (excluding treasury shares)	1,083,270	316,786	1,083,270	316,786

Treasury Shares

The Company had 47,800 treasury shares as at 31 December 2022 (30 June 2022: 47,800 treasury shares). The treasury shares held constitute 0.004% of the total number of ordinary shares outstanding as at 31 December 2022 (30 June 2022: 0.004%).

There were no disposal, transfer, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Aspen (Group) Holdings Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

1.1 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern)

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

2. Review of the performance of the Group

<u>Consolidated Statement of Comprehensive Income</u>

The Group recorded revenue of RM147.8 million for 1H FY2023, representing a significant growth of 137% as compared to second half financial year 2022 ("**2H FY2022**"). The Group's revenue was primarily contributed by the property development segment from progressive construction of the Group's ongoing projects namely Vivo Executive Apartment and Viluxe Phase 1, and the sales of completed projects namely Vertu Resort and Beacon Executive Suites. The increase of revenue in the property development segment is due to higher sales achieved for completed projects. For the healthcare segment, there was no significant revenue recorded by the Group's subsidiary, Aspen Glove Sdn. Bhd. ("**AGSB**") for 1H FY2023 due to the significant scaling down of its operations as a result of the challenging climate and all the headwinds faced by AGSB as stated in the Company's announcement dated 8 June 2022. Although the increase in gross profit was mainly due to the sales mix in the property development segment. However, slow construction progress has lowered down the overall gross profit.

The healthcare segment has forfeited and set off the deposits received amounting to RM22.4 million against the cost incurred for the sales for phase 1A of AGSB production of 1 billion pieces of medical examinations glove due to contract expiry and breach of the sales and distribution agreement which was entered into on 13 January 2021.

The Group's operating activities recorded a profit of RM17.2 million for 1H FY2023, representing an increase of RM43.8 million compared to 2H FY2022. In property segment, selling and distribution expenses increased, which is in tandem with the higher sales achieved.

The scaling down of AGSB's glove manufacturing operation resulted in the administrative expenses being decreased by RM10.8 million compared to 2H FY2022. Other operating expenses increased by RM0.8 million mainly due to loss on disposal of property, plant and equipment.

Whereas in 2H FY2022, due to the Group recorded high other income on gain on disposal of an associate amounting to RM6.2 million, hence shown decreased in other income for 1H FY2023.

Total finance cost decreased mainly due to the repayments of loans and borrowings in development segment.

As a result of the above, the Group recorded a profit for the period, which mainly due to an increase in revenue, lower operating cost and forfeited and set off deposits received due to contract expiry and breach of the sales and distribution agreement as stated above.

Consolidated Statement of Financial Position

Non-current assets
The Group's non-current assets decreased by RM6.7 million from RM855.9 million as at 30 June 2022 compared to RM849.2 million as at 31 December 2022, attributed to the disposal and depreciation of property plant and equipment of total RM15.2 million, share of loss of an associate by RM1.1 million and reversal of deferred tax assets by RM0.5 million, due to completed properties being sold. The decrease was offset against the acquisition of property, plant and equipment amounting to RM8.5 million, the increase in trade and other receivables due to an increase in the food and beverage sector rental deposit paid and increase in development properties due to finance cost being capitalised.

Current assets
The Group's current assets decreased by RM41.3 million from RM653.5 million as at 30 June 2022 compared to RM612.2 million as at 31 December 2022, which is primarily due to the net impact of the property sold and slower construction progress, it caused decrease of RM28.9 million in development properties, contract costs and inventory. The decrease in trade and other receivables of RM18.6 million was offset against contract assets of RM4.9 million, mainly from progress billings of home buyers.

Current liabilities
The Group's current liabilities increased by RM3.9 million from RM698.2 million as at 30 June 2022 compared to RM702.1 million as at 31 December 2022, primarily due to increase in trade and other payables of RM9.6 million for construction costs of on-going projects. Loans and borrowings increased by RM7.9 million due to classification from non-current to current. These offset against the contract liabilities by RM16.7 million due to sales being recognised as revenue in accordance with SFRS(I) 15 Revenue from Contracts with Customers.

Non-current liabilities
The Group's non-current liabilities decreased by RM59.1 million from RM368.8 million as at 30 June 2022 compared to RM309.7 million as at 31 December 2022, primarily due to classification of loans and borrowings from non-current to current by RM56.1 million.

Equity
The increase in non-controlling interests from RM56.1 million to RM59.4 million is mainly due to the profit incurred for the period.

The Group negative working capital of RM89.9 million as at 31 December 2022 was due to the scaling down of healthcare segment. Upon the completion of proposed disposal of rights title and interest in lease land and factory building of RM200.0 million, and settlement agreement between AGSB and Tialoc of RM55.0 million, the Group's current liabilities will drop significantly.

<u>Consolidated Statement of Cash Flows</u>

The Group recorded net cash generated from operating activities of RM62.0 million for 1H FY2023, which comprised operating cash inflows after working capital changes of RM66.4 million and tax payments of RM4.3 million. The net cash inflow from operations was mainly due to the decrease in contract costs and trade and other receivables, while an increase in contract assets and trade and other payables.

Net cash generated from investing activities amounting to RM1.7 million, which was mainly due to the acquisition of property, plant and equipment for food and beverage sector, and proceeds from the sale of machinery and equipment for healthcare segment amounting to RM3.8 million.

Net cash used in financing activities amounting to RM61.5 million being repayment of loans and borrowings and lease liabilities of RM78.1 million, and interest cost paid to financial institution RM8.1 million.

As at 31 December 2022, the Group has cash and cash equivalents of RM28.5 million as compared to RM16.8 million as at 31 December 2021.

3. Material litigation

<u>(i) Tialoc Malaysia Sdn. Bhd.</u>

In April 2022, the Company's subsidiary, Aspen Glove Sdn. Bhd. ("**AGSB**") received a Notice of Adjudication to refer the dispute in relation to Tialoc Malaysia Sdn. Bhd.'s ("**Tialoc**") claim amounting to RM84,348,615 against AGSB pursuant to adjudication under the provision of the Construction Industry Payment & Adjudication Act 2012 ("**CIPAA 2012**"). AGSB subsequently served on Tialoc's solicitors an originating summons ("**OS**") and notice of application ("**Notice of Application**") filed in the Sungai Petani High Court against Tialoc for inter alia, a declaration that Tialoc's reference of the payment dispute to adjudication pursuant to the CIPAA 2012 is contrary to and/or in breach of the terms and conditions of the contract entered into between the parties and is null and void, a declaration and a specific execution order that the alleged payment dispute between the parties be referred to the Dispute Avoidance and Adjudication Board in accordance with the terms and conditions of the contract entered into between the parties, and an interim injunction to restrain Tialoc from commencing and/or proceeding with the adjudication proceedings pursuant to CIPAA 2012 until the full and final determination of the OS (the "**Said Proceedings**").

In May 2022, AGSB obtained an ad interim injunction restraining Tialoc from taking any further steps and/or proceedings in respect of adjudication under CIPAA 2012 until the hearing and disposal of the Company's Notice of Application. Tialoc has filed an application to strike out the Said Proceedings and Sungai Petani High Court has, in November 2022, allowed Tialoc's striking out application.

In December 2022, AGSB entered into a Sale and Purchase Agreement ("**SPA**") with Sustainable Waste Management Holdings Pte. Ltd. ("**SWMH**") to sell all rights, title and interest of AGSB in all that piece of land held under Hakmilik Sementara No. H.S.(D) 73801, No PT 4065 Seksyen 11, Bandar Lunas, Daerah Kulim, Negeri Kedah and the factory building erected thereon ("**Lease Land and Factory**") for an aggregate cash consideration of RM200 million. Pursuant to the terms of the SPA, SWMH and AGSB shall use their best endeavors to procure that AGSB and Tialoc enter into a settlement agreement

(“**Settlement Agreement**”) to settle all claims between AGSB and Tialoc at RM55.0 million only being RM50.0 million in cash and RM5.0 million in properties, as full and final global settlement of all claims between AGSB and Tialoc. The settlement agreement is expected to be signed latest by 28th February 2023.

(ii) Multipurpose Metal Tech Sdn. Bhd.

In June 2022, AGSB received a Notice (the “**Notice**”) filed by Multi Purpose Metal Tech Sdn. Bhd. (“**MPMT**”). The Notice sets out, inter alia, that MPMT is seeking payment from AGSB for a sum of RM29,348,000 (“**MPMT’s Claim**”) being the balance sum due, owing and payable in respect of services rendered to AGSB; and in the event that AGSB fails, neglects and /or refuses to make the payment or to secure or compound MPMT’s Claim to the reasonable satisfaction of MPMT within twenty-one (21) days after the service of the Notice, MPMT shall proceed to commence winding-up proceedings against AGSB. In June 2022, AGSB served on MPMT’s solicitors an originating summons and a notice of application (the “**said Proceedings**”) filed in the Klang High Court against MPMT seeking, amongst others, a declaration that the Notice is null and void and that MPMT shall be restrained by an injunction from acting on the Notice including but not limited to filling and/or presenting a winding-up petition against AGSB. AGSB had also in June 2022 obtained an ex parte interim injunction restraining MPMT from filling and/or presenting a winding up petition against AGSB pending the inter partes hearing. In October 2022, the High Court dismissed the said Proceedings and subsequently, AGSB filed Notice of Appeal to the Court of Appeal against the decision of the High Court while MPMT filed a winding up petition in Shah Alam High Court for a winding up order against AGSB.

In November 2022, AGSB commenced arbitration proceedings against MPMT to challenge its claim under the Notice and to claim for the losses and damages sustained by AGSB, estimated to be in the amount of RM448,948,854 together with interest thereon, and filed an application to stay the winding up petition before the Shah Alam High Court.

(iii) JR Engineering and Medical Technologies (M) Sdn. Bhd.

In October 2022, AGSB received a notice filed by JR Engineering and Medical Technologies (M) Sdn. Bhd. (“**JR**”) to seek leave to issue a third party notice against AGSB in relation to a legal suit between JR and SRAM & MRAM Technologies Limited and 4 others (the “**Defendants**”). A counterclaim has been brought by the Defendants against JR to claim for reliefs, including among others, refund of monies paid by the Defendants to JR for the supply of gloves, and other costs incurred for an aggregate sum of approximately RM26.7 million, interests, costs and other reliefs order where the Court deems fit (the “**Counterclaims**”). JR claims against AGSB as third party, for reliefs including indemnity in the event any of the Counterclaims are granted in favour of the Defendants, based on alleged breach of an agreement entered into between AGSB and JR for sale and purchase of gloves (“**Agreement**”).

In November 2022, AGSB received a statutory notice under s466 of the Companies Act filed by JR (“**the Notice**”) which sets out JR’s claim against AGSB amounting to a sum of RM22,363,243.07 allegedly as balance sum paid by JR to AGSB and that JR shall proceed to commence winding-up proceedings in the event no payment is made within 21 days after the service of the Notice.

In December 2022, AGSB’s solicitors served an originating summons and a notice of application on JR’s solicitors, both of which were filed in the Shah Alam High Court against JR, seeking for, amongst others, a declaration that the Notice is null and void, as the sum claimed by JR in the Notice is disputed due to JR's breach of the Agreement, and that JR shall be restrained by an injunction from acting on the Notice including but not limited to filing and/or presenting a winding-up petition against AGSB.

In January 2023, AGSB initiated a legal proceeding against JR by way of issuance of a writ of summons endorsed with a statement of claim ("**Writ**") in the High Court of Malaya at Selangor Darul Ehsan, Malaysia. In the Writ, AGSB has claimed, inter alia, an aggregate sum of RM173,980,146.90 against JR for losses and damages sustained by AGSB as a result of JR's breach of the Agreement. AGSB has also received a court order in relation to JR's ex-parte application for an interim injunction ("**Ex-parte Order**") essentially, amongst others, for the preservation of the sum of RM22,363,423.07 until the disposal of JR's counterclaim filed in the originating summons proceedings brought by AGSB against JR. In response, AGSB filed an application to (i) set aside the Ex-parte Order on the basis that there was no factual and/or legal basis present for the granting of the Ex-parte Order, and (ii) suspend compliance with the Ex-parte Order pending the hearing and disposal of AGSB's setting aside application.

<u>(iv) Penang Development Corporation</u>

In April 2021, the Company's subsidiaries, Aspen Vision Land Sdn. Bhd. ("**AVL**") and Aspen Vision City Sdn. Bhd. ("**AVC**") received a Writ of Summons endorsed with a Statement of Claim (the "**1st Writ**") filed by Penang Development Corporation ("**PDC**") in the High Court of Malaya at Penang Malaysia. Pursuant to the 1st Writ, PDC is claiming, inter alia, a sum of RM1,761,156.58 against AVL and/or AVC for progressive claim for infrastructure construction work in connection with the purchase and development of land in Batu Kawan.

In October 2021, AVL and AVC filed a defence and counterclaim (the "**Defence and Counterclaim**") in response to the 1st Writ for, inter alia, damages amounting to a total of RM161,617,507.85 or such other sums as assessed by the High Court for damages for the losses incurred by AVL and AVC as a result of misrepresentations and/or breaches of agreements between the parties.

In February 2023, AVL and AVC received a Writ of Summons endorsed with a Statement of Claim (the "**2nd Writ**") filed by PDC in the High Court of Malaya at Penang Malaysia (the "**Suit**") in relation to the construction of ingress ("**Junction A**") leading into various parcels of land in Batu Kawan ("**Land**") in connection with the purchase and development of the said Land. Pursuant to the 2nd Writ, PDC is seeking, inter alia, the following: (i) a declaration that the obligation to construct Junction A has been frustrated or impossible to perform; and (ii) the refund of a sum amounting to RM15,000,000.00 paid by PDC to AVL and/or AVC for the construction of Junction A within fourteen (14) days from the date of judgment. The issues pertaining to the construction of Junction A are part of a global settlement negotiation with PDC alongside the disputes between PDC and AVC and/or AVL arising from the 1st Writ and Defence and Counterclaim.

The Group denies that the construction of Junction A has been frustrated or impossible to perform as alleged and is seeking legal advice on the merits of PDC's claims.

<u>(v) A Group of Purchasers of Aspen Vision City Sdn Bhd's Development Properties</u>

In February 2022, the Company's subsidiary, Aspen Vision City Sdn. Bhd. ("**AVC**") received a Writ of Summons endorsed with a Statement of Claim (the "**Writ**") filed by a group of purchasers of AVC's development properties (the "**Plaintiffs**") in the High Court of Malaya at Penang Malaysia (the "**Suit**"). Pursuant to the Writ, the Plaintiffs are claiming, inter alia, a sum of RM7,289,223.21 being the aggregate amount of the claims for alleged late delivery of vacant possession of development properties under the sale and purchase agreements previously entered into between AVC and the Plaintiffs.

AVC denies the alleged late delivery and confirms it has delivered the vacant possession in accordance with the timeline stipulated by the Housing Controller and Ministry of Local Government Development of Malaysia ("**KPKT**"). Based on this, AVC has a strong legal defence, and as such has been vigorously defending the Suit.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

In the Company's Annual Report for the financial year ended 30 June 2022 under the Message from the President & Group CEO section ("**Annual Report FY2022**"), it was stated that the Group intends to launch three new projects with an estimated total GDV of RM725 million, namely Versa, VIIO and Viluxe Phase 2 and Phase 3, catering for wide spectrum of the community. The Group remains on schedule to launch three projects, Versa, VIIO, Viluxe Phase 2 and Phase 3 in the second half financial year 2023 ("**2H FY2023**").

It was further stated in the Annual Report FY2022 that the Company's subsidiary, Aspen Glove Sdn. Bhd. ("**AGSB**") will adopt an asset-light business model which will confer greater flexibility, reduce operational costs and risk, and focus on value creation. As stated in the Company's announcement dated 15 December 2022, AGSB has entered into the SPA with SWMH to dispose of AGSB's rights title and interest in the Lease Land and Factory for an aggregate cash consideration of RM200.0 million. This prospect statement has met, and coincide with the SPA with AGSB's newly adopted business model.

It was also stated in the Annual Report FY2022 that as for the food & beverage sector, the easing of Covid-19 containment measures and re-opening of the Singapore border has tremendously improved the sales of Kanada-Ya outlets. With the easing of the Covid-19 pandemic restrictions, there has been a significant increase in people dining and patronising Kanada-Ya outlets in Singapore. This prospect statement has met as the sales of the Group's food & beverage sector has improved in 1H FY2023.

The Company has issued a profit guidance whereby the Group is expected to report a consolidated net profit in respect of the half year ended 31 December 2022 which was announced on 9 February 2023. The Group's financial results for the half year ended 31 December 2022 are in line with the profit guidance.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The recovery in the residential property market is expected to continue in 2023, albeit at a slower pace amid rising borrowing costs and growing inflationary pressure.[1] Despite the headwinds facing the property sector, there has been a strong and continuing interest to buy the Group's development properties, especially the affordable pricing properties at Aspen Vision City, Batu Kawan.

[1] https://www.thestar.com.my/business/business-news/2023/01/12/optimisticoutlook-for-2023

The demand of property in Penang, Malaysia has been improved underpinned by low level of inventory during the 2022 year end sales and 2023 Chinese New Year sales, the Group managed to clear almost all inventories of completed projects where the Group currently sitting at very low level of inventory. These sales will be translated into better cash position. Taking advantage of the current positive market outlook in Penang, Malaysia, the Group also gearing up new launches to replace the depleted inventories. To capitalise on the demand and to restock the inventory levels of the Group's projects, the Group's launch of three new projects namely Versa, VIIO, Viluxe Phase 2 and Phase 3 remains on schedule and expected to launch in the 2H FY2023.

As for the healthcare sector, the massive overcapacity in the global glove market means low selling prices and depressed low plant utilisation will likely persist throughout 2023[2]. The Group obtained the Shareholders' approval during the Company's EGM held on 6 February 2023 in respect of the SPA entered between SWMH and AGSB to dispose of AGSB's rights title and interest in the Lease Land and Factory. Upon completion of the SPA, AGSB intends to use the proceeds as general working capital and to discharge AGSB's payment obligations.

Upon the completion of proposed disposal of rights title and interest in lease land and factory building of RM200.0 million, and settlement agreement between AGSB and Tialoc of RM55.0 million, the Group's current liabilities will drop significantly.

As the rubber glove industry continues to face headwinds, the Group will continue to evaluate various options on the future direction of AGSB, including completely ceasing operations and sell all its other assets and machineries.

6. Dividend

(a) Current Financial Period Reported On:
Any dividend declared for the current financial period reported on?

No dividend was declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year:
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Whether the dividend is before tax, net of tax or tax exempt.

Not applicable.

(d) Date payable:

Not applicable.

[2] https://www.theedgemarkets.com/node/650687

(e) **Books closure date:**

Not applicable.

6.1 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended as the management plans to conserve cash.

7. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain any general mandate from shareholders of IPTs. The aggregate value of interested person transactions entered into during HY2023 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transaction during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Vyramid Electrical Sdn. Bhd. ("**Vyramid**") - Sales of two property units	Vyramid is deemed an interested person as 51.0% interest in the issued share capital of Vyramid is held by Kumar a/l Manokharan, the brother of Dato' Murly a/l Manokharan, the Group's President and Group Chief Executive Officer	**1. L21-10, Beacon Executive Suites** **Sale price** RM698,000.00 **Rebate/Discount** RM69,800.00 (10% rebate on Sale Price) **2. L10-07, Beacon Executive Suites** **Sale price** RM770,000.00 **Rebate/Discount** RM77,000.00 (10% rebate on Sale Price)	-

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers pursuant to Rule 720(1).

9. Disclosure of acquisition (including incorporations) and sale of shares under Mainboard Rule 706A.

There were no acquisitions and realisation of shares during the six months ended 31 December 2022.

10. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six-month period ended 31 December 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dato' Seri Nazir Ariff Bin Mushir Ariff
Executive Director

Dato' Murly Manokharan
President & Group Chief Executive Officer

14 February 2023