

MahSing

Reinvent Spaces. Enhance Life.

MAH SING GROUP BERHAD

Company No.: 230149-P
(Incorporated in Malaysia)

Interim Financial Report

30 June 2017

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(Incorporated in Malaysia)**

Interim Financial Report - 30 June 2017

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(The figures have not been audited)

	AS AT 30/06/2017 RM'000	(AUDITED) AS AT 31/12/2016 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	136,600	137,619
<i>Prepaid lease payments</i>	6,322	6,841
<i>Investment properties</i>	199,816	199,816
<i>Land held for property development</i>	1,172,449	1,111,766
<i>Intangible assets</i>	5,767	5,795
<i>Deferred tax assets</i>	112,009	118,045
	<u>1,632,963</u>	<u>1,579,882</u>
Current Assets		
<i>Property development costs</i>	2,419,459	2,294,868
<i>Inventories</i>	321,397	359,989
<i>Trade and other receivables</i>	1,134,850	1,039,732
<i>Current tax assets</i>	22,065	21,915
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,509,379	923,769
	<u>5,407,150</u>	<u>4,640,273</u>
TOTAL ASSETS	<u>7,040,113</u>	<u>6,220,155</u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,745,568	1,204,711
<i>Share premium</i>	-	540,816
<i>Other reserves</i>	71,865	72,484
<i>Retained earnings</i>	1,475,987	1,470,100
	<u>3,293,420</u>	<u>3,288,111</u>
Perpetual Securities	645,212	-
Perpetual Sukuk	540,000	540,000
Non-Controlling Interests	7,650	8,016
Total Equity	<u>4,486,282</u>	<u>3,836,127</u>
Non-Current Liabilities		
<i>Term loans</i>	656,394	859,085
<i>Long term and deferred payables</i>	35,442	12,357
<i>Deferred tax liabilities</i>	26,605	16,220
	<u>718,441</u>	<u>887,662</u>
Current Liabilities		
<i>Trade and other payables</i>	1,477,967	1,311,706
<i>Term loans</i>	137,809	126,951
<i>Short term borrowings</i>	6,279	15,404
<i>Bank overdrafts</i>	1,189	-
<i>Current tax liabilities</i>	55,532	42,305
<i>Dividend payable</i>	156,614	-
	<u>1,835,390</u>	<u>1,496,366</u>
Total Liabilities	<u>2,553,831</u>	<u>2,384,028</u>
TOTAL EQUITY AND LIABILITIES	<u>7,040,113</u>	<u>6,220,155</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.37</u>	<u>1.36</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 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 30 June 2017

(The figures have not been audited)

	3 months ended		Period ended		
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000	
Revenue	727,143	773,899	1,450,685	1,483,072	
Cost of sales	(534,690)	(578,316)	(1,070,042)	(1,108,029)	
Gross profit	192,453	195,583	380,643	375,043	
Other income	2,402	3,205	5,050	8,269	
Selling and marketing expenses	(31,669)	(32,042)	(56,460)	(53,706)	
Administrative and other expenses	(46,109)	(47,189)	(92,115)	(84,239)	
Interest income	4,218	1,894	6,450	3,690	
Finance costs	(1,326)	(1,162)	(3,027)	(2,392)	
Profit before tax	119,969	120,289	240,541	246,665	
Income tax expense	(29,998)	(31,338)	(60,448)	(63,243)	
Profit for the period	89,971	88,951	180,093	183,422	
Profit attributable to:					
Equity holders of the Company	90,390	88,819	180,811	183,854	
Non-controlling interests	(419)	132	(718)	(432)	
	89,971	88,951	180,093	183,422	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	3.75	3.69	6.74	6.87
- Diluted (sen)	Note B13(b)	3.73	3.68	6.72	6.87

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 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 30 June 2017

(The figures have not been audited)

	3 months ended		Period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	89,971	88,951	180,093	183,422
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(792)	899	(900)	(577)
Other comprehensive income for the period	(792)	899	(900)	(577)
Total comprehensive income for the period	89,179	89,850	179,193	182,845
Total comprehensive income attributable to:				
Equity holders of the Company	89,858	89,422	180,198	183,441
Non-controlling interests	(679)	428	(1,005)	(596)
	89,179	89,850	179,193	182,845

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2017

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company									
	Non-Distributable				Distributable		Perpetual Securities	Perpetual Sukuk	Non-controlling interests	Total Equity
	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Retained earnings	Total				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
6 months ended 30 June 2017										
Balance at 1/1/2017	1,204,711	540,816	64,343	8,141	1,470,100	3,288,111	-	540,000	8,016	3,836,127
Amount recognised directly in equity:										
Profit for the financial period	-	-	-	-	180,811	180,811	-	-	(718)	180,093
Other comprehensive income	-	-	-	(613)	-	(613)	-	-	(287)	(900)
Total comprehensive income for the period	-	-	-	(613)	180,811	180,198	-	-	(1,005)	179,193
Issuance of ordinary shares pursuant to warrants exercised	41	-	(6)	-	-	35	-	-	-	35
Issuance of Perpetual Securities (net of transaction costs)	-	-	-	-	-	-	645,212	-	-	645,212
Dividends for the financial year ended 31 December 2016	-	-	-	-	(156,614)	(156,614)	-	-	-	(156,614)
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	(18,310)	(18,310)	-	-	-	(18,310)
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	639	639
Effects of adoption of Companies Act 2016 *	540,816	(540,816)	-	-	-	-	-	-	-	-
Balance at 30/06/2017	1,745,568	-	64,337	7,528	1,475,987	3,293,420	645,212	540,000	7,650	4,486,282

* With the Companies Act 2016 coming into effect on 31 January 2017, the credit balance of the share premium becomes part of the share capital. Such credit balance may be utilised within 24 months after the commencement of the Act for purposes as set out in transitional provisions of the Act.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2016
(The figures have not been audited)

	Attributable to ordinary equity holders of the Company									
	Non-Distributable					Distributable				
	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total	Perpetual Sukuk	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2016										
Balance at 1/1/2016	1,204,709	540,810	64,344	6,980	16,603	1,302,176	3,135,622	540,000	8,473	3,684,095
Amount recognised directly in equity:										
Profit for the financial period	-	-	-	-	-	183,854	183,854	-	(432)	183,422
Other comprehensive income	-	-	-	(413)	-	-	(413)	-	(164)	(577)
Total comprehensive income for the period	-	-	-	(413)	-	183,854	183,441	-	(596)	182,845
Dividends for the financial year ended										
31 December 2015	-	-	-	-	-	(156,612)	(156,612)	-	-	(156,612)
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	-	(18,410)	(18,410)	-	-	(18,410)
Repurchase of redeemable convertible bonds	-	-	-	-	(16,603)	-	(16,603)	-	-	(16,603)
Balance at 30/06/2016	1,204,709	540,810	64,344	6,567	-	1,311,008	3,127,438	540,000	7,877	3,675,315

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 2016 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 30 June 2017***(The figures have not been audited)*

	6 months ended 30/06/2017 RM'000	6 months ended 30/06/2016 RM'000
Operating Activities		
Profit before tax	240,541	246,665
Adjustments for:		
Non-cash items	13,514	5,027
Non-operating items	18,607	13,823
Operating profit before changes in working capital	<u>272,662</u>	265,515
Net change in property development costs	4,658	88,022
Net change in inventories	40,228	21,012
Net change in receivables	(82,179)	(31,778)
Net change in accrued billings	(425)	(53,355)
Net change in payables	(76,269)	(120,730)
Net change in progress billings	118,593	(39,829)
Cash generated from operations	<u>277,268</u>	128,857
Interest received	16,210	16,007
Interest paid	(23,352)	(30,192)
Net tax paid	(42,210)	(69,312)
Net cash generated from operating activities	<u>227,916</u>	45,360
Investing Activities		
Additions to property, plant and equipment	(25,427)	(22,056)
Additions to land held for property development	(50,079)	(47,511)
Acquisition of land	(6,000)	-
Net cash outflow on acquisition of subsidiary	(6,559)	-
Proceeds from disposal of property, plant and equipment	529	515
Net cash used in investing activities	<u>(87,536)</u>	(69,052)
Financing Activities		
Advances from non-controlling interests of subsidiary companies	18,913	-
Distribution paid to holders of Perpetual Sukuk	(18,310)	(18,410)
Net proceed from issuance of Perpetual Securities	645,212	-
Net repayment of borrowings	(201,826)	(84,426)
Net placement of deposits with licensed banks pledged as collateral/Escrow Accounts	(12,391)	(33,312)
Proceeds from warrants exercised	35	-
Repurchase of redeemable convertible secured bonds	-	(337,100)
Net cash generate from/(used in) financing activities	<u>431,633</u>	(473,248)
Net changes in cash and cash equivalents	572,013	(496,940)
Effect of exchange rate changes	17	(25)
Cash and cash equivalents at beginning of the financial period	880,766	1,280,020
Cash and cash equivalents at end of the financial period	<u>1,452,796</u>	<u>783,055</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2017 (continued)

(The figures have not been audited)

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

	6 months ended 30/06/2017 RM'000	6 months ended 30/06/2016 RM'000
Deposits with licensed banks	70,345	184,548
Investment in short-term funds	757,102	309,246
Cash and bank balances	681,932	401,498
Bank overdrafts	(1,189)	(545)
	1,508,190	894,747
Less: Deposits in Escrow Accounts	(49,407)	(106,997)
Less: Deposits pledged as collateral	(5,927)	(4,665)
Less: Trustees' Reimbursement Account	(60)	(30)
	1,452,796	783,055

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 Standards No. 134 : Interim Financial Reporting and with IAS14 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 2016. 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 2016.

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 2016 save for the adoption of the following:

Amendments to MFRS 107	Statement of Cash Flows - <i>Disclosure initiative</i>
Amendments to MFRS 112	Income Tax - <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to MFRS 12	Disclosure of Interests in Other Entities (<i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i>)

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

A2 Seasonal or cyclical factors

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

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

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

A4 Changes in estimates

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

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A5 Debt and equity securities

During the financial period ended 30 June 2017, the Company increased its issued and paid up share capital by way of issuance of 24,637 new ordinary shares pursuant to the exercise of Warrant B 2013/2018 at an issue price of RM1.44 per ordinary share.

On 3 April 2017, the Company has completed the first issuance of RM650.0 million in nominal value of unrated senior perpetual securities ("Perpetual Securities") under the Perpetual Securities Programme of up to RM1.0 billion in nominal value. The Perpetual Securities carry a coupon rate of 6.9% per annum from year 1 to year 5, payable semi-annually, and have no fixed maturity date but are callable 5 years from date of issuance.

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

A6 Dividends paid

No dividend was paid in current financial period under review.

A7 Segment reporting

Period ended 30 June 2017

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,263,075	147,904	39,706	-	1,450,685
Inter-segment	-	-	99,094	(99,094)	-
	<u>1,263,075</u>	<u>147,904</u>	<u>138,800</u>	<u>(99,094)</u>	<u>1,450,685</u>
RESULTS					
Operating profit	218,670	8,066	10,382	-	237,118
Interest income	6,327	113	10	-	6,450
Finance costs	(2,230)	(703)	(94)	-	(3,027)
Profit before tax	<u>222,767</u>	<u>7,476</u>	<u>10,298</u>	-	<u>240,541</u>
Income tax expense					(60,448)
Profit for the period					<u>180,093</u>
OTHER INFORMATION					
Capital expenditure	5,122	5,876	159	-	11,157
Depreciation and amortisation	2,167	7,433	133	-	9,733
ASSETS AND LIABILITIES					
Segment assets	5,846,430	243,597	816,012	-	6,906,039
Current and deferred tax assets					134,074
Total assets					<u>7,040,113</u>
Segment liabilities	2,208,364	91,849	171,481	-	2,471,694
Current and deferred tax liabilities					82,137
Total liabilities					<u>2,553,831</u>

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A7 Segment reporting (continued)

Period ended 30 June 2016

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,320,844	123,827	38,401	-	1,483,072
Inter-segment	-	4	43,434	(43,438)	-
	<u>1,320,844</u>	<u>123,831</u>	<u>81,835</u>	<u>(43,438)</u>	<u>1,483,072</u>
RESULTS					
Operating profit/(loss)	252,307	7,130	(14,070)	-	245,367
Interest income	3,581	109	-	-	3,690
Finance costs	(1,399)	(765)	(228)	-	(2,392)
Profit/(loss) before tax	<u>254,489</u>	<u>6,474</u>	<u>(14,298)</u>	-	<u>246,665</u>
Income tax expense					(63,243)
Profit for the period					<u>183,422</u>
OTHER INFORMATION					
Capital expenditure	7,157	22,828	435	-	30,420
Depreciation and amortisation	2,383	6,488	106	-	8,977
ASSETS AND LIABILITIES					
Segment assets	5,461,877	215,368	389,028	-	6,066,273
Current and deferred tax assets					116,470
Total assets					<u>6,182,743</u>
Segment liabilities	2,209,358	78,608	174,071	-	2,462,037
Current and deferred tax liabilities					45,391
Total liabilities					<u>2,507,428</u>

A8 Material subsequent events

Save for as disclosed in B6, there were no material events subsequent to the reporting date up to 21 August 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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A9 Related party transactions

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

	01/01/2017 to 30/06/2017 RM'000
(i) Rental paid to a Company in which a Director of the Company has interest	769
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	88
(iii) Professional fees paid to a firm in which a Director of subsidiary company has interest	624
(iv) Sales of plastic products to a company limited by guarantee in which a Director of the Company is a trustee	<u>20</u>

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period except for the following:

- a) With effect from 1 May 2017, Mah Sing Vietnam Ltd ("**MS Vietnam**") and Mah Sing Vina Ltd ("**MS Vina**"), both indirect wholly-owned subsidiaries of the Company which have been dormant for many years, are no longer registered with the BVI Government Register, in accordance with the provisions of the BVI Business Companies Act, 2004. MS Vietnam and MS Vina have no intention to carry on business or operations in the future.
- b) On 26 May 2017, the Company's wholly-owned subsidiary, Nova Legend Development Sdn Bhd, had entered into a Share Sale Agreement with LTS Properties (M) Sdn Bhd, T.S. Law Corporation Sdn Bhd and Law Wai Cheong for the proposed acquisition of 78% of the equity interest in Cosmoworld Housing Development Sdn Bhd ("CHDSB") amounting to 1,560,000 ordinary shares in CHDSB ("Sale Shares") for a total purchase consideration of RM54,960,000.

The details of the acquisition of the subsidiary are as follows:

	RM'000
Net assets acquired	48,576
Non-controlling interest	<u>(639)</u>
Fair value of consideration transferred	47,937
Add: Fair value adjustment on deferred consideration	<u>7,023</u>
Total purchase consideration	54,960
Less: Balance purchase consideration	(48,400)
Less: Cash and cash equivalents	(1)
Net cash outflow on acquisition of subsidiary	<u><u>6,559</u></u>

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A11 Changes in contingent liabilities or contingent assets

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

	30/06/2017	31/12/2016
	RM'000	RM'000
Bank guarantees issued in favour of third parties	62,580	77,952
Corporate guarantees issued in favour of third parties	7,202	6,877
	69,782	84,829

A12 Capital commitments

	30/06/2017
	RM'000
Contractual commitment in relation to:	
(a) Proposed acquisition of development land	348,729
(b) Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	4,676
- Approved but not contracted for	16,026
	528,171

(a) Out of the total contractual commitment for the proposed acquisition of development land, a contractual commitment totalling RM294.7 million in relation to the development land in Bandar Shah Alam ceased from the date of termination of the Sales and Purchase Agreement dated 3 July 2017.

(b) The contractual commitment relating to the Development Agreement for the proposed development of land in Kota Kinabalu ceased from the date of disposal by the company of its entire equity interest as disclosed in note B6(3).

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

B1 Review of Group performance

The Group posted net profit of approximately RM180.8 million on the back of revenue of approximately RM1.5 billion for the six-months period ended 30 June 2017. This represented a marginal decline of 1.7% and 2.2% in net profit and revenue respectively as compared to the corresponding period last year. On a quarterly basis, the Group recorded net profit of approximately RM90.4 million and revenue of approximately RM727.1 million. This represents a 1.8% improvement in net profit despite of a 6% decline in revenue compared to the same quarter last year.

As at 30 June 2017, the Group is in net cash position.

Property development

For the six-months period ended 30 June 2017, revenue from property development was approximately RM1.3 billion and operating profit was approximately RM218.7 million. The operating profit decreased by 13.3% mainly due to higher selling, marketing and administrative expenses during the current financial period.

The development projects which contributed to the Group's results in Greater KL and Klang Valley included **Southville City @ KL South**, **Lakeville Residence** in Taman Wahyu, **D'sara Sentral** in Sungai Buloh, **M Residence** and **M Residence 2 @ Rawang**, **M City** in Jalan Ampang, **Icon City** in Petaling Jaya, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **Kinrara Residence** in Puchong, **Icon Residence** in Mont' Kiara and **Star Avenue @ D'sara**. Projects in Penang Island i.e. **Southbay City**, **Legenda @ Southbay** and **Ferringhi Residence**, and projects in Iskandar, Johor Bahru i.e. **The Meridin @ Medini**, **Meridin East**, **Sierra Perdana**, **Mah Sing i-Parc @ Port of Tanjung Pelepas** and **Austin Perdana** as well as **Sutera Avenue** in Kota Kinabalu, Sabah also contributed.

The Group achieved property sales of approximately RM819.3 million for the six-months period ended 30 June 2017.

Plastics

The plastics segment continued to contribute positively to Group performance. Revenue grew by 19.4% from approximately RM123.8 million to RM147.9 million and operating profits improved by 13.1% from RM7.1 million to RM8.1 million as a result of higher sales of pallet, electronic parts and waste bin.

Investment holding & Others

Revenue for the segment comprise mainly interest income from the deposit of funds and the trading of building materials.

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

There was no major fluctuation in the Group's current quarter profit before tax of approximately RM120.0 million compared to the immediate preceding quarter of approximately RM120.6 million.

B3 Prospects for the current financial year

The residential segment, especially affordable mass market properties in strategic locations in Klang Valley have shown resilience to market challenges. Basic housing demand in the mid to long term continues to be underpinned by the improving Malaysian economy which recorded a stronger than expected growth of 5.7% in the first half of 2017, strong demographics forces coupled with improvement of transport infrastructure and Government's initiatives to facilitate easy ownership, especially for first-time house buyers.

Underlying interest and demand remain strong for the Group's product launches in the affordable and mid-range segment for the residential sector due to good concepts in prime locations with good connectivity, further spurred by innovative marketing strategies. The Group expects a pick-up in sales momentum in the second half of 2017 in line with more property launches and recent marketing initiatives such as the RM23 million celebration rewards campaign and the B.I.G Programme which provides business incentive grants to purchasers of certain commercial properties of the Group.

The Group's net cash position as at 30 June 2017 provides opportunities to pursue more land banking activities. The Group's growth initiative is always guided by the principle of balancing growth and optimising capital utilisation. The Company is looking to lock-in more lands and/or to explore joint venture opportunities with focus on mid-market affordable housing projects in Klang Valley. Building on prudent financial management and disciplined project management, the Group will strive to maintain a stable and reasonable return to shareholders by accelerating construction works of projects with good take-up rate and all the above should provide further impetus to the long-term sustainable growth of the Group.

B4 Profit forecast

Not applicable as the Group has not issued profit forecast or profit guarantee in a public document.

B5 Income tax expense

	3 months ended		Period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	28,400	34,598	55,274	59,557
Deferred tax	1,598	(3,260)	5,174	3,686
	29,998	31,338	60,448	63,243

The Group's effective tax rate for the current financial period was higher than the statutory tax rate of 24% mainly due to the non deductibility of certain expenses and also the reversal of certain deferred tax assets due to changes in the deductible temporary differences.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 21 August 2017 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- 1) 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.

- 2) 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.

- 3) On 29 May 2013, the Company's subsidiary, Convention City Development Sdn Bhd ("**Convention City**") entered into a development agreement ("**DA**") with Yayasan Sabah ("**Yayasan Sabah**" or "**Landowner**") for the proposed development of a parcel of prime land measuring approximately 8.33 acres ("**Parcel A**") forming part of all that piece of master land held under title no. 016290976 in the locality of Tanjung Lipat, District of Kota Kinabalu, Negeri Sabah. Under the terms of the DA, Yayasan Sabah agrees to grant an exclusive right to Convention City to develop Parcel A for a cash consideration of RM163 million. Convention City has also been granted an exclusive option to develop 2 parcels of adjacent land with a total land area measuring approximately 5.95 acres ("**Option Land**") at an entitlement price of RM117 million. The option is exercisable by Convention City within 2 years from the date the Landowner procures the separate issue document of title to the Option Land.

On 3 July 2017, the Company had entered into share sale agreement with Diverse Capital Sdn Bhd for the disposal of its entire 51% equity interest in Convention City comprising 1,632,000 ordinary shares ("Sale Shares") for a total cash consideration of RM6,557,000. Following the completion of the disposal, the Company will cease to have any interest in Convention City, the DA and any existing agreements entered into by Convention City.

- 4) On 18 December 2015, the Company's wholly-owned subsidiary, Mont Meridian Development Sdn Bhd entered into a Sale Shares Agreement with several parties to acquire the entire issued and paid-up share capital of VIP Sanctuary Sdn Bhd ("**VIP**"), for a cash consideration of RM60,000. The proposed acquisition of VIP is an innovative way for the Company to raise more funds for the Mah Sing Foundation.

The acquisition is currently pending fulfillment of the conditions precedent in the Sale Shares Agreement.

- 5) On 17 May 2017, the Company's wholly-owned subsidiary, Mah Sing Properties Sdn Bhd ("**MSPSB**"), entered into a conditional sale and purchase agreement with Saw Shiuo Shyong @ Sonny Saw for the proposed acquisition of five (5) pieces of adjoining freehold land in Seksyen 86A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ("**Titiwangsa Land**"). The total purchase consideration to be paid to the Vendor is up to RM60,000,000, premised upon the development order in respect of MSPSB's proposed development plan on the Titiwangsa Land is obtained with density of 350 units per acre or more. The purchase consideration shall be adjusted accordingly in the event the density obtained based on the development order is lower than 350 units per acre.

On 26 May 2017, the Company received a letter from Messrs. Abdullah Chan & Co, Advocates & Solicitors, that there is a competing claim on the rightful ownership of the Titiwangsa Land. The Company, together with its legal counsel, are in the course of verifying the claim.

B6 Status of corporate proposals (continued)

- 6) On 3 July 2017, the Company's wholly-owned subsidiary, Nature Legend Development Sdn Bhd entered into a Share Sale Agreement with Hazreeq Putra Bin Hasman and Maslinda Binti Othman to acquire 500,000 ordinary shares in Cordova Land Sdn Bhd ("Cordova"), representing the entire equity interest in Cordova for a purchase consideration of RM156,349,900. By a letter dated 22 June 2017 from Datuk Bandar Kuala Lumpur ("Datuk Bandar") to Cordova, Datuk Bandar had accepted the offer by Cordova to purchase approximately 11.233 acres of prime land in Cheras ("Cheras Land"), for a purchase consideration of RM82,127,356 and subject to the terms and conditions of the letter. Cordova and Datuk Bandar will formalise the acquisition of the Cheras Land via the signing of formal agreement(s).

- 7) On 3 July 2017, the Company's wholly-owned subsidiary, Enchanting View Development Sdn Bhd entered into a Sale and Purchase Agreement with Waz Lian Properties Sdn Bhd for the proposed acquisition of a piece of freehold vacant development land in Bukit Mertajam, Pulau Pinang, measuring approximately 10.89 acres ("Bukit Mertajam Land") for a total purchase price of RM43,800,321. The proposed acquisition of the Bukit Mertajam Land is pending completion.

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B7 Group borrowings

Total group borrowings as at 30 June 2017 were as follows:

<i>(Denominated in)</i>	Secured RM'000 <i>(RM)</i>	Secured RM'000 <i>(Indonesian Rupiah)</i>	Secured RM'000 <i>(USD)</i>	Total RM'000
Term loans payable				
- within 12 months	137,809	-	-	137,809
- after 12 months	651,757	4,637	-	656,394
	789,566	4,637	-	794,203
Short term borrowings	-	6,279	-	6,279
Bank overdrafts	-	1,189	-	1,189
Finance lease and hire purchase				
- within 12 months	981	1,263	-	2,244
- after 12 months	627	112	-	739
	1,608	1,375	-	2,983
Total	791,174	13,480	-	804,654

B8 Material litigation

The Group is not engaged in any material litigation as at 21 August 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

B9 Derivatives financial instrument

As at 30 June 2017, there were no outstanding foreign currency forward contracts.

B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 30 June 2017 and 31 December 2016 were analysed as follows:

	30/06/2017 RM'000	31/12/2016 RM'000
Total retained earnings of the Group		
- Realised	1,322,500	1,356,493
- Unrealised	134,463	136,765
	1,456,963	1,493,258
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	1,456,890	1,493,185
Consolidation adjustments	19,097	(23,085)
Total group retained earnings as per consolidated accounts	1,475,987	1,470,100

B11 Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

	3 months ended 30/06/2017 RM'000	Period ended 30/06/2017 RM'000
Depreciation and amortisation	(4,781)	(9,733)
Impairment of intangible assets	-	(28)
Gain/(Loss) on redemption of investment in short term funds	6	(34)
Net foreign exchange loss	(543)	(341)
Reversal of allowance for doubtful debts - trade receivables	76	88
Reversal of write down of inventories	19	58

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 30 June 2017.

B12 Dividend

No dividend has been proposed for the first half of the year ended 30 June 2017.

At the Annual General Meeting held on 15 June 2017, the shareholders of the Company had approved the first and final single-tier dividend of 6.5 sen per ordinary share in respect of the financial year ended 31 December 2016 (2015: 6.5 sen per ordinary share). The dividend will be paid on 14 September 2017 to depositors whose names appear in the Record of Depositors of the Company on 4 September 2017.

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B13 Earnings per share ("EPS")

(a) Basic EPS

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

	3 months ended		Period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net profit for the period (RM'000)	90,390	88,819	180,811	183,854
Distribution paid to holders of Perpetual Sukuk (RM'000)	-	-	(18,310)	(18,410)
Net profit for the period attributable to ordinary equity holders (RM'000)	90,390	88,819	162,501	165,444
Weighted average number of ordinary shares in issue ('000)	2,409,422	2,409,417	2,409,422	2,409,417
Basic EPS (sen)	3.75	3.69	6.74	6.87

(b) Diluted EPS

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 exercise of the remaining warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net profit for the period attributable to ordinary equity holders (RM'000)	90,390	88,819	162,501	165,444
Weighted average number of ordinary shares in issue ('000)	2,409,422	2,409,417	2,409,422	2,409,417
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Warrants B	13,954	1,708	9,606	n/a
- Warrants C ⁽¹⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,423,376	2,411,125	2,419,028	2,409,417
Diluted EPS (sen)	3.73	3.68	6.72	6.87

⁽¹⁾ The effects of potential ordinary shares arising from the exercise of Warrants C is anti-dilutive and accordingly is excluded from the Diluted EPS computation above.

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

B15 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 August 2017