



MAH SING GROUP BERHAD

(230149-P)

A Premier Lifestyle Developer

(Incorporated in Malaysia)

Interim Financial Report

30 June 2016

MAH SING GROUP BERHAD

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

Interim Financial Report - 30 June 2016

	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Statement Of Profit Or Loss	2
Condensed Consolidated Statement Of Profit Or Loss and Other Comprehensive Income	3
Condensed Consolidated Statement Of Changes In Equity	4 - 5
Condensed Consolidated Statement Of Cash Flows	6 - 7
Notes To The Interim Financial Report	8 - 20

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

(The figures have not been audited)

	AS AT 30/06/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	130,698	109,538
<i>Prepaid lease payments</i>	6,583	7,000
<i>Investment properties</i>	194,816	194,816
<i>Land held for property development</i>	1,073,925	1,026,414
<i>Intangible assets</i>	5,877	6,185
<i>Deferred tax assets</i>	97,335	106,721
	<u>1,509,234</u>	<u>1,450,674</u>
Current Assets		
<i>Property development costs</i>	2,441,378	2,534,864
<i>Inventories</i>	169,213	190,362
<i>Trade and other receivables</i>	1,148,491	1,062,433
<i>Current tax assets</i>	19,135	18,680
<i>Deposits, cash and bank balances and investment in short-term funds</i>	895,292	1,358,665
	<u>4,673,509</u>	<u>5,165,004</u>
TOTAL ASSETS	<u>6,182,743</u>	<u>6,615,678</u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,204,709	1,204,709
<i>Share premium</i>	540,810	540,810
<i>Other reserves</i>	70,911	87,927
<i>Retained earnings</i>	1,311,008	1,302,176
	<u>3,127,438</u>	<u>3,135,622</u>
Perpetual Sukuk	540,000	540,000
Non-Controlling Interests	7,877	8,473
Total Equity	<u>3,675,315</u>	<u>3,684,095</u>
Non-Current Liabilities		
<i>Redeemable convertible secured bonds</i>	-	292,008
<i>Term loans</i>	955,872	1,099,789
<i>Long term and deferred payables</i>	15,388	15,342
<i>Deferred tax liabilities</i>	14,211	16,793
	<u>985,471</u>	<u>1,423,932</u>
Current Liabilities		
<i>Trade and other payables</i>	1,170,947	1,364,730
<i>Term loans</i>	147,389	91,921
<i>Short term borrowings</i>	15,284	10,260
<i>Bank overdrafts</i>	545	264
<i>Current tax liabilities</i>	31,180	40,476
<i>Dividend payable</i>	156,612	-
	<u>1,521,957</u>	<u>1,507,651</u>
Total Liabilities	<u>2,507,428</u>	<u>2,931,583</u>
TOTAL EQUITY AND LIABILITIES	<u>6,182,743</u>	<u>6,615,678</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.30</u>	<u>1.30</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 2015 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 2016

(The figures have not been audited)

	3 months ended		Period ended		
	30/06/2016	30/06/2015	30/06/2016	30/06/2015	
	RM'000	RM'000	RM'000	RM'000	
Revenue	773,899	780,484	1,483,072	1,564,627	
Cost of sales	(578,316)	(584,163)	(1,108,029)	(1,154,012)	
Gross profit	195,583	196,321	375,043	410,615	
Other income	3,205	10,790	8,269	13,823	
Selling and marketing expenses	(32,042)	(34,889)	(53,706)	(72,961)	
Administrative and other expenses	(47,189)	(55,844)	(84,239)	(105,058)	
Interest income	1,894	2,787	3,690	4,807	
Finance costs	(1,162)	(1,985)	(2,392)	(3,600)	
Profit before tax	120,289	117,180	246,665	247,626	
Income tax expense	(31,338)	(27,209)	(63,243)	(59,766)	
Profit for the period	88,951	89,971	183,422	187,860	
Profit attributable to:					
Equity holders of the Company	88,819	90,491	183,854	189,384	
Non-controlling interests	132	(520)	(432)	(1,524)	
	88,951	89,971	183,422	187,860	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	3.69	3.77	6.87	8.34
- Diluted (sen)	Note B13(b)	3.68	3.51	6.87	7.84

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 2015 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 2016

(The figures have not been audited)

	3 months ended		Period ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	88,951	89,971	183,422	187,860
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	899	(66)	(577)	113
Other comprehensive income for the period	899	(66)	(577)	113
Total comprehensive income for the period	89,850	89,905	182,845	187,973
Total comprehensive income attributable to:				
Equity holders of the Company	89,422	90,433	183,441	189,474
Non-controlling interests	428	(528)	(596)	(1,501)
	89,850	89,905	182,845	187,973

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 2015 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 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	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2015

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company						Total	Perpetual Sukuk	Non- controlling interests	Total Equity
	Non-Distributable			Distributable						
	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Other reserve	Retained earnings				
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 2015										
Balance at 1/1/2015	738,055	394,557	43,451	5,120	17,129	1,090,521	2,288,833	-	9,682	2,298,515
Amount recognised directly in equity:										
Profit for the financial period	-	-	-	-	-	189,384	189,384	-	(1,524)	187,860
Other comprehensive income	-	-	-	90	-	-	90	-	23	113
Total comprehensive income for the period	-	-	-	90	-	189,384	189,474	-	(1,501)	187,973
Dividends for the financial year ended 31 December 2014	-	-	-	-	-	(156,612)	(156,612)	-	-	(156,612)
Expenses on issuance of ordinary shares	-	(7,350)	-	-	-	-	(7,350)	-	-	(7,350)
Issuance of ordinary shares pursuant to:										
- Warrants exercised	610	2,218	(380)	-	-	-	2,448	-	-	2,448
- Rights Issue with warrants	221,593	386,457	21,273	-	-	-	629,323	-	-	629,323
- Bonus Issue	240,064	(240,064)	-	-	-	-	-	-	-	-
- Conversion of redeemable convertible bonds	4,386	5,614	-	-	(526)	-	9,474	-	-	9,474
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	540,000	-	540,000
Balance at 30/06/2015	1,204,708	541,432	64,344	5,210	16,603	1,123,293	2,955,590	540,000	8,181	3,503,771

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 2015 and the accompanying explanatory notes attached to the interim financial report.

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

	6 months ended 30/06/2016 RM'000	6 months ended 30/06/2015 RM'000
Operating Activities		
Profit before tax	246,665	247,626
Adjustments for:		
Non-cash items	5,027	22,782
Non-operating items	13,823	10,418
Operating profit before changes in working capital	265,515	280,826
Net change in property development costs	88,022	(216,787)
Net change in inventories	21,012	16,841
Net change in receivables	(31,778)	(77,938)
Net change in accrued billings	(53,355)	(82,685)
Net change in payables	(120,730)	5,303
Net change in progress billings	(39,829)	(73,997)
Cash generated from/(used in) operations	128,857	(148,437)
Interest received	16,007	15,739
Interest paid	(30,192)	(31,930)
Net tax paid	(69,312)	(51,817)
Net cash generated from/(used in) operating activities	45,360	(216,445)
Investing Activities		
Additions to property, plant and equipment	(22,056)	(6,909)
Additions to investment properties	-	(15,384)
Additions to land held for property development	(47,511)	(64,305)
Acquisition of land	-	(27,779)
Proceeds from disposal of property, plant and equipment	515	81
Net cash used in investing activities	(69,052)	(114,296)
Financing Activities		
Distribution paid to holders of Perpetual Sukuk	(18,410)	-
Issuance of Perpetual Sukuk	-	540,000
Net (repayment of)/proceeds from borrowings	(84,426)	75,494
Net placement of deposits with licensed banks pledged as collateral/Escrow Accounts/Trustees' Reimbursement Account	(33,312)	(16,533)
Repurchase of redeemable convertible secured bonds	(337,100)	-
Payment of bonds coupon	-	(5,267)
Payment for corporate exercise expenses	-	(7,350)
Proceeds from Rights Issue	-	629,323
Proceeds from warrants exercised	-	2,448
Net cash (used in)/generated from financing activities	(473,248)	1,218,115
Net changes in cash and cash equivalents	(496,940)	887,374
Effect of exchange rate changes	(25)	44
Cash and cash equivalents at beginning of the financial period	1,280,020	613,830
Cash and cash equivalents at end of the financial period	783,055	1,501,248

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2016 (continued)

(The figures have not been audited)

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

	6 months ended 30/06/2016 RM'000	6 months ended 30/06/2015 RM'000
Deposits with licensed banks	184,548	107,140
Investment in short-term funds	309,246	930,172
Cash and bank balances	401,498	506,360
Bank overdrafts	(545)	(545)
	894,747	1,543,127
Less: Deposits in Escrow Accounts	(106,997)	(3,347)
Less: Deposits pledged as collateral	(4,665)	(38,502)
Less: Trustees' Reimbursement Account	(30)	(30)
	783,055	1,501,248

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 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 2015. 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 2015.

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 2015 save for the adoption of the following:

MFRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 11	Joint Arrangements (Amendments relating to Accounting for Acquisitions of Interests in Joint Operations)
MFRS 12	Disclosures of Interests in Other Entities (Amendments relating to Investment Entities : Applying the Consolidation Exception)
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements (Amendments relating to Disclosure Initiative)
MFRS 116	Property, Plant and Equipment (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)
MFRS 116	Property, Plant and Equipment (Amendments relating to Agriculture: Bearer Plants)
MFRS 127	Separate Financial Statements (Amendments relating to Equity Method in Separate Financial Statements)
MFRS 128	Investments in Associates and Joint Ventures (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 138	Intangible Assets (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)
	Annual Improvements to MFRSs 2012- 2014 cycle

The adoption of the above MFRS, 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.

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

A5 Debt and equity securities

The Company had on 7 March 2016 completed the first tranche repurchase of RM100.0 million nominal value of redeemable convertible secured bonds of the Company ("CBs"). Subsequently, the Company had completed the second tranche repurchase of RM215.0 million nominal value of CBs on 1 April 2016. Following the completion of the second tranche CBs repurchase, the RM315.0 million nominal value of CBs has been cancelled accordingly.

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 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>

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

A7 Segment reporting (continued)

Period ended 30 June 2015

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,417,168	112,764	34,695	-	1,564,627
Inter-segment	-	6	110,243	(110,249)	-
	<u>1,417,168</u>	<u>112,770</u>	<u>144,938</u>	<u>(110,249)</u>	<u>1,564,627</u>
RESULTS					
Operating profit	232,271	5,271	8,877	-	246,419
Interest income	4,783	24	-	-	4,807
Finance costs	(1,629)	(867)	(1,104)	-	(3,600)
Profit before tax	<u>235,425</u>	<u>4,428</u>	<u>7,773</u>	-	<u>247,626</u>
Income tax expense					(59,766)
Profit for the period					<u>187,860</u>
OTHER INFORMATION					
Capital expenditure	2,524	4,365	234	-	7,123
Depreciation and amortisation	2,411	6,247	333	-	8,991
ASSETS AND LIABILITIES					
Segment assets	5,413,830	181,148	1,004,495	-	6,599,473
Current and deferred tax assets					87,004
Total assets					<u>6,686,477</u>
Segment liabilities	2,575,306	57,787	488,754	-	3,121,847
Current and deferred tax liabilities					60,859
Total liabilities					<u>3,182,706</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 18 August 2016, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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

A9 Related party transactions

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

	01/01/2016
	to
	30/06/2016
	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	90
(iii) Professional fees paid to a firm in which a Director of a subsidiary company has interest	687
	<u>687</u>

A10 Changes in the composition of the Group

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

A11 Changes in contingent liabilities or contingent assets

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

	30/06/2016	31/12/2015
	RM'000	RM'000
Bank guarantees issued in favour of third parties	57,123	52,321
Corporate guarantees issued in favour of third parties	6,669	7,178
	<u>63,792</u>	<u>59,499</u>

A12 Capital commitments

	30/06/2016
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of development land	294,729
- Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	10,272
	<u>463,741</u>

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

A13 Operating lease commitments

As Lessee - for the lease of commercial and residential buildings

The future operating lease commitments for rental of commercial and residential buildings (net of lease rentals receivable from sublease) contracted for as at reporting date are as follows:

	Lease rental payables RM'000	Lease rental receivables RM'000	Net RM'000
Commercial properties:			
Less than one year	6,223	(765)	5,458
One to two years	5,019	(1,014)	4,005
	11,242	(1,779)	9,463
Residential properties:			
Less than one year	4,446	(244)	4,202
One to two years	109	(96)	13
	4,555	(340)	4,215
	<u>15,797</u>	<u>(2,119)</u>	<u>13,678</u>
			Provision for future operating lease <u>(13,678)</u>
			<u>-</u>

During the financial period, the Group has recognised in profit or loss leaseback rental and provision for lease commitments amounting to a total of RM3.75 million and rental income from sublease amounting to RM0.2 million.

As Lessor - for the lease of investment properties

The Group leases out its investment properties. The future minimum lease receivable under non-cancellable leases is as follow:-

	<u>Lease rentals receivable</u>
	30/06/2016
	RM'000
Less than one year	3,860
One year to less than 3 years	4,630
	<u>8,490</u>

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 RM183.9 million on the back of revenue of approximately RM1.5 billion for the six-months ended 30 June 2016. This represented marginal decline of 2.9% and 5.2% 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 RM88.8 million and revenue of approximately RM773.9 million which were marginally lower compared to net profit of approximately RM90.5 million and revenue of RM780.5 million respectively over the same quarter last year.

As at 30 June 2016, the Group's cash and bank balances amounted to approximately RM895.3 million and net gearing ratio was 0.06 times.

Property development

For the six-months ended 30 June 2016, revenue from property development was approximately RM1.3 billion and operating profit was RM252.3 million. The operating profit was higher mainly due to lower selling, marketing and administrative expenses during the current financial period. The decrease in revenue was due to **M City** in Jalan Ampang and **Icon City** in Petaling Jaya in active construction stage last year, and approaching completion in current period. Going forward, the Group expects revenue and profit contribution from **Southville City @ KL South**, **Lakeville Residence** in Taman Wahyu, and **D'sara Sentral** in Sungai Buloh to pick up momentum as construction work progresses.

The development projects that contributed to the Group's results in Greater KL and Klang Valley include **Southville City @ KL South**, **M City** in Jalan Ampang, **Icon City** in Petaling Jaya, **Lakeville Residence** in Taman Wahyu, **D'sara Sentral** in Sungai Buloh, **M Residence** and **M Residence 2 @ Rawang**, **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**, **Mah Sing i-Parc @ Port of Tanjung Pelepas**, **Austin Perdana**, **Sri Pulai Perdana 2** and **Sierra Perdana** as well as **Sutera Avenue** in Kota Kinabalu, Sabah also contributed.

The Group achieved cumulative property sales of RM769.1 million for the six-months ended 30 June 2016 and approximately RM1.03 billion for the seven-months ended 31 July 2016. As at 30 June 2016, a total of approximately RM31.7 billion comprising unbilled sales of approximately RM4.2 billion combined with remaining gross development value of approximately RM27.5 billion is expected to sustain the Group's revenue growth over the next eight to nine years.

Plastics

The plastics segment continued to contribute positively to Group performance. Revenue grew by 9.8% from approximately RM112.8 million to RM123.8 million and operating profits improved by 35.3% from RM5.3 million to RM7.1 million as a result of higher sales of pallet and automotive parts, as well as reduction in foreign exchange differences.

Investment holding & Others

Revenue for the segment comprise mainly interest income from the deposit of funds and the trading of building materials. Segment result was affected by loss on the repurchase of RM315.0 million nominal value of redeemable convertible secured bonds of the Company at a total cash purchase consideration of RM337.1 million.

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 RM120.3 million compared to the immediate preceding quarter of approximately RM126.4 million.

B3 Prospects for the current financial year

The proven and resilient quick turn business model and disciplined financial strategy have served the Group well. The Group continued to chart satisfactory operating performances whilst maintaining solid financial strength and visibility over future earnings. The low net gearing of only 0.06 times makes it extremely well placed to lock in land acquisition and joint venture opportunities that continue to present themselves. Committed to its dividend policy of minimum 40% payout from net profit every year, the Group will be making its 10th uninterrupted annual dividend payment on September 15th.

Underlying interest and demand remain strong across all the Group's recent product launches. Buying momentum was strong, with take-up rates ranging from 84% to 100% over the respective weekend launches for **Lakeville Residence** 6th and final tower in Taman Wahyu; Tower A Cerrado Residential Suites in **Southville City @ KL South**, Bangi; Greenway link-homes in **Meridin East** township, Johor; and Tower B of **Ferringhi Residence** Phase 2 in Penang. Other than attractive locational attributes, the overwhelming responses to launches demonstrate the Group's execution strength in product planning, price points intelligence, and effective sales and marketing tactics.

Notwithstanding the prevailing tight lending environment, the Group remains confident of the longer term housing market fundamentals that are supported by young population, demand condition that outstrips supply, healthy employment, conducive interest rate environment and ongoing public transportation infrastructure projects. The Group is poised to benefit from the opportunities to be presented by Singapore-Kuala Lumpur High Speed Rail connection and will continue to strengthen its presence in its core Greater Kuala Lumpur and growth markets.

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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	34,598	32,416	59,557	69,671
Deferred tax:				
Malaysian deferred tax	(3,260)	(5,207)	3,686	(9,905)
	31,338	27,209	63,243	59,766

The Group's effective tax rate for the current quarter and current financial period were higher than the statutory tax rate of 24% mainly due to the non deductibility of certain expenses.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 18 August 2016 (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 Kinrara with total gross area measuring approximately 13.2 acres (net aggregate area of 7.59 acres) in Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan ("**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 and 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 ("**KK Land**") in Kota Kinabalu, Negeri Sabah. 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.

Convention City and Yayasan Sabah are currently in discussions on an extension of time to enable the Landowner to perform the Landowner's obligations.

- 4) On 12 March 2014, the Company's wholly-owned subsidiary, Enchanting View Development Sdn Bhd ("**Enchanting View**") entered into a sale and purchase agreement ("**SPA**") with Great Doctrine (M) Sdn Bhd ("**Vendor**") for the proposed acquisition of a portion of prime land measuring approximately 85.43 acres forming part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a cash consideration of RM327,477,110.40.

On 14 September 2015, Enchanting View and the Vendor had by way of exchange of letters, mutually agreed to a 6 month extension of the conversion approval's period and the consent's period, the periods of which will be expiring on 14 March 2016.

On 14 March 2016, the conditions precedent could not be fulfilled within the 6 month extension of the conversion approval's period and the consent's period. Pursuant to clause 2.6 of the sale and purchase agreement which stated that in the event the conditions precedent cannot be fulfilled within the stipulated time and in the absence of any extension of time mutually agreed to by the parties, the parties shall enter into a bona fide discussions to renegotiate the terms of the sale and purchase agreement with a view to reach an amicable settlement or alternative arrangement on the transaction contemplated. Enchanting View has proposed a timeframe of 6 months commencing from 15 March 2016 for the said discussion and renegotiation.

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

B6 Status of corporate proposals (continued)

- 5) The total gross proceeds raised by the Company from the rights issue with warrants amounted to RM629,323,152. The status of the utilisation of proceeds as at 18 August 2016 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Timeframe for utilisation RM'000
<u>Upon completion of rights issue with warrants on 26 February 2015</u>					
Land acquisition and property development activities	166,600	(166,600)	-	-	Within 24 months
General working capital	91,323	(91,351)	28	-	Within 12 months
Estimated expenses in relation to the corporate exercise	8,000	(7,972)	(28)*	-	Within 6 months
<u>Upon completion of the variation of utilisation of proceeds on 28 January 2016 #</u>					
Land acquisition, property development activities and/or repurchase of redeemable secured bonds	315,000	(315,000)	-	-	Within 24 months
General working capital	48,400	(46,680)	-	1,720	Within 24 months
Total	629,323	(627,603)	-	1,720	

* The unutilised amount of RM27,935 for the estimated expenses in relation to the corporate exercise has been reallocated for general working capital requirements.

At the Extraordinary General Meeting held on 28 January 2016, the shareholders of the Company had approved the variation of the utilisation of the proceeds from the rights issue with warrants ("**Variation**") of RM363.4 million previously allocated for the proposed acquisition of a piece of freehold land in Mukim Rantau, Daerah Seremban, Negeri Sembilan and a piece of leasehold land in Puchong, Selangor.

- 6) On 18 December 2015, the Company's wholly-owned subsidiary, Mont Meridian Development Sdn Bhd entered into a conditional sale and purchase agreement with several parties to acquire the entire issued and paid-up share capital of VIP Sanctuary Sdn Bhd ("**VIP**"), a private limited company incorporated in Malaysia, for a cash consideration of RM60,000. The 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 of the sale and purchase agreement.

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

B7 Group borrowings

Total group borrowings as at 30 June 2016 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	146,093	1,296	-	147,389
- after 12 months	955,872	-	-	955,872
	1,101,965	1,296	-	1,103,261
Short term borrowings	10,000	2,440	2,844	15,284
Bank overdrafts	-	545	-	545
Finance lease and hire purchase				
- within 12 months	1,318	1,060	-	2,378
- after 12 months	1,507	1,303	-	2,810
	2,825	2,363	-	5,188
Total	1,114,790	6,644	2,844	1,124,278

B8 Material litigation

The Group is not engaged in any material litigation as at 18 August 2016, 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 2016, there were no outstanding foreign currency forward contracts.

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

B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 30 June 2016 and 31 December 2015 were analysed as follows:

	30/06/2016	31/12/2015
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	1,215,323	1,197,374
- Unrealised	108,051	109,487
	1,323,374	1,306,861
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	1,323,301	1,306,788
Consolidation adjustments	(12,293)	(4,612)
Total group retained earnings as per consolidated accounts	1,311,008	1,302,176

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

	3 months	Period
	ended	ended
	30/06/2016	30/06/2016
	RM'000	RM'000
Bad debts written off	-	(15)
Depreciation and amortisation	(4,518)	(8,977)
Impairment of intangible assets	(26)	(308)
Loss on redemption of investment in short term funds	(23)	(143)
Loss on repurchase of redeemable convertible secured bonds	(18,346)	(27,141)
Net foreign exchange gain/(loss)	583	(277)
Reversal of allowance for doubtful debts - trade receivables	340	2,542

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 2016.

B12 Dividend proposed

No dividend has been proposed for the first half of the year ended 30 June 2016.

At the Annual General Meeting held on 16 June 2016, the shareholders of the Company had approved the first and final single-tier dividend of 6.5 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2015 (2014: 6.5 sen per ordinary share of RM0.50 each). The dividend will be paid on 15 September 2016 to depositors whose names appear in the Record of Depositors of the Company on 2 September 2016.

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

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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit for the period (RM'000)	88,819	90,491	183,854	189,384
Distribution paid to holders of Perpetual Sukuk (RM'000)	-	-	(18,410)	-
Net profit for the period attributable to ordinary equity holders (RM'000)	88,819	90,491	165,444	189,384
Weighted average number of ordinary shares in issue ('000)	2,409,417	2,401,782	2,409,417	2,271,323
Basic EPS (sen)	3.69	3.77	6.87	8.34

(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 conversion of bonds and 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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Net profit for the period attributable to ordinary equity holders (RM'000)	88,819	90,491	165,444	189,384
Weighted average number of ordinary shares in issue ('000)	2,409,417	2,401,782	2,409,417	2,271,323
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Bonds conversion ⁽¹⁾	n/a	123,822	n/a	97,114
- Warrants B ⁽²⁾	1,708	52,578	n/a	45,759
- Warrants C ⁽³⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,411,125	2,578,182	2,409,417	2,414,196
Diluted EPS (sen)	3.68	3.51	6.87	7.84

⁽¹⁾ The effects of potential ordinary shares arising from the conversion of bonds is excluded from the Diluted EPS computation above following the repurchase of bonds.

⁽²⁾ The effects of potential ordinary shares arising from the exercises of Warrants B is anti-dilutive for the six-months ended 30 June 2016 and accordingly is excluded from the Diluted EPS computation above.

⁽³⁾ 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 2015 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
25 August 2016