



MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

Interim Financial Report

30 June 2013

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Interim Financial Report - 30 June 2013

	Page No.
Condensed Consolidated Statement Of Financial Position	1
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement Of Comprehensive Income	3
Condensed Consolidated Statement Of Changes In Equity	4
Condensed Consolidated Statement Of Cash Flow	5 - 6
Notes To The Interim Financial Report	7 - 18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

(The figures have not been audited)

	AS AT 30/6/2013 RM'000	(AUDITED) AS AT 31/12/2012 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	108,218	101,483
Prepaid lease payments	7,205	7,249
Investment properties	71,926	71,126
Land held for property development	419,280	419,280
Intangible assets	11,497	12,541
Deferred tax assets	57,803	64,456
	<u>675,929</u>	<u>676,135</u>
Current Assets		
Property development costs	2,021,559	1,885,233
Inventories	36,432	39,722
Trade and other receivables	565,417	398,031
Current tax assets	6,321	6,505
Deposits, cash and bank balances	797,615	589,460
	<u>3,427,344</u>	<u>2,918,951</u>
TOTAL ASSETS	<u><u>4,103,273</u></u>	<u><u>3,595,086</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	565,300	419,934
Share premium	408,901	140,287
Other reserves	30,183	30,889
Retained earnings	694,668	653,787
	<u>1,699,052</u>	<u>1,244,897</u>
Non-controlling interests	<u>12,103</u>	<u>10,104</u>
Total Equity	<u><u>1,711,155</u></u>	<u><u>1,255,001</u></u>
Non-current Liabilities		
Redeemable convertible bonds	279,619	275,785
Term loans	837,993	590,400
Long term and deferred payables	57,052	57,974
Deferred tax liabilities	21,348	21,973
	<u>1,196,012</u>	<u>946,132</u>
Current Liabilities		
Trade and other payables	985,194	1,314,428
Term loans	41,301	28,675
Short term borrowings	12,434	11,305
Bank overdrafts	259	519
Current tax liabilities	54,918	39,026
Dividend payable	102,000	-
	<u>1,196,106</u>	<u>1,393,953</u>
Total Liabilities	<u><u>2,392,118</u></u>	<u><u>2,340,085</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>4,103,273</u></u>	<u><u>3,595,086</u></u>
Net assets per share attributable to equity holders of the Company (RM)	<u><u>1.50</u></u>	<u><u>1.48</u></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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 30 June 2013

(The figures have not been audited)

	3 months ended		Period ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Revenue	475,749	455,200	898,892	912,975
Cost of sales	(320,167)	(325,155)	(604,519)	(650,584)
Gross profit	155,582	130,045	294,373	262,391
Other income	4,905	7,810	8,591	12,769
Selling and marketing expenses	(28,993)	(19,240)	(50,785)	(36,163)
Administrative expenses	(35,541)	(29,757)	(68,301)	(57,194)
Other operating expenses	(1,919)	(8,674)	(3,843)	(18,216)
Interest income	2,994	3,301	9,624	4,554
Finance costs	(806)	(547)	(1,420)	(1,019)
Profit before taxation	96,222	82,938	188,239	167,122
Income tax expense	(26,238)	(22,785)	(48,838)	(46,992)
Profit for the period	69,984	60,153	139,401	120,130
Profit attributable to:				
Equity holders of the Company	69,826	60,066	139,300	119,986
Non-controlling interests	158	87	101	144
	69,984	60,153	139,401	120,130
Earnings per share attributable to equity holders of the Company:				
- Basic (sen) Note B13	5.17	6.01	11.32	12.01
- Diluted (sen) Note B13	4.91	5.95	10.76	11.89

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 30 June 2013*(The figures have not been audited)*

	3 months ended		Period ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	69,984	60,153	139,401	120,130
Foreign currency translation difference for foreign operations	706	1,106	1,054	189
Total comprehensive income for the period	70,690	61,259	140,455	120,319
Total comprehensive income attributable to:				
Equity holders of the Company	70,316	60,809	140,024	120,160
Non-controlling interests	374	450	431	159
	70,690	61,259	140,455	120,319

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 2013

(The figures have not been audited)

	Attributable to equity holders of the Company								
	Non-Distributable				Distributable				
	Share capital	Share premium	Equity-settled employees benefit reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total	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 2013									
Balance at 1/1/2013	419,934	140,287	10,614	3,146	17,129	653,787	1,244,897	10,104	1,255,001
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	-	-	139,300	139,300	101	139,401
Other comprehensive income	-	-	-	724	-	-	724	330	1,054
Total comprehensive income for the period	-	-	-	724	-	139,300	140,024	431	140,455
Issuance of ordinary shares pursuant to Rights Issue	140,050	257,692	-	-	-	-	397,742	-	397,742
Issuance of ordinary shares pursuant to warrants exercised	27	103	-	-	-	-	130	-	130
Recognition of share-based payment	-	-	2,151	-	-	-	2,151	-	2,151
Issuance of ordinary shares pursuant to ESOS exercised and ESOS lapsed	5,289	10,819	(3,581)	-	-	3,581	16,108	-	16,108
Dividends for the financial year ended 31 December 2012	-	-	-	-	-	(102,000)	(102,000)	-	(102,000)
Shares issued to non-controlling interest	-	-	-	-	-	-	-	1,568	1,568
Balance at 30/6/2013	565,300	408,901	9,184	3,870	17,129	694,668	1,699,052	12,103	1,711,155

	Attributable to equity holders of the Company								
	Non-Distributable				Distributable				
	Share capital	Share premium	Equity-settled employees benefit reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total	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 2012									
Balance at 1/1/2012	415,936	131,101	8,451	3,768	17,129	496,766	1,073,151	15,338	1,088,489
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	-	-	119,986	119,986	144	120,130
Other comprehensive income	-	-	-	174	-	-	174	15	189
Total comprehensive income for the period	-	-	-	174	-	119,986	120,160	159	120,319
Recognition of share-based payment	-	-	2,447	-	-	-	2,447	-	2,447
Issuance of ordinary shares pursuant to ESOS exercised and ESOS lapsed	882	2,028	(628)	-	-	628	2,910	-	2,910
Dividends for the financial year ended 31 December 2011	-	-	-	-	-	(68,792)	(68,792)	-	(68,792)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(2,850)	(2,850)
Balance at 30/6/2012	416,818	133,129	10,270	3,942	17,129	548,588	1,129,876	12,647	1,142,523

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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial period ended 30 June 2013

(The figures have not been audited)

	6 months ended 30/6/2013 RM'000	6 months ended 30/6/2012 RM'000
Operating Activities		
Profit before taxation	188,239	167,122
Adjustments for:		
Non-cash items	12,953	9,089
Non-operating items	(118)	(7,761)
Operating profit before changes in working capital	<u>201,074</u>	168,450
Net change in inventories	3,235	6,310
Net change in payables	(33,313)	127,583
Net change in property development costs	(116,135)	(79,287)
Net change in receivables	(165,517)	(121,074)
Cash (used in)/generated from operations	<u>(110,656)</u>	101,982
Interest paid	(19,978)	(16,245)
Interest received	14,687	8,780
Tax paid	(26,734)	(32,906)
Net cash (used in)/generated from operating activities	<u>(142,681)</u>	61,611
Investing Activities		
Acquisition of investment in a subsidiary	-	(56,758)
Additions to property, plant and equipment	(13,740)	(10,635)
Additions to investment properties	(800)	(3,378)
Payment for land held for property development	(302,439)	-
Payment for acquisition of balance of equity in a subsidiary	-	(5,000)
Payment for prepaid lease land	-	(4,872)
Proceeds from disposal of property, plant and equipment	938	613
Net cash used in investing activities	<u>(316,041)</u>	(80,030)
Financing Activities		
Dividends paid to non-controlling interests	-	(2,850)
Payment for corporate exercise expenses	(4,249)	-
Proceeds from issuance of shares by subsidiaries to non-controlling interest	1,568	-
Net proceeds from/(repayment of) borrowings	261,100	(87,099)
Net placement/(withdrawal) of deposits with licensed banks as collateral/Escrow Account	26,537	(5,129)
Payment of bonds coupon	(5,267)	(5,267)
Proceeds from warrants exercised	130	-
Proceeds from Rights Issue	397,742	-
Proceeds from ESOS exercised	16,108	2,910
Net cash generated from/(used in) financing activities	<u>693,669</u>	(97,435)
Net changes in cash and cash equivalents	234,947	(115,854)
Effect of exchange rate changes	4	(100)
Cash and cash equivalents at beginning of financial period	543,774	634,215
Cash and cash equivalents at end of financial period	<u>778,725</u>	<u>518,261</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial period ended 30 June 2013 (cont'd)*(The figures have not been audited)*

6 months	6 months
30/6/2013	30/6/2012
RM'000	RM'000

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

Deposits with licensed banks	174,530	330,756
Investment in short term funds	362,268	-
Cash and bank balances	260,817	224,258
Bank overdrafts	(259)	(272)
	797,356	554,742
Less: Deposits pledged as collateral	(3,949)	(34,666)
Less: Deposits in Escrow Account	(14,682)	(1,815)
	778,725	518,261

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 Financial Reporting Standard ("FRS") No. 134 : 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 2012. 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 2012.

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 2012 save for the adoption of the followings:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
Amendment to FRS 7	Financial Instruments: Disclosures - Offsetting of Financial Assets and Financial Liabilities
Amendment to FRS 10	Consolidated Financial Statements - Transitional Guidance
Amendment to FRS 11	Joint Arrangements - Transitional Guidance
Amendment to FRS 12	Disclosure of Interests in Other Entities - Transitional Guidance
Amendment to FRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
Amendment to FRS 116	Property, Plant and Equipment (Classification of servicing equipment)
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Separate Financial Statements
Amendment to FRS 128	Investment in Associates and Joint Ventures
Amendment to FRS 132	Financial Instruments: Disclosures - Tax effect of distribution to holders of equity instruments
Amendment to FRS 134	Interim Financial Reporting
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 2	Members' Shares in Cooperative Entities and Similar Instruments (Tax effect of distribution to holders of equity instruments)

The adoption of the above revised FRSSs, amendments to FRSSs and Interpretations does not have any material impact on the financial statements of the Group.

Malaysian Financial Reporting Standard ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities were allowed to defer adoption of the new MFRS Framework.

On 30 June 2012, MASB announced that the Transitioning Entities were allowed to extend their deferment on the adoption of MFRS Framework to annual periods beginning on or after 1 January 2014. MASB further announced on 7 August 2013 to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all Transitioning Entities for annual period beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group is currently reviewing its accounting policies to assess financial effects of the differences between the current FRSSs and accounting standards under the MFRS Framework.

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.

A5 Debt and equity securities

During the financial period ended 30 June 2013, the Company increased its issued and paid up ordinary share capital from RM419,933,655 to RM565,300,211 by way of:

- issuance of 10,578,369 new ordinary shares of RM0.50 each pursuant to exercise of employees share options,
- issuance of 280,099,803 new ordinary shares of RM0.50 each pursuant to rights issue with 168,059,241 free detachable warrants and;
- issuance of 54,939 new ordinary shares of RM0.50 each pursuant to exercise of warrants.

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 the current financial period under review.

A7 Segment reporting

Period ended 30 June 2013

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	758,770	119,313	20,809	-	898,892
Inter-segment	-	-	19,647	(19,647)	-
Total revenue	758,770	119,313	40,456	(19,647)	898,892
RESULTS					
Operating profit	168,751	10,038	20,887	(19,641)	180,035
Interest income					9,624
Finance costs					(1,420)
Income tax					(48,838)
Profit for the year					139,401
OTHER INFORMATION					
Capital expenditure	7,341	6,299	100	-	13,740
Depreciation and amortisation	2,082	5,775	91	-	7,948
Assets and Liabilities					
Segment assets	3,353,545	174,739	510,865		4,039,149
Current and deferred tax assets					64,124
Total assets					4,103,273
Segment liabilities	1,833,072	69,588	413,192		2,315,852
Current and deferred tax liabilities					76,266
Total liabilities					2,392,118

Period ended 30 June 2012

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	807,965	100,768	4,242	-	912,975
Inter-segment	-	-	63,713	(63,713)	-
Total revenue	<u>807,965</u>	<u>100,768</u>	<u>67,955</u>	<u>(63,713)</u>	<u>912,975</u>
RESULTS					
Operating profit	162,664	7,412	56,814	(63,303)	163,587
Interest income					4,554
Finance costs					(1,019)
Income tax					<u>(46,992)</u>
Profit for the year					<u>120,130</u>
OTHER INFORMATION					
Capital expenditure	1,999	13,374	134	-	15,507
Depreciation and amortisation	1,298	4,564	69	-	5,931
<u>Assets and Liabilities</u>					
Segment assets	2,595,642	158,464	309,558		3,063,664
Current and deferred tax assets					<u>40,623</u>
Total assets					<u>3,104,287</u>
Segment liabilities	1,473,289	68,702	343,677		1,885,668
Current and deferred tax liabilities					<u>76,096</u>
Total liabilities					<u>1,961,764</u>

A8 Material subsequent events

On 9 July 2013, the Company completed Bonus issue of 226,201,774 new Mah Sing Shares and 33,518,111 additional Warrants arising from the adjustments consequential to the Bonus Issue.

Save as disclosed in B6 and the above, there were no material events subsequent to the balance sheet date up to 20 August 2013, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

A9 Significant Related Party Transactions

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

	01/1/2013 to 30/6/2013 RM'000
(i) Rental paid to a Company in which a Director has interest	719
(ii) Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company	63
(iii) Sales of development properties to Directors of the Company and/or the subsidiaries of the Company and/or their family members	<u>3,829</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 followings:

- 1) On 22 April 2013, the Company acquired the entire issued and paid-up share capital of Mediterranean View Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for cash consideration of RM2.00.
- 2) On 22 May 2013, the Company acquired the entire issued and paid-up share capital of Enchanting Heights Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for cash consideration of RM2.00.
- 3) On 27 May 2013, the Company subscribed 1,632,000 ordinary shares of RM1.00 each, representing 51% of the total issued and paid-up share capital of Convention City Development Sdn Bhd ("Convention City"), for cash consideration of RM1,632,000. Diverse Capital Sdn Bhd holds 1,568,000 ordinary shares of RM1.00 each, representing 49% of the total issued and paid-up share capital of Convention City.
- 4) On 18 June 2013, the Company acquired the entire issued and paid-up share capital of Tanda Klasik Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for cash consideration of RM2.00.

A11 Changes in contingent liabilities or contingent assets

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

	30/6/2013	31/12/2012
	RM'000	RM'000
Bank guarantees issued in favour of third parties	5,416	8,241
Corporate guarantee issued in favour of third parties	5,602	6,000
Others	964	707
	<u>11,982</u>	<u>14,948</u>

A12 Capital Commitments

	30/6/2013
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of lands	466,767
- Development Agreement for proposed development of land in Kota Kinabalu	162,000
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	9,626
	<u>638,393</u>

A13 Operating Lease Commitments

As Lessee - for the lease of commercial buildings

The future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at balance sheet date but not recognised as liabilities are as follows:

	<u>Lease rentals payable</u>		<u>Lease rentals receivable</u>		<u>Net</u>	
	30/6/2013	31/12/2012	30/6/2013	31/12/2012	30/6/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	2,500	10,000	(1,304)	(4,972)	1,196	5,028
	2,500	10,000	(1,304)	(4,972)	1,196	5,028
				Provision	(1,233)	(4,889)
					(37)	139

The operating lease commitments is in respect of leaseback of commercial building sold en-bloc i.e. the Corporate Building Block of **Southgate Commercial Centre** from the purchasers at 8% per annum of the building's sale consideration. The lease is for a period of 2 years from the commencement date as set out in the leaseback agreements. Leaseback for the Corporate Building Block of Southgate Commercial Centre shall expire by August 2013. Leaseback for **The Icon, Jalan Tun Razak** had fully expired by December 2012.

During the financial period, the Group has recognised in the income statement leaseback rental amounting to RM3.8 million (2012: RM18.2 million) and rental income from sub-lease amounting to RM3.8 million (2012: RM9.2million). Other than the RM1.2 million provision made last year, no further provision was made by the Group for future lease commitments based on assessment of expected net outflows during the period under review.

As Lessor - for the lease of investment properties

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

	<u>Lease rentals receivable</u>
	30/6/2013
	RM'000
Less than one year	311
One to two years	48
	359

B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of Group performance

For the half year ended 30 June 2013, the Group achieved net profit of RM139.3 million and revenue of RM898.9 million. This represents an improvement of 16.1% in net profit and a slight decline in revenue by 1.5% compared to corresponding period last year. On quarterly basis, net profit improved by 16.2% to RM69.8 million and revenue improved by 4.5% to RM475.7 million compared to same quarter last year.

Balance sheets remained strong with cash and bank balances at RM797.6 million and net gearing at 0.22.

Property development

For the half year ended 30 June 2013 revenue from property development was RM758.8 million compared to RM808.0 million last year. Operating profit margin improved 2.1% to 22.2% (2012: 20.1%). The fluctuation in revenue was due to contribution year-to-date by high-rise projects that were at early stages of construction. Improvement in profit margin was due to product mix and higher profit recognition on properties delivered to customers. The Group achieved RM1.5 billion sales for the half year ended 30 June 2013, on track for full year sales target of RM3.0 billion.

Projects that contributed to this quarter's results include **M Suites** and **M City** in Jalan Ampang, **Icon City** in Petaling Jaya, **Icon Residence** in Mont' Kiara, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **M Residence@Rawang**, **Kinrara Residence** in Puchong, **Aman Perdana** in Meru - Shah Alam, **One Legenda**, **Hijauan Residence** and **Bayu Sekamat** in Cheras and **Perdana Residence 2** in Selayang. Commercial projects are **Star Avenue @ D'sara**, **StarParc Point** in Setapak and industrial projects **i-Parc 1**, **i-Parc 3** in Bukit Jelutong and **i-Parc 2** in Shah Alam. Projects in Penang Island include **Legenda @ Southbay**, **Southbay City** and **Ferringhi Residence**. Projects in Iskandar, Johor Bahru include **Sierra Perdana**, **Sri Pulai Perdana 2** and **Austin Perdana**. New projects namely **The Meridin @ Medini** and **Mah Sing i-Parc @ Tanjung Pelepas**, as well as **Sutera Avenue** in Kota Kinabalu, Sabah are expected to further boost contribution in the coming quarters.

The addition of new lands year-to-date i.e. **D'sara Sentral** in Sungai Buloh, **Lakeville Residence** in Taman Wahyu, **The Meridin@Senibong** in Iskandar, Johor Bahru, and **KK Convention Centre** in Kota Kinabalu, Sabah will further strengthen the Group's presence and pipeline of properties in Klang Valley, Iskandar, Johor Bahru, Penang and Kota Kinabalu, Sabah.

Plastics

Plastics segment continued to contribute positively to group revenue and operating profit. Revenue grew by 18.4% to RM119.3 million as a result of higher pallets sales. Operating profit margin improved by 1.0% to 8.4% (2012: 7.4%).

Investment holding & Others

Revenue and profit for the segment comprise mainly interest income from funds placement and 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 taxation compared to the immediate preceding quarter.

B3 Prospects for the current financial year

An increasing supply of quality affordable mid-range homes at right locations is crucial to address the demand-supply gap and to meet the needs of growing urban population. The Group's projects such as **M Residence@Rawang** (from RM344,000), **M Residence2@Rawang** (from RM439,000), **Garden Plaza** in Cyberjaya (from RM217,000), **Bayu Sekamat** in Cheras (from RM325,000) and **Austin Suites** in Johor Bahru (from RM242,000) have drawn strong interests from first-time buyers and younger population. To further support increase of supply of such homes, the Group looks forward to the upcoming launches of **D'sara Sentral**, Sungai Buloh (indicative price from RM360,000) and the Savanna Executive Suites (indicative price from RM280,000) in **Southville City@KL South**. Registration of interests for **Southville City** has today exceeded 18,000.

The Group's reputation for modern homes with innovative lifestyle concept and outstanding architecture has increasingly attracted international buyers. Inward investment momentum and infrastructure development in Greater Kuala Lumpur and Iskandar Malaysia, as well as popularity of Penang and Kota Kinabalu as global tourism destinations have benefited the Group's projects. Selected projects such as **M City** in Jalan Ampang, **Icon Residence** in Mont Kiara, **SouthBay City** and **Ferringhi Residence** in Penang as well as **The Meridin@Medini** in Iskandar, Johor Bahru are seeing high take-up by international buyers. In addition to representative office in Shanghai, the Group has recently opened a sales gallery in Singapore to promote limited collection of its properties abroad, to further grow and better service this new segment of customer base.

With a market-leading brand, continuing improvement and value-add in every aspect of its operation, the Group shall remain flexible to react to changes in market trend and demand. In view of the strong fundamentals and performance to-date, the Group is well placed to achieve strong set of results for financial year 2013.

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	
	30/6/2013 RM'000	30/6/2012 RM'000	30/6/2013 RM'000	30/6/2012 RM'000
Current tax:				
Malaysian income tax	25,393	27,219	42,310	51,909
Foreign tax	346	250	500	528
	25,739	27,469	42,810	52,437
Deferred taxation:				
Malaysian deferred tax	499	(4,684)	6,028	(5,445)
	26,238	22,785	48,838	46,992

The Group's effective tax rate for the current financial period is higher than the statutory tax rate of 25% mainly due to non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary differences.

B6 Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 20 August 2013 (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.
- 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 agrees 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 obligation have been fully performed pursuant to the JDA.

- 3) On 18 October 2012, the Company's wholly-owned subsidiary, Tropika Istimewa Development Sdn Bhd entered into a Lease Purchase Agreement ("**LPA**") with Medini Land Sdn Bhd to acquire the lease over 2 parcels of contiguous prime land identified as Phase One Land and Phase Two Land in Medini, Iskandar Malaysia, all in Mukim Pulai, Daerah Johor Bahru, Negeri Johor with agreed gross floor area of 2,140,538.40 square feet for a total lease consideration of RM74,717,596.80, to be settled in cash.

The lease purchase in respect of the Phase One Land under the LPA has been completed on 5 July 2013.

- 4) On 3 April 2013, the Company's wholly-owned subsidiary, Intramewah Development Sdn Bhd entered into a sale and purchase agreement with Pulangan Elit Sdn Bhd for the proposed acquisition of all that piece of prime land measuring approximately 6.54878 acres net held under H.S.(M) 11440, PT No. 4629, Pekan Baru Sungai Buluh, Daerah Petaling, Negeri Selangor for cash consideration of RM85,000,000.
- 5) On 28 May 2013, the Company's wholly-owned subsidiary, Mah Sing Development Sdn Bhd entered into a sale and purchase agreement with Kim San Investments Sdn Bhd for the proposed acquisition of a parcel of freehold land held under GRN 100264 Lot 2020, Mukim Plentong, District of Johor Bahru, State of Johor measuring approximately 35.26 acres (after deducting an area measuring approximately 0.8017 hectares acquired by the relevant authority registered on 27 April 2009 vide Gazette No. 5157 dated 19 June 2008) for a cash consideration of RM365,550,150.
- 6) On 28 May 2013, the Company's wholly-owned subsidiary, Enchanting Heights Sdn Bhd had entered into a sale and purchase agreement with Bun Seng Hardware Sdn Bhd for the proposed acquisition of all that piece of prime land measuring approximately 12.38 acres (after deducting the area acquired by the relevant authority vide the Gazette No. 15101 on 9 September 2004 measuring approximately 2.62 acres) held under HSD 103481, PT 18309, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur for a cash consideration of RM72,801,828.

B6 Status of corporate proposals (continued)

- 7) On 29 May 2013, the Company's subsidiary, Convention City Development Sdn Bhd ("**Convention City**") entered into a development agreement ("**DA**") with Yayasan Sabah 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 the same date, Convention City also entered into a sale and purchase agreement with Sasinma Sdn Bhd for the proposed acquisition of all that piece of prime land contiguous to Parcel A measuring approximately 1 acre with buildings erected thereon held under Town Lease No. 017517127, in the locality of Tanjung Lipat, District of Kota Kinabalu, Negeri Sabah for a cash consideration of RM21.9 million.
- 8) The total gross proceeds raised by the Company from the Rights Issue amounted to RM397,741,720. The status of the utilisation of proceeds as at 20 August 2013 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Timeframe for utilisation
Property development expenditure and future land acquisition	350,000	(105,871)	244,129	Within 24 months
General working capital	42,742	(16,389)	26,353	Within 12 months
Estimated expenses in relation to the Proposals	5,000	(4,380)	620	Within 6 months
Total	397,742	(126,640)	271,102	

B7 Group borrowings

Total group borrowings as at 30 June 2013 were as follows:

	Secured RM'000	Secured RM'000	Secured RM'000	Total RM'000
<i>(Denominated in)</i>	<i>(RM)</i>	<i>(Indonesian Rupiah)</i>	<i>(USD)</i>	
Redeemable convertible bonds - after 12 months	279,619	-	-	279,619
Term loans payable				
- within 12 months	37,586	3,715	-	41,301
- after 12 months	827,408	10,585	-	837,993
	864,994	14,300	-	879,294
Short term borrowings	7,820	2,086	2,528	12,434
Bank overdrafts	259	-	-	259
Finance lease and hire purchase				
- within 12 months	1,454	-	-	1,454
- after 12 months	2,537	-	-	2,537
	3,991	-	-	3,991
Total	1,156,683	16,386	2,528	1,175,597

B8 Material litigation

The Group is not engaged in any material litigation as at 20 August 2013, 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 2013, there were no outstanding foreign currency forward contracts.

B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 30 June 2013 and 31 December 2012 were analysed as follows:

	30/6/2013 RM'000	31/12/2012 RM'000
Total retained earnings of the Group		
- Realised	634,262	616,308
- Unrealised	62,625	60,464
	696,887	676,772
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	696,814	676,699
Less: Consolidation adjustments	(2,146)	(22,912)
Total group retained earnings as per consolidated accounts	694,668	653,787

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

	3 months ended 30/6/2013 RM'000	Period ended 30/6/2013 RM'000
Depreciation and amortisation	(4,005)	(7,948)
Allowance for slow-moving and impairment for inventories	(362)	(446)
Gain on redemption of investments in short term funds	5	5
Impairment of intangible assets	(1,042)	(1,042)
Net foreign exchange gain	77	110
Net gain on foreign exchange forward contracts	-	30

Other than the items above which have been included in the income statement, there were no allowance for doubtful debts, impairment of assets and exceptional items affecting the results for the current financial period ended 30 June 2013.

B12 Dividend proposed

No dividend has been proposed for the first half of the year ended 30 June 2013.

In respect of the previous financial year ended 31 December 2012:

- i) At the Annual General Meeting held on 25 June 2013, the shareholders of the Company approved the first and final dividend of 7.6 sen per ordinary share of RM0.50 each comprising 0.4 sen per share less Malaysian Income Tax of 25% and single-tier dividend of 7.2 sen per share in respect of the financial year ended 31 December 2012 (2011: 11.0 sen per ordinary share of RM0.50 each, less Malaysian Income Tax of 25%).
- ii) The dividend will be paid on 20 September 2013.
- iii) A Depositor shall qualify for entitlement to the dividend only in respect of:
 - (a) Shares transferred into the Depositor's Securities Account before 4.00pm on 9 September 2013 in respect of transfers; and
 - (b) Shares bought on the Bursa Malaysia Securities Berhad up to 5.00pm on 4 September 2013 i.e. on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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 period by the weighted average number of ordinary shares in issue.

	3 months ended		Period ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Net profit for the period (RM'000)	69,826	60,066	139,300	119,986
Weighted average number of ordinary shares in issue ('000)*	1,350,225	1,000,210	1,230,125	999,320
Basic EPS (sen)	5.17	6.01	11.32	12.01

(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 period by the weighted average number of ordinary shares that would have been in issue assuming full exercise of the remaining options under the ESOS, conversion of bonds and warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
Net profit for the period (RM'000)	69,826	60,066	139,300	119,986
Weighted average number of ordinary shares in issue ('000)*	1,350,225	1,000,210	1,230,125	999,320
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
ESOS	19,917	9,260	19,401	9,440
Bonds conversion	42,390	n/a	40,641	n/a
Warrants	8,598	n/a	4,798	n/a
Adjusted weighted average number of ordinary shares ('000)	1,421,130	1,009,470	1,294,965	1,008,760
Diluted EPS (sen)	4.91	5.95	10.76	11.89

* The weighted average number of ordinary shares have been adjusted for the effect of the Bonus Issue which was completed on 9 July 2013. Comparative figures for the weighted average number of ordinary shares for both basic and fully diluted earnings per ordinary share computation have been restated to reflect the adjustment arising from the bonus issue.

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 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
27 August 2013