



MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

Interim Financial Report

31 December 2013

MAH SING GROUP BERHAD

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

Interim Financial Report - 31 December 2013

	Page No.
Condensed Consolidated Statements Of Financial Position	1
Condensed Consolidated Statements of Profit or Loss	2
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income	3
Condensed Consolidated Statements Of Changes In Equity	4
Condensed Consolidated Statements Of Cash Flow	5 - 6
Notes To The Interim Financial Report	7 - 17

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

(The figures have been audited)

	AS AT 31/12/2013 RM'000	AS AT 31/12/2012 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	114,146	101,483
Prepaid lease payments	7,173	7,249
Investment properties	86,194	71,126
Land held for property development	543,794	419,280
Intangible assets	11,499	12,541
Deferred tax assets	75,496	64,456
	<u>838,302</u>	<u>676,135</u>
Current Assets		
Property development costs	2,258,641	1,885,233
Inventories	76,225	39,722
Trade and other receivables	581,748	398,031
Current tax assets	6,545	6,505
Deposits, cash and bank balances	822,290	589,460
	<u>3,745,449</u>	<u>2,918,951</u>
TOTAL ASSETS	<u>4,583,751</u>	<u>3,595,086</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	706,807	419,934
Share premium	331,716	140,287
Other reserves	79,743	30,889
Retained earnings	834,026	653,787
	<u>1,952,292</u>	<u>1,244,897</u>
Non-controlling interests	<u>10,987</u>	<u>10,104</u>
Total Equity	<u>1,963,279</u>	<u>1,255,001</u>
Non-current Liabilities		
Redeemable convertible secured bonds	283,720	275,785
Term loans	756,470	590,400
Long term and deferred payables	84,729	57,974
Deferred tax liabilities	19,160	21,973
	<u>1,144,079</u>	<u>946,132</u>
Current Liabilities		
Trade and other payables	1,370,262	1,314,428
Term loans	74,922	28,675
Short term borrowings	8,988	11,305
Bank overdrafts	340	519
Current tax liabilities	21,881	39,026
	<u>1,476,393</u>	<u>1,393,953</u>
Total Liabilities	<u>2,620,472</u>	<u>2,340,085</u>
TOTAL EQUITY AND LIABILITIES	<u>4,583,751</u>	<u>3,595,086</u>
Net assets per share attributable to equity holders of the Company (RM)		
	<u>1.38</u>	<u>1.48</u>

The Condensed Consolidated Statements 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 STATEMENTS OF PROFIT OR LOSS
For the financial year ended 31 December 2013

(The figures have been audited)

	3 months ended		Year ended		
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000	
Revenue	570,207	441,442	2,005,596	1,775,260	
Cost of sales	(406,757)	(303,931)	(1,396,936)	(1,252,001)	
Gross profit	163,450	137,511	608,660	523,259	
Other income	345	12,530	24,387	35,975	
Selling and marketing expenses	(40,095)	(41,502)	(122,771)	(96,125)	
Administrative expenses	(33,599)	(32,081)	(136,424)	(117,598)	
Other operating expenses	-	(4,958)	(5,104)	(32,217)	
Interest income	2,044	1,516	6,013	4,431	
Finance costs	(1,000)	(732)	(3,257)	(2,202)	
Profit before tax	91,145	72,284	371,504	315,523	
Income tax expense	(21,371)	(16,930)	(92,243)	(83,755)	
Profit for the year	69,774	55,354	279,261	231,768	
Profit attributable to:					
Equity holders of the Company	70,698	55,399	280,616	230,617	
Non-controlling interests	(924)	(45)	(1,355)	1,151	
	69,774	55,354	279,261	231,768	
Earnings per share attributable to equity holders of the Company:					
- Basic (sen)	Note B13	5.09	4.98	21.52	20.82
- Diluted (sen)	Note B13	4.35	4.92	19.85	20.55

The Condensed Consolidated Statements of Profit or Loss 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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2013

(The figures have been audited)

	3 months ended		Year ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000
Profit for the year	69,774	55,354	279,261	231,768
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation difference for foreign operations	93	(4)	2,126	(995)
Other comprehensive income for the year	93	(4)	2,126	(995)
Total comprehensive income for the year	69,867	55,350	281,387	230,773
Total comprehensive income attributable to:				
Equity holders of the Company	70,760	55,396	282,072	229,995
Non-controlling interests	(893)	(46)	(685)	778
	69,867	55,350	281,387	230,773

The Condensed Consolidated Statements 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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2013

(The figures have been audited)

	Attributable to equity holders of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Equity-settled employees benefit reserve	Warrants 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	RM'000
12 months ended 31 December 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 year	-	-	-	-	-	-	280,616	280,616	(1,355)	279,261
Other comprehensive income	-	-	-	-	1,456	-	-	1,456	670	2,126
Total comprehensive income for the year	-	-	-	-	1,456	-	280,616	282,072	(685)	281,387
Dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	(104,075)	(104,075)	-	(104,075)
ESOS lapsed during the year	-	-	(386)	-	-	-	386	-	-	-
Issuance of ordinary shares pursuant:										
- Bonus Issue	113,101	(113,101)	-	-	-	-	-	-	-	-
- ESOS exercised	6,493	12,643	(3,312)	-	-	-	3,312	19,136	-	19,136
- Rights Issue with warrants	140,050	193,829	-	63,863	-	-	-	397,742	-	397,742
- Warrants exercised	27,229	98,058	-	(17,274)	-	-	-	108,013	-	108,013
Recognition of share-based payment	-	-	4,507	-	-	-	-	4,507	-	4,507
Issuance of shares by a subsidiary	-	-	-	-	-	-	-	-	1,568	1,568
Balance at 31/12/2013	706,807	331,716	11,423	46,589	4,602	17,129	834,026	1,952,292	10,987	1,963,279

	Attributable to equity holders of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Equity-settled employees benefit reserve	Warrants 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	RM'000
12 months ended 31 December 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 year	-	-	-	-	-	-	230,617	230,617	1,151	231,768
Other comprehensive income	-	-	-	-	(622)	-	-	(622)	(373)	(995)
Total comprehensive income for the year	-	-	-	-	(622)	-	230,617	229,995	778	230,773
Acquisition of the remaining interest from the non-controlling shareholders	-	-	-	-	-	-	(7,488)	(7,488)	1,188	(6,300)
Dividends for the financial year ended 31 December 2011	-	-	-	-	-	-	(69,163)	(69,163)	-	(69,163)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(7,200)	(7,200)
ESOS lapsed during the year	-	-	(719)	-	-	-	719	-	-	-
Issuance of ordinary shares pursuant to ESOS exercised	3,998	9,186	(2,336)	-	-	-	2,336	13,184	-	13,184
Recognition of share-based payment	-	-	5,218	-	-	-	-	5,218	-	5,218
Balance at 31/12/2012	419,934	140,287	10,614	-	3,146	17,129	653,787	1,244,897	10,104	1,255,001

The Condensed Consolidated Statements 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 STATEMENTS OF CASH FLOW
For the financial year ended 31 December 2013

(The figures have been audited)

	12 months ended 31/12/2013 RM'000	12 months ended 31/12/2012 RM'000
Operating Activities		
Profit before tax	371,504	315,523
Adjustments for:		
Non-cash items	22,126	20,650
Non-operating items	12,979	5,120
Operating profit before changes in working capital	406,609	341,293
Net change in property development costs *	(198,355)	(194,035)
Net change in inventories	(36,239)	3,184
Net change in receivables	(184,070)	(45,416)
Net change in payables	198,571	242,971
Cash generated from operations	186,516	347,997
Interest received	17,451	13,815
Interest paid	(42,210)	(30,486)
Tax paid	(123,126)	(115,087)
Net cash generated from operating activities	38,631	216,239
Investing Activities		
Acquisition of investment in a subsidiary	-	(56,758)
Additions to investment properties	(13,592)	(12,956)
Additions to property, plant and equipment	(26,803)	(34,765)
Payment for acquisition of balance of equity in subsidiaries	-	(6,828)
Payment for land held for property development	(384,437)	(33,874)
Proceeds from disposal of property, plant and equipment	1,344	1,744
Net cash used in investing activities	(423,488)	(143,437)
Financing Activities		
Dividends paid to shareholders of the Company	(104,075)	(69,163)
Dividends paid to non-controlling interests	-	(7,200)
Net proceeds from/(repayment of) borrowings	210,460	(75,618)
Net withdrawal/(placement) of deposits with licensed banks as collateral/Escrow Account	31,538	(13,815)
Payment for corporate exercise expenses	(4,431)	-
Payment of bonds coupon	(10,563)	(10,534)
Proceeds from issuance of shares by subsidiary to non-controlling interest	1,568	-
Proceeds from ESOS exercised	19,136	13,184
Proceeds from Rights Issue	397,742	-
Proceeds from warrants exercised	108,013	-
Net cash generated from/(used in) financing activities	649,388	(163,146)
Net changes in cash and cash equivalents	264,531	(90,344)
Effect of exchange rate changes	16	(97)
Cash and cash equivalents at beginning of the financial year	543,774	634,215
Cash and cash equivalents at end of the financial year	808,321	543,774

* Included in property development costs is land acquired during the year where development activities have commenced.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
For the financial year ended 31 December 2013 (cont'd)*(The figures have been audited)*

12 months ended 31/12/2013 RM'000	12 months ended 31/12/2012 RM'000
--	--

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

Deposits with licensed banks	95,012	291,835
Investments in short term funds	351,720	4
Cash and bank balances	375,558	297,621
Bank overdrafts	(340)	(519)
	821,950	588,941
Less: Deposits pledged as collateral	(11,648)	(37,774)
Less: Deposits in Escrow Account	(1,981)	(7,393)
	808,321	543,774

The Condensed Consolidated Statements 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 10	Consolidated Financial Statements
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 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 119	Employee Benefits
Amendment to FRS 127	Separate Financial Statements
Amendment to FRS 128	Investment in Associates and Joint Ventures
Amendment to FRS 134	Interim Financial Reporting
Annual Improvements to FRSS 2009 – 2011 cycle (issued in July 2012)	

The adoption of the above revised FRSS, amendments to FRSS 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 FRSS 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 year under review.

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

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

A4 Changes in estimates

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

A5 Debt and equity securities

During the financial year ended 31 December 2013, the Company increased its issued and paid up ordinary share capital from RM419,933,655 to RM706,806,627 by way of:

- issuance of 12,986,863 new ordinary shares of RM0.50 each pursuant to the exercise of employees share options,
- issuance of 280,099,803 new ordinary shares of RM0.50 each pursuant to the rights issue with 168,059,241 free detachable warrants,
- issuance of 54,457,503 new ordinary shares of RM0.50 each pursuant to the exercise of the warrants; and
- issuance of 226,201,774 new ordinary shares of RM0.50 each pursuant to the Bonus Issue and 33,518,111 new warrants arising from the Bonus Issue adjustment.

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 year under review.

A6 Dividends paid

On 20 September 2013, the Company paid a 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 amounting to RM104,075,091 in respect of the financial year ended 31 December 2012.

A7 Segment reporting

Year ended 31 December 2013

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,721,968	235,444	48,184	-	2,005,596
Inter-segment	-	-	174,378	(174,378)	-
Total revenue	1,721,968	235,444	222,562	(174,378)	2,005,596
RESULTS					
Operating profit	346,341	15,106	179,975	(172,674)	368,748
Interest income					6,013
Finance costs					(3,257)
Income tax expense					(92,243)
Profit for the year					279,261
OTHER INFORMATION					
Capital expenditure	12,049	14,338	561	-	26,948
Depreciation and amortisation	4,387	11,786	248	-	16,421
Assets and Liabilities					
Segment assets	3,884,560	171,982	445,168	-	4,501,710
Current and deferred tax assets					82,041
Total assets					4,583,751
Segment liabilities	2,216,798	63,015	299,618	-	2,579,431
Current and deferred tax liabilities					41,041
Total liabilities					2,620,472

A7 Segment reporting (continued)

Year ended 31 December 2012

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,554,494	208,822	11,944	-	1,775,260
Inter-segment	-	-	149,185	(149,185)	-
Total revenue	1,554,494	208,822	161,129	(149,185)	1,775,260
RESULTS					
Operating profit	302,223	16,192	143,344	(148,465)	313,294
Interest income					4,431
Finance costs					(2,202)
Income tax expense					(83,755)
Profit for the year					231,768
OTHER INFORMATION					
Capital expenditure	5,428	30,568	447	-	36,443
Depreciation and amortisation	4,032	9,743	157	-	13,932
Assets and Liabilities					
Segment assets	3,112,870	166,660	244,595		3,524,125
Current and deferred tax assets					70,961
Total assets					3,595,086
Segment liabilities	1,924,898	70,871	283,317		2,279,086
Current and deferred tax liabilities					60,999
Total liabilities					2,340,085

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date date up to 21 February 2014, 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 31/12/2013 RM'000
(i) Rental paid to a Company in which a Director has interest	1,481
(ii) Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company	148
(iii) Sales of development properties to Directors of the Company and/or the subsidiaries of the Company and/or their family members	3,829
(iv) Professional fees paid to firms in which Directors of subsidiaries have interest	<u>804</u>

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial year 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.
- 5) On 23 August 2013, the Company acquired the entire issued and paid-up share capital of the following companies for a cash consideration of RM2.00 each respectively:
 - a) Nature Legend Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.
 - b) Sanjung Tropika Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.
 - c) Meridin Hospitality Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

A11 Changes in contingent liabilities or contingent assets

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

	31/12/2013	31/12/2012
	RM'000	RM'000
Bank guarantees issued in favour of third parties	15,602	8,241
Corporate guarantee issued in favour of third parties	8,489	6,000
Others	700	707
	<u>24,791</u>	<u>14,948</u>

A12 Capital Commitments

	31/12/2013 RM'000
Contractual commitment in relation to:	
- Proposed acquisition of lands	376,904
- Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	6,297
Commitment for construction of investment properties	
- Approved and contracted for	39,348
	581,289

As Lessee - for the lease of commercial buildings

The leaseback for the Corporate Building Block of **Southgate Commercial Centre** and **The Icon, Jalan Tun Razak** have expired in August 2013 and December 2012 respectively.

During the financial year, the Group has recognised the leaseback rental amounting to RM5.1 million (2012: RM30.6 million) and the rental income from the sub-lease amounting to RM5.1 million (2012: RM21.3 million) in the profit or loss.

In the last financial year, the future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at reporting date but not recognised as liabilities were as follows:

	<u>Lease rentals payable</u>		<u>Lease rentals receivable</u>		<u>Net</u>	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	-	10,000	-	(4,972)	-	5,028
				Provision	-	(4,889)
					-	139

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 follows:-

	<u>Lease rentals receivable 31/12/2013 RM'000</u>
Less than one year	159
One to two years	21
	180

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

B1 Review of Group performance

The Group achieved another breakthrough in year 2013 with revenue and net profit recorded at RM2.0 billion and RM280.6 million respectively for the year ended 31 December 2013. This represents an improvement in revenue and net profit of 13.0% and 21.7% respectively as compared to the previous year. The current quarter revenue and net profit of RM570.2 million and RM70.7 million represents 29.2% and 27.6% improvement respectively over the corresponding quarter last year.

Despite expanded operations, balance sheets remained strong with high cash pile at RM822.3 million and low net gearing at 0.16.

Property development

For the year ended 31 December 2013, revenue from property development was RM1.7 billion as compared to RM1.6 billion last year. Operating profit margin was 20.1% as compared to 19.4% in previous year. The increase in revenue was attributable to the increasing contribution from mixed developments. Sales closed at a high of RM3.0 billion as of 31 December 2013 and met the Group's internal target of RM3.0 billion due to the increasing number of projects targeting the mid market. These offerings in the right locations, coupled with good township and mixed development planning, concepts and designs that are in line with market trend contributed to the exceptional sales record.

Projects that contributed to the Group's results in Greater KL and Klang Valley 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, **MResidence@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 include **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**, **Austin Perdana**, **Mah Sing i-Parc @ Tanjung Pelepas** and **The Meridin @ Medini** as well as **Sutera Avenue** in Kota Kinabalu, Sabah.

The year-to-date latest additions to the Group's landbank for projects include **D'sara Sentral** in Shah Alam, **Lakeville Residence** in Taman Wahyu, **MResidence 3** in Rawang, **Southbay East** in Penang, **Bandar Meridin East** in Iskandar Malaysia and **KK Convention Centre** in Kota Kinabalu, Sabah. These new projects are expected to further strengthen the Group's presence and the pipeline of properties to be launched in the Klang Valley, Penang, Iskandar Malaysia and Kota Kinabalu, Sabah. As at 31 December 2013, the Group's unbilled sales combined with remaining GDV is approximately RM28.8 billion.

Plastics

The plastics segment continued to contribute positively to the revenue and operating profit of the Group. Revenue grew by 12.7% to RM235.4 million (2012: RM208.8 million) as a result of higher pallet sales.

Investment holding & Others

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

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 as compared to the immediate preceding quarter.

B3 Prospects for the next financial year

Encouraged by overwhelming response to recent preview of projects such as **Southville City@KL South** in Bangi and **D'sara Sentral** in Sungai Buluh, and with a broad range of products with strong locational attributes within its portfolio, the Group is confident of its branding and capability to grow and enhance shareholders' value. In line with demand trend and supply demand gap for such properties, 87% of the target residential launches for 2014 comprise mainly mass to mid-segment products priced RM1 million and below. The Group expects property buying interests to be especially strong in the second half of the year ahead of the GST implementation next year supported by accommodative interest rate environment and healthy employment market. The solid foundation built over the years ensured that the Group remains flexible and responsive to market development and policies.

Due to its opportunistic land banking efforts, the Group has positioned itself strategically across key growth locations within Greater KL, Penang, Iskandar Malaysia in Johor Bahru and Kota Kinabalu, Sabah. In Greater KL, infrastructure investments such as the MRT and LRT extensions and new highways continued to spur property interests in new development corridors in the north and south. Other than **Southville City@KL South** which has a 2km frontage along the North-South Expressway and **D'sara Sentral** which is diagonally opposite the upcoming MRT Station 2 in Sungai Buluh, the Group's gated and guarded townships in Rawang ie **MResidence 1 & 2** continue to attract strong interests from the younger owner-occupier buyers. In Penang the Group has positioned itself at both ends of the Penang Second Bridge, with **Southbay City** and **Southbay Legenda** in Batu Maung, and **Southbay East** in Jawi, Seberang Prai. Along the popular tourist belt in Batu Ferringhi, and diagonally opposite the Uplands International School, the **Ferringhi Residence** is preparing for the phase 2, to capture spill over demand from phase 1 resort condo villas and to benefit from the proposed Teluk Bahang-Tanjung Bungah new paired road. **Meridin@Medini** in Iskandar Malaysia is into its second and final phase with the release of affordable small sized commercial units, the Meridin Suites and Meridin Sova. To further leverage on the success of its first four residential townships in Johor Bahru, the Group looks forward to the preview of **Bandar Meridin East**, a proposed 1,352 acre integrated township within the vicinity of Masai-Pasir Gudang-Tg Langsat eastern growth corridor. The tourism growth in Kota Kinabalu and construction of the Sabah International Convention Center continues to benefit the Group's **Sutera Avenue** project as well as the upcoming **KK Convention City** development.

With unbilled sales at RM4.4 billion, representing 2.6 times of 2013 full year property revenue, the Group is assured of near term revenue visibility and steady streams of cash flow and liquidity. The fundamentals of property market remain sound underpinned by young demography, population growth, stable employment conditions and urbanisation. Overall, the Group expects a positive growth prospect for 2014.

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		Year ended	
	31/12/2013 RM'000	31/12/2012 RM'000	31/12/2013 RM'000	31/12/2012 RM'000
Current tax:				
Malaysian income tax	24,790	29,732	102,953	119,951
Foreign tax	(282)	103	43	677
	24,508	29,835	102,996	120,628
Under /(Over) provision of Malaysian income tax in prior year	3,100	(15)	3,100	61
	27,608	29,820	106,096	120,689
Deferred taxation:				
Malaysian deferred tax	(6,237)	(12,890)	(13,853)	(36,934)
	21,371	16,930	92,243	83,755

The Group's effective tax rates for the current quarter and current financial year were slightly lower than the statutory tax rate due to the utilisation of deferred tax assets to offset against taxable profits.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 21 February 2014 (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.

B6 Status of corporate proposals (continued)

- 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 3 April 2013, the Company's wholly-owned subsidiary, Intramewah Development Sdn Bhd ("**Intramewah**") entered into a sale and purchase agreement with Pulangan Elit Sdn Bhd ("**Pulangan Elit**") 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 ("**Sungai Buluh Land**") for a cash consideration of RM85,000,000. The conditions precedent of this sale and purchase agreement have been fulfilled on 5 September 2013.

Intramewah and Pulangan Elit had on 11 December 2013 entered into a supplemental agreement to vary, modify or alter certain provision, terms and conditions of the sale and purchase agreement to facilitate early delivery of vacant possession of the Sungai Buluh Land in order to expedite the overall development of the Sungai Buluh Land.

- 4) On 28 May 2013, the Company's wholly-owned subsidiary, Enchanting Heights Sdn Bhd entered into a sale and purchase agreement with Bun Seng Hardware Sdn Bhd ("**Enchanting SPA**") 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.

The Enchanting SPA was declared unconditional on 20 November 2013.

- 5) 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 15 November 2013, the parties to the DA mutually agreed to extend the performance period to 29 May 2014 for Yayasan Sabah to perform the Landowner's obligations.

The proposed development is pending fulfilment of Landowner's obligations.

- 6) On 27 August 2013, the Company's wholly-owned subsidiary, Mediterranean View Development Sdn Bhd entered into a sale and purchase agreement with Ng Tan Moi and Tan Lee Kau ("**Mediterranean SPA**") for the proposed acquisition of all that piece of prime land measuring approximately 96.71 acres held under H.S.(D) 35626, PT No. 23373, Mukim Rawang, Daerah Gombak, Negeri Selangor for cash consideration of RM68,666,807.88.

The Mediterranean SPA was declared unconditional on 13 December 2013

- 7) On 1 October 2013, the Company's wholly-owned subsidiary, Sanjung Tropika Development Sdn Bhd ("**Sanjung Tropika**") entered into a conditional sale and purchase agreement ("**SPA**") with Bistari Land Sdn Bhd ("**Bistari**") for the proposed acquisition of 31 pieces of adjoining freehold lands with a total net land area measuring approximately 1,351.84 acres (after deducting the areas acquired by the relevant authority measuring approximately 14.028 acres) all in Tempat of LKTP Cahaya Baru, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim ("**Lands**") for a total cash consideration of RM429,868,897.92 ("**Proposed Acquisition**").

Sanjung Tropika and Bistari had on 18 October 2013 entered into a supplemental agreement and on 10 January 2014 via the exchange of letters between the solicitors of the respective parties, both to vary certain relevant terms and conditions of the SPA in relation to the Proposed Acquisition, inter alia, the purchase price of the Lands was revised to RM411,163,937.85 and the mode of payment thereof.

The Proposed Acquisition is pending fulfilment of the conditions precedent of the SPA.

B6 Status of corporate proposals (continued)

- 8) On 10 December 2013, the Company's wholly-owned subsidiary, Nature Legend Development Sdn Bhd entered into 4 separate sale and purchase agreements with several parties for the proposed acquisition of all that 20 pieces of prime freehold contiguous land in Jawi, Penang measuring approximately 76.38 acres held under their respective title numbers, all in Mukim 07, District of Seberang Perai Selatan, State of Pulau Pinang for a total cash consideration of RM42,589,001.27

All the 4 sale and purchase agreements are declared unconditional on 24 December 2013.

- 9) 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 21 February 2014 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Timeframe for utilisation
Property development expenditure and future land acquisition	350,000	(165,921)	-	184,079	Within 24 months
General working capital	42,742	(43,311)	569	-	Within 12 months
Estimated expenses in relation to the Proposals	5,000	(4,431)	(569)*	-	Within 6 months
Total	<u>397,742</u>	<u>(213,663)</u>	<u>-</u>	<u>184,079</u>	

* The unutilised amount of RM569,000 designated for the estimated expenses in relation to the Proposals has been reallocated for general working capital requirements.

B7 Group borrowings

Total group borrowings as at 31 December 2013 were as follows:

	Secured RM'000	Secured RM'000	Secured RM'000	Total RM'000
(Denominated in)	(RM)	(Indonesian Rupiah)	(USD)	
Redeemable convertible bonds - after 12 months	283,720	-	-	283,720
Term loans payable - within 12 months	71,422	3,500	-	74,922
- after 12 months	750,159	6,311	-	756,470
	821,581	9,811	-	831,392
Short term borrowings	3,564	2,148	3,276	8,988
Bank overdrafts	-	340	-	340
Finance lease and hire purchase - within 12 months	1,735	-	-	1,735
- after 12 months	3,670	-	-	3,670
	5,405	-	-	5,405
Total	<u>1,114,270</u>	<u>12,299</u>	<u>3,276</u>	<u>1,129,845</u>

B8 Material litigation

The Group is not engaged in any material litigation as at 21 February 2014, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

B9 Derivatives Financial Instrument

As at 31 December 2013, there were no outstanding foreign currency forward contracts.

B10 Realised and unrealised earnings or losses disclosure

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

	31/12/2013 RM'000	31/12/2012 RM'000
Total retained earnings of the Group		
- Realised	744,271	616,308
- Unrealised	<u>73,025</u>	<u>60,464</u>
	817,296	676,772
Total share of accumulated losses from associated company		
- Realised	<u>(73)</u>	<u>(73)</u>
	817,223	676,699
Less: Consolidation adjustments	<u>16,803</u>	<u>(22,912)</u>
Total group retained earnings as per consolidated accounts	<u>834,026</u>	<u>653,787</u>

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

	3 months ended 31/12/2013 RM'000	Year ended 31/12/2013 RM'000
Depreciation and amortisation	(4,226)	(16,421)
Gain on redemption of investments in short term funds	925	1,024
Impairment of intangible assets	-	(1,042)
Net foreign exchange gain	762	1,814
Net gain on foreign exchange forward contracts	-	30
Reversal of / (Allowance for) doubtful debts - trade and other receivables	288	(88)
Written off of / allowance for slow-moving inventories	<u>(120)</u>	<u>(454)</u>

Other than the items above which have been included in the profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial year ended 31 December 2013.

B12 Dividend proposed

- i) The Board of Directors has proposed first and final single-tier dividend of 8.0 sen per ordinary share of RM0.50 each (2012: 7.6 sen per ordinary share of RM0.50 each consisting of 0.4 sen per share less income tax of 25% and single-tier dividend of 7.2 sen per share) in respect of the financial year ended 31 December 2013, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- ii) The date payable of the dividend will be determined at a later date.
- iii) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.

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

	3 months ended		Year ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net profit for the year (RM'000)	<u>70,698</u>	55,399	<u>280,616</u>	230,617
Weighted average number of ordinary shares in issue ('000)*	1,388,752	1,112,161	1,303,917	1,107,571
Basic EPS (sen)	<u>5.09</u>	4.98	<u>21.52</u>	20.82

B13 Earnings per share ("EPS") (continued)

(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 year 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		Year ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net profit for the year (RM'000)	70,698	55,399	280,616	230,617
Weighted average number of ordinary shares in issue ('000)*	1,388,752	1,112,161	1,303,917	1,107,571
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
ESOS	24,425	10,427	23,553	10,739
Bonds conversion	183,618	3,869	62,668	3,869
Warrants	29,575	n/a	23,510	n/a
Adjusted weighted average number of ordinary shares ('000)	1,626,370	1,126,457	1,413,648	1,122,179
Diluted EPS (sen)	4.35	4.92	19.85	20.55

* The weighted average number of ordinary shares have been adjusted for the effects pursuant to the Rights and Bonus Issue which were completed on 22 March 2013 and 9 July 2013 respectively. Comparative figures for the weighted average number of ordinary shares for both the basic and fully diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the Rights and 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
28 February 2014