



MAH SING GROUP BERHAD

(230149-P)

A Premier Lifestyle Developer

(Incorporated in Malaysia)

Interim Financial Report

31 March 2016

MAH SING GROUP BERHAD

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

Interim Financial Report - 31 March 2016

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

(The figures have not been audited)

| | AS AT 31/03/2016 RM'000 | (AUDITED) AS AT 31/12/2015 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| <i>Property, plant and equipment</i> | 106,087 | 109,538 |
| <i>Prepaid lease payments</i> | 26,107 | 7,000 |
| <i>Investment properties</i> | 194,816 | 194,816 |
| <i>Land held for property development</i> | 1,043,429 | 1,026,414 |
| <i>Intangible assets</i> | 5,903 | 6,185 |
| <i>Deferred tax assets</i> | 99,113 | 106,721 |
| | <u>1,475,455</u> | <u>1,450,674</u> |
| Current Assets | | |
| <i>Property development costs</i> | 2,486,821 | 2,534,864 |
| <i>Inventories</i> | 176,470 | 190,362 |
| <i>Trade and other receivables</i> | 1,133,459 | 1,062,433 |
| <i>Current tax assets</i> | 16,524 | 18,680 |
| <i>Deposits, cash and bank balances and investment in short-term funds</i> | 1,063,760 | 1,358,665 |
| | <u>4,877,034</u> | <u>5,165,004</u> |
| TOTAL ASSETS | <u>6,352,489</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> | 81,647 | 87,927 |
| <i>Retained earnings</i> | 1,378,801 | 1,302,176 |
| | <u>3,205,967</u> | <u>3,135,622</u> |
| Perpetual Sukuk | 540,000 | 540,000 |
| Non-Controlling Interests | 7,449 | 8,473 |
| Total Equity | <u>3,753,416</u> | <u>3,684,095</u> |
| Non-Current Liabilities | | |
| <i>Redeemable convertible secured bonds</i> | - | 292,008 |
| <i>Term loans</i> | 1,030,466 | 1,099,789 |
| <i>Long term and deferred payables</i> | 14,758 | 15,342 |
| <i>Deferred tax liabilities</i> | 17,005 | 16,793 |
| | <u>1,062,229</u> | <u>1,423,932</u> |
| Current Liabilities | | |
| <i>Trade and other payables</i> | 1,158,625 | 1,364,730 |
| <i>Redeemable convertible secured bonds</i> | 202,607 | - |
| <i>Term loans</i> | 156,487 | 91,921 |
| <i>Short term borrowings</i> | 5,853 | 10,260 |
| <i>Bank overdrafts</i> | 568 | 264 |
| <i>Current tax liabilities</i> | 12,704 | 40,476 |
| | <u>1,536,844</u> | <u>1,507,651</u> |
| Total Liabilities | <u>2,599,073</u> | <u>2,931,583</u> |
| TOTAL EQUITY AND LIABILITIES | <u>6,352,489</u> | <u>6,615,678</u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | <u>1.33</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 31 March 2016

(The figures have not been audited)

| | 3 months ended | | Period ended | | |
|--|------------------|-------------|------------------|-------------|------|
| | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Revenue | 709,173 | 784,143 | 709,173 | 784,143 | |
| Cost of sales | (529,713) | (569,849) | (529,713) | (569,849) | |
| Gross profit | 179,460 | 214,294 | 179,460 | 214,294 | |
| Other income | 5,064 | 3,033 | 5,064 | 3,033 | |
| Selling and marketing expenses | (21,664) | (38,072) | (21,664) | (38,072) | |
| Administrative and other expenses | (37,050) | (49,214) | (37,050) | (49,214) | |
| Interest income | 1,796 | 2,020 | 1,796 | 2,020 | |
| Finance costs | (1,230) | (1,615) | (1,230) | (1,615) | |
| Profit before tax | 126,376 | 130,446 | 126,376 | 130,446 | |
| Income tax expense | (31,905) | (32,557) | (31,905) | (32,557) | |
| Profit for the period | 94,471 | 97,889 | 94,471 | 97,889 | |
| Profit attributable to: | | | | | |
| Equity holders of the Company | 95,035 | 98,893 | 95,035 | 98,893 | |
| Non-controlling interests | (564) | (1,004) | (564) | (1,004) | |
| | 94,471 | 97,889 | 94,471 | 97,889 | |
| Earnings per share attributable to ordinary equity holders of the Company: | | | | | |
| - Basic (sen) | Note B13(a) | 3.18 | 4.63 | 3.18 | 4.63 |
| - Diluted (sen) | Note B13(b) | 3.18 | 4.47 | 3.18 | 4.47 |

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 31 March 2016

(The figures have not been audited)

| | 3 months ended | | Period ended | |
|---|-----------------------|------------|---------------------|------------|
| | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 94,471 | 97,889 | 94,471 | 97,889 |
| Other comprehensive income | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| Foreign currency translation difference for foreign operations | (1,476) | 179 | (1,476) | 179 |
| Other comprehensive income for the period | (1,476) | 179 | (1,476) | 179 |
| Total comprehensive income for the period | 92,995 | 98,068 | 92,995 | 98,068 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 94,019 | 99,041 | 94,019 | 99,041 |
| Non-controlling interests | (1,024) | (973) | (1,024) | (973) |
| | 92,995 | 98,068 | 92,995 | 98,068 |

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 31 March 2016

(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 | | | | |
| 3 months ended 31 March 2016 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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 | - | - | - | - | - | 95,035 | 95,035 | - | (564) | 94,471 |
| Other comprehensive income | - | - | - | (1,016) | - | - | (1,016) | - | (460) | (1,476) |
| Total comprehensive income for the period | - | - | - | (1,016) | - | 95,035 | 94,019 | - | (1,024) | 92,995 |
| Distribution paid to holders of Perpetual Sukuk | - | - | - | - | - | (18,410) | (18,410) | - | - | (18,410) |
| Repurchase of Bonds | - | - | - | - | (5,264) | - | (5,264) | - | - | (5,264) |
| Balance at 31/03/2016 | 1,204,709 | 540,810 | 64,344 | 5,964 | 11,339 | 1,378,801 | 3,205,967 | 540,000 | 7,449 | 3,753,416 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2015

(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 |
| 3 months ended 31 March 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 | - | - | - | - | - | 98,893 | 98,893 | - | (1,004) | 97,889 |
| Other comprehensive income | - | - | - | 148 | - | - | 148 | - | 31 | 179 |
| Total comprehensive income for the period | - | - | - | 148 | - | 98,893 | 99,041 | - | (973) | 98,068 |
| Expenses on issuance of ordinary shares | - | (6,930) | - | - | - | - | (6,930) | - | - | (6,930) |
| Issuance of ordinary shares pursuant to: | | | | | | | | | | |
| - Warrants exercised | 587 | 2,112 | (372) | - | - | - | 2,327 | - | - | 2,327 |
| - Rights Issue with warrants | 221,593 | 386,457 | 21,273 | - | - | - | 629,323 | - | - | 629,323 |
| Issuance of Perpetual Sukuk | - | - | - | - | - | - | - | 540,000 | - | 540,000 |
| Balance at 31/03/2015 | 960,235 | 776,196 | 64,352 | 5,268 | 17,129 | 1,189,414 | 3,012,594 | 540,000 | 8,709 | 3,561,303 |

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 31 March 2016
(The figures have not been audited)

| | 3 months ended 31/03/2016 RM'000 | 3 months ended 31/03/2015 RM'000 |
|--|---|---|
| Operating Activities | | |
| Profit before tax | 126,376 | 130,446 |
| Adjustments for: | | |
| Non-cash items | 3,671 | 10,013 |
| Non-operating items | 5,607 | 8,105 |
| Operating profit before changes in working capital | <u>135,654</u> | 148,564 |
| Net change in property development costs | 48,573 | 53,048 |
| Net change in inventories | 13,501 | 10,284 |
| Net change in receivables | (45,890) | (130,076) |
| Net change in accrued billings | (26,450) | (75,725) |
| Net change in payables | (157,060) | (248,015) |
| Net change in progress billings | <u>(35,320)</u> | 27,378 |
| Cash used in operations | (66,992) | (214,542) |
| Interest received | 9,708 | 4,356 |
| Interest paid | (15,846) | (15,922) |
| Tax paid | <u>(50,583)</u> | (32,562) |
| Net cash used in operating activities | <u>(123,713)</u> | <u>(258,670)</u> |
| Investing Activities | | |
| Additions to property, plant and equipment | (316) | (3,052) |
| Additions to prepaid lease payments | (19,607) | - |
| Additions to investment properties | - | (4,134) |
| Additions to land held for property development | (17,014) | (32,634) |
| Acquisition of land | - | (27,779) |
| Proceeds from disposal of property, plant and equipment | <u>201</u> | 30 |
| Net cash used in investing activities | <u>(36,736)</u> | <u>(67,569)</u> |
| Financing Activities | | |
| Distribution paid to holders of Perpetual Sukuk | (18,410) | - |
| Issuance of Perpetual Sukuk | - | 540,000 |
| Net (repayment of)/proceeds from borrowings | (9,298) | 111,677 |
| Net placement of deposits with licensed banks pledged as collateral/Escrow Accounts/Debts Service Reserve Account/ Trustees' Reimbursement Account | (104,779) | (6,471) |
| Repurchase of Bonds | (107,016) | - |
| Payment for corporate exercise expenses | - | (6,930) |
| Proceeds from Rights Issue | - | 629,323 |
| Proceeds from warrants exercised | - | 2,327 |
| Net cash (used in)/generated from financing activities | <u>(239,503)</u> | <u>1,269,926</u> |
| Net changes in cash and cash equivalents | (399,952) | 943,687 |
| Effect of exchange rate changes | (35) | 16 |
| Cash and cash equivalents at beginning of the financial period | <u>1,280,020</u> | 613,830 |
| Cash and cash equivalents at end of the financial period | <u><u>880,033</u></u> | <u><u>1,557,533</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2016 (continued)

(The figures have not been audited)

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

| | 3 months ended 31/03/2016 RM'000 | 3 months ended 31/03/2015 RM'000 |
|---------------------------------------|---|---|
| Deposits with licensed banks | 470,321 | 661,383 |
| Investment in short-term funds | 268,707 | 541,562 |
| Cash and bank balances | 324,732 | 386,482 |
| Bank overdrafts | (568) | (77) |
| | 1,063,192 | 1,589,350 |
| Less: Debts Service Reserve Account | (118,696) | - |
| Less: Deposits in Escrow Accounts | (59,802) | (1,144) |
| Less: Deposits pledged as collateral | (4,631) | (30,643) |
| Less: Trustees' Reimbursement Account | (30) | (30) |
| | 880,033 | 1,557,533 |

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.

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A5 Debt and equity securities

The Company had completed the first tranche repurchase of RM100.0 million nominal value of redeemable convertible secured bonds of the Company ("CBs") on 7 March 2016. Following the completion of the said first tranche CBs repurchase, the repurchased CBs amounting to nominal value of RM100 million 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 31 March 2016

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--------------------------------------|----------------------|--------------------|---|-----------------------|------------------------|
| REVENUE | | | | | |
| External revenue | 632,415 | 57,990 | 18,768 | - | 709,173 |
| Inter-segment | - | 4 | 19,557 | (19,561) | - |
| | <u>632,415</u> | <u>57,994</u> | <u>38,325</u> | <u>(19,561)</u> | <u>709,173</u> |
| RESULTS | | | | | |
| Operating profit | 124,130 | 2,436 | (756) | - | 125,810 |
| Interest income | 1,716 | 80 | - | - | 1,796 |
| Finance costs | (714) | (401) | (115) | - | (1,230) |
| Profit before tax | <u>125,132</u> | <u>2,115</u> | <u>(871)</u> | - | <u>126,376</u> |
| Income tax expense | | | | | (31,905) |
| Profit for the period | | | | | <u>94,471</u> |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 124 | 21,899 | - | - | 22,023 |
| Depreciation and amortisation | 1,154 | 3,252 | 53 | - | 4,459 |
| ASSETS AND LIABILITIES | | | | | |
| Segment assets | 5,361,962 | 203,067 | 671,823 | - | 6,236,852 |
| Current and deferred tax assets | | | | | 115,637 |
| Total assets | | | | | <u>6,352,489</u> |
| Segment liabilities | 2,282,261 | 71,168 | 215,935 | - | 2,569,364 |
| Current and deferred tax liabilities | | | | | 29,709 |
| Total liabilities | | | | | <u>2,599,073</u> |

MAH SING GROUP BERHAD (230149-P)
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A7 Segment reporting (continued)

Period ended 31 March 2015

| | Properties RM'000 | Plastics RM'000 | Investment Holding & Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--------------------------------------|----------------------|--------------------|---|-----------------------|-------------------------|
| REVENUE | | | | | |
| External revenue | 706,718 | 61,660 | 15,765 | - | 784,143 |
| Inter-segment | - | 5 | 16,723 | (16,728) | - |
| | <u>706,718</u> | <u>61,665</u> | <u>32,488</u> | <u>(16,728)</u> | <u>784,143</u> |
| RESULTS | | | | | |
| Operating profit | 124,382 | 3,592 | 2,067 | - | 130,041 |
| Interest income | 2,008 | 8 | 4 | - | 2,020 |
| Finance costs | (828) | (436) | (351) | - | (1,615) |
| Profit before tax | <u>125,562</u> | <u>3,164</u> | <u>1,720</u> | - | <u>130,446</u> |
| Income tax expense | | | | | <u>(32,557)</u> |
| Profit for the period | | | | | <u><u>97,889</u></u> |
| OTHER INFORMATION | | | | | |
| Capital expenditure | 885 | 1,935 | 232 | - | 3,052 |
| Depreciation and amortisation | 1,221 | 3,128 | 225 | - | 4,574 |
| ASSETS AND LIABILITIES | | | | | |
| Segment assets | 5,035,728 | 177,009 | 1,176,116 | - | 6,388,853 |
| Current and deferred tax assets | | | | | <u>76,684</u> |
| Total assets | | | | | <u><u>6,465,537</u></u> |
| Segment liabilities | 2,471,345 | 53,153 | 337,193 | - | 2,861,691 |
| Current and deferred tax liabilities | | | | | <u>42,543</u> |
| Total liabilities | | | | | <u><u>2,904,234</u></u> |

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 19 May 2016, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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A9 Related party transactions

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

| | 01/01/2016 |
|--|-------------------|
| | to |
| | 31/03/2016 |
| | RM'000 |
| (i) Rental paid to a Company in which a Director of the Company has interest | 384 |
| (ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company | 48 |
| (iii) Professional fees paid to a firm in which Director of a subsidiary company has interest | 643 |
| | <u>643</u> |

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter, 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:

| | 31/03/2016 | 31/12/2015 |
|--|----------------------|---------------|
| | RM'000 | RM'000 |
| Bank guarantees issued in favour of third parties | 54,791 | 52,321 |
| Corporate guarantees issued in favour of third parties | 6,724 | 7,178 |
| | <u>61,515</u> | <u>59,499</u> |

A12 Capital commitments

| | 31/03/2016 |
|---|-----------------------|
| | 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 | 6,085 |
| | <u>459,554</u> |

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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 | 7,971 | (1,019) | 6,952 |
| One to two years | 4,783 | (760) | 4,023 |
| | 12,754 | (1,779) | 10,975 |
| Residential properties: | | | |
| Less than one year | 4,574 | (255) | 4,319 |
| One to two years | 1,171 | (96) | 1,075 |
| | 5,745 | (351) | 5,394 |
| | <u>18,499</u> | <u>(2,130)</u> | <u>16,369</u> |
| | | Provision for future operating lease | <u>(16,369)</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 RM1.12 million and rental income from sublease amounting to RM0.09 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> |
|-------------------------------|--|
| | 31/03/2016 |
| | RM'000 |
| Less than one year | 3,687 |
| One year to less than 3 years | 5,389 |
| | <u>9,076</u> |

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

B1 Review of Group performance

The Group recorded net profit of approximately RM95.0 million on the back of revenue of approximately RM709.2 million for the first quarter ended 31 March 2016. This represents 3.9% and 9.6% decline in net profit and revenue respectively as compared to the corresponding quarter last year.

As at 31 March 2016, the Group's cash and bank balances amounted to approximately RM1.1 billion and net gearing ratio was 0.09 times.

Property development

For the period ended 31 March 2016, revenue from property development was approximately RM632.4 million and operating profit was RM124.1 million. Despite a decrease in revenue from property development, there was no major fluctuation in operating profit (lower by only 0.2%) mainly due to lower expenses during the current quarter. The quarterly comparative decrease in revenue was because **M City** in Jalan Ampang and **Icon City** in Petaling Jaya were in active construction stage last year, while they are 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 which contributed to the Group's results in Greater KL and Klang Valley included **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 and **Icon Residence** in Mont' Kiara. Commercial project included **Star Avenue @ D'sara**. Furthermore, 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 has planned more launches for the second half of 2016, as the first quarter of the year is a typically shorter working quarter following the festive seasons. In spite of that, the Group achieved property sales of RM407.9 million for the first quarter ended 31 March 2016 and RM536.4 million for the four months ended 30 April 2016. As at 31 March 2016, a total of approximately RM32.26 billion comprising unbilled sales of approximately RM4.53 billion combined with remaining gross development value ("GDV") of approximately RM27.73 billion is expected to support eight to nine years of revenue growth.

Plastics

The plastics segment continued to contribute positively to Group performance with revenue and operating profit amounting to RM58 million and RM2.4 million respectively.

Investment holding & Others

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

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

The Group's current quarter profit before tax was approximately RM126.4 million. As disclosed, the immediate preceding quarter's profit before tax of RM145.4 million included a fair value gain on investment property of approximately RM29.5 million. The decline for this current quarter is mainly attributed to the fair value gain in the immediate preceding quarter.

B3 Prospects for the current financial year

As the property sector undergoes consolidation, demand for affordable mass market properties continues to outpace supply. The Group is well positioned for current market condition, with 89% of its planned 2016 residential launches priced below RM1 million per unit. The Group will continue to adhere to its prudent financial policy of maintaining healthy net gearing ratio and ample liquidity. This will ensure it remains flexible to respond to land acquisition and investment opportunities as they arise. Net gearing stayed low at only 0.09 times as at 31 March 2016.

The Group's projects continue to see keen interests, especially from end-user demand given their locational attributes and attractive price points. The Group will evaluate and strategically adjust its mix and schedule of property launches cautiously in tune with market conditions to meet its sales target of RM2.3 billion for the year. The soft launch of landed linkhomes in *Meridin East*, Johor Bahru was met with positive response, with over 80% take-up in less than 2 months. New launches are expected to increase meaningfully in the second half of the year for projects where existing phases are substantially sold out. These include Greater KL projects such as *Southville City @ KL South* in Bangi, *Lakeville Residence* in Taman Wahyu, *D'sara Sentral* in Sungai Buloh, *M Residence 2* in Rawang, and *Ferringhi Residence* in Batu Ferringhi, Penang. Tight lending environment remains the industry's biggest challenge.

Focus will continue on enhancement of the Group's premium brand and appeal of its developments through innovative property concepts, upgrade of quality and post sales service levels. Young demographic, healthy income growth, stable labour market, conducive interest rates environment and positive supply-demand dynamics will continue to support overall housing demand. The Group is determined to strengthen its core competencies and business fundamentals while keeping abreast of market changes to position itself for future growth.

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 | |
|------------------------|----------------|---------------|---------------|---------------|
| | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| Malaysian income tax | 24,959 | 37,255 | 24,959 | 37,255 |
| Deferred tax: | | | | |
| Malaysian deferred tax | 6,946 | (4,698) | 6,946 | (4,698) |
| | 31,905 | 32,557 | 31,905 | 32,557 |

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

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 19 May 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.

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 19 May 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 | (165,548) | - | 1,052 | 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 | (20,027) | - | 28,373 | Within 24 months |
| Total | 629,323 | (599,898) | - | 29,425 | |

* 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.

- 7) On 15 February 2016, the Company had entered into an agreement to repurchase RM315.0 million nominal value of redeemable convertible secured bonds of the Company ("CBs") at a total cash purchase consideration of RM337.10 million ("CBs Repurchase"). The purchase consideration represents a discount of 11.07%, 5.65% and 3.63% to the 3-month, 1-month and 5-day volume weighted average market price of Mah Sing Shares up to and including 12 February 2016 of RM1.3718, RM1.2930 and RM1.2659 respectively.

The Company had on 7 March 2016 completed the repurchase of first tranche RM100.0 million nominal value of CBs. Subsequently, the Company had completed the repurchase of RM215.0 million nominal value of CBs on 1 April 2016 ("Second Tranche CBs Repurchase").

Following the completion of Second Tranche CBs Repurchase, the CBs Repurchase has been completed on 1 April 2016 and the RM315.0 million nominal value of CBs has been cancelled accordingly.

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B7 Group borrowings

Total group borrowings as at 31 March 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 |
|---------------------------------|----------------------------------|---|-----------------------------------|------------------|
| Redeemable convertible bonds | | | | |
| - within 12 months | 202,607 | - | - | 202,607 |
| Term loans payable | | | | |
| - within 12 months | 154,295 | 2,192 | - | 156,487 |
| - after 12 months | 1,030,466 | - | - | 1,030,466 |
| | 1,184,761 | 2,192 | - | 1,186,953 |
| Short term borrowings | - | 2,352 | 3,501 | 5,853 |
| Bank overdrafts | - | 568 | - | 568 |
| Finance lease and hire purchase | | | | |
| - within 12 months | 1,315 | 991 | - | 2,306 |
| - after 12 months | 1,422 | 1,523 | - | 2,945 |
| | 2,737 | 2,514 | - | 5,251 |
| Total | 1,390,105 | 7,626 | 3,501 | 1,401,232 |

B8 Material litigation

The Group is not engaged in any material litigation as at 19 May 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 31 March 2016, there were no outstanding foreign currency forward contracts.

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B10 Realised and unrealised earnings or losses disclosure

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

| | 31/03/2016 | 31/12/2015 |
|--|-------------------|------------|
| | RM'000 | RM'000 |
| Total retained earnings of the Group | | |
| - Realised | 1,284,426 | 1,197,374 |
| - Unrealised | 100,993 | 109,487 |
| | 1,385,419 | 1,306,861 |
| Total share of accumulated losses from associated company | | |
| - Realised | (73) | (73) |
| | 1,385,346 | 1,306,788 |
| Consolidation adjustments | (6,545) | (4,612) |
| Total group retained earnings as per consolidated accounts | 1,378,801 | 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 |
| | 31/03/2016 | 31/03/2016 |
| | RM'000 | RM'000 |
| Bad debts written off | (15) | (15) |
| Depreciation and amortisation | (4,459) | (4,459) |
| Impairment of intangible assets | (282) | (282) |
| Loss on redemption of investment in short term funds | (120) | (120) |
| Loss on repurchase of redeemable convertible secured bonds | (8,795) | (8,795) |
| Net foreign exchange loss | (860) | (860) |
| Reversal of allowance for doubtful debts - trade receivables | 2,202 | 2,202 |

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 31 March 2016.

B12 Dividend proposed

No dividend has been proposed for the first quarter ended 31 March 2016.

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

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B13 Earnings per share ("EPS")

(a) Basic EPS

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

| | 3 months ended | | Period ended | |
|--|------------------|------------|------------------|------------|
| | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 |
| Net profit for the period (RM'000) | 95,035 | 98,893 | 95,035 | 98,893 |
| Distribution paid to holders of Perpetual Sukuk (RM'000) | (18,410) | - | (18,410) | - |
| Net profit for the period attributable to ordinary equity holders (RM'000) | 76,625 | 98,893 | 76,625 | 98,893 |
| Weighted average number of ordinary shares in issue ('000)* | 2,409,417 | 2,137,414 | 2,409,417 | 2,137,414 |
| Basic EPS (sen) | 3.18 | 4.63 | 3.18 | 4.63 |

(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 | |
|---|------------------|------------|------------------|------------|
| | 31/03/2016 | 31/03/2015 | 31/03/2016 | 31/03/2015 |
| Net profit for the period attributable to ordinary equity holders (RM'000) | 76,625 | 98,893 | 76,625 | 98,893 |
| Weighted average number of ordinary shares in issue ('000)* | 2,409,417 | 2,137,414 | 2,409,417 | 2,137,414 |
| Weighted average number of ordinary shares deemed issued at no consideration ('000) | | | | |
| - Bonds conversion ⁽¹⁾ | n/a | 61,671 | n/a | 61,671 |
| - Warrants B ⁽²⁾ | n/a | 14,158 | n/a | 14,158 |
| - Warrants C ⁽²⁾ | n/a | n/a | n/a | n/a |
| Adjusted weighted average number of ordinary shares ('000) | 2,409,417 | 2,213,243 | 2,409,417 | 2,213,243 |
| Diluted EPS (sen) | 3.18 | 4.47 | 3.18 | 4.47 |

* Comparative figures for the weighted average number of ordinary shares for both basic and fully diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the Bonus Issues which was completed on 11 June 2015 respectively.

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

⁽²⁾ The effects of potential ordinary shares arising from the exercise of Warrants B & C are 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
26 May 2016