

MahSing

MAH SING GROUP BERHAD

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

Interim Financial Report

30 June 2018

MAH SING GROUP BERHAD

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(Incorporated in Malaysia)**

Interim Financial Report - 30 June 2018

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

(The figures have not been audited)

	AS AT 30/06/2018 RM'000	(AUDITED) AS AT 31/12/2017 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	178,083	155,872
<i>Prepaid lease payments</i>	4,924	5,583
<i>Investment properties</i>	195,880	195,880
<i>Land held for property development</i>	1,503,548	1,482,198
<i>Intangible assets</i>	5,719	5,776
<i>Trade and other receivables</i>	32,850	31,957
<i>Deferred tax assets</i>	186,272	142,967
	<u>2,107,276</u>	<u>2,020,233</u>
Current Assets		
<i>Property development costs</i>	2,144,838	2,139,524
<i>Inventories</i>	543,082	628,981
<i>Trade and other receivables</i>	1,169,403	1,121,662
<i>Current tax assets</i>	6,616	13,546
<i>Deposits, cash and bank balances and investment in short-term funds</i>	967,224	1,216,241
	<u>4,831,163</u>	<u>5,119,954</u>
TOTAL ASSETS	<u><u>6,938,439</u></u>	<u><u>7,140,187</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,776,055	1,773,291
<i>Other reserves</i>	27,012	66,909
<i>Retained earnings</i>	1,596,015	1,615,768
	<u>3,399,082</u>	<u>3,455,968</u>
Perpetual Securities	645,212	645,212
Perpetual Sukuk	540,000	540,000
Non-Controlling Interests	6,293	6,429
Total Equity	<u>4,590,587</u>	<u>4,647,609</u>
Non-Current Liabilities		
<i>Term loans</i>	562,488	638,036
<i>Long term and deferred payables</i>	60,315	75,615
<i>Deferred tax liabilities</i>	72,910	73,525
	<u>695,713</u>	<u>787,176</u>
Current Liabilities		
<i>Trade and other payables</i>	1,312,464	1,524,257
<i>Term loans</i>	104,516	113,417
<i>Short term borrowings</i>	21,692	28,874
<i>Bank overdrafts</i>	474	1,105
<i>Current tax liabilities</i>	55,193	37,749
<i>Dividend payable</i>	157,800	-
	<u>1,652,139</u>	<u>1,705,402</u>
Total Liabilities	<u>2,347,852</u>	<u>2,492,578</u>
TOTAL EQUITY AND LIABILITIES	<u><u>6,938,439</u></u>	<u><u>7,140,187</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.40</u>	<u>1.42</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 2017 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 30 June 2018

(The figures have not been audited)

	3 months ended		Period ended		
	30/06/2018 RM'000	30/06/2017 RM'000	30/06/2018 RM'000	30/06/2017 RM'000	
Revenue	589,275	727,143	1,174,030	1,450,685	
Cost of sales	(424,655)	(534,690)	(855,088)	(1,070,042)	
Gross profit	164,620	192,453	318,942	380,643	
Other income	5,086	2,402	12,202	5,050	
Selling and marketing expenses	(25,929)	(31,669)	(52,454)	(56,460)	
Administrative and other expenses	(44,165)	(45,400)	(90,558)	(89,685)	
Results from operating activities	99,612	117,786	188,132	239,548	
Finance income	1,436	4,243	3,702	6,812	
Finance costs	(4,959)	(2,060)	(9,604)	(5,819)	
Net finance (costs)/income	(3,523)	2,183	(5,902)	993	
Profit before tax	96,089	119,969	182,230	240,541	
Income tax expense	(19,193)	(29,998)	(40,670)	(60,448)	
Profit for the period	76,896	89,971	141,560	180,093	
Profit attributable to:					
Equity holders of the Company	77,132	90,390	141,332	180,811	
Non-controlling interests	(236)	(419)	228	(718)	
	76,896	89,971	141,560	180,093	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	2.26	3.75	4.15	6.74
- Diluted (sen)	Note B12(b)	2.26	3.73	4.15	6.72

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 2017 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 30 June 2018*(The figures have not been audited)*

	3 months ended		Period ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	76,896	89,971	141,560	180,093
Other comprehensive income/(loss)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	156	(792)	(1,023)	(900)
Other comprehensive income/(loss) for the period	156	(792)	(1,023)	(900)
Total comprehensive income for the period	77,052	89,179	140,537	179,193
Total comprehensive income attributable to:				
Equity holders of the Company	77,260	89,858	140,669	180,198
Non-controlling interests	(208)	(679)	(132)	(1,005)
	77,052	89,179	140,537	179,193

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 2017 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 2018

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company								Total Equity RM'000
	Non-Distributable		Distributable		Total RM'000	Perpetual Securities RM'000	Perpetual Sukuk RM'000	Non- controlling interests RM'000	
6 months ended 30 June 2018	Share capital RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000					
Balance at 1/1/2018	1,773,291	60,499	6,410	1,615,768	3,455,968	645,212	540,000	6,429	4,647,609
Effect of MFRS 9 adoption (Note A1(b))	-	-	-	(1,462)	(1,462)	-	-	(4)	(1,466)
Balance at 1/1/2018 (restated)	1,773,291	60,499	6,410	1,614,306	3,454,506	645,212	540,000	6,425	4,646,143
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	141,332	141,332	-	-	228	141,560
Other comprehensive loss	-	-	(663)	-	(663)	-	-	(360)	(1,023)
Total comprehensive (loss)/income for the period	-	-	(663)	141,332	140,669	-	-	(132)	140,537
Dividends for the financial year ended									
31 December 2017	-	-	-	(157,800)	(157,800)	-	-	-	(157,800)
Issuance of ordinary shares pursuant to warrants exercised	2,764	(383)	-	-	2,381	-	-	-	2,381
Warrants lapsed during the period	-	(38,851)	-	38,851	-	-	-	-	-
Distribution paid to holders of Perpetual Sukuk	-	-	-	(18,310)	(18,310)	-	-	-	(18,310)
Distribution paid to holders of Perpetual Securities	-	-	-	(22,364)	(22,364)	-	-	-	(22,364)
Balance at 30/6/2018	1,776,055	21,265	5,747	1,596,015	3,399,082	645,212	540,000	6,293	4,590,587

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

(The figures have not been audited)

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2018
(The figures have not been audited)

	6 months ended 30/06/2018 RM'000	6 months ended 30/06/2017 RM'000
Operating Activities		
Profit before tax	182,230	240,541
Adjustments for:		
Non-cash items	10,920	11,084
Non-operating items	18,752	21,037
Operating profit before changes in working capital	<u>211,902</u>	272,662
Net change in property development costs	17,119	4,658
Net change in inventories	78,427	40,228
Net change in receivables	(18,726)	(82,179)
Net change in accrued billings	(23,370)	(425)
Net change in payables	(80,178)	(76,269)
Net change in progress billings	(12,493)	118,593
Cash generated from operations	<u>172,681</u>	277,268
Interest received	14,503	16,210
Finance cost paid	(17,347)	(23,352)
Net tax paid	(60,235)	(42,210)
Net cash generated from operating activities	<u>109,602</u>	<u>227,916</u>
Investing Activities		
Additions to property, plant and equipment	(45,557)	(25,427)
Additions to land held for property development	(45,564)	(50,079)
Acquisition of land	(78,842)	(6,000)
Net cash outflow on acquisition of subsidiary companies	(57,846)	(6,559)
Proceeds from disposal of property, plant and equipment	306	529
Net cash used in investing activities	<u>(227,503)</u>	<u>(87,536)</u>
Financing Activities		
Advances from non-controlling interests of a former subsidiary company	-	18,913
Distribution paid to holders of Perpetual Sukuk	(18,310)	(18,310)
Distribution paid to holders of Perpetual Securities	(22,364)	-
Net proceed from issuance of Perpetual Securities	-	645,212
Net repayment of borrowings	(92,262)	(201,826)
Net placement of deposits with licensed banks pledged as collateral/Escrow Accounts	(22,063)	(12,391)
Proceeds from warrants exercised	2,381	35
Net cash (used in)/generated from financing activities	<u>(152,618)</u>	<u>431,633</u>
Net changes in cash and cash equivalents	<u>(270,519)</u>	572,013
Effect of exchange rate changes	70	17
Cash and cash equivalents at beginning of the financial period	<u>1,141,769</u>	880,766
Cash and cash equivalents at end of the financial period	<u>871,320</u>	<u>1,452,796</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 30 June 2018 (continued)***(The figures have not been audited)*

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

	6 months ended 30/06/2018 RM'000	6 months ended 30/06/2017 RM'000
Deposits with licensed banks	108,935	70,345
Investment in short-term funds	532,653	757,102
Cash and bank balances	325,636	681,932
Bank overdrafts	(474)	(1,189)
	966,750	1,508,190
Less: Deposits in Escrow Accounts	(89,263)	(49,407)
Less: Deposits pledged as collateral	(6,107)	(5,927)
Less: Trustees' Reimbursement Account	(60)	(60)
	871,320	1,452,796

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 Standard ("MFRS") 134 *Interim Financial Reporting* and with International Accounting Standard 14 *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 2017. 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 2017.

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 2017 save for the adoption of the following:

MFRS 9	Financial instruments
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (<i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i>)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (<i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i>)
IC Interpretation 22	Foreign Currency Transactions and Advance Considerations

The adoption of the above Amendments to MFRSs and annual improvements to MFRS does not have any material impact on the financial statements of the Group, except for MFRS 9. The impact of the adoption of MFRS 9 in the Group's financial statements is as follows:

MFRS 9 Financial Instruments ("MFRS 9")

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with MFRS 9. In accordance with the transition requirements under MFRS 9, comparatives are not restated and the financial impact on the adoption of this Standard is recognised in retained earnings as at 1 January 2018.

(a) Changes in accounting policies

Financial assets

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit and loss; and
- Those to be measured at amortised cost.

The classification above depends on the Group's business model for managing the financial assets and the contractual terms of cash flows. The following summarises the key changes:

- Investment in short-term funds classified as at fair value through profit or loss. These are held within a business model whose objective is held to collect and sell that satisfy the solely payments of principal and interest test. Accordingly, these financial assets will be measured at fair value through profit or loss upon the application of MFRS 9.
- All other financial assets will continue to be measured on the same basis as is currently adopted under MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139").

A1 Basis of preparation (continued)

(a) Changes in accounting policies (continued)

Financial liabilities

There is no impact on the classification and measurement of the Group's financial liabilities.

Impairment of financial assets

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group applied the simplified approach prescribed by MFRS 9, which requires expected lifetime losses to be recognised on all receivables.

(b) Classification and measurement of financial instruments

The following table is a reconciliation of the carrying amount of the Group's statement of financial position from MFRS 139 to MFRS 9 as at 1 January 2018:

	MFRS 139 Carrying amount as at 31 December 2017	Remeasurement	MFRS 9 Carrying amount as at 1 January 2018
	RM'000	RM'000	RM'000
Trade receivables			
Opening balance	635,012	-	635,012
Increase in loss allowance*	-	(1,466)	(1,466)
Total trade receivables	635,012	(1,466)	633,546
Retained earnings			
Opening balance	1,615,768	-	1,615,768
Increase in loss allowance for trade receivables	-	(1,462)	(1,462)
Total retained earnings	1,615,768	(1,462)	1,614,306
Non-controlling interest			
Opening balance	6,429	-	6,429
Increase in loss allowance for trade receivables	-	(4)	(4)
Total non-controlling interest	6,429	(4)	6,425

* The Group applied the simplified approach in providing for ECL.

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 2018, the Company increased its issued and paid up share capital by way of issuance of 1,653,815 new ordinary shares pursuant to the exercise of Warrant B 2013/2018 at an issue price of RM1.44 per ordinary share.

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.

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

Period ended 30 June 2018

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,003,332	143,075	27,623	-	1,174,030
Inter-segment	-	-	119,213	(119,213)	-
	<u>1,003,332</u>	<u>143,075</u>	<u>146,836</u>	<u>(119,213)</u>	<u>1,174,030</u>
RESULTS					
Operating profit	167,981	11,064	9,087	-	188,132
Interest income	3,511	58	133	-	3,702
Finance costs	(8,928)	(671)	(5)	-	(9,604)
Profit before tax	<u>162,564</u>	<u>10,451</u>	<u>9,215</u>	-	<u>182,230</u>
Income tax expense					<u>(40,670)</u>
Profit for the period					<u>141,560</u>

Period ended 30 June 2017

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,263,075	147,904	39,706	-	1,450,685
Inter-segment	-	-	99,094	(99,094)	-
	<u>1,263,075</u>	<u>147,904</u>	<u>138,800</u>	<u>(99,094)</u>	<u>1,450,685</u>
RESULTS					
Operating profit	221,100	8,066	10,382	-	239,548
Interest income	6,689	113	10	-	6,812
Finance costs	(5,022)	(703)	(94)	-	(5,819)
Profit before tax	<u>222,767</u>	<u>7,476</u>	<u>10,298</u>	-	<u>240,541</u>
Income tax expense					<u>(60,448)</u>
Profit for the period					<u>180,093</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 23 August 2018, 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:

	01/01/2018
	to
	30/06/2018
	RM'000
(i) Rental paid to a Company in which a Director of the Company has interest	769
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	90
(iii) Sales of completed properties to a Director of subsidiary company	9,894
(iv) Sales of development properties to a Director of subsidiary company	3,435
(v) Sales of a completed property to a family member of a Director of subsidiary company	1,255
Transactions with non-controlling interests:	
(i) Interest payable to non-controlling interests of subsidiary company	<u>9</u>

A10 Changes in the composition of the Group

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

A11 Changes in contingent liabilities or contingent assets

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

	30/06/2018	31/12/2017
	RM'000	RM'000
Bank guarantees issued in favour of third parties	104,940	91,840
Litigations arising from business transactions **	22,386	3,811
	<u>127,326</u>	<u>95,651</u>

** The Group is engaged in various litigation matters arising from its business transactions with potential exposure amounting to approximately RM22.4 million (2017: RM3.8 million). The Group's solicitors are of the view that the litigations will not likely to have any exposure, and thus no provision have been made by the Group at this juncture.

On the other hand, the Group has also filed proceedings for indemnity amounting to approximately RM10.7 million (2017: RM Nil) arising from the above business transactions.

A12 Capital commitments

	30/06/2018
	RM'000
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	<u>24,318</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 rental receivables from sublease) contracted for as at reporting date are as follows:

	<u>Lease rental payables</u>		<u>Lease rental receivables</u>		<u>Net</u>		
	30/06/2018 RM'000	31/12/2017 RM'000	30/06/2018 RM'000	31/12/2017 RM'000	30/06/2018 RM'000	31/12/2017 RM'000	
Commercial properties:							
Less than one year	1,144	3,677	(445)	(487)	699	3,190	
One to two years	595	595	(428)	(428)	167	167	
	1,739	4,272	(873)	(915)	866	3,357	
Residential properties:							
Less than one year	-	3	-	-	-	3	
One to two years	-	-	-	-	-	-	
	-	3	-	-	-	3	
	1,739	4,275	(873)	(915)	866	3,360	
					Provision for future operating lease	(866)	(3,360)
						-	-

During the financial period, the Group has recognised in profit or loss leaseback rental and provision for future lease commitments amounting to a total of RM42,075 (2017: RM1.69 million) and rental income from sublease amounting to RM0.2 million (2017: RM0.2 million).

As Lessee - for the lease of premises and motor vehicles

The future minimum lease commitment for rental of premises and motor vehicles under non-cancellable operating leases as at reporting date are as follow:-

	<u>Lease rental payables</u>
	30/06/2018 RM'000
Less than one year	3,790
One year to less than 3 years	2,193
	5,983

As Lessor - for the lease of investment properties and commercial properties

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

	<u>Lease rental receivables</u>
	30/06/2018 RM'000
Less than one year	2,634
One year to less than 3 years	1,176
	3,810

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

B1 Review of Group performance

For the six-month period ended 30 June 2018, the Group posted net profit of approximately RM141.3 million on the back of revenue of approximately RM1.2 billion as compared to RM180.8 million net profit and RM1.5 billion revenue a year ago. On a quarterly basis, the Group recorded net profit of approximately RM77.1 million and revenue of approximately RM589.3 million as compared to RM90.4 million net profit and RM727.1 million revenue in the same quarter last year.

As at 30 June 2018, the Group is in net cash position.

Property development

For the six-month period ended 30 June 2018, revenue from property development was approximately RM1.0 billion compared with RM1.3 billion a year ago while operating profit was approximately RM168.0 million versus RM221.1 million a year ago. The decline in revenue and profit was attributable to more new sales secured from new projects with limited contribution during their initial stage of construction.

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

The Group achieved property sales of approximately RM942.1 million for the six-month period ended 30 June 2018.

Plastics

The plastics segment continued to contribute positively to Group performance. Operating profit grew by 37.2% from approximately RM8.1 million to RM11.1 million despite of a decline in revenue of 3.3% from RM147.9 million to RM143.1 million pursuant to the sales of mould, the gain of which has been included in other income.

Investment holding & Others

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

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

The Group's current quarter profit before tax of approximately RM96.1 million was higher as compared to the immediate preceding quarter of approximately RM86.1 million. The higher profit before tax was mainly due to recognition of cost savings arising from the finalisation of certain construction contracts.

B3 Prospects for the current financial year

Malaysian consumer confidence jumped above the 100-point optimism threshold to soar to 132.9 points in the second quarter of 2018, being the highest level in 21 years, as households were upbeat about the labour market and their future incomes, according to Malaysian Institute of Economic Research (MIER).

The zero-rating of Goods and Services Tax and the reintroduction of Sales and Services Tax (SST) is anticipated to be positive for the property sector due to the expected lower input costs which will benefit the property developers and buyers. Meanwhile, the Group is awaiting clearer direction for the property industry through the impending announcement of new housing policy.

Riding on the improvement of market sentiment, the Group has also embarked on various marketing campaigns and schemes as well as collaborative strategic partnerships to drive / spearhead sales. These include the digital-centric "Desire" for a selection of homes and commercial spaces nationwide. The Desire campaign covers selected projects from Klang Valley, Penang, Johor to Kota Kinabalu for buyers looking for ready-to-move-in homes as well as workspaces bundled into a hassle-free and attractive sales package.

With a healthy balance sheet as at 30 June 2018, the Group is in a good position to capitalise on opportunities to acquire prime landbanks and to explore joint ventures with focus on affordably-priced projects. For 2018, the Group continues to adopt strategic and prudent approach focusing on developing affordably-priced homes for Malaysia's young demographic and growing population who are looking for their first homes. The Group continues to roll out new launches in 2018 to achieve its sales target of minimum RM1.8 billion with 74% of targeted residential sales priced below RM500,000.

B4 Profit forecast

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

B5 Income tax expense

	3 months ended		Period ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	39,909	28,400	84,590	55,274
Deferred tax	(20,716)	1,598	(43,920)	5,174
	19,193	29,998	40,670	60,448

The Group's effective tax rate for the current quarter and current financial period were lower than the statutory tax rate mainly due to the utilisation of previously unrecognised deferred tax assets to offset taxable profits.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 23 August 2018 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- a) On 5 July 2010, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd ("**Grand Prestige**") entered into a Joint Venture Agreement ("**JVA**") with Medan Damai Sdn Bhd ("**Medan Damai**") for the joint development of a piece of residential land in Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan with a total gross area of approximately 13.2 acres (net aggregate area of 7.59 acres) ("**Kinrara Land**"). Under the terms of the JVA, Medan Damai shall grant Grand Prestige the exclusive rights to continue with the sales and development of the Kinrara Land in return for an entitlement sum of RM35,403,863.85.

The JVA is pending fulfilment by Medan Damai of certain obligations pertaining to the development components.

- b) On 26 March 2012, the Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("**Capitol Avenue**") entered into a Joint Development Agreement ("**JDA**") with Paduan Hebat Sdn Bhd ("**Paduan Hebat**") for the proposed joint development of a parcel of prime leasehold commercial land measuring approximately 4.26 acres in Kota Kinabalu, Negeri Sabah ("**KK Land**"). Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK Land shall be satisfied by way of cash and the remaining balance shall be settled by way of conveyance of such number of unit(s) which shall be developed on the KK Land with total value equivalent to RM14 million or such other lesser sum as may be adjusted in accordance with the provisions of the JDA.

On 4 December 2012, all Paduan Hebat's obligations have been fully performed pursuant to the JDA. The development of KK Land has commenced in December 2013.

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

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

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

Following from this, on 30 August 2017, Cordova signed a Sale and Purchase Agreement ("**SPA**") with Datuk Bandar to purchase the Cheras Land at the Land Consideration ("**Proposed Land Acquisition**"). On the same day, Nature Legend Development Sdn Bhd had also entered into a Supplemental Agreement ("Amended SSA") in relation to the acquisition of the Sale Shares in Cordova to add on, amend and vary certain terms and conditions of the SSA.

On 14 February 2018, Cordova completed the Proposed Land Acquisition from Datuk Bandar.

On 27 April 2018, Nature Legend Development Sdn Bhd entered into a Further Supplemental Agreement to vary certain terms and conditions of the SSA and the Amended SSA.

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(Incorporated in Malaysia)

B7 Group borrowings

Total group borrowings as at 30 June 2018 were as follows:

<i>(Denominated in)</i>	Secured RM'000 (RM)	Secured RM'000 (Indonesian Rupiah)	Secured RM'000 (USD)	Total RM'000
Term loans payable				
- within 12 months	101,762	2,754	-	104,516
- after 12 months	556,981	5,507	-	562,488
	658,743	8,261	-	667,004
Short term borrowings	20,000	1,692	-	21,692
Bank overdrafts	-	474	-	474
Finance lease and hire purchase				
- within 12 months	866	98	-	964
- after 12 months	2,061	-	-	2,061
	2,927	98	-	3,025
Total	681,670	10,525	-	692,195

B8 Material litigation

The Group was not engaged in any material litigation as at 23 August 2018, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report, save as disclosed in Note A11.

B9 Derivatives financial instrument

As at 30 June 2018, there were no outstanding foreign currency forward contracts.

B10 Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

	3 months ended 30/06/2018 RM'000	Period ended 30/06/2018 RM'000
Depreciation and amortisation	(5,294)	(10,602)
Impairment of intangible assets	(36)	(56)
Gain on redemption of financial assets at fair value through profit or loss	32	43
Net foreign exchange gain/(loss)	361	(231)
Allowance for impairment loss on financial assets	(118)	(615)
Reversal of allowance for impairment loss on financial assets	560	868
Reversal of impairment on inventories	10	20

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 30 June 2018.

B11 Dividend proposed

No dividend has been proposed for the first half of the year ended 30 June 2018.

At the Annual General Meeting held on 28 June 2018, the shareholders of the Company had approved the first and final single-tier dividend of 6.5 sen per ordinary share in respect of the financial year ended 31 December 2017 (2016: 6.5 sen per ordinary share). The dividend shall be paid on 27 September 2018 to depositors whose names appear in the Record of Depositors of the Company on 14 September 2018.

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(Incorporated in Malaysia)

B12 Earnings per share ("EPS")

(a) Basic EPS

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

	3 months ended		Period ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Net profit for the period (RM'000)	77,132	90,390	141,332	180,811
Distribution paid to holders of				
- Perpetual Sukuk (RM'000)	-	-	(18,310)	(18,310)
- Perpetual Securities (RM'000)	(22,364)	-	(22,364)	-
Net profit for the period attributable to ordinary equity holders (RM'000)	54,768	90,390	100,658	162,501
Weighted average number of ordinary shares in issue ('000)	2,427,687	2,409,422	2,427,506	2,409,422
Basic EPS (sen)	2.26	3.75	4.15	6.74

(b) Diluted EPS

The diluted earnings per share has been calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares that would have been in issue assuming full exercise of the remaining warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Net profit for the period attributable to ordinary equity holders (RM'000)	54,768	90,390	100,658	162,501
Weighted average number of ordinary shares in issue ('000)	2,427,687	2,409,422	2,427,506	2,409,422
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Warrants B	-	13,954	-	9,606
- Warrants C ⁽¹⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,427,687	2,423,376	2,427,506	2,419,028
Diluted EPS (sen)	2.26	3.73	4.15	6.72

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

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

B14 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
30 August 2018