



MAH SING GROUP BERHAD

(230149-P)

A Premier Lifestyle Developer

(Incorporated in Malaysia)

Interim Financial Report

30 September 2016

MAH SING GROUP BERHAD

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

Interim Financial Report - 30 September 2016

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

(The figures have not been audited)

	AS AT 30/09/2016 RM'000	(AUDITED) AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	130,050	109,538
<i>Prepaid lease payments</i>	6,677	7,000
<i>Investment properties</i>	194,816	194,816
<i>Land held for property development</i>	1,071,041	1,026,414
<i>Intangible assets</i>	5,850	6,185
<i>Deferred tax assets</i>	107,676	106,721
	<u>1,516,110</u>	<u>1,450,674</u>
Current Assets		
<i>Property development costs</i>	2,456,219	2,534,864
<i>Inventories</i>	144,073	190,362
<i>Trade and other receivables</i>	1,175,495	1,062,433
<i>Current tax assets</i>	17,233	18,680
<i>Deposits, cash and bank balances and investment in short-term funds</i>	727,945	1,358,665
	<u>4,520,965</u>	<u>5,165,004</u>
TOTAL ASSETS	<u>6,037,075</u>	<u>6,615,678</u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,204,711	1,204,709
<i>Share premium</i>	540,816	540,810
<i>Other reserves</i>	71,551	87,927
<i>Retained earnings</i>	1,384,488	1,302,176
	<u>3,201,566</u>	<u>3,135,622</u>
Perpetual Sukuk	540,000	540,000
Non-Controlling Interests	7,803	8,473
Total Equity	<u>3,749,369</u>	<u>3,684,095</u>
Non-Current Liabilities		
<i>Redeemable convertible secured bonds</i>	-	292,008
<i>Term loans</i>	855,056	1,099,789
<i>Long term and deferred payables</i>	15,622	15,342
<i>Deferred tax liabilities</i>	15,180	16,793
	<u>885,858</u>	<u>1,423,932</u>
Current Liabilities		
<i>Trade and other payables</i>	1,158,902	1,364,730
<i>Term loans</i>	177,170	91,921
<i>Short term borrowings</i>	15,662	10,260
<i>Bank overdrafts</i>	213	264
<i>Current tax liabilities</i>	49,901	40,476
	<u>1,401,848</u>	<u>1,507,651</u>
Total Liabilities	<u>2,287,706</u>	<u>2,931,583</u>
TOTAL EQUITY AND LIABILITIES	<u>6,037,075</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 30 September 2016

(The figures have not been audited)

	3 months ended		Period ended		
	30/09/2016	30/09/2015	30/09/2016	30/09/2015	
	RM'000	RM'000	RM'000	RM'000	
Revenue	732,365	770,743	2,215,437	2,335,370	
Cost of sales	(542,078)	(580,786)	(1,650,107)	(1,734,798)	
Gross profit	190,287	189,957	565,330	600,572	
Other income	9,704	9,862	17,973	23,685	
Selling and marketing expenses	(32,696)	(25,687)	(86,402)	(98,648)	
Administrative and other expenses	(45,210)	(64,469)	(129,449)	(169,527)	
Interest income	2,355	2,438	6,045	7,245	
Finance costs	(1,011)	(1,419)	(3,403)	(5,019)	
Profit before tax	123,429	110,682	370,094	358,308	
Income tax expense	(31,934)	(26,791)	(95,177)	(86,557)	
Profit for the period	91,495	83,891	274,917	271,751	
Profit attributable to:					
Equity holders of the Company	91,891	84,402	275,745	273,786	
Non-controlling interests	(396)	(511)	(828)	(2,035)	
	91,495	83,891	274,917	271,751	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	3.05	2.74	9.92	11.02
- Diluted (sen)	Note B13(b)	3.03	2.59	9.90	10.47

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 30 September 2016

(The figures have not been audited)

	3 months ended		Period ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period	91,495	83,891	274,917	271,751
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	963	1,377	386	1,490
Other comprehensive income for the period	963	1,377	386	1,490
Total comprehensive income for the period	92,458	85,268	275,303	273,241
Total comprehensive income attributable to:				
Equity holders of the Company	92,532	85,297	275,973	274,771
Non-controlling interests	(74)	(29)	(670)	(1,530)
	92,458	85,268	275,303	273,241

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 September 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				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
9 months ended 30 September 2016										
Balance at 1/1/2016	1,204,709	540,810	64,344	6,980	16,603	1,302,176	3,135,622	540,000	8,473	3,684,095
Amount recognised directly in equity:										
Profit for the financial period	-	-	-	-	-	275,745	275,745	-	(828)	274,917
Other comprehensive income	-	-	-	228	-	-	228	-	158	386
Total comprehensive income for the period	-	-	-	228	-	275,745	275,973	-	(670)	275,303
Dividends for the financial year ended 31 December 2015	-	-	-	-	-	(156,612)	(156,612)	-	-	(156,612)
Issuance of ordinary shares pursuant to warrants exercised	2	6	(1)	-	-	-	7	-	-	7
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	-	(36,821)	(36,821)	-	-	(36,821)
Repurchase of redeemable convertible bonds	-	-	-	-	(16,603)	-	(16,603)	-	-	(16,603)
Balance at 30/09/2016	1,204,711	540,816	64,343	7,208	-	1,384,488	3,201,566	540,000	7,803	3,749,369

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 September 2015
(The figures have not been audited)

	Attributable to ordinary equity holders of the Company					Retained earnings	Total	Perpetual Sukuk	Non-controlling interests	Total Equity
	Non-Distributable		Distributable							
9 months ended 30 September 2015	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Other reserve					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	273,786	273,786	-	(2,035)	271,751
Other comprehensive income	-	-	-	985	-	-	985	-	505	1,490
Total comprehensive income for the period	-	-	-	985	-	273,786	274,771	-	(1,530)	273,241
Dividends for the financial year ended 31 December 2014	-	-	-	-	-	(156,612)	(156,612)	-	-	(156,612)
Expenses on issuance of ordinary shares	-	(7,972)	-	-	-	-	(7,972)	-	-	(7,972)
Issuance of ordinary shares pursuant to:										
- Warrants exercised	611	2,218	(380)	-	-	-	2,449	-	-	2,449
- Rights Issue with warrants	221,593	386,457	21,273	-	-	-	629,323	-	-	629,323
- Bonus Issue	240,064	(240,064)	-	-	-	-	-	-	-	-
- Conversion of redeemable convertible bonds	4,386	5,614	-	-	(526)	-	9,474	-	-	9,474
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	540,000	-	540,000
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	-	(18,410)	(18,410)	-	-	(18,410)
Balance at 30/09/2015	1,204,709	540,810	64,344	6,105	16,603	1,189,285	3,021,856	540,000	8,152	3,570,008

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

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

	9 months ended 30/09/2016 RM'000	9 months ended 30/09/2015 RM'000
Operating Activities		
Profit before tax	370,094	358,308
Adjustments for:		
Non-cash items	9,985	50,554
Non-operating items	31,678	16,847
Operating profit before changes in working capital	411,757	425,709
Net change in property development costs	98,163	(99,148)
Net change in inventories	46,464	16,984
Net change in receivables	(130,081)	28,475
Net change in accrued billings	20,144	(291,746)
Net change in payables	(107,986)	(112,029)
Net change in progress billings	(66,956)	(60,273)
Cash generated from/(used in) operations	271,505	(92,028)
Interest received	21,045	25,628
Interest paid	(43,626)	(47,378)
Net tax paid	(89,988)	(80,686)
Net cash generated from/(used in) operating activities	158,936	(194,464)
Investing Activities		
Additions to property, plant and equipment	(24,676)	(7,558)
Additions to investment properties	-	(9,391)
Additions to land held for property development	(79,066)	(82,289)
Acquisition of land	-	(59,972)
Proceeds from disposal of property, plant and equipment	566	490
Net cash used in investing activities	(103,176)	(158,720)
Financing Activities		
Dividends paid to shareholders of the Company	(156,612)	(156,612)
Distribution paid to holders of Perpetual Sukuk	(36,821)	(18,410)
Issuance of Perpetual Sukuk	-	540,000
Net (repayment of)/proceeds from borrowings	(155,898)	64,028
Net withdrawal/(placement) of deposits with licensed banks pledged as collateral/Escrow Accounts/Trustees' Reimbursement Account	40,662	(19,661)
Repurchase of redeemable convertible secured bonds	(337,100)	-
Payment of bonds coupon	-	(5,267)
Payment for corporate exercise expenses	-	(7,972)
Proceeds from Rights Issue	-	629,323
Proceeds from warrants exercised	7	2,449
Net cash (used in)/generated from financing activities	(645,762)	1,027,878
Net changes in cash and cash equivalents	(590,002)	674,694
Effect of exchange rate changes	(4)	117
Cash and cash equivalents at beginning of the financial period	1,280,020	613,830
Cash and cash equivalents at end of the financial period	690,014	1,288,641

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

(The figures have not been audited)

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

	9 months ended 30/09/2016 RM'000	9 months ended 30/09/2015 RM'000
Deposits with licensed banks	119,745	100,923
Investment in short-term funds	111,896	720,599
Cash and bank balances	496,304	512,308
Bank overdrafts	(213)	(182)
	727,732	1,333,648
Less: Deposits in Escrow Accounts	(32,991)	(1,607)
Less: Deposits pledged as collateral	(4,697)	(43,370)
Less: Trustees' Reimbursement Account	(30)	(30)
	690,014	1,288,641

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

During the financial period ended 30 September 2016, the Company increased its issued and paid up share capital from RM1,204,708,614 to RM1,204,710,953.50 by way of issuance of 4,679 new ordinary shares of RM0.50 each pursuant to the exercise of Warrant B 2013/2018.

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

Save for the above, there were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, share held as treasury shares and resale of treasury shares during the financial period under review.

A6 Dividends paid

On 15 September 2016, the Company paid a first and final single-tier dividend of 6.5 sen per ordinary share of RM0.50 each amounted to RM156,612,125.86 in respect of the financial year ended 31 December 2015.

A7 Segment reporting

Period ended 30 September 2016

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,972,327	187,773	55,337	-	2,215,437
Inter-segment	-	4	467,459	(467,463)	-
	<u>1,972,327</u>	<u>187,777</u>	<u>522,796</u>	<u>(467,463)</u>	<u>2,215,437</u>
RESULTS					
Operating profit/(loss)	367,878	10,319	(10,745)	-	367,452
Interest income	5,900	145	-	-	6,045
Finance costs	(2,053)	(1,094)	(256)	-	(3,403)
Profit/(loss) before tax	<u>371,725</u>	<u>9,370</u>	<u>(11,001)</u>	-	<u>370,094</u>
Income tax expense					(95,177)
Profit for the period					<u>274,917</u>
OTHER INFORMATION					
Capital expenditure	7,880	24,270	891	-	33,041
Depreciation and amortisation	3,555	9,735	154	-	13,444
ASSETS AND LIABILITIES					
Segment assets	5,501,969	212,294	197,903	-	5,912,166
Current and deferred tax assets					124,909
Total assets					<u>6,037,075</u>
Segment liabilities	2,135,896	72,586	14,143	-	2,222,625
Current and deferred tax liabilities					65,081
Total liabilities					<u>2,287,706</u>

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

Period ended 30 September 2015

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	2,114,792	170,817	49,761	-	2,335,370
Inter-segment	-	6	199,141	(199,147)	-
	<u>2,114,792</u>	<u>170,823</u>	<u>248,902</u>	<u>(199,147)</u>	<u>2,335,370</u>
RESULTS					
Operating profit	330,366	8,811	16,905	-	356,082
Interest income	7,205	40	-	-	7,245
Finance costs	(2,451)	(1,279)	(1,289)	-	(5,019)
Profit before tax	<u>335,120</u>	<u>7,572</u>	<u>15,616</u>	-	<u>358,308</u>
Income tax expense					<u>(86,557)</u>
Profit for the period					<u>271,751</u>
OTHER INFORMATION					
Capital expenditure	3,162	4,447	163	-	7,772
Depreciation and amortisation	3,647	9,519	323	-	13,489
ASSETS AND LIABILITIES					
Segment assets	5,380,470	183,966	804,288	-	6,368,724
Current and deferred tax assets					<u>92,411</u>
Total assets					<u>6,461,135</u>
Segment liabilities	2,460,278	55,599	311,068	-	2,826,945
Current and deferred tax liabilities					<u>64,182</u>
Total liabilities					<u>2,891,127</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 18 November 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
	30/09/2016
	RM'000
(i) Rental paid to a Company in which a Director of the Company has interest	1,153
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	133
(iii) Professional fees paid to a firm in which a Director of a subsidiary company has interest	<u>1,130</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:

	30/09/2016	31/12/2015
	RM'000	RM'000
Bank guarantees issued in favour of third parties	68,931	52,321
Corporate guarantees issued in favour of third parties	7,488	7,178
	<u>76,419</u>	<u>59,499</u>

A12 Capital commitments

	30/09/2016
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of development land	294,729
- Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	10,387
	<u>463,856</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>	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015	30/09/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commercial properties:						
Less than one year	7,170	6,377	(1,002)	(765)	6,168	5,612
One to two years	4,444	6,377	(1,313)	(1,014)	3,131	5,363
	11,614	12,754	(2,315)	(1,779)	9,299	10,975
Residential properties:						
Less than one year	3,359	4,619	(244)	(266)	3,115	4,353
One to two years	-	2,282	-	(96)	-	2,186
	3,359	6,901	(244)	(362)	3,115	6,539
	14,973	19,655	(2,559)	(2,141)	12,414	17,514
					(12,414)	(17,514)
					-	-

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 RM1.0 million (2015: RM0.3 million) and rental income from sublease amounting to RM0.1 million (2015: RM0.1 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 rental receivables</u>
	30/09/2016
	RM'000
Less than one year	4,006
One year to less than 3 years	3,825
	7,831

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 RM275.7 million on the back of revenue of approximately RM2.2 billion for the nine-months ended 30 September 2016. This represented a 0.7% increase in net profit despite a 5.1% decline in revenue compared to the corresponding period last year. On a quarterly basis, the Group recorded net profit of approximately RM91.9 million and revenue of approximately RM732.4 million. This represented an 8.9% improvement in net profit despite a 5.0% decline in revenue compared to the same quarter last year.

As at 30 September 2016, the Group's cash and bank balances amounted to approximately RM727.9 million, with low net gearing ratio of 0.09 times.

Property development

For the nine-months ended 30 September 2016, revenue from property development was approximately RM2.0 billion and operating profit was approximately RM367.9 million. The operating profit was higher mainly due to lower selling, marketing and administrative expenses during the current financial period. The decrease in revenue was due to lower contribution from **M City** in Jalan Ampang and **Icon City** in Petaling Jaya that were at tail end of development during current financial period.

Other development projects in Greater KL and Klang Valley that contributed to the Group's results include **Southville City @ KL South**, **Lakeville Residence** in Taman Wahyu and **D'sara Sentral** in Sungai Buloh, **M Residence** and **M Residence 2 @ Rawang**, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **Kinrara Residence** in Puchong, **Icon Residence** in Mont' Kiara and **Star Avenue @ D'sara**. Projects in Penang Island i.e. **Southbay City**, **Legenda @ Southbay** and **Ferringhi Residence**, and projects in Iskandar, Johor Bahru i.e. **The Meridin @ Medini**, **Meridin East**, **Mah Sing i-Parc @ Port of Tanjung Pelepas**, **Austin Perdana**, **Sri Pulai Perdana 2** and **Sierra Perdana** as well as **Sutera Avenue** in Kota Kinabalu. Sabah also contributed.

The Group achieved cumulative property sales of approximately RM1.4 billion for the nine-months ended 30 September 2016.

Plastics

The plastics segment continued to contribute positively to Group performance. Revenue grew by 9.9% from approximately RM170.8 million to RM187.8 million and operating profits improved by 17.1% from RM8.8 million to RM10.3 million as a result of stronger sales of pallet and automotive parts.

Investment holding & Others

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

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

There was no major fluctuation in the Group's current quarter profit before tax of approximately RM123.4 million compared to the immediate preceding quarter of approximately RM120.3 million.

B3 Prospects for the current financial year

As at 30 September 2016, the Group's cash and bank balances amounted to approximately RM727.9 million, with low net gearing ratio of 0.09 times. The Group will continue to adhere to prudent financial management and practice a fair degree of diligence and flexibility as it looks out for potential land acquisitions, joint ventures and investment, mainly in Greater Kuala Lumpur. The Group is focused on finding acceptable growth opportunities without taking on too much risk. During the quarter, the Group paid RM156.6 million dividend for FY2015, marking the 10th anniversary of uninterrupted minimum 40% annual dividend payout record.

Responding to the challenging market conditions coupled with uncertainties as a result of recent global and domestic developments, as well as the lack of incentives for private developers in Budget 2017, the Group has revised its 2016 full year sales target from RM2.3 billion to RM1.8 billion. However, long term demand for property will continue to be supported by a young population demographic, conducive interest rate, continued GDP growth, and urbanisation.

The Group will continue to focus on nimble response to market and quick asset turn. The established Mah Sing brand, track record of delivery and solid financial capabilities will allow the Group to respond to the cyclical market.

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	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	47,403	28,224	106,960	97,895
(Over)/Under provision of Malaysian income tax in prior year	(6,097)	5,583	(6,097)	5,583
	41,306	33,807	100,863	103,478
Deferred tax:				
Malaysian deferred tax	(9,372)	(7,016)	(5,686)	(16,921)
	31,934	26,791	95,177	86,557

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

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 22 November 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.

On 14 September 2016, an amicable settlement or alternative arrangement has yet to be reached between the parties. The parties have since agreed to another 6 months commencing from 15 September 2016 up to 14 March 2017 for the parties to continue with the current bona fide discussion to renegotiate the terms of the sale and purchase agreement pursuant to clause 2.6 of the Agreement.

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 have been fully utilised as at 18 November 2016.
- 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.

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B7 Group borrowings

Total group borrowings as at 30 September 2016 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	176,840	330	-	177,170
- after 12 months	855,056	-	-	855,056
	1,031,896	330	-	1,032,226
Short term borrowings	10,000	2,536	3,126	15,662
Bank overdrafts	-	213	-	213
Finance lease and hire purchase				
- within 12 months	1,267	1,137	-	2,404
- after 12 months	1,241	1,056	-	2,297
	2,508	2,193	-	4,701
Total	1,044,404	5,272	3,126	1,052,802

B8 Material litigation

The Group is not engaged in any material litigation as at 18 November 2016, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

B9 Derivatives financial instrument

As at 30 September 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 30 September 2016 and 31 December 2015 were analysed as follows:

	30/09/2016	31/12/2015
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	1,282,684	1,197,374
- Unrealised	119,433	109,487
	1,402,117	1,306,861
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	1,402,044	1,306,788
Consolidation adjustments	(17,556)	(4,612)
Total group retained earnings as per consolidated accounts	1,384,488	1,302,176

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

	3 months	Period
	ended	ended
	30/09/2016	30/09/2016
	RM'000	RM'000
Bad debts written off	-	(15)
Depreciation and amortisation	(4,467)	(13,444)
Impairment of intangible assets	(26)	(334)
Gain on redemption of investment in short term funds	633	490
Loss on repurchase of redeemable convertible secured bonds	-	(27,141)
Net foreign exchange gain	793	516
Reversal of allowance for doubtful debts - trade receivables	4,203	6,745
Reversal of write down of slow-moving inventories	39	39

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 September 2016.

B12 Dividend proposed

No dividend has been proposed for the nine-months ended 30 September 2016.

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(Incorporated in Malaysia)

B13 Earnings per share ("EPS")

(a) Basic EPS

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

	3 months ended		Period ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Net profit for the period (RM'000)	91,891	84,402	275,745	273,786
Distribution paid to holders of Perpetual Sukuk (RM'000)	(18,411)	(18,410)	(36,821)	(18,410)
Net profit for the period attributable to ordinary equity holders (RM'000)	73,480	65,992	238,924	255,376
Weighted average number of ordinary shares in issue ('000)	2,409,418	2,409,417	2,409,418	2,317,860
Basic EPS (sen)	3.05	2.74	9.92	11.02

(b) Diluted EPS

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

	3 months ended		Period ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Net profit for the period attributable to ordinary equity holders (RM'000)	73,480	65,992	238,924	255,376
Weighted average number of ordinary shares in issue ('000)	2,409,418	2,409,417	2,409,418	2,317,860
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Bonds conversion ⁽¹⁾	n/a	100,447	n/a	88,946
- Warrants B	19,660	36,500	3,385	31,760
- Warrants C ⁽²⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,429,078	2,546,364	2,412,803	2,438,566
Diluted EPS (sen)	3.03	2.59	9.90	10.47

⁽¹⁾ During the current financial period, the redeemable convertible secured bonds has been repurchased and cancelled accordingly.

⁽²⁾ The effects of potential ordinary shares arising from the exercise of Warrants C is anti-dilutive and accordingly is excluded from the Diluted EPS computation above.

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

B15 Comparative figures

Comparative figures, where applicable, have been modified to conform to the current year presentation.

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
25 November 2016