



**MAH SING GROUP BERHAD**

(230149-P)

A Premier Lifestyle Developer

**(Incorporated in Malaysia)**

**Interim Financial Report**

**31 December 2014**

# **MAH SING GROUP BERHAD**

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

## **Interim Financial Report - 31 December 2014**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2014**

(The figures have been audited)

	AS AT 31/12/2014 RM'000	AS AT 31/12/2013 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
<i>Property, plant and equipment</i>	115,272	114,146
<i>Prepaid lease payments</i>	6,937	7,173
<i>Investment properties</i>	116,123	86,194
<i>Land held for property development</i>	927,450	543,794
<i>Intangible assets</i>	7,353	11,499
<i>Deferred tax assets</i>	68,562	75,496
	<u>1,241,697</u>	<u>838,302</u>
<b>Current Assets</b>		
<i>Property development costs</i>	2,449,882	2,258,641
<i>Inventories</i>	154,754	76,225
<i>Trade and other receivables</i>	818,338	581,748
<i>Current tax assets</i>	2,139	6,545
<i>Deposits, cash and bank balances</i>	639,176	822,290
	<u>4,064,289</u>	<u>3,745,449</u>
<b>TOTAL ASSETS</b>	<u><b>5,305,986</b></u>	<u><b>4,583,751</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
<i>Share capital</i>	738,055	706,807
<i>Share premium</i>	394,557	331,716
<i>Other reserves</i>	65,700	79,743
<i>Retained earnings</i>	1,070,317	834,026
	<u>2,268,629</u>	<u>1,952,292</u>
<b>Non-controlling interests</b>	9,682	10,987
<b>Total Equity</b>	<u><b>2,278,311</b></u>	<u><b>1,963,279</b></u>
<b>Non-current Liabilities</b>		
<i>Redeemable convertible secured bonds</i>	292,211	283,720
<i>Term loans</i>	1,089,815	756,470
<i>Long term and deferred payables</i>	31,407	84,729
<i>Deferred tax liabilities</i>	16,137	19,160
	<u>1,429,570</u>	<u>1,144,079</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,508,465	1,370,262
<i>Term loans</i>	63,774	74,922
<i>Short term borrowings</i>	5,577	8,988
<i>Bank overdrafts</i>	-	340
<i>Current tax liabilities</i>	20,289	21,881
	<u>1,598,105</u>	<u>1,476,393</u>
<b>Total Liabilities</b>	<u><b>3,027,675</b></u>	<u><b>2,620,472</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>5,305,986</b></u>	<u><b>4,583,751</b></u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<u><b>1.54</b></u>	<u><b>1.38</b></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 2013 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS****For the financial year ended 31 December 2014***(The figures have been audited)*

	3 months ended		Year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	<b>843,951</b>	570,207	<b>2,904,723</b>	2,005,596
Cost of sales	<b>(621,194)</b>	(406,757)	<b>(2,122,164)</b>	(1,396,936)
Gross profit	<b>222,757</b>	163,450	<b>782,559</b>	608,660
Other income	<b>3,973</b>	345	<b>11,878</b>	24,387
Selling and marketing expenses	<b>(71,466)</b>	(40,095)	<b>(181,912)</b>	(122,771)
Administrative expenses	<b>(41,343)</b>	(33,599)	<b>(159,076)</b>	(136,424)
Other operating expenses	-	-	-	(5,104)
Interest income	<b>2,070</b>	2,044	<b>6,227</b>	6,013
Finance costs	<b>(1,855)</b>	(1,000)	<b>(4,664)</b>	(3,257)
Profit before tax	<b>114,136</b>	91,145	<b>455,012</b>	371,504
Income tax expense	<b>(30,694)</b>	(21,371)	<b>(117,349)</b>	(92,243)
Profit for the year	<b>83,442</b>	69,774	<b>337,663</b>	279,261
Profit attributable to:				
Equity holders of the Company	<b>84,548</b>	70,698	<b>339,249</b>	280,616
Non-controlling interests	<b>(1,106)</b>	(924)	<b>(1,586)</b>	(1,355)
	<b>83,442</b>	69,774	<b>337,663</b>	279,261

## Earnings per share attributable to equity holders of the Company:

- Basic (sen)	Note B13	<b>5.73</b>	5.09	<b>23.45</b>	21.52
- Diluted (sen)	Note B13	<b>5.43</b>	4.35	<b>22.17</b>	19.85

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 2013 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 year ended 31 December 2014**

*(The figures have been audited)*

	3 months ended		Year ended	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
<b>Profit for the year</b>	<b>83,442</b>	69,774	<b>337,663</b>	279,261
<b>Other comprehensive income</b>				
<b><i>Item that may be reclassified subsequently to profit or loss:</i></b>				
Foreign currency translation difference for foreign operations	1,342	93	799	2,126
Other comprehensive income for the year	<u>1,342</u>	<u>93</u>	<u>799</u>	<u>2,126</u>
<b>Total comprehensive income for the year</b>	<b><u>84,784</u></b>	<u>69,867</u>	<b><u>338,462</u></b>	<u>281,387</u>
Total comprehensive income attributable to:				
Equity holders of the Company	85,454	70,760	339,767	282,072
Non-controlling interests	(670)	(893)	(1,305)	(685)
	<u>84,784</u>	<u>69,867</u>	<u>338,462</u>	<u>281,387</u>

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 2013 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial year ended 31 December 2014**

(The figures have been audited)

	Attributable to equity holders of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Equity-settled employees benefit reserve	Warrants reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2014										
Balance at 1/1/2014	706,807	331,716	11,423	46,589	4,602	17,129	834,026	1,952,292	10,987	1,963,279
Amount recognised directly in equity:										
Profit for the year	-	-	-	-	-	-	339,249	339,249	(1,586)	337,663
Other comprehensive income	-	-	-	-	518	-	-	518	281	799
Total comprehensive income for the year	-	-	-	-	518	-	339,249	339,767	(1,305)	338,462
Dividends for the financial year ended 31 December 2013	-	-	-	-	-	-	(118,057)	(118,057)	-	(118,057)
Issuance of ordinary shares pursuant to:										
- ESOS exercised	26,293	45,037	(14,514)	-	-	-	14,514	71,330	-	71,330
- Warrants exercised	4,955	17,804	-	(3,138)	-	-	-	19,621	-	19,621
ESOS lapsed during the year	-	-	(585)	-	-	-	585	-	-	-
Recognition of share-based payment	-	-	3,676	-	-	-	-	3,676	-	3,676
Balance at 31/12/2014	738,055	394,557	-	43,451	5,120	17,129	1,070,317	2,268,629	9,682	2,278,311

	Attributable to equity holders of the Company									
	Non-Distributable						Distributable			
	Share capital	Share premium	Equity-settled employees benefit reserve	Warrants reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2013										
Balance at 1/1/2013	419,934	140,287	10,614	-	3,146	17,129	653,787	1,244,897	10,104	1,255,001
Amount recognised directly in equity:										
Profit for the year	-	-	-	-	-	-	280,616	280,616	(1,355)	279,261
Other comprehensive income	-	-	-	-	1,456	-	-	1,456	670	2,126
Total comprehensive income for the year	-	-	-	-	1,456	-	280,616	282,072	(685)	281,387
Dividends for the financial year ended 31 December 2012	-	-	-	-	-	-	(104,075)	(104,075)	-	(104,075)
Issuance of ordinary shares pursuant to:										
- Bonus issue	113,101	(113,101)	-	-	-	-	-	-	-	-
- ESOS exercised	6,493	12,643	(3,312)	-	-	-	3,312	19,136	-	19,136
- Rights Issue	140,050	193,829	-	63,863	-	-	-	397,742	-	397,742
- Warrants exercised	27,229	98,058	-	(17,274)	-	-	-	108,013	-	108,013
ESOS lapsed during the year	-	-	(386)	-	-	-	386	-	-	-
Recognition of share-based payment	-	-	4,507	-	-	-	-	4,507	-	4,507
Ordinary shares issued to non-controlling interests by a subsidiary company	-	-	-	-	-	-	-	-	1,568	1,568
Balance at 31/12/2013	706,807	331,716	11,423	46,589	4,602	17,129	834,026	1,952,292	10,987	1,963,279

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 2013 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the financial year ended 31 December 2014**

*(The figures have been audited)*

	<b>12 months ended 31/12/2014 RM'000</b>	12 months ended 31/12/2013 RM'000
<b>Operating Activities</b>		
Profit before tax	455,012	371,504
Adjustments for:		
Non-cash items	18,184	22,126
Non-operating items	26,482	12,979
Operating profit before changes in working capital	499,678	406,609
Net change in property development costs	(213,685)	(97,679)
Net change in inventories	17,430	(36,239)
Net change in receivables	(129,581)	(145,550)
Net change in payables	285,422	198,571
Cash generated from operations	459,264	325,712
Interest received	16,680	17,451
Interest paid	(49,282)	(42,210)
Net tax paid	(110,549)	(123,126)
Net cash generated from operating activities	316,113	177,827
<b>Investing Activities</b>		
Additions to property, plant and equipment	(16,352)	(23,757)
Additions to investment properties	(28,520)	(13,592)
Additions to land held for property development	(104,404)	(81,998)
Acquisition of land	(632,244)	(441,635)
Proceeds from disposal of property, plant and equipment	5,602	1,344
Net cash used in investing activities	(775,918)	(559,638)
<b>Financing Activities</b>		
Dividends paid to shareholders of the Company	(118,057)	(104,075)
Net proceeds from borrowings	314,634	207,414
Net (placement)/withdrawal of deposits with licensed banks as collateral/Escrow Account	(11,716)	31,538
Payment for corporate exercise expenses	-	(4,431)
Payment of bonds coupon	(10,563)	(10,563)
Proceeds from issuance of ordinary shares by a subsidiary company to non-controlling interests	-	1,568
Proceeds from ESOS exercised	71,330	19,136
Proceeds from Rights Issue	-	397,742
Proceeds from warrants exercised	19,621	108,013
Net cash generated from financing activities	265,249	646,342
Net changes in cash and cash equivalents	(194,556)	264,531
Effect of exchange rate changes	65	16
Cash and cash equivalents at beginning of the financial year	808,321	543,774
Cash and cash equivalents at end of the financial year	613,830	808,321

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the financial year ended 31 December 2014 (cont'd)**

*(The figures have been audited)*

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

	<b>12 months ended 31/12/2014 RM'000</b>	12 months ended 31/12/2013 RM'000
Deposits with licensed banks	<b>80,942</b>	95,012
Investments in short term funds	<b>79,051</b>	351,720
Cash and bank balances	<b>479,183</b>	375,558
Bank overdrafts	<b>-</b>	(340)
	<b>639,176</b>	821,950
Less: Deposits pledged as collateral	<b>(24,428)</b>	(11,648)
Less: Deposits in Escrow Account	<b>(918)</b>	(1,981)
	<b>613,830</b>	808,321

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.



**A Explanatory Notes**

**A1 Basis of Preparation**

The interim financial report has been prepared in accordance with Financial Reporting Standard ("FRS") No. 134 : Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013. 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 2013.

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 2013 save for the adoption of the followings:

FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities)
FRS 12	Disclosure of Interests in Other Entities (Amendments relating to Investment Entities)
FRS 127	Separate Financial Statements (Amendments relating to Investment Entities)
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
FRS 136	Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)
IC Interpretation 21	Levies

The adoption of these new and revised FRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group.

**Malaysian Financial Reporting Standard ("MFRS Framework")**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities.

Transitioning Entities, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allowed these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for Transitioning Entities has been extended for an additional year.

On 2 September 2014, the MASB announced that entities other than private entities and private entities that have in the alternative chosen to apply the FRS Framework shall comply with the MFRS Framework latest by 1 January 2017.

**A1 Basis of Preparation (continued)**

**Malaysian Financial Reporting Standard ("MFRS Framework") (continued)**

The Group falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* in their financial statements for the financial year ending 31 December 2017, being the first set of financial statements prepared in accordance with new MFRS Framework.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. At the date of authorisation for issue of this interim financial report, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

**A2 Seasonal or cyclical factors**

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the financial year under review.

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

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

**A4 Changes in estimates**

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

**A5 Debt and equity securities**

During the financial year ended 31 December 2014, the Company increased its issued and paid up ordinary share capital from RM706,806,627 to RM738,054,727 by way of:

- a) issuance of 52,586,618 new ordinary shares of RM0.50 each pursuant to the exercise of employees share options; and
- b) issuance of 9,909,583 new ordinary shares of RM0.50 each pursuant to the exercise of warrants.

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

**A6 Dividends paid**

On 25 September 2014, the Company paid a first and final single-tier dividend of 8.0 sen per ordinary share of RM0.50 each amounted to RM118,056,509 in respect of the financial year ended 31 December 2013.

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**A7 Segment reporting**

Year ended 31 December 2014

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination	Consolidated RM'000
<b>REVENUE</b>					
External revenue	2,605,849	240,897	57,977	-	2,904,723
Inter-segment	-	10	194,319	(194,329)	-
	<u>2,605,849</u>	<u>240,907</u>	<u>252,296</u>	<u>(194,329)</u>	<u>2,904,723</u>
<b>RESULTS</b>					
Operating profit	432,452	12,649	8,348	-	453,449
Interest income	6,169	57	1	-	6,227
Finance costs	(2,187)	(1,865)	(612)	-	(4,664)
Profit before tax	436,434	10,841	7,737	-	455,012
Income tax expense					(117,349)
Profit for the year					<u>337,663</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	3,960	17,939	348	-	22,247
Depreciation and amortisation	4,763	12,059	320	-	17,142
<b>ASSETS AND LIABILITIES</b>					
Segment assets	4,905,040	177,493	152,752	-	5,235,285
Current and deferred tax assets					70,701
Total assets					<u>5,305,986</u>
Segment liabilities	2,613,625	56,235	321,389	-	2,991,249
Current and deferred tax liabilities					36,426
Total liabilities					<u>3,027,675</u>

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

Year ended 31 December 2013

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,721,968	235,444	48,184	-	2,005,596
Inter-segment	-	-	174,378	(174,378)	-
	<u>1,721,968</u>	<u>235,444</u>	<u>222,562</u>	<u>(174,378)</u>	<u>2,005,596</u>
<b>RESULTS</b>					
Operating profit	346,341	15,106	7,301	-	368,748
Interest income	5,986	27	-	-	6,013
Finance costs	(559)	(2,210)	(488)	-	(3,257)
Profit before tax	<u>351,768</u>	<u>12,923</u>	<u>6,813</u>	-	<u>371,504</u>
Income tax expense					<u>(92,243)</u>
Profit for the year					<u><u>279,261</u></u>
<b>OTHER INFORMATION</b>					
Capital expenditure	12,049	14,338	561	-	26,948
Depreciation and amortisation	4,387	11,786	248	-	16,421
<b>ASSETS AND LIABILITIES</b>					
Segment assets	3,884,560	171,982	445,168	-	4,501,710
Current and deferred tax assets					<u>82,041</u>
Total assets					<u><u>4,583,751</u></u>
Segment liabilities	2,216,798	63,015	299,618	-	2,579,431
Current and deferred tax liabilities					<u>41,041</u>
Total liabilities					<u><u>2,620,472</u></u>

**A8 Material subsequent events**

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 9 February 2015, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

**A9 Related Party Transactions**

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

	<b>01/1/2014 to 31/12/2014 RM'000</b>
(i) Rental paid to a Company in which a Director has interest	<b>1,472</b>
(ii) Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company	<b>170</b>
(iii) Professional fees paid to firms in which Directors of subsidiary companies have interest	<b>5,479</b>
(iv) Sales of development properties to Directors of the Company and/or subsidiary companies and/or family members	<b>3,457</b>
(v) Sales of building materials to a Company in which a Director has interest	<b>2</b>
	<b><u>2</u></b>

**A10 Changes in the composition of the Group**

There were no changes in the composition of the Group for the financial year except for the followings:

- 1) On 23 January 2014, the Company acquired the entire issued and paid-up share capital of the following companies for cash consideration of RM2.00 each respectively:
  - a) Enchanting View Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.
  - b) Garden Vista Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.
- 2) On 21 November 2014, the Company acquired the entire issued and paid-up share capital of Mah Sing Utilities Sdn Bhd (formerly known as Octland Property Management Sdn Bhd), a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up, for a cash consideration of RM2.00.
- 3) On 15 December 2014, the Company acquired the entire issued and paid-up share capital of Idealvista Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 have been issued and fully paid-up, for a cash consideration of RM2.00.

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(Incorporated in Malaysia)

**A11 Changes in contingent liabilities or contingent assets**

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

	<b>31/12/2014</b>	31/12/2013
	<b>RM'000</b>	RM'000
Bank guarantees issued in favour of third parties	<b>31,947</b>	15,602
Corporate guarantees issued in favour of third parties	<b>7,797</b>	8,489
Others	<b>1,147</b>	700
	<b><u>40,891</u></b>	<u>24,791</u>

**A12 Capital Commitments**

	<b>31/12/2014</b>
	<b>RM'000</b>
Contractual commitment in relation to:	
- Proposed acquisition of land	<b>1,209,538</b>
- Development Agreement for proposed development of land in Kota Kinabalu	<b>158,740</b>
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	<b>3,937</b>
Commitment for construction of investment properties	
- Approved and contracted for	<b>15,227</b>
	<b><u>1,387,442</u></b>

**As Lessee - for the lease of commercial buildings**

The leaseback for the Corporate Building Block of **Southgate Commercial Centre** and **The Icon**, Jalan Tun Razak had expired in August 2013 and December 2012 respectively. There is no new leaseback of commercial building during the financial year.

The Group had recognised the leaseback rental amounted to RM5.1 million and the rental income from the sub-lease amounted to RM5.1 million in profit or loss last year.

**As Lessor - for the lease of investment properties**

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

	<b><u>Lease rentals receivable</u></b>
	<b>31/12/2014</b>
	<b>RM'000</b>
Less than one year	<b><u>21</u></b>

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

**B1 Review of Group performance**

The Group posted revenue of approximately RM2.9 billion and net profit of approximately RM339.2 million for the year ended 31 December 2014. This represented 44.8% improvement in revenue and 20.9% improvement in net profit as compared to the previous financial year. The current quarter revenue and net profit of approximately RM844.0 million and approximately RM84.5 million represented 48.0% and 19.6% improvement respectively over the corresponding quarter last year.

As at 31 December 2014, the Group had a cash pile of approximately RM639.2 million and net gearing at 0.36 times.

**Property development**

For the year ended 31 December 2014, revenue from property development was approximately RM2.6 billion, marking near to 51.3% improvement as compared to approximately RM1.7 billion achieved last year. Operating profit also increased 24.9% from approximately RM346.3 million to approximately RM432.5 million. Improvement in results for the year ended 31 December 2014 compared to last year were attributable to the higher work progress and sales from the Group's ongoing development projects such as **Icon City** in Petaling Jaya, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **M-City** in Jalan Ampang and **M Residence** in Rawang. For the year ended 31 December 2014, the Group achieved property sales of approximately RM3.43 billion as a result of its focus on products priced below RM1 million mainly in the Klang Valley, which is in line with market demand.

Other projects that contributed to the Group's results in Greater KL and Klang Valley included **Kinrara Residence** in Puchong, **Icon Residence** in Mont' Kiara, **Southville City@KL South**, **M Residence 2 @ Rawang**, **Lakeville Residence** in Taman Wahyu, **D'sara Sentral** in Sungai Buloh and **M-Suites** in Jalan Ampang. Commercial projects included **Star Avenue @ D'sara**, **StarParc Point** in Setapak. Furthermore, projects in Penang Island included **Ferringhi Residence**, **Southbay City** and **Legenda @ Southbay** and projects in Iskandar, Johor Bahru included **Mah Sing i-Parc @ Tanjung Pelepas**, **Austin Perdana**, **Sri Pulau Perdana 2**, **Sierra Perdana**, and **The Meridin @ Medini** whilst **Sutera Avenue** in Kota Kinabalu, Sabah also contributed.

In 2014, the Group further grew its landbank by 1,134 acres with the 3 proposed acquisitions of new land in Puchong, Seremban and Shah Alam at an estimated gross development value (GDV) of RM19.3 billion. For the Puchong land, the Group had also been granted the option for an additional 171 acres adjacent to the land. With this, the Group's total remaining undeveloped landbank stands at 3,822 acres. As at 31 December 2014, the Group's unbilled sales of RM5.26 billion combined with remaining GDV (including the option) of RM59.8 billion is approximately RM65.06 billion, which will last the Group for approximately 8 to 10 years.

**Plastics**

The plastics segment continued to contribute positively to the revenue and operating profit of the Group. Revenue grew by 2.3% from approximately RM235.4 million to approximately RM240.9 million as a result of higher pallet sales.

**Investment holding & Others**

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

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

There was no major fluctuation in the Group's current quarter profit before tax compared to the immediate preceding quarter.

**B3 Prospects for the next financial year**

The Group is confident that it will continue to deliver satisfactory performance in 2015.

This is in view of the strong unbilled sales locked in at RM5.26 billion which will continue to contribute to the revenue and earnings delivery. Further adding to confidence is the overwhelming demand for the Group's range of products priced below RM1 million that are mainly focused in highly sought-after growth locations in Klang Valley. New phase launches will come from **Savanna Executive Suites@ Southville City**, **M Residence 2 @ Rawang**, **Lakeville Residence** in Taman Wahyu, **D'Sara Sentral** in Sungai Buloh, **Ferringhi Residence 2** in Penang, **Meridin Bayvue@Sierra Perdana**, Johor Bahru and **Sutera Avenue** in Kota Kinabalu Sabah. Other projects in the pipeline include **Bandar Meridin East** in Iskandar, Johor Bahru, **M Residence 3** in Rawang and **Icon Residence** in Georgetown, Penang. In addition, the Group will also be preparing new projects in **Festival Lakecity**, Puchong and Seremban for preview.

The Group made notable enhancement to its landbank in 2014 with new land deals in Puchong, Shah Alam and Seremban, that will stand to benefit from key infrastructure developments such as LRT line 1 & 2 extensions, upcoming LRT 3 and the proposed KL-Singapore High Speed Rail. With a healthy balance sheet, the Group will be able to leverage on its financial strength to continue acquiring strategic landbanks that will allow the roll-out of products in line with market demands. This will provide the Group with even stronger pillar of growth and longer term earnings visibility.

With proven strategy and execution capability, well established brand name, and right portfolio of products at different stages of project life cycles, the Group has the flexibility and is well positioned to sustain its growth. Against this background and confidence, the Group has set a sales target of at least RM3.43 billion for financial year 2015.

**B4 Profit forecast**

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

**B5 Income tax expense**

	3 months ended		Year ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	36,029	24,790	115,688	102,953
Foreign tax	(57)	(282)	-	43
	<u>35,972</u>	<u>24,508</u>	<u>115,688</u>	<u>102,996</u>
Under/(Over) provision of Malaysian income tax in prior year	-	3,100	(2,250)	3,100
	<u>35,972</u>	<u>27,608</u>	<u>113,438</u>	<u>106,096</u>
Deferred taxation:				
Malaysian deferred tax	(5,278)	(6,237)	3,911	(13,853)
	<u>30,694</u>	<u>21,371</u>	<u>117,349</u>	<u>92,243</u>

The Group's effective tax rate for the current quarter and current financial year were higher than the statutory tax rate of 25% 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 9 February 2015 (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 entered into a sale and purchase agreement ("**SPA**") with Great Doctrine (M) Sdn Bhd 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.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

**B6 Status of corporate proposals (continued)**

- 5) On 11 August 2014, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd entered into a sale and purchase agreement with the respective vendors for the proposed acquisition of a piece of prime freehold land in Mukim Rantau, Daerah Seremban, Negeri Sembilan for a total cash consideration of RM359,557,153.36.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

- 6) On 28 August 2014, the Company's wholly-owned subsidiary, Mah Sing Group Ventures Sdn Bhd (formerly known as Grand Pavilion Development Sdn Bhd) ("**Mah Sing Ventures**") entered into a sale and purchase agreement with Huges Development Sdn Bhd ("**Huges Development**") for the proposed acquisition of a piece of prime leasehold land in Puchong, Selangor measuring approximately 88.7 acres for a total cash consideration of RM656,896,779.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

On the same date, in consideration for RM1.00 paid by Mah Sing Ventures to Huges Development, Huges Development and Mah Sing Ventures have entered into a memorandum of understanding effective from the date of the memorandum for a period of 4 years. During the duration of the memorandum of understanding, Huges Development shall negotiate first with Mah Sing Ventures to enter into a sale and purchase, joint venture or such other arrangement in respect of a piece of prime land measuring approximately 170 acres ("**Subject Land**") upon terms and conditions to be mutually agreed upon by Huges Development and Mah Sing Ventures. Failing which, Mah Sing Ventures shall have the first right of refusal for any arrangement in respect of the Subject Land.

- 7) Through an announcement made on 20 November 2014 and subsequent announcements, the Company proposes to undertake the following ("**Corporate Exercise**"):
- i) A renounceable rights issue of new ordinary shares of RM0.50 each in the Company ("**Mah Sing Shares**") together with free detachable warrants to raise proceeds of up to RM630.00 million ("**Rights Issue with Warrants**");
  - ii) A bonus issue of new Mah Sing Shares ("**Bonus Shares**") to be credited as fully paid-up on the basis of one (1) Bonus Share for every four (4) Mah Sing Shares held after the Rights Issue with Warrants; and
  - iii) The increase in the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 Mah Sing Shares to RM2,500,000,000 comprising 5,000,000,000 Mah Sing Shares ("**Increase In The Authorised Share Capital**") and the corresponding amendment to the Company's Memorandum and Articles of Association as a consequence of the Increase In The Authorised Share Capital ("**Amendment**").

At an extraordinary general meeting held on 7 January 2015, the shareholders of the Company had approved the Corporate Exercise. The completion of the Amendment and the Increase in the Authorised Share Capital had been announced on 12 January 2015.

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**B7 Group borrowings**

Total group borrowings as at 31 December 2014 were as follows:

<i>(Denominated in)</i>	<b>Secured RM'000 (RM)</b>	<b>Secured RM'000 (Indonesian Rupiah)</b>	<b>Secured RM'000 (USD)</b>	<b>Total RM'000</b>
Redeemable convertible bonds				
- after 12 months	292,211	-	-	292,211
Term loans payable				
- within 12 months	60,157	3,617	-	63,774
- after 12 months	1,086,807	3,008	-	1,089,815
	1,146,964	6,625	-	1,153,589
Short term borrowings	2,488	282	2,807	5,577
Finance lease and hire purchase				
- within 12 months	1,659	812	-	2,471
- after 12 months	2,761	2,631	-	5,392
	4,420	3,443	-	7,863
<b>Total</b>	<b>1,446,083</b>	<b>10,350</b>	<b>2,807</b>	<b>1,459,240</b>

**B8 Material litigation**

The Group is not engaged in any material litigation as at 9 February 2015, 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**

The Group's outstanding derivatives financial instrument as at 31 December 2014 were analysed as follows:

	<b>Notional Value RM'000</b>	<b>Fair Value Asset RM'000</b>
<b>Foreign currency forward contracts</b>		
- Less than one year	1,245	11

Foreign currency forward contracts were entered into by a subsidiary company within the Plastics Division of the Group to manage its exposure against adverse fluctuations in foreign currency risks as a results of transactions denominated in currency other than the functional currency of the subsidiary company.

These derivatives are stated at fair value, using the prevailing market rates and any changes in fair value of these derivatives during the financial year are taken directly to profit or loss.

**MAH SING GROUP BERHAD (230149-P)**  
(Incorporated in Malaysia)

**B10 Realised and unrealised earnings or losses disclosure**

The retained earnings as at 31 December 2014 and 31 December 2013 were analysed as follows:

	<b>31/12/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings of the Group		
- Realised	<b>1,002,202</b>	744,271
- Unrealised	<b>62,486</b>	73,025
	<b>1,064,688</b>	817,296
Total share of accumulated losses from associated company		
- Realised	<b>(73)</b>	(73)
	<b>1,064,615</b>	817,223
Consolidation adjustments	<b>5,702</b>	16,803
Total group retained earnings as per consolidated accounts	<b>1,070,317</b>	834,026

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

	<b>3 months ended</b>	<b>Year ended</b>
	<b>31/12/2014</b>	<b>31/12/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation and amortisation	<b>(4,408)</b>	<b>(17,142)</b>
Impairment of intangible assets	<b>(523)</b>	<b>(4,146)</b>
Loss on redemption of investments in short term funds	<b>(115)</b>	<b>(950)</b>
Net foreign exchange (loss)/gain	<b>(77)</b>	<b>440</b>
Net gain on foreign exchange forward contracts	<b>79</b>	<b>574</b>
Reversal of allowance for doubtful debts - trade and other receivables	<b>42</b>	<b>39</b>
Reversal of allowance for slow-moving inventories	<b>578</b>	<b>1,162</b>

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 year ended 31 December 2014.

**B12 Dividend proposed**

- i) The Board of Directors has proposed first and final single-tier dividend of 6.5 sen per ordinary share of RM0.50 each (2013: 8.0 sen per ordinary share of RM0.50 each) in respect of the financial year ended 31 December 2014, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

As the share capital base is enlarged due to proposed rights issue and the proposed bonus issue, the 6.5 sen proposed dividend is expected to result in above 40% dividend payout ratio, subject to the number of shares in issue on dividend entitlement date which to be announced later.

- ii) The date payable of the dividend will be determined at a later date.
- iii) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.

**MAH SING GROUP BERHAD (230149-P)**  
(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 year by the weighted average number of ordinary shares in issue.

	<b>3 months ended</b>		<b>Year ended</b>	
	<b>31/12/2014</b>	31/12/2013	<b>31/12/2014</b>	31/12/2013
Net profit for the year (RM'000)	<b>84,548</b>	70,698	<b>339,249</b>	280,616
Weighted average number of ordinary shares in issue ('000)	<b>1,475,717</b>	1,388,752	<b>1,446,849</b>	1,303,917
Basic EPS (sen)	<b>5.73</b>	5.09	<b>23.45</b>	21.52

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

	<b>3 months ended</b>		<b>Year ended</b>	
	<b>31/12/2014</b>	31/12/2013	<b>31/12/2014</b>	31/12/2013
Net profit for the year (RM'000)	<b>84,548</b>	70,698	<b>339,249</b>	280,616
Weighted average number of ordinary shares in issue ('000)	<b>1,475,717</b>	1,388,752	<b>1,446,849</b>	1,303,917
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
ESOS	-	24,425	-	23,553
Bonds conversion	<b>64,358</b>	183,618	<b>64,358</b>	62,668
Warrants	<b>18,018</b>	29,575	<b>18,877</b>	23,510
Adjusted weighted average number of ordinary shares ('000)	<b>1,558,093</b>	1,626,370	<b>1,530,084</b>	1,413,648
Diluted EPS (sen)	<b>5.43</b>	4.35	<b>22.17</b>	19.85

**B14 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2013 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  
16 February 2015