

**MahSing**

**MAH SING GROUP BERHAD**

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

**Interim Financial Report**

**31 March 2018**

# **MAH SING GROUP BERHAD**

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

## **Interim Financial Report - 31 March 2018**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2018**

(The figures have not been audited)

	AS AT 31/03/2018 RM'000	(AUDITED) AS AT 31/12/2017 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<i>Property, plant and equipment</i>	156,057	155,872
<i>Prepaid lease payments</i>	5,137	5,583
<i>Investment properties</i>	195,880	195,880
<i>Land held for property development</i>	1,517,312	1,482,198
<i>Intangible assets</i>	5,756	5,776
<i>Trade and other receivables</i>	32,390	31,957
<i>Deferred tax assets</i>	165,952	142,967
	<u>2,078,484</u>	<u>2,020,233</u>
<b>Current Assets</b>		
<i>Property development costs</i>	2,166,420	2,139,524
<i>Inventories</i>	598,232	628,981
<i>Trade and other receivables</i>	1,226,331	1,121,662
<i>Current tax assets</i>	1,559	13,546
<i>Deposits, cash and bank balances and investment in short-term funds</i>	840,037	1,216,241
	<u>4,832,579</u>	<u>5,119,954</u>
<b>TOTAL ASSETS</b>	<u><u>6,911,063</u></u>	<u><u>7,140,187</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Ordinary Equity Holders of the Company</b>		
<i>Share capital</i>	1,776,055	1,773,291
<i>Other reserves</i>	26,884	66,909
<i>Retained earnings</i>	1,699,047	1,615,768
	<u>3,501,986</u>	<u>3,455,968</u>
<b>Perpetual Securities</b>	645,212	645,212
<b>Perpetual Sukuk</b>	540,000	540,000
<b>Non-Controlling Interests</b>	6,501	6,429
<b>Total Equity</b>	<u>4,693,699</u>	<u>4,647,609</u>
<b>Non-Current Liabilities</b>		
<i>Term loans</i>	584,867	638,036
<i>Long term and deferred payables</i>	77,078	75,615
<i>Deferred tax liabilities</i>	73,305	73,525
	<u>735,250</u>	<u>787,176</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,336,996	1,524,257
<i>Term loans</i>	103,326	113,417
<i>Short term borrowings</i>	8,673	28,874
<i>Bank overdrafts</i>	734	1,105
<i>Current tax liabilities</i>	32,385	37,749
	<u>1,482,114</u>	<u>1,705,402</u>
<b>Total Liabilities</b>	<u>2,217,364</u>	<u>2,492,578</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6,911,063</u></u>	<u><u>7,140,187</u></u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<u>1.44</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 31 March 2018**

*(The figures have not been audited)*

	3 months ended		Period ended		
	31/03/2018 RM'000	31/03/2017 RM'000	31/03/2018 RM'000	31/03/2017 RM'000	
Revenue	584,755	723,542	584,755	723,542	
Cost of sales	<u>(430,433)</u>	<u>(535,352)</u>	<u>(430,433)</u>	<u>(535,352)</u>	
<b>Gross profit</b>	<b>154,322</b>	188,190	<b>154,322</b>	188,190	
Other income	7,116	2,648	7,116	2,648	
Selling and marketing expenses	<b>(26,525)</b>	(24,791)	<b>(26,525)</b>	(24,791)	
Administrative and other expenses	<b>(46,393)</b>	(44,285)	<b>(46,393)</b>	(44,285)	
<b>Results from operating activities</b>	<b>88,520</b>	121,762	<b>88,520</b>	121,762	
Interest income	2,266	2,569	2,266	2,569	
Finance costs	<b>(4,645)</b>	(3,759)	<b>(4,645)</b>	(3,759)	
<b>Net finance costs</b>	<b>(2,379)</b>	(1,190)	<b>(2,379)</b>	(1,190)	
Profit before tax	86,141	120,572	86,141	120,572	
Income tax expense	<b>(21,477)</b>	(30,450)	<b>(21,477)</b>	(30,450)	
Profit for the period	<u><b>64,664</b></u>	<u>90,122</u>	<u><b>64,664</b></u>	<u>90,122</u>	
Profit attributable to:					
Equity holders of the Company	64,200	90,421	64,200	90,421	
Non-controlling interests	464	(299)	464	(299)	
	<u><b>64,664</b></u>	<u>90,122</u>	<u><b>64,664</b></u>	<u>90,122</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<u>1.89</u>	<u>2.99</u>	<u>1.89</u>	<u>2.99</u>
- Diluted (sen)	Note B12(b)	<u>1.89</u>	<u>2.99</u>	<u>1.89</u>	<u>2.99</u>

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 31 March 2018***(The figures have not been audited)*

	<b>3 months ended</b>		<b>Period ended</b>	
	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	<b>64,664</b>	90,122	<b>64,664</b>	90,122
<b>Other comprehensive loss</b>				
<b><i>Item that may be reclassified subsequently to profit or loss:</i></b>				
Foreign currency translation difference for foreign operations	(1,179)	(108)	(1,179)	(108)
Other comprehensive loss for the period	<u>(1,179)</u>	<u>(108)</u>	<u>(1,179)</u>	<u>(108)</u>
<b>Total comprehensive income for the period</b>	<b><u>63,485</u></b>	<u>90,014</u>	<b><u>63,485</u></b>	<u>90,014</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<b>63,409</b>	90,340	<b>63,409</b>	90,340
Non-controlling interests	<b>76</b>	(326)	<b>76</b>	(326)
	<b><u>63,485</u></b>	<u>90,014</u>	<b><u>63,485</u></b>	<u>90,014</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 2017 and the accompanying explanatory notes attached to the interim financial report.

**MAH SING GROUP BERHAD** (230149-P)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended 31 March 2018***(The figures have not been audited)*

	Attributable to ordinary equity holders of the Company								Total Equity RM'000
	Non-Distributable				Distributable				
	Share capital RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual Securities RM'000	Perpetual Sukuk RM'000	Non- controlling interests RM'000	
<b>3 months ended 31 March 2018</b>									
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	-	-	-	64,200	64,200	-	-	464	64,664
Other comprehensive loss	-	-	(791)	-	(791)	-	-	(388)	(1,179)
Total comprehensive (loss)/income for the period	-	-	(791)	64,200	63,409	-	-	76	63,485
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)
Balance at 31/3/2018	1,776,055	21,265	5,619	1,699,047	3,501,986	645,212	540,000	6,501	4,693,699

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the financial period ended March 2017***(The figures have been audited)*

	Attributable to ordinary equity holders of the Company								Total Equity RM'000
	Non-Distributable				Distributable				
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual Sukuk RM'000	Non- controlling interests RM'000	
<b>3 months ended 31 March 2017</b>									
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	-	-	-	-	90,421	90,421	-	(299)	90,122
Other comprehensive loss	-	-	-	(81)	-	(81)	-	(27)	(108)
Total comprehensive (loss)/income for the period	-	-	-	(81)	90,421	90,340	-	(326)	90,014
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	(18,310)	(18,310)	-	-	(18,310)
Effects of adoption of Companies Act 2016 *	540,816	(540,816)	-	-	-	-	-	-	-
<b>Balance at 31/3/2017</b>	<b>1,745,527</b>	<b>-</b>	<b>64,343</b>	<b>8,060</b>	<b>1,542,211</b>	<b>3,360,141</b>	<b>540,000</b>	<b>7,690</b>	<b>3,907,831</b>

\* 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 31 March 2018**

(The figures have not been audited)

	<b>3 months ended 31/03/2018 RM'000</b>	3 months ended 31/03/2017 RM'000
<b>Operating Activities</b>		
Profit before tax	86,141	120,572
Adjustments for:		
Non-cash items	5,324	5,894
Non-operating items	10,049	20,735
Operating profit before changes in working capital	<u>101,514</u>	147,201
Net change in property development costs	(35,994)	211
Net change in inventories	30,358	16,310
Net change in receivables	(121,371)	(45,151)
Net change in accrued billings	19,135	(97,752)
Net change in payables	(111,058)	(68,409)
Net change in progress billings	13,951	143,774
Cash (used in)/generated from operations	<u>(103,465)</u>	96,184
Interest received	7,248	4,688
Finance cost paid	(9,149)	(12,395)
Net tax paid	(38,074)	(28,939)
Net cash (used in)/generated from operating activities	<u>(143,440)</u>	<u>59,538</u>
<b>Investing Activities</b>		
Additions to property, plant and equipment	(12,406)	(3,204)
Additions to land held for property development	(30,935)	(29,068)
Acquisition of land	(78,842)	-
Net cash outflow on acquisition of subsidiary company	(11,000)	-
Proceeds from disposal of property, plant and equipment	257	7
Net cash used in investing activities	<u>(132,926)</u>	<u>(32,265)</u>
<b>Financing Activities</b>		
Distribution paid to holders of Perpetual Sukuk	(18,310)	(18,310)
Net repayment of borrowings	(83,476)	(95,728)
Net (placement)/withdrawal of deposits with licensed banks pledged as collateral/Escrow Accounts	(2,820)	4,025
Proceeds from warrants exercised	2,381	-
Net cash used in financing activities	<u>(102,225)</u>	<u>(110,013)</u>
Net changes in cash and cash equivalents	<u>(378,591)</u>	(82,740)
Effect of exchange rate changes	(62)	25
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><u>763,116</u></u>	<u><u>798,051</u></u>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the financial period ended 31 March 2018 (continued)***(The figures have not been audited)*

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

	<b>3 months ended 31/03/2018 RM'000</b>	3 months ended 31/03/2017 RM'000
Deposits with licensed banks	<b>109,604</b>	117,038
Investment in short-term funds	<b>443,023</b>	68,793
Cash and bank balances	<b>287,410</b>	651,764
Bank overdrafts	<b>(734)</b>	(566)
	<b>839,303</b>	837,029
Less: Deposits in Escrow Accounts	<b>(70,063)</b>	(33,062)
Less: Deposits pledged as collateral	<b>(6,064)</b>	(5,886)
Less: Trustees' Reimbursement Account	<b>(60)</b>	(30)
	<b>763,116</b>	798,051

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.

**MAH SING GROUP BERHAD (230149-P)**  
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**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:

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

\* 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 31 March 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**

Year ended 31 March 2018

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	500,976	71,995	11,784	-	584,755
Inter-segment	-	-	84,571	(84,571)	-
	<u>500,976</u>	<u>71,995</u>	<u>96,355</u>	<u>(84,571)</u>	<u>584,755</u>
<b>RESULTS</b>					
Operating profit	76,979	6,676	4,865	-	88,520
Interest income	2,174	23	69	-	2,266
Finance costs	(4,106)	(391)	(148)	-	(4,645)
Profit before tax	<u>75,047</u>	<u>6,308</u>	<u>4,786</u>	-	<u>86,141</u>
Income tax expense					<u>(21,477)</u>
Profit for the year					<u>64,664</u>

Year ended 31 March 2017

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	632,970	74,114	16,458	-	723,542
Inter-segment	-	-	72,450	(72,450)	-
	<u>632,970</u>	<u>74,114</u>	<u>88,908</u>	<u>(72,450)</u>	<u>723,542</u>
<b>RESULTS</b>					
Operating profit	115,467	4,290	2,005	-	121,762
Interest income	2,502	67	-	-	2,569
Finance costs	(3,353)	(328)	(78)	-	(3,759)
Profit before tax	<u>114,616</u>	<u>4,029</u>	<u>1,927</u>	-	<u>120,572</u>
Income tax expense					<u>(30,450)</u>
Profit for the year					<u>90,122</u>

**A8 Material subsequent events**

Save for as disclosed in B6, there were no material events subsequent to the reporting date up to 24 May 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:

	<b>01/01/2018</b>
	<b>to</b>
	<b>31/03/2018</b>
	<b>RM'000</b>
(i) Rental paid to a Company in which a Director of the Company has interest	<b>384</b>
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	<b>45</b>
	<u><u>45</u></u>
Transactions with non-controlling interests:	
(i) Interest payable to non-controlling interests of subsidiary company	<u><u>4</u></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:

	<b>31/03/2018</b>	31/12/2017
	<b>RM'000</b>	RM'000
Bank guarantees issued in favour of third parties	<b>103,360</b>	91,840
Claims arising from contract with third parties	<b>3,811</b>	3,811
	<u><u>107,171</u></u>	<u><u>95,651</u></u>

**A12 Capital commitments**

	<b>31/03/2018</b>
	<b>RM'000</b>
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	<u><u>43,873</u></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>	
	<u>31/03/2018</u>	<u>31/12/2017</u>	<u>31/03/2018</u>	<u>31/12/2017</u>	<u>31/03/2018</u>	<u>31/12/2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Commercial properties:						
Less than one year	<b>1,886</b>	3,677	<b>(466)</b>	(487)	<b>1,420</b>	3,190
One to two years	<b>596</b>	595	<b>(428)</b>	(428)	<b>168</b>	167
	<b>2,482</b>	4,272	<b>(894)</b>	(915)	<b>1,588</b>	3,357
Residential properties:						
Less than one year	-	3	-	-	-	3
One to two years	-	-	-	-	-	-
	-	3	-	-	-	3
	<b>2,482</b>	4,275	<b>(894)</b>	(915)	<b>1,588</b>	3,360
					<b>(1,588)</b>	(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 RM21,038 (2017: RM1.69 million) and rental income from sublease amounting to RM94,800 (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>
	<u>31/03/2018</u>
	<u>RM'000</u>
Less than one year	<b>3,754</b>
One year to less than 3 years	<b>2,791</b>
	<b>6,545</b>

**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>
	<u>31/03/2018</u>
	<u>RM'000</u>
Less than one year	<b>3,955</b>
One year to less than 3 years	<b>1,570</b>
	<b>5,525</b>

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

**B1 Review of Group performance**

For the first quarter ended 31 March 2018, the Group posted net profit of approximately RM64.2 million on the back of revenue of approximately RM584.8 million as compared to RM90.4 million net profit and RM723.5 million revenue in the same quarter last year.

As at 31 March 2018, the Group is in net cash position.

**Property development**

For the period ended 31 March 2018, revenue from property development was approximately RM501 million compared with RM633 million a year ago while operating profit was approximately RM77 million versus RM115.5 million a year ago. This was partly due to slower progress of work during the festive season coupled with more projects focusing on affordable products and at their initial stages of construction. Despite global uncertainties and reservations in the domestic market prior to GE14, the Group secured RM470 million new property sales during the quarter. The Group's current focus is on affordable products to meet market demand.

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 and **M Centura** in Sentul. 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.

**Plastics**

The plastics segment continued to contribute positively to Group performance. Operating profit grew by 55.6% from approximately RM4.3 million to RM6.7 million despite of a decline in revenue of 2.9% from RM74.1 million to RM72.0 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 RM86.1 million was lower as compared to the immediate preceding quarter of approximately RM113.1 million. Apart from the reasons explained in B1 above for the property development segment, there were land sales amounting to RM49.4 million included in revenue for the preceding quarter.



**B3 Prospects for the current financial year**

The Group will continue to focus on affordable homes with good connectivity. The need for affordable housing continues to be underpinned by Malaysia's young demographics and growing population all of whom are looking to form their first homes. Henceforth, in line with market demand, 74% of the Group's target sales of RM1.8 billion for 2018 comprises affordable residential products priced below RM500,000.

On 11 April 2018 the Southville City Interchange, connecting directly the Southville City@KL South project to the North South Expressway, was officially opened to the public. Moving forward, the opening of the Southville Interchange coupled with the recent delivery of vacant possession of over 2,400 units of the Savanna Executive Suites and the Savanna Lifestyle Shops within the 428.8 acre integrated Southville City project is expected to contribute positively to the township sales momentum.

During the quarter, vacant possession was also delivered to the 1st Phase of the 1,313 acre Meridin East Township in Iskandar Johor. Similarly, it is expected that sales take up will directly benefit from the progressive delivery of vacant possession to the subsequent phases within the Meridin East Township and the improved connectivity to the Township by the construction of a connecting road, into the Senai Desaru Expressway via the Tanjung Langsat – Cahaya Baru Toll Highway.

The Group continues to develop innovative marketing strategies which embraces digital technologies to drive sales. In connection with the same, the Group has also recently launched its "MY Mah Sing" mobile application to guide buyers throughout their entire homeownership journey. Continuous value engineering, review of construction costs and operating costs as well as the shift towards digital marketing will enable the Group to be more cost efficient and to remain competitive at all times.

With disciplined financial management and a healthy balance sheet as at 31 March 2018, the Group is in a good position to lock in more land and also to explore joint venture opportunities with focus on affordable housing projects within the Klang Valley.

**B4 Profit forecast**

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

**B5 Income tax expense**

	<b>3 months ended</b>		<b>Period ended</b>	
	<b>31/03/2018</b>	<b>31/03/2017</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Estimated income tax payable:				
Current financial year	<b>44,681</b>	26,874	<b>44,681</b>	26,874
Deferred tax	<b>(23,204)</b>	3,576	<b>(23,204)</b>	3,576
	<b>21,477</b>	30,450	<b>21,477</b>	30,450

The Group's effective tax rate for the current financial period was higher than the statutory tax rate of 24% mainly due to the non deductibility of certain expenses and also the reversal of certain deferred tax assets due to changes in the deductible temporary differences.

**B6 Status of corporate proposals**

The following corporate proposals as announced by the Company have not been completed as at 24 May 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 fulfilment 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 Amended SSA.

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

**B7 Group borrowings**

Total group borrowings as at 31 March 2018 were as follows:

<i>(Denominated in)</i>	Secured RM'000 <i>(RM)</i>	Secured RM'000 <i>(Indonesian Rupiah)</i>	Secured RM'000 <i>(USD)</i>	Total RM'000
Term loans payable				
- within 12 months	100,965	2,361	-	103,326
- after 12 months	580,145	4,722	-	584,867
	681,110	7,083	-	688,193
Short term borrowings	5,020	3,653	-	8,673
Bank overdrafts	-	734	-	734
Finance lease and hire purchase				
- within 12 months	959	386	-	1,345
- after 12 months	2,149	-	-	2,149
	3,108	386	-	3,494
<b>Total</b>	<b>689,238</b>	<b>11,856</b>	<b>-</b>	<b>701,094</b>

**B8 Material litigation**

The Group is not engaged in any material litigation as at 24 May 2018, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

**B9 Derivatives financial instrument**

As at 31 March 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 31/03/2018 RM'000	Period ended 31/03/2018 RM'000
Depreciation and amortisation	(5,308)	(5,308)
Impairment of intangible assets	(20)	(20)
Gain on redemption of financial assets at fair value through profit or loss	11	11
Net foreign exchange loss	(592)	(592)
Allowance for impairment loss on financial assets	(497)	(497)
Reversal of allowance for impairment loss on financial assets	308	308
Reversal of impairment on inventories	10	10

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 31 March 2018.

**B11 Dividend proposed**

No dividend has been proposed for the first quarter ended 31 March 2018.

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

**MAH SING GROUP BERHAD (230149-P)**  
(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	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Net profit for the period (RM'000)	<b>64,200</b>	90,421	<b>64,200</b>	90,421
Distribution paid to holders of Perpetual Sukuk (RM'000)	<b>(18,310)</b>	(18,310)	<b>(18,310)</b>	(18,310)
Net profit for the period attributable to ordinary equity holders (RM'000)	<b>45,890</b>	72,111	<b>45,890</b>	72,111
Weighted average number of ordinary shares in issue ('000)	<b>2,427,323</b>	2,409,422	<b>2,427,323</b>	2,409,422
Basic EPS (sen)	<b>1.89</b>	2.99	<b>1.89</b>	2.99

**(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	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Net profit for the period attributable to ordinary equity holders (RM'000)	<b>45,890</b>	72,111	<b>45,890</b>	72,111
Weighted average number of ordinary shares in issue ('000)	<b>2,427,323</b>	2,409,422	<b>2,427,323</b>	2,409,422
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Warrants B <sup>(1)</sup>	<b>n/a</b>	5,032	<b>n/a</b>	5,032
- Warrants C <sup>(1)</sup>	<b>n/a</b>	n/a	<b>n/a</b>	n/a
Adjusted weighted average number of ordinary shares ('000)	<b>2,427,323</b>	2,414,454	<b>2,427,323</b>	2,414,454
Diluted EPS (sen)	<b>1.89</b>	2.99	<b>1.89</b>	2.99

<sup>(1)</sup> The effects of potential ordinary shares arising from the exercise of Warrants B and Warrants C are 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  
31 May 2018