



MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

Interim Financial Report

30 June 2012

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Interim Financial Report - 30 June 2012

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

(The figures have not been audited)

	AS AT 30/6/2012 RM'000	(AUDITED) AS AT 31/12/2011 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	90,229	85,325
Prepaid lease payments	7,757	2,890
Investment properties	59,454	56,076
Land held for property development	71,869	71,869
Intangible assets	12,968	70
Deferred tax assets	33,102	27,457
	<u>275,379</u>	<u>243,687</u>
Current Assets		
Property development costs	1,704,931	1,536,097
Inventories	37,843	43,781
Trade and other receivables	523,599	355,570
Current tax assets	7,521	5,529
Deposits, cash and bank balances	555,014	665,717
	<u>2,828,908</u>	<u>2,606,694</u>
TOTAL ASSETS	<u>3,104,287</u>	<u>2,850,381</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	416,818	415,936
Share premium	133,129	131,101
Other reserves	31,341	29,348
Retained earnings	548,588	496,766
	<u>1,129,876</u>	<u>1,073,151</u>
Non-controlling interests	<u>12,647</u>	<u>15,338</u>
Total Equity	<u>1,142,523</u>	<u>1,088,489</u>
Non-current Liabilities		
Redeemable convertible bonds	271,932	268,298
Term loans	590,308	666,508
Long term and deferred payables	9,764	12,364
Deferred tax liabilities	22,108	6,888
	<u>894,112</u>	<u>954,058</u>
Current Liabilities		
Trade and other payables	916,066	736,237
Term loans	22,912	34,981
Short term borrowings	5,622	4,022
Bank overdrafts	272	150
Current tax liabilities	53,988	32,444
Dividend payable	68,792	-
	<u>1,067,652</u>	<u>807,834</u>
TOTAL LIABILITIES	<u>1,961,764</u>	<u>1,761,892</u>
TOTAL EQUITY AND LIABILITIES	<u>3,104,287</u>	<u>2,850,381</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>1.36</u>	<u>1.29</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 2011 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 30 June 2012

(The figures have not been audited)

	3 months ended		Period ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	455,200	416,119	912,975	727,874
Cost of sales	(325,155)	(300,943)	(650,584)	(521,946)
Gross profit	130,045	115,176	262,391	205,928
Other income	7,810	1,747	12,769	3,410
Selling and marketing expenses	(19,240)	(22,101)	(36,163)	(30,202)
Administrative expenses	(29,757)	(25,817)	(57,194)	(44,637)
Other operating expenses	(8,674)	(7,168)	(18,216)	(14,336)
Interest income	3,301	727	4,554	876
Finance costs	(547)	(579)	(1,019)	(865)
Profit before taxation	82,938	61,985	167,122	120,174
Income tax expense	(22,785)	(19,316)	(46,992)	(35,601)
Profit for the period	60,153	42,669	120,130	84,573
Profit attributable to:				
Equity holders of the Company	60,066	43,132	119,986	84,300
Non-controlling interests	87	(463)	144	273
	60,153	42,669	120,130	84,573
Earnings per share attributable to equity holders of the Company:				
- Basic (sen) Note B13	7.21	5.19	14.41	10.14
- Diluted (sen) Note B13	7.13	5.04	14.25	9.89

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the financial period ended 30 June 2012***(The figures have not been audited)*

	3 months ended		Period ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period	60,153	42,669	120,130	84,573
Foreign currency translation difference for foreign operations	1,106	(571)	189	(1,746)
Total comprehensive income for the period	61,259	42,098	120,319	82,827
Total comprehensive income attributable to:				
Equity holders of the Company	60,809	42,548	120,160	82,448
Non-controlling interests	450	(450)	159	379
	61,259	42,098	120,319	82,827

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2012

(The figures have not been audited)

	Attributable to equity holders of the Company								
	Non-Distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Equity-settled employees benefit reserve RM'000	Exchange fluctuation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
6 months ended 30 June 2012									
Balance at 1/1/2012	415,936	131,101	8,451	3,768	17,129	496,766	1,073,151	15,338	1,088,489
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	-	-	119,986	119,986	144	120,130
Other comprehensive income	-	-	-	174	-	-	174	15	189
Total comprehensive income for the period	-	-	-	174	-	119,986	120,160	159	120,319
Recognition of share-based payment	-	-	2,447	-	-	-	2,447	-	2,447
Issuance of ordinary shares pursuant to ESOS exercised	882	2,028	(628)	-	-	628	2,910	-	2,910
Dividends for the financial year ended 31 December 2011	-	-	-	-	-	(68,792)	(68,792)	-	(68,792)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(2,850)	(2,850)
Balance at 30/6/2012	416,818	133,129	10,270	3,942	17,129	548,588	1,129,876	12,647	1,142,523

	Attributable to equity holders of the Company								
	Non-Distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Equity-settled employees benefit reserve RM'000	Exchange fluctuation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
6 months ended 30 June 2011									
Balance at 1/1/2011	415,784	130,752	1,002	(4,222)	-	375,550	918,866	17,590	936,456
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	-	-	84,300	84,300	273	84,573
Other comprehensive income	-	-	-	(1,852)	-	-	(1,852)	106	(1,746)
Total comprehensive income for the period	-	-	-	(1,852)	-	84,300	82,448	379	82,827
Recognition of share-based payment	-	-	4,374	-	-	-	4,374	-	4,374
Equity component of convertible bonds	-	-	-	-	17,337	-	17,337	-	17,337
Dividends for the financial year ended 31 December 2010	-	-	-	-	-	(47,399)	(47,399)	-	(47,399)
Balance at 30/6/2011	415,784	130,752	5,376	(6,074)	17,337	412,451	975,626	17,969	993,595

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 2011 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial period ended 30 June 2012
(The figures have not been audited)

	6 months ended 30/6/2012 RM'000	6 months ended 30/6/2011 RM'000
Operating Activities		
Profit before taxation	167,122	120,174
Adjustments for:		
Non-operating items	(7,761)	1,811
Non-cash items	9,089	9,824
Operating profit before changes in working capital	168,450	131,809
Net change in property development costs	(79,287)	(317,703)
Net change in inventories	6,310	2,702
Net change in receivables	(121,074)	80,825
Net change in payables	127,583	91,829
Cash generated from/(used in) operations	101,982	(10,538)
Interest received	8,780	876
Interest paid	(16,245)	(2,688)
Tax paid	(32,906)	(13,916)
Net cash generated from/(used in) operating activities	61,611	(26,266)
Investing Activities		
Payment for acquisition of property, plant and equipment	(10,635)	(6,611)
Payment for prepaid lease land	(4,872)	-
Proceeds from disposal of property, plant and equipment	613	110
Payment for balance of equity in a subsidiary	(5,000)	(2,420)
Additions to investment properties	(3,378)	-
Acquisition of investment in a subsidiary	(56,758)	-
Net cash used in investing activities	(80,030)	(8,921)
Financing Activities		
Dividends paid to non-controlling interests	(2,850)	-
Proceeds from issuance of redeemable convertible bonds	-	289,478
Proceeds from ESOS exercised	2,910	-
Payment of bonds coupon	(5,267)	-
Payment for corporate exercise expenses	-	(359)
Net (placement)/withdrawal of deposits with licensed banks as collateral/Escrow Account	(5,129)	39,748
Net (repayment of)/ proceeds from borrowings	(87,099)	242,167
Net cash (used in)/generated from financing activities	(97,435)	571,034
Net changes in cash and cash equivalents	(115,854)	535,847
Effect of exchange rate changes	(100)	(1,304)
Cash and cash equivalents at beginning of financial period	634,215	246,479
Cash and cash equivalents at end of financial period	518,261	781,022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial period ended 30 June 2012 (cont'd)*(The figures have not been audited)*

	6 months ended 30/6/2012 RM'000	6 months ended 30/6/2011 RM'000
Cash and cash equivalents at the end of the financial period comprise the following:		
Deposits with licensed banks	330,756	644,541
Cash and bank balances	224,258	158,827
Bank overdrafts	(272)	-
	554,742	803,368
Less: Deposits pledged as collateral	(34,666)	-
Less: Deposits in Escrow Account	(1,815)	(22,346)
	518,261	781,022

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 2011. The explanatory notes attached to the interim financial report provides 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 2011.

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 2011 save for the adoption of the following:

FRS 124 (revised)	Related Party Disclosures
Amendment to FRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendment to FRS 112	Income Taxes - Deferred Tax : Recovery of Underlying Assets
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

The adoption of the above revised FRSs, amendments to FRSs and Interpretations does not have any material impact on the financial statements of the Group.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year.

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to extend their deferment on the adoption of MFRS Framework for another year. As such, the MFRS Framework will be mandatory for all companies for annual period beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group is currently reviewing its accounting policies to assess financial effects of the differences between the current FRSs and accounting standards under the MFRS Framework.

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

For the financial period under review, there were no issuance and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares other than an increase in issued and paid up ordinary share capital from RM415,936,070 to RM416,817,830 by way of issuance of 1,763,520 new ordinary shares of RM0.50 each pursuant to exercise of employees share options.

A6 Dividends paid

No dividend was paid in the current financial period under review.

A7 Segment reporting

Period ended 30 June 2012

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	807,965	100,768	4,242	-	912,975
Inter-segment	-	-	63,713	(63,713)	-
Total revenue	807,965	100,768	67,955	(63,713)	912,975
RESULTS					
Operating profit	162,664	7,412	56,814	(63,303)	163,587
Interest income					4,554
Finance costs					(1,019)
Income tax					(46,992)
Profit for the period					120,130
OTHER INFORMATION					
Capital expenditure	1,999	13,374	134	-	15,507
Depreciation and amortisation	1,298	4,564	69	-	5,931

Period ended 30 June 2011

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	626,134	99,402	2,338	-	727,874
Inter-segment	-	-	85,748	(85,748)	-
Total revenue	<u>626,134</u>	<u>99,402</u>	<u>88,086</u>	<u>(85,748)</u>	<u>727,874</u>
RESULTS					
Operating profit	126,281	10,356	67,673	(84,147)	120,163
Interest income					876
Finance costs					(865)
Income tax					(35,601)
Profit for the period					<u>84,573</u>
OTHER INFORMATION					
Capital expenditure	2,530	3,999	82	-	6,611
Depreciation and amortisation	1,108	3,925	48	-	5,081

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the balance sheet date up to 9 August 2012, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

A9 Significant Related Party Transactions

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

	01/1/2012 to 30/6/2012 RM'000
(i) Rental paid to a Company in which a Director has interest	612
(ii) Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company	52
(iii) Sale of development property to a Director of subsidiary companies	<u>1,035</u>

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial period except for the following:

- 1) On 13 January 2012, the Company acquired the entire issued and paid-up share capital of Reputable Housing Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 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.
- 2) On 15 February 2012, the Company completed the acquisition of the entire issued and paid-up share capital of Semai Meranti Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 1,800,000 ordinary shares of RM1.00 each have been issued and fully paid-up, for a cash consideration of RM57,000,000.
- 3) On 25 April 2012, the Company acquired the entire issued and paid-up share capital of Tropika Istimewa Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 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.
- 4) On 15 May 2012, the Company acquired the entire issued and paid-up share capital of Nova Indah Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 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.
- 5) On 18 May 2012, the Company acquired the entire issued and paid-up share capital of Tristar Acres Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000 comprising 100,000 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.

A11 Changes in contingent liabilities or contingent assets

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

	30/6/2012	31/12/2011
	RM'000	RM'000
Bank guarantees issued in favour of third parties	10,514	6,200
Corporate guarantee issued in favour of a third party	1,000	-
	11,514	6,200

A12 Capital Commitments

	30/6/2012
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of lands in Bandar Baru Bangi	299,719
- Joint Venture Agreement for proposed joint development of land along Jalan Tun Razak	100,204*
- Joint Development Agreement for proposed joint development of land in Kota Kinabalu	26,000
Commitment for acquisition of property, plant and equipment	
- Approved and contracted	12,695
	438,618

* Cash portion is RM57.56 million and the remainder is to be satisfied by way of issuance of shares in a subsidiary.

A13 Operating Lease Commitments

As Lessee - for the lease of commercial buildings

The future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at reporting date but not recognised as liabilities are as follows:

	<u>Lease rentals payable</u>		<u>Lease rentals receivable</u>		<u>Net</u>	
	<u>30/6/2012</u>	<u>31/12/2011</u>	<u>30/6/2012</u>	<u>31/12/2011</u>	<u>30/6/2012</u>	<u>31/12/2011</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>
Less than one year	26,641	41,909	(15,601)	(14,404)	11,040	27,505
One to two years	2,500	10,624	(1,617)	(3,676)	883	6,948
	29,141	52,533	(17,218)	(18,080)	11,923	34,453
			Provision made		(8,180)	(11,800)
					3,743	22,653

The operating lease commitments are in respect of leaseback of commercial buildings sold en-bloc ie **The Icon, Jalan Tun Razak** and the Corporate Building Block of **Southgate Commercial Centre** from the purchasers at 7% and 8% per annum of the respective buildings' sale considerations. The lease is for a period of 3 and 2 years from the commencement date as set out in the respective leaseback agreements. Leaseback for **The Icon, Jalan Tun Razak** shall expire by December 2012. Leaseback for the Corporate Building Block of **Southgate Commercial Centre** shall expire by August 2013.

During the financial period, the Group has recognised in the income statement leaseback rental amounting to RM18.2 million (2011: RM14.3 million) and rental income from sublease amounting to RM9.2 million (2011: RM2.6 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 are as follow:-

	<u>Lease rentals</u>
	<u>receivable</u>
	<u>30/6/2012</u>
	<u>RM'000</u>
Less than one year	432
One to two years	297
	729

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

B1 Review of Group performance

The Group recorded strong revenue of RM913.0 million and net profit of RM120.0 million for the first half ended 30 June 2012. This represents improvement of 25% and 42% respectively over the corresponding period in the previous year. The current quarter revenue and net profit of RM455.2 million and RM60.1 million represents 9% and 39% improvement respectively over the same quarter last year.

Basic earnings per share were up 42% to 14.4 cents for the first half ended 30 June 2012.

The solid operating performance was achieved with balance sheet strength maintained. As at 30 June 2012, cash pile was at RM555.0 million and net gearing at a low of 0.30.

Properties

Revenue from property segment soared by 29% to RM808.0 million against the corresponding period in the previous year on the back of the Group's strong sales achievement of RM1.29 billion as at 30 June 2012.

Projects that contributed to revenue and profit include **Kinrara Residence** in Puchong, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **M-Suites** and **M-City** in Jalan Ampang, **Icon City** in Petaling Jaya, **Aman Perdana** in Meru - Shah Alam, **Perdana Residence 2** in Selayang, **Icon Residence** in Mont' Kiara and **One Legenda**, **Hijauan Residence** and **Bayu Sekamat** in Cheras. Commercial projects that contributed are **Southgate Commercial Centre** in Sungai Besi, **StarParc Point** in Setapak and **Star Avenue @ D'sara**. Industrial projects are **i-Parc 1** and **i-Parc 3** in Bukit Jelutong as well as **i-Parc 2** in Shah Alam. Projects in Penang Island that contributed are **Residence @ Southbay** and **Legenda @ Southbay**. Projects in Johor Bahru ie **Sierra Perdana**, **Sri Pulau Perdana 2** and **Austin Perdana** also contributed to the Group's performance.

There was no major fluctuation in segment margin compared to the previous year.

The Group grew its landbank by 569 acres in the first half of the year with the acquisition of new lands ie **Southville City** in Bandar Baru Bangi and **M Residence 2** in Rawang. These new lands, together with the 226 acres **M Residence @ Rawang** acquired in October 2011 further enhanced the quality of the Group's portfolio as a good portion of these projects are targeted at properties below RM1 million. The Group also announced in March 2012 the joint development of **Sufer Avenue** on 4 acres land and option for another 4 acres of prime commercial land in Kota Kinabalu.

As at 30 June 2012, the Group's remaining undeveloped land was 1,495 acres and approximately RM18.0 billion in total remaining GDV and unbilled sales.

Plastics

Plastics segment continued to contribute positively to group revenue and profit. Whilst revenue grew marginally by 1% to RM100.8 million, profit margin was affected by foreign exchange difference and higher staff costs as a result of minimum wage ruling in Indonesia.

Investment holding & Others

Revenue and profit for the segment comprise mainly of interest income from funds placement.

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 taxation compared to the immediate preceding quarter.

B3 Prospects for the current financial year

The Group delivered vacant possessions for 780 properties to delighted property owners in the first half, and looks forward to delivering vacant possessions for another 1,290 units in the second half of the year. Billings from vacant possessions alone are expected to generate cash inflows at estimated RM315 million in addition to inflows from on-going construction of projects. Proven record in execution speed and delivery continued to provide consistent earnings whilst ensuring steady cash flows and liquidity, hence efficient balance sheet.

Following the successful launches of the initial phases of **M Residence @ Rawang**, the Group has previewed the releases of new phases. Up north in Penang Island, the Group plans to preview **Ferringhi Residence** following the successful launch of **Southbay Plaza** in Southbay City. The overwhelming response to the recent registration exercises for **Southville City** in Bandar Baru Bangi, **Sutera Avenue** in Kota Kinabalu and **Mah Sing i-Parc** in Iskandar Johor Bahru provided further confidence to continued momentum and performance visibility beyond the immediate term.

Given its quality landbank, strong balance sheet, healthy unbilled sales balance of RM2.69 billion and quick turnaround expertise in unlocking value, the Group is well-positioned to further build on its fundamentals via opportunistic land acquisition/joint venture for long term sustainable returns to shareholders.

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	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	27,219	21,230	51,909	38,884
Foreign tax	250	586	528	1,417
	27,469	21,816	52,437	40,301
Deferred taxation:				
Malaysian deferred tax	(4,684)	(2,500)	(5,445)	(4,700)
	22,785	19,316	46,992	35,601

The Group's effective tax rate for the current financial period is higher than the statutory tax rate of 25% mainly due to higher non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary differences.

B6 Status of corporate proposals

The following corporate proposals announced by the Company have not been completed as at 9 August 2012 (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.
- 2) On 2 August 2011, the Company's wholly-owned subsidiary, Grand Pavilion Development Sdn Bhd ("Grand Pavilion") entered into a Joint Venture Agreement ("JVA") with Asie Sdn Bhd ("Asie") and Usaha Nusantara Sdn Bhd ("Usaha Nusantara"), a wholly-owned subsidiary of Asie, for the proposed joint development of a parcel of prime leasehold land situated along Jalan Tun Razak measuring approximately 4.08 acres ("JV Land"). Under the terms of the JVA, Usaha Nusantara shall grant Grand Pavilion the sole and absolute right to undertake the development of the JV Land for an entitlement of RM106.60 million to be settled 60% in cash (RM63.96 million) and 40% by way of issuance of shares in the share capital of Grand Pavilion.

As disclosed in Note B8, Grand Pavilion has instituted legal proceedings against Asie and Usaha Nusantara in the High Court of Malaya at Kuala Lumpur via Civil Suit No. 22NCVC-1228-12/2011.

- 3) On 29 February 2012, the Company's wholly-owned subsidiaries, Major Land Development Sdn Bhd and Elite Park Development Sdn Bhd entered into separate sale and purchase agreements with Vibrant Domain Sdn Bhd and Topaz Best Sdn Bhd for the proposed acquisition of 2 parcels of adjacent land measuring approximately 157 acres (63.4 hectares) in aggregate gross area in Bandar Kundang, Daerah Gombak, Negeri Selangor Darul Ehsan for a total cash consideration of RM40,945,914 or approximately RM6.00 per square foot.

The proposed acquisition by Major Land Development Sdn Bhd and Elite Park Development Sdn Bhd became unconditional on 19 April 2012.

- 4) On 26 March 2012, the Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("Capitol Avenue") entered into a Joint Development Agreement ("Agreement") 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 ("Land") in Kota Kinabalu, Negeri Sabah. Under the terms of the Agreement, Paduan Hebat agrees with Capitol Avenue to jointly develop the Land for an entitlement of RM39 million or approximately RM210 per square foot.

Capitol Avenue is also granted an exclusive option to jointly develop with Paduan Hebat in respect of further two parcels of adjacent commercial land measuring approximately 4.408 acres at an entitlement price of RM216 per square foot or approximately RM41.5 million. The option is exercisable by Capitol Avenue within six months from the date of the Agreement.

- 5) On 21 May 2012, the Company's wholly-owned subsidiary, Tristar Acres Sdn Bhd ("Tristar") entered into a sale and purchase agreement ("SPA") with Boon Siew Development Sdn Bhd ("Boon Siew") for the proposed acquisition of 8 parcels of adjacent freehold land with a total net area measuring approximately 408.243 acres ("Lands"), all located in Bandar Baru Bangi for a total cash consideration of RM330,765,010.49 or RM18.60 per square foot.

Tristar and Boon Siew had via the exchange of their respective solicitors' letters dated 19 June 2012 and 22 June 2012 agreed to adjust the total land area in relation to the Lands from 408.243 acres to 407.997 acres and the total cash consideration of the proposed acquisition of Lands from RM330,765,010.49 to RM330,565,697.35 in accordance with Section 3.04 of the Lands SPA.

Further, on 21 May 2012, Tristar also entered into another sale and purchase agreement with Wong Hong Foi @ Ho Hea Sia for the purchase of a piece of leasehold land measuring approximately 4.122 acres ("Small Parcel Land"), for a total cash consideration of RM2,477,679.95 or RM13.80 per square foot. The Small Parcel Land is contiguous with the Lands.

B7 Group borrowings

Total group borrowings as at 30 June 2012 were as follows:

	Secured RM'000	Secured RM'000	Secured RM'000	Total RM'000
(Denominated in)	(RM)	(Indonesian Rupiah)	(USD)	
Redeemable convertible bonds				
- after 12 months	271,932	-	-	271,932
Term loans payable				
- within 12 months	22,203	709	-	22,912
- after 12 months	575,760	14,548	-	590,308
	597,963	15,257	-	613,220
Short term borrowings	1,200	-	4,422	5,622
Bank overdrafts	-	272	-	272
Finance lease and hire purchase				
- within 12 months	1,101	-	-	1,101
- after 12 months	2,451	-	-	2,451
	3,552	-	-	3,552
Total	874,647	15,529	4,422	894,598

B8 Material litigation

On 19 December 2011, Grand Pavilion Development Sdn Bhd ("Grand Pavilion"), a wholly-owned subsidiary of the Company instituted legal proceedings against Asie Sdn Bhd ("Asie") and Usaha Nusantara Sdn Bhd ("Usaha Nusantara") in the High Court of Malaya at Kuala Lumpur via Civil Suit No. 22NCVC-1228-12/2011 ("the Suit"). The Suit essentially claims for specific performance of a condition precedent stipulated in a Joint Venture Agreement dated 2 August 2011 entered into between Grand Pavilion, Asie and Usaha Nusantara. On 27 July 2012, the case was heard before the Court and a decision for the case was fixed on 21 September 2012.

B9 Derivative Financial Instruments

The Group's outstanding derivative financial instruments as at 30 June 2012 were analysed as follows:

	Notional Value RM'000	Fair Value Asset RM'000
Foreign currency forward contracts		
- Less than one year	5,280	238

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

These derivatives are stated at fair value, using the prevailing market rates and any changes in fair value of these derivatives during the period are taken directly to the income statement.

B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 30 June 2012 and 31 December 2011 were analysed as follows:

	30/6/2012 RM'000	31/12/2011 RM'000
Total retained earnings of the Group		
- Realised	528,497	498,520
- Unrealised	28,901	15,952
	557,398	514,472
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	557,325	514,399
Less: Consolidation adjustments	(8,737)	(17,633)
Total group retained earnings as per consolidated accounts	548,588	496,766

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

	Period ended 30/6/2012 RM'000
Depreciation and amortisation	(5,931)
Allowance for doubtful debts - trade receivables	(4)
Allowance for slow moving inventories	(326)
Reversal of impairment of property, plant and equipment	3
Gain on foreign forward exchange contracts	238
Net foreign exchange loss	<u>(4,020)</u>

Other than the items above which have been included in the income statement, there were no gain/(loss) on disposal of quoted or unquoted investments and exceptional items affecting results for the current financial period ended 30 June 2012.

B12 Dividend proposed

No dividend has been proposed for the second quarter ended 30 June 2012.

In respect of the previous financial year ended 31 December 2011:

- i) At the Annual General Meeting held on 28 June 2012, the shareholders of the Company approved the first and final dividend of 11.0 sen per ordinary share of RM0.50 each, less income tax of 25% (2010: 7.6 sen per ordinary share of RM0.50 each, less income tax of 25%) in respect of the financial year ended 31 December 2011.
- ii) The dividend will be paid on 26 September 2012.
- iii) A Depositor shall qualify for entitlement to the dividend only in respect of:
 - (a) Shares transferred into the Depositor's Securities Account before 4.00pm on 13 September 2012 in respect of transfers; and
 - (b) Shares bought on the Bursa Malaysia Securities Berhad up to 5.00pm on 10 September 2012 i.e. on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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 period by the weighted average number of ordinary shares in issue.

	3 months ended		Period ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Net profit for the period (RM'000)	60,066	43,132	119,986	84,300
Weighted average number of ordinary shares in issue ('000)	833,508	831,569	832,767	831,569
Basic EPS (sen)	7.21	5.19	14.41	10.14

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

	3 months ended		Period ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
Net profit for the period (RM'000)	60,066	43,132	119,986	84,300
Weighted average number of ordinary shares in issue ('000)	833,508	831,569	832,767	831,569
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
ESOS	9,260	17,556	9,440	17,723
Bonds conversion ⁽¹⁾	n/a	6,260	n/a	3,130
Adjusted weighted average number of ordinary shares ('000)	842,768	855,385	842,207	852,422
Diluted EPS (sen)	7.13	5.04	14.25	9.89

⁽¹⁾ The effects of potential ordinary shares arising from the conversion of redeemable convertible secured bonds is anti-dilutive and accordingly is excluded in 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 2011 was not subject to any qualification.

B15 Comparative figures

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

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
16 August 2012