



MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

Interim Financial Report

30 September 2013

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

(The figures have not been audited)

	AS AT 30/9/2013 RM'000	(AUDITED) AS AT 31/12/2012 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	111,986	101,483
Prepaid lease payments	7,274	7,249
Investment properties	80,466	71,126
Land held for property development	491,640	419,280
Intangible assets	11,499	12,541
Deferred tax assets	69,996	64,456
	<u>772,861</u>	<u>676,135</u>
Current Assets		
Property development costs	2,021,733	1,885,233
Inventories	42,267	39,722
Trade and other receivables	572,843	398,031
Current tax assets	3,824	6,505
Deposits, cash and bank balances	788,105	589,460
	<u>3,428,772</u>	<u>2,918,951</u>
TOTAL ASSETS	<u>4,201,633</u>	<u>3,595,086</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	693,883	419,934
Share premium	285,868	140,287
Other reserves	86,631	30,889
Retained earnings	762,988	653,787
	<u>1,829,370</u>	<u>1,244,897</u>
Non-controlling interests	<u>11,880</u>	<u>10,104</u>
Total Equity	<u>1,841,250</u>	<u>1,255,001</u>
Non-current Liabilities		
Redeemable convertible secured bonds	284,311	275,785
Term loans	806,855	590,400
Long term and deferred payables	58,419	57,974
Deferred tax liabilities	19,897	21,973
	<u>1,169,482</u>	<u>946,132</u>
Current Liabilities		
Trade and other payables	1,059,526	1,314,428
Term loans	65,194	28,675
Short term borrowings	10,523	11,305
Bank overdrafts	811	519
Current tax liabilities	54,847	39,026
	<u>1,190,901</u>	<u>1,393,953</u>
Total Liabilities	<u>2,360,383</u>	<u>2,340,085</u>
TOTAL EQUITY AND LIABILITIES	<u>4,201,633</u>	<u>3,595,086</u>
Net assets per share attributable to equity holders of the Company (RM)		
	<u>1.32</u>	<u>1.48</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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 30 September 2013

(The figures have not been audited)

	3 months ended		Period ended		
	30/9/2013 RM'000	30/9/2012 RM'000	30/9/2013 RM'000	30/9/2012 RM'000	
Revenue	536,497	420,843	1,435,389	1,333,818	
Cost of sales	(385,660)	(297,486)	(990,179)	(948,070)	
Gross profit	150,837	123,357	445,210	385,748	
Other income	8,284	8,165	24,042	23,445	
Selling and marketing expenses	(31,891)	(18,460)	(82,676)	(54,623)	
Administrative expenses	(34,514)	(28,323)	(102,815)	(85,517)	
Other operating expenses	(1,271)	(9,043)	(5,114)	(27,259)	
Interest income	1,512	872	3,969	2,915	
Finance costs	(837)	(451)	(2,257)	(1,470)	
Profit before taxation	92,120	76,117	280,359	243,239	
Income tax expense	(22,034)	(19,833)	(70,872)	(66,825)	
Profit for the period	70,086	56,284	209,487	176,414	
Profit attributable to:					
Equity holders of the Company	70,618	55,232	209,918	175,218	
Non-controlling interests	(532)	1,052	(431)	1,196	
	70,086	56,284	209,487	176,414	
Earnings per share attributable to equity holders of the Company:					
- Basic (sen)	Note B13	5.17	4.98	16.46	15.84
- Diluted (sen)	Note B13	4.66	4.93	15.15	15.66

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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 30 September 2013

(The figures have not been audited)

	3 months ended		Period ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
	RM'000	RM'000	RM'000	RM'000
Profit for the period	70,086	56,284	209,487	176,414
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	979	(1,180)	2,033	(991)
Other comprehensive income for the period	979	(1,180)	2,033	(991)
Total comprehensive income for the period	71,065	55,104	211,520	175,423
Total comprehensive income attributable to:				
Equity holders of the Company	71,288	54,439	211,312	174,599
Non-controlling interests	(223)	665	208	824
	71,065	55,104	211,520	175,423

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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 September 2013

(The figures have not 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
9 months ended 30 September 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 financial period	-	-	-	-	-	-	209,918	209,918	(431)	209,487
Other comprehensive income	-	-	-	-	1,394	-	-	1,394	639	2,033
Total comprehensive income for the period	-	-	-	-	1,394	-	209,918	211,312	208	211,520
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)	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS exercised and ESOS lapsed	6,194	12,190	(3,358)	-	-	-	3,358	18,384	-	18,384
Issuance of ordinary shares pursuant to Rights Issue with warrants	140,050	193,829	-	63,863	-	-	-	397,742	-	397,742
Issuance of ordinary shares pursuant to warrants exercised	14,604	52,663	-	(9,249)	-	-	-	58,018	-	58,018
Recognition of share-based payment	-	-	3,092	-	-	-	-	3,092	-	3,092
Shares issued to non-controlling interest	-	-	-	-	-	-	-	-	1,568	1,568
Balance at 30/9/2013	693,883	285,868	10,348	54,614	4,540	17,129	762,988	1,829,370	11,880	1,841,250

	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
9 months ended 30 September 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	-	-	-	-	-	-	175,218	175,218	1,196	176,414
Other comprehensive income	-	-	-	-	(619)	-	-	(619)	(372)	(991)
Total comprehensive income for the period	-	-	-	-	(619)	-	175,218	174,599	824	175,423
Acquisition of the remaining interest from the non-controlling shareholders	-	-	-	-	-	-	(7,488)	(7,488)	1,188	(6,300)
Dividends for the financial year ended 31 December 2011	-	-	-	-	-	-	(69,163)	(69,163)	-	(69,163)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(7,200)	(7,200)
Issuance of ordinary shares pursuant to ESOS exercised and ESOS lapsed	3,550	8,158	(2,053)	-	-	-	2,053	11,708	-	11,708
Recognition of share-based payment	-	-	3,916	-	-	-	-	3,916	-	3,916
Balance at 30/9/2012	419,486	139,259	10,314	-	3,149	17,129	597,386	1,186,723	10,150	1,196,873

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 2012 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial period ended 30 September 2013

(The figures have not been audited)

	9 months ended 30/9/2013 RM'000	9 months ended 30/9/2012 RM'000
Operating Activities		
Profit before taxation	280,359	243,239
Adjustments for:		
Non-cash items	19,001	17,414
Non-operating items	7,336	3,584
Operating profit before changes in working capital	306,696	264,237
Net change in property development costs	(92,246)	(171,760)
Net change in inventories	(2,140)	4,722
Net change in receivables	(149,191)	(57,038)
Net change in payables	(10,164)	149,802
Cash generated from operations	52,955	189,963
Interest received	13,658	10,064
Interest paid	(30,112)	(24,788)
Tax paid	(59,847)	(59,645)
Net cash (used in)/generated from operating activities	(23,346)	115,594
Investing Activities		
Acquisition of investment in a subsidiary	-	(56,758)
Additions to investment properties	(9,340)	(3,374)
Additions to property, plant and equipment	(20,793)	(18,309)
Payment for acquisition of balance of equity in a subsidiary	-	(5,568)
Payment for land held for property development	(363,878)	-
Proceeds from disposal of property, plant and equipment	1,139	662
Net cash used in investing activities	(392,872)	(83,347)
Financing Activities		
Dividends paid to shareholders of the Company	(104,075)	(69,163)
Dividends paid to non-controlling interests	-	(7,200)
Net withdrawal/(placement) of deposits with licensed banks as collateral/Escrow Account	31,251	(14,675)
Net proceeds from/(repayment of) borrowings	252,610	(82,479)
Payment for corporate exercise expenses	(4,431)	-
Payment of bonds coupon	(5,267)	(5,267)
Proceeds from issuance of shares by subsidiary to non-controlling interest	1,568	-
Proceeds from ESOS exercised	18,384	11,708
Proceeds from Rights Issue	397,742	-
Proceeds from warrants exercised	58,018	-
Net cash generated from/(used in) financing activities	645,800	(167,076)
Net changes in cash and cash equivalents	229,582	(134,829)
Effect of exchange rate changes	21	(111)
Cash and cash equivalents at beginning of financial period	543,774	634,215
Cash and cash equivalents at end of financial period	773,377	499,275

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial period ended 30 September 2013 (cont'd)*(The figures have not been audited)*

9 months ended 30/9/2013 RM'000	9 months ended 30/9/2012 RM'000
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Cash and cash equivalents at the end of the financial period comprise the followings:

Deposits with licensed banks	90,314	319,788
Investment in short term funds	304,279	-
Cash and bank balances	393,512	225,514
Bank overdrafts	(811)	-
	787,294	545,302
Less: Deposits pledged as collateral	(6,088)	(34,955)
Less: Deposits in Escrow Account	(7,829)	(11,072)
	773,377	499,275

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 2012. 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 2012.

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 2012 save for the adoption of the followings:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
Amendment to FRS 7	Financial Instruments: Disclosures - Offsetting of Financial Assets and Financial Liabilities
Amendment to FRS 10	Consolidated Financial Statements - Transitional Guidance
Amendment to FRS 11	Joint Arrangements - Transitional Guidance
Amendment to FRS 12	Disclosure of Interests in Other Entities - Transitional Guidance
Amendment to FRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
Amendment to FRS 116	Property, Plant and Equipment (Classification of servicing equipment)
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Separate Financial Statements
Amendment to FRS 128	Investment in Associates and Joint Ventures
Amendment to FRS 132	Financial Instruments: Disclosures - Tax effect of distribution to holders of equity instruments
Amendment to FRS 134	Interim Financial Reporting
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 2	Members' Shares in Cooperative Entities and Similar Instruments (Tax effect of distribution to holders of equity instruments)

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.

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 ("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 were allowed to defer adoption of the new MFRS Framework.

On 30 June 2012, MASB announced that the Transitioning Entities were allowed to extend their deferment on the adoption of MFRS Framework to annual periods beginning on or after 1 January 2014. MASB further announced on 7 August 2013 to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all Transitioning Entities for annual period beginning on or after 1 January 2015.

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 2015. 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

During the financial period ended 30 September 2013, the Company increased its issued and paid up ordinary share capital from RM419,933,655 to RM693,882,536 by way of:

- issuance of 12,388,681 new ordinary shares of RM0.50 each pursuant to the exercise of employees share options,
- issuance of 280,099,803 new ordinary shares of RM0.50 each pursuant to the rights issue with 168,059,241 free detachable warrants,
- issuance of 29,207,503 new ordinary shares of RM0.50 each pursuant to the exercise of the warrants; and
- issuance of 226,201,774 new ordinary shares of RM0.50 each pursuant to the Bonus Issue and 33,518,111 new warrants arising from the Bonus Issue adjustment.

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

A6 Dividends paid

On 20 September 2013, the Company paid a first and final dividend of 7.6 sen per ordinary share of RM0.50 each comprising 0.4 sen per share less Malaysian Income Tax of 25% and single-tier dividend of 7.2 sen per share amounting to RM104,075,091 in respect of the financial year ended 31 December 2012.

A7 Segment reporting

Period ended 30 September 2013

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,222,554	178,149	34,686	-	1,435,389
Inter-segment	-	-	162,348	(162,348)	-
Total revenue	1,222,554	178,149	197,034	(162,348)	1,435,389
RESULTS					
Operating profit	260,489	13,125	167,465	(162,432)	278,647
Interest income					3,969
Finance costs					(2,257)
Income tax expense					(70,872)
Profit for the period					209,487
OTHER INFORMATION					
Capital expenditure	11,291	9,390	112	-	20,793
Depreciation and amortisation	3,224	8,775	196	-	12,195
Assets and Liabilities					
Segment assets	3,544,586	172,931	410,296		4,127,813
Current and deferred tax assets					73,820
Total assets					4,201,633
Segment liabilities	1,921,626	64,764	299,249		2,285,639
Current and deferred tax liabilities					74,744
Total liabilities					2,360,383

Period ended 30 September 2012

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,172,640	153,494	7,684	-	1,333,818
Inter-segment	-	-	84,588	(84,588)	-
Total revenue	1,172,640	153,494	92,272	(84,588)	1,333,818
RESULTS					
Operating profit	235,357	10,762	79,813	(84,138)	241,794
Interest income					2,915
Finance costs					(1,470)
Income tax expense					(66,825)
Profit for the period					176,414
OTHER INFORMATION					
Capital expenditure	3,012	15,900	446	-	19,358
Depreciation and amortisation	4,608	7,072	114	-	11,794
Assets and Liabilities					
Segment assets	2,612,283	153,568	289,169		3,055,020
Current and deferred tax assets					57,563
Total assets					3,112,583
Segment liabilities	1,482,335	62,075	285,212		1,829,622
Current and deferred tax liabilities					86,088
Total liabilities					1,915,710

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the balance sheet date up to 4 November 2013, 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:

	01/1/2013 to 30/9/2013 RM'000
(i) Rental paid to a Company in which a Director has interest	1,078
(ii) Maintenance services rendered from a Company in which the Directors are family members of a Director of the Company	106
(iii) Sales of development properties to Directors of the Company and/or the subsidiaries of the Company and/or their family members	3,829

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 22 April 2013, the Company acquired the entire issued and paid-up share capital of Mediterranean View Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000.00 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 cash consideration of RM2.00.
- 2) On 22 May 2013, the Company acquired the entire issued and paid-up share capital of Enchanting Heights Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000.00 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 cash consideration of RM2.00.
- 3) On 27 May 2013, the Company subscribed 1,632,000 ordinary shares of RM1.00 each, representing 51% of the total issued and paid-up share capital of Convention City Development Sdn Bhd ("Convention City"), for cash consideration of RM1,632,000. Diverse Capital Sdn Bhd holds 1,568,000 ordinary shares of RM1.00 each, representing 49% of the total issued and paid-up share capital of Convention City.
- 4) On 18 June 2013, the Company acquired the entire issued and paid-up share capital of Tanda Klasik Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM100,000.00 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 cash consideration of RM2.00.
- 5) On 23 August 2013, the Company acquired the entire issued and paid-up share capital of the following companies for a cash consideration of RM2.00 each respectively:
 - a) Nature Legend Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000.00 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) Sanjung Tropika Development Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000.00 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.
 - c) Meridin Hospitality Sdn Bhd, a private limited company incorporated in Malaysia, with an authorised share capital of RM400,000.00 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.

A11 Changes in contingent liabilities or contingent assets

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

	30/9/2013	31/12/2012
	RM'000	RM'000
Bank guarantees issued in favour of third parties	6,401	8,241
Corporate guarantee issued in favour of third parties	5,777	6,000
Others	697	707
	<u>12,875</u>	<u>14,948</u>

A12 Capital Commitments

	30/9/2013
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of lands	127,322
- Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	9,333
	<u>295,395</u>

A13 Operating Lease Commitments

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** have expired in August 2013 and December 2012 respectively.

During the financial period, the Group has recognised the leaseback rental amounting to RM5.1 million (2012: RM27.3 million) and the rental income from the sub-lease amounting to RM5.1 million (2012: RM15.9 million) in the statement of profit or loss.

In the last financial year, the future operating lease commitments for rental of commercial buildings (net of lease rentals receivable from sublease) contracted for as at balance sheet date but not recognised as liabilities were as follows:

	<u>Lease rentals payable</u>		<u>Lease rentals receivable</u>		<u>Net</u>	
	<u>30/9/2013</u>	<u>31/12/2012</u>	<u>30/9/2013</u>	<u>31/12/2012</u>	<u>30/9/2013</u>	<u>31/12/2012</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	-	10,000	-	(4,972)	-	5,028
	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(4,972)</u>	<u>-</u>	<u>5,028</u>
				Provision	-	(4,889)
					<u>-</u>	<u>139</u>

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:-

	<u>Lease rentals</u>
	<u>receivable</u>
	<u>30/9/2013</u>
	<u>RM'000</u>
Less than one year	235
One to two years	35
	<u>270</u>

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

B1 Review of Group performance

The Group recorded revenue and net profit of RM1.44 billion and RM209.92 million respectively for the nine months ended 30 September 2013. This represents an improvement in revenue and net profit of 7.6% and 19.8% respectively as compared to the corresponding period in the previous year. The current quarter revenue and net profit of RM536.5 million and RM70.6 million represents 27.5% and 27.9% improvement respectively over the corresponding quarter last year.

Balance sheets remained strong with cash and bank balances at RM788.1 million and net gearing at 0.21.

Property development

For the 9 months ended 30 September 2013, revenue from property development was RM1.22 billion as compared to RM1.17 billion last year. Operating profit margin is 21.3% as compared to 20.1% in previous year. The increase in revenue was attributable to the increasing contribution from mixed developments. Profit margin improved as a result of better product mix. Sales recorded up to 30 September 2013 was approximately RM2.25 billion and the Group is confident on track to achieve its full year sales target of RM3.0 billion.

Projects that contributed to this quarter's results in Klang Valley and Greater KL include **M Suites** and **M City** in Jalan Ampang, **Icon City** in Petaling Jaya, **Icon Residence** in Mont' Kiara, **Garden Residence**, **Clover @ Garden Residence** and **Garden Plaza** in Cyberjaya, **M Residence@Rawang**, **Kinrara Residence** in Puchong, **Aman Perdana** in Meru - Shah Alam, **One Legenda**, **Hijauan Residence** and **Bayu Sekamat** in Cheras and **Perdana Residence 2** in Selayang. Commercial projects include **Star Avenue @ D'sara**, **StarParc Point** in Setapak and industrial projects **i-Parc 1**, **i-Parc 3** in Bukit Jelutong and **i-Parc 2** in Shah Alam. Projects in Penang Island include **Legenda @ Southbay**, **Southbay City** and **Ferringhi Residence**. Projects in Iskandar, Johor Bahru include **Sierra Perdana**, **Sri Pulai Perdana 2** and **Austin Perdana**. New projects namely **The Meridin @ Medini** and **Mah Sing i-Parc @ Tanjung Pelepas**, as well as **Sutea Avenue** in Kota Kinabalu, Sabah are also expected to further boost contribution in the coming quarters.

New land acquired for projects year-to-date include **D'sara Sentral** in Shah Alam, **Lakeville Residence** in Taman Wahyu, **M Residence 3** in Rawang, **KK Convention Centre** in Kota Kinabalu, Sabah and **Bandar Meridin East** in Iskandar Malaysia. The new projects are expected to further strengthen the Group's presence and the pipeline of properties to be launched in the Klang Valley, Kota Kinabalu, Sabah and Iskandar Malaysia.

The Group's focus remains on landed townships and niche developments to meet market demand.

Plastics

The plastics segment continued to contribute positively to the revenue and operating profit of the Group. Revenue grew by 16.1% to RM178.1 million (2012: RM153.5 million) as a result of higher pallet sales. Operating profit margin improved by 0.4% to 7.4% (2012: 7.0%).

Investment holding & Others

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

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 as compared to the immediate preceding quarter.

B3 Prospects for the current financial year

Demand for the Group's innovative, affordable and lifestyle homes remained strong with recorded sales of approximately RM2.25 billion for the nine months ended 30 September 2013. Unbilled sales increased in tandem to approximately RM4.185 billion, representing approximately 2.7 times the full year property revenue for 2012.

The Group's latest proposed acquisition of the 1,351.84 acres **Bandar Meridin East** township land in Iskandar Malaysia and 96.71 acres **M Residence 3** land in Rawang will provide further earnings visibility and thrust to the supply of quality affordable mid-range homes to address the growing demand and the needs of the local population. Response for the Group's recent previews remained strong for **Southville City@KL South** (Savanna Executive Suites and Lifestyle retail shops) and **D'sara Sentral** (D'Sovo Suites, D'Style Shops, and D'Residenz Suites). The Savanna Executive Suites alone saw pre-selection of 1,160 units within one month.

The Group is well placed to achieve a good performance for the current financial year due to the Group's proven track record, abilities and strengths in meeting the changes in the market trend and demand, as well as the implementation and execution of the development projects on a quick turnaround basis.

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	
	30/9/2013 RM'000	30/9/2012 RM'000	30/9/2013 RM'000	30/9/2012 RM'000
Current tax:				
Malaysian income tax	35,853	38,386	78,163	90,295
Foreign tax	(175)	46	325	574
	35,678	38,432	78,488	90,869
Deferred taxation:				
Malaysian deferred tax	(13,644)	(18,599)	(7,616)	(24,044)
	22,034	19,833	70,872	66,825

The Group's current quarter effective tax rate was lower than the statutory tax rate due to the utilisation of deferred tax assets to offset against taxable profits. However, the effective tax rate for the current financial period is slightly 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 4 November 2013 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- 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.
- 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 agrees 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 obligation have been fully performed pursuant to the JDA.

- On 3 April 2013, the Company's wholly-owned subsidiary, Inframewah Development Sdn Bhd ("**Inframewah**") entered into a sale and purchase agreement ("**Agreement**") with Pulangan Elit Sdn Bhd ("**Vendor**") for the proposed acquisition of all that piece of prime land measuring approximately 6.54878 acres net held under H.S.(M) 11440, PT No. 4629, Pekan Baru Sungai Buluh, Daerah Petaling, Negeri Selangor for cash consideration of RM85,000,000.

The conditions precedent pursuant to the Agreement was fulfilled on 5 September 2013.

- On 28 May 2013, the Company's wholly-owned subsidiary, Mah Sing Development Sdn Bhd ("**Mah Sing Development**") entered into a sale and purchase agreement ("**SPA**") with Kim San Investments Sdn Bhd ("**Vendor**") for the proposed acquisition of a parcel of freehold land ("**the Land**") held under GRN 100264 Lot 2020, Mukim Plentong, District of Johor Bahru, State of Johor measuring approximately 35.26 acres (after deducting an area measuring approximately 0.8017 hectares acquired by the relevant authority registered on 27 April 2009 vide Gazette No. 5157 dated 19 June 2008) for a cash consideration of RM365,550,150.

The SPA has been terminated pursuant to the notice of termination dated 30 September 2013 which was sent to the Vendor. The acquisition was aborted due to the non-fulfilment of the condition precedent relating to the consent for the access(es) to the Land, without which, the property development project on the Land will be rendered non-viable.

B6 Status of corporate proposals (continued)

- 5) On 28 May 2013, the Company's wholly-owned subsidiary, Enchanting Heights Sdn Bhd ("**Enchanting**") entered into a sale and purchase agreement with Bun Seng Hardware Sdn Bhd ("**Vendor**") for the proposed acquisition of all that piece of prime land measuring approximately 12.38 acres (after deducting the area acquired by the relevant authority vide the Gazette No. 15101 on 9 September 2004 measuring approximately 2.62 acres) held under HSD 103481, PT 18309, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur for a cash consideration of RM72,801,828.

Enchanting had on 21 October 2013 granted an extension of time for a period of 2 months from 28 October 2013 for the fulfillment of conditions precedent by the Vendor.

- 6) 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.
- 7) On 27 August 2013, the Company's wholly-owned subsidiary, Mediterranean View Development Sdn Bhd entered into a sale and purchase agreement with Ng Tan Moi and Tan Lee Kau for the proposed acquisition of all that piece of prime land measuring approximately 96.71 acres in Rawang for cash consideration of RM68,666,807.88.

- 8) On 1 October 2013, the Company's wholly-owned subsidiary, Sanjung Tropika Development Sdn Bhd ("**Sanjung**") entered into a conditional sale and purchase agreement ("**SPA**") with Bistari Land Sdn Bhd ("**Bistari**") for the proposed acquisition of thirty one (31) pieces of adjoining freehold lands with a total net land area measuring approximately 1,351.84 acres (after deducting the areas acquired by the relevant authority measuring approximately 14.028 acres) all in Tempat of LKTP Cahaya Baru, Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim for a total cash consideration of RM429,868,897.92.

The special conditions of the SPA have been fulfilled on 17 October 2013.

On 18 October 2013, Sanjung further entered into a supplemental agreement with Bistari to vary, amend, modify or alter certain provisions, terms and conditions of the SPA which includes revision of the cash consideration to RM411,163,937.85.

- 9) The total gross proceeds raised by the Company from the Rights Issue amounted to RM397,741,720. The status of the utilisation of proceeds as at 4 November 2013 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Timeframe for utilisation
Property development expenditure and future land acquisition	350,000	(162,933)	-	187,067	Within 24 months
General working capital	42,742	(19,341)	569	23,970	Within 12 months
Estimated expenses in relation to the Proposals	5,000	(4,431)	(569)*	-	Within 6 months
Total	397,742	(186,705)	-	211,037	

* The unutilised amount of RM569,000 designated for the estimated expenses in relation to the Proposals has been reallocated for general working capital requirements.

B7 Group borrowings

Total group borrowings as at 30 September 2013 were as follows:

(Denominated in)	Secured	Secured	Secured	Total RM'000
	RM'000	RM'000	RM'000	
	(RM)	(Indonesian Rupiah)	(USD)	
Redeemable convertible bonds				
- after 12 months	284,311	-	-	284,311
Term loans payable				
- within 12 months	61,600	3,594	-	65,194
- after 12 months	798,668	8,187	-	806,855
	860,268	11,781	-	872,049
Short term borrowings	4,921	2,342	3,260	10,523
Bank overdrafts	264	547	-	811
Finance lease and hire purchase				
- within 12 months	1,719	-	-	1,719
- after 12 months	3,568	-	-	3,568
	5,287	-	-	5,287
Total	1,155,051	14,670	3,260	1,172,981

B8 Material litigation

The Group is not engaged in any material litigation as at 4 November 2013, 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 30 September 2013 were analysed as follows:

	Notional Value	Fair Value Asset/ (Liability)
	RM'000	RM'000
Foreign currency forward contracts		
- Less than one year	960	-

Foreign currency forward contracts were entered into by a subsidiary 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 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 statement of profit or loss.

B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 30 September 2013 and 31 December 2012 were analysed as follows:

	30/9/2013 RM'000	31/12/2012 RM'000
Total retained earnings of the Group		
- Realised	717,658	616,308
- Unrealised	54,305	60,464
	771,963	676,772
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	771,890	676,699
Less: Consolidation adjustments	(8,902)	(22,912)
Total group retained earnings as per consolidated accounts	762,988	653,787

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

	3 months ended 30/9/2013 RM'000	Period ended 30/9/2013 RM'000
Allowance for doubtful debts - trade receivables	(376)	(376)
Depreciation and amortisation	(4,247)	(12,195)
Gain on redemption of investments in short term funds	94	99
Impairment of intangible assets	-	(1,042)
Net foreign exchange gain	942	1,052
Net gain on foreign exchange forward contracts	-	30
Reversal of / (Allowance for) slow-moving inventories	112	(334)

Other than the items above which have been included in the statement of profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 30 September 2013.

B12 Dividend proposed

No dividend has been proposed for the third quarter ended 30 September 2013.

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	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
Net profit for the period (RM'000)	<u>70,618</u>	55,232	<u>209,918</u>	175,218
Weighted average number of ordinary shares in issue ('000)*	<u>1,367,032</u>	1,108,115	<u>1,275,661</u>	1,106,028
Basic EPS (sen)	<u>5.17</u>	4.98	<u>16.46</u>	15.84

(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, conversion of bonds and warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	30/9/2013	30/9/2012	30/9/2013	30/9/2012
Net profit for the period (RM'000)	<u>70,618</u>	55,232	<u>209,918</u>	175,218
Weighted average number of ordinary shares in issue ('000)*	<u>1,367,032</u>	1,108,115	<u>1,275,661</u>	1,106,028
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
ESOS	43,279	10,907	24,036	10,474
Bonds conversion	68,160	2,361	61,840	2,361
Warrants	35,743	n/a	23,758	n/a
Adjusted weighted average number of ordinary shares ('000)	<u>1,514,214</u>	1,121,383	<u>1,385,295</u>	1,118,863
Diluted EPS (sen)	<u>4.66</u>	4.93	<u>15.15</u>	15.66

* The weighted average number of ordinary shares have been adjusted for the effects pursuant to the Rights and Bonus Issue which were completed on 22 March 2013 and 9 July 2013 respectively. Comparative figures for the weighted average number of ordinary shares for both the basic and fully diluted earnings per ordinary share computations have been restated to reflect the adjustments arising from the Rights and Bonus Issue.

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 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
11 November 2013