



MAH SING GROUP BERHAD

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

Interim Financial Report

31 December 2016

MAH SING GROUP BERHAD

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(Incorporated in Malaysia)**

Interim Financial Report - 31 December 2016

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(The figures have been audited)

	AS AT 31/12/2016 RM'000	AS AT 31/12/2015 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	137,619	109,538
<i>Prepaid lease payments</i>	6,841	7,000
<i>Investment properties</i>	199,816	194,816
<i>Land held for property development</i>	1,111,766	1,026,414
<i>Intangible assets</i>	5,795	6,185
<i>Deferred tax assets</i>	118,045	106,721
	<u>1,579,882</u>	<u>1,450,674</u>
Current Assets		
<i>Property development costs</i>	2,294,868	2,534,864
<i>Inventories</i>	359,989	190,362
<i>Trade and other receivables</i>	1,039,732	1,062,433
<i>Current tax assets</i>	21,915	18,680
<i>Deposits, cash and bank balances and investment in short-term funds</i>	923,769	1,358,665
	<u>4,640,273</u>	<u>5,165,004</u>
TOTAL ASSETS	<u>6,220,155</u>	<u>6,615,678</u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,204,711	1,204,709
<i>Share premium</i>	540,816	540,810
<i>Other reserves</i>	72,484	87,927
<i>Retained earnings</i>	1,470,100	1,302,176
	<u>3,288,111</u>	<u>3,135,622</u>
Perpetual Sukuk	540,000	540,000
Non-Controlling Interests	8,016	8,473
Total Equity	<u>3,836,127</u>	<u>3,684,095</u>
Non-Current Liabilities		
<i>Redeemable convertible secured bonds</i>	-	292,008
<i>Term loans</i>	859,085	1,099,789
<i>Long term and deferred payables</i>	12,357	15,342
<i>Deferred tax liabilities</i>	16,220	16,793
	<u>887,662</u>	<u>1,423,932</u>
Current Liabilities		
<i>Trade and other payables</i>	1,311,706	1,364,730
<i>Term loans</i>	126,951	91,921
<i>Short term borrowings</i>	15,404	10,260
<i>Bank overdrafts</i>	-	264
<i>Current tax liabilities</i>	42,305	40,476
	<u>1,496,366</u>	<u>1,507,651</u>
Total Liabilities	<u>2,384,028</u>	<u>2,931,583</u>
TOTAL EQUITY AND LIABILITIES	<u>6,220,155</u>	<u>6,615,678</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.36</u>	<u>1.30</u>

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 December 2016

(The figures have been audited)

	3 months ended		Year ended		
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	
	RM'000	RM'000	RM'000	RM'000	
Revenue	742,180	773,136	2,957,617	3,108,506	
Cost of sales	(562,045)	(579,340)	(2,212,152)	(2,314,138)	
Gross profit	180,135	193,796	745,465	794,368	
Other income	13,328	35,167	31,301	58,852	
Selling and marketing expenses	(35,073)	(28,382)	(121,475)	(127,030)	
Administrative and other expenses	(48,266)	(56,700)	(177,715)	(226,227)	
Interest income	3,651	2,809	9,696	10,054	
Finance costs	(930)	(1,305)	(4,333)	(6,324)	
Profit before tax	112,845	145,385	482,939	503,693	
Income tax expense	(27,450)	(32,502)	(122,627)	(119,059)	
Profit for the year	85,395	112,883	360,312	384,634	
Profit attributable to:					
Equity holders of the Company	85,612	112,891	361,357	386,677	
Non-controlling interests	(217)	(8)	(1,045)	(2,043)	
	85,395	112,883	360,312	384,634	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	3.55	4.69	13.47	15.73
- Diluted (sen)	Note B13(b)	3.55	4.57	13.46	15.35

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2016

(The figures have been audited)

	3 months ended		Year ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Profit for the year	85,395	112,883	360,312	384,634
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	1,363	1,204	1,749	2,694
Other comprehensive income for the year	1,363	1,204	1,749	2,694
Total comprehensive income for the year	86,758	114,087	362,061	387,328
Total comprehensive income attributable to:				
Equity holders of the Company	86,545	113,766	362,518	388,537
Non-controlling interests	213	321	(457)	(1,209)
	86,758	114,087	362,061	387,328

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2016
(The figures have been audited)

	Attributable to ordinary equity holders of the Company									
	Non-Distributable					Distributable				
	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total	Perpetual Sukuk	Non-controlling interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2016										
Balance at 1/1/2016	1,204,709	540,810	64,344	6,980	16,603	1,302,176	3,135,622	540,000	8,473	3,684,095
Amount recognised directly in equity:										
Profit for the financial year	-	-	-	-	-	361,357	361,357	-	(1,045)	360,312
Other comprehensive income	-	-	-	1,161	-	-	1,161	-	588	1,749
Total comprehensive income for the year	-	-	-	1,161	-	361,357	362,518	-	(457)	362,061
Dividends for the financial year ended 31 December 2015	-	-	-	-	-	(156,612)	(156,612)	-	-	(156,612)
Issuance of ordinary shares pursuant to warrants exercised	2	6	(1)	-	-	-	7	-	-	7
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	-	(36,821)	(36,821)	-	-	(36,821)
Repurchase of redeemable convertible bonds	-	-	-	-	(16,603)	-	(16,603)	-	-	(16,603)
Balance at 31/12/2016	1,204,711	540,816	64,343	8,141	-	1,470,100	3,288,111	540,000	8,016	3,836,127

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2016
(The figures have been audited)

	Attributable to ordinary equity holders of the Company						Perpetual Sukuk	Non- controlling interests	Total Equity	
	Non-Distributable			Distributable						
	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Other reserve	Retained earnings	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Year ended 31 December 2015										
Balance at 1/1/2015	738,055	394,557	43,451	5,120	17,129	1,090,521	2,288,833	-	9,682	2,298,515
Amount recognised directly in equity:										
Profit for the financial year	-	-	-	-	-	386,677	386,677	-	(2,043)	384,634
Other comprehensive income	-	-	-	1,860	-	-	1,860	-	834	2,694
Total comprehensive income for the year	-	-	-	1,860	-	386,677	388,537	-	(1,209)	387,328
Dividends for the financial year ended 31 December 2014	-	-	-	-	-	(156,612)	(156,612)	-	-	(156,612)
Expenses on issuance of ordinary shares	-	(7,972)	-	-	-	-	(7,972)	-	-	(7,972)
Issuance of ordinary shares pursuant to:										
- Warrants exercised	611	2,218	(380)	-	-	-	2,449	-	-	2,449
- Rights Issue with warrants	221,593	386,457	21,273	-	-	-	629,323	-	-	629,323
- Bonus Issue	240,064	(240,064)	-	-	-	-	-	-	-	-
- Conversion of redeemable convertible bonds	4,386	5,614	-	-	(526)	-	9,474	-	-	9,474
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	540,000	-	540,000
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	-	(18,410)	(18,410)	-	-	(18,410)
Balance at 31/12/2015	1,204,709	540,810	64,344	6,980	16,603	1,302,176	3,135,622	540,000	8,473	3,684,095

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016
(The figures have been audited)

	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
Operating Activities		
Profit before tax	482,939	503,693
Adjustments for:		
Non-cash items	35,142	23,468
Non-operating items	43,065	14,804
Operating profit before changes in working capital	561,146	541,965
Net change in property development costs	30,251	(78,395)
Net change in inventories	56,504	27,606
Net change in receivables	(33,629)	(559)
Net change in accrued billings	60,904	(353,760)
Net change in payables	23,978	(13,909)
Net change in progress billings	(77,130)	(140,743)
Cash generated from/(used in) operations	622,024	(17,795)
Interest received	26,786	36,510
Interest paid	(56,417)	(63,940)
Net tax paid	(139,030)	(153,079)
Net cash generated from/(used in) operating activities	453,363	(198,304)
Investing Activities		
Additions to property, plant and equipment	(34,929)	(9,417)
Additions to investment properties	-	(17,817)
Additions to land held for property development	(119,837)	(82,570)
Acquisition of land	-	(86,393)
Refund of deposits from acquisition of land	-	95,076
Proceeds from disposal of property, plant and equipment	487	547
Net cash used in investing activities	(154,279)	(100,574)
Financing Activities		
Dividends paid to shareholders of the Company	(156,612)	(156,612)
Distribution paid to holders of Perpetual Sukuk	(36,821)	(18,410)
Issuance of Perpetual Sukuk	-	540,000
Net (repayment of)/proceeds from borrowings	(203,235)	39,585
Net withdrawal/(placement) of deposits with licensed banks pledged as collateral/Escrow Accounts/Trustees' Reimbursement Account	35,377	(53,035)
Repurchase of redeemable convertible secured bonds	(337,100)	-
Payment of bonds coupon	-	(10,400)
Payment for corporate exercise expenses	-	(7,972)
Proceeds from Rights Issue	-	629,323
Proceeds from warrants exercised	7	2,449
Net cash (used in)/generated from financing activities	(698,384)	964,928
Net changes in cash and cash equivalents	(399,300)	666,050
Effect of exchange rate changes	46	140
Cash and cash equivalents at beginning of the financial year	1,280,020	613,830
Cash and cash equivalents at end of the financial year	880,766	1,280,020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016 (continued)

(The figures have been audited)

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

	12 months ended 31/12/2016 RM'000	12 months ended 31/12/2015 RM'000
Deposits with licensed banks	227,451	167,768
Investment in short-term funds	133,039	744,434
Cash and bank balances	563,279	446,463
Bank overdrafts	-	(264)
	923,769	1,358,401
Less: Debts Service Reserve Account	-	(61,996)
Less: Deposits in Escrow Accounts	(37,126)	(10,871)
Less: Deposits pledged as collateral	(5,847)	(5,484)
Less: Trustees' Reimbursement Account	(30)	(30)
	880,766	1,280,020

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

A Explanatory notes

A1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards No. 134 : Interim Financial Reporting and with IAS14 Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

The significant accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2015 save for the adoption of the following:

MFRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 11	Joint Arrangements (Amendments relating to Accounting for Acquisitions of Interests in Joint Operations)
MFRS 12	Disclosures of Interests in Other Entities (Amendments relating to Investment Entities : Applying the Consolidation Exception)
MFRS 14	Regulatory Deferral Accounts
MFRS 101	Presentation of Financial Statements (Amendments relating to Disclosure Initiative)
MFRS 116	Property, Plant and Equipment (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)
MFRS 116	Property, Plant and Equipment (Amendments relating to Agriculture: Bearer Plants)
MFRS 127	Separate Financial Statements (Amendments relating to Equity Method in Separate Financial Statements)
MFRS 128	Investments in Associates and Joint Ventures (Amendments relating to Investment Entities: Applying the Consolidation Exception)
MFRS 138	Intangible Assets (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)
	Annual Improvements to MFRSs 2012- 2014 cycle

The adoption of the above MFRS, amendments to MFRSs and annual improvements to MFRS does not have any material impact on the financial statements of the Group.

A2 Seasonal or cyclical factors

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

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

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

A4 Changes in estimates

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

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A5 Debt and equity securities

During the financial year ended 31 December 2016, the Company increased its issued and paid up share capital from RM1,204,708,614 to RM1,204,710,953.50 by way of issuance of 4,679 new ordinary shares of RM0.50 each pursuant to the exercise of Warrant B 2013/2018.

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

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

A6 Dividends paid

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

A7 Segment reporting

Year ended 31 December 2016

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	2,626,784	259,397	71,436	-	2,957,617
Inter-segment	-	4	492,710	(492,714)	-
	<u>2,626,784</u>	<u>259,401</u>	<u>564,146</u>	<u>(492,714)</u>	<u>2,957,617</u>
RESULTS					
Operating profit/(loss)	469,940	15,916	(8,280)	-	477,576
Interest income	9,488	208	-	-	9,696
Finance costs	(2,625)	(1,450)	(258)	-	(4,333)
Profit/(loss) before tax	476,803	14,674	(8,538)	-	482,939
Income tax expense					(122,627)
Profit for the year					<u>360,312</u>
OTHER INFORMATION					
Capital expenditure	8,503	34,032	1,078	-	43,613
Depreciation and amortisation	4,672	13,075	219	-	17,966
ASSETS AND LIABILITIES					
Segment assets	5,531,494	232,472	316,229	-	6,080,195
Current and deferred tax assets					139,960
Total assets					<u>6,220,155</u>
Segment liabilities	2,226,255	86,251	12,997	-	2,325,503
Current and deferred tax liabilities					58,525
Total liabilities					<u>2,384,028</u>

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A7 Segment reporting (continued)

Year ended 31 December 2015

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	2,810,945	231,917	65,644	-	3,108,506
Inter-segment	-	8	203,243	(203,251)	-
	<u>2,810,945</u>	<u>231,925</u>	<u>268,887</u>	<u>(203,251)</u>	<u>3,108,506</u>
RESULTS					
Operating profit	457,859	14,233	27,871	-	499,963
Interest income	9,994	57	3	-	10,054
Finance costs	(3,078)	(1,701)	(1,545)	-	(6,324)
Profit before tax	<u>464,775</u>	<u>12,589</u>	<u>26,329</u>	-	<u>503,693</u>
Income tax expense					(119,059)
Profit for the year					<u>384,634</u>
OTHER INFORMATION					
Capital expenditure	4,412	5,052	167	-	9,631
Depreciation and amortisation	4,839	12,784	381	-	18,004
ASSETS AND LIABILITIES					
Segment assets	5,416,110	185,157	889,010	-	6,490,277
Current and deferred tax assets					125,401
Total assets					<u>6,615,678</u>
Segment liabilities	2,520,455	52,870	300,989	-	2,874,314
Current and deferred tax liabilities					57,269
Total liabilities					<u>2,931,583</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 21 February 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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A9 Related party transactions

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

	01/01/2016
	to
	31/12/2016
	RM'000
(i) Rental paid to a Company in which a Director of the Company has interest	1,538
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	175
(iii) Professional fees paid to firms in which Directors of subsidiary companies have interest	1,568
(iv) Sales of plastic products to a company limited by guarantee in which a Director of the Company is a trustee	<u>20</u>

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year, 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:

	31/12/2016	31/12/2015
	RM'000	RM'000
Bank guarantees issued in favour of third parties	77,952	52,321
Corporate guarantees issued in favour of third parties	6,877	7,178
	<u>84,829</u>	<u>59,499</u>

A12 Capital commitments

	31/12/2016
	RM'000
Contractual commitment in relation to:	
- Proposed acquisition of development land	294,729
- Development Agreement for proposed development of land in Kota Kinabalu	158,740
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	10,297
	<u>463,766</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>	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commercial properties:						
Less than one year	7,164	6,377	(1,002)	(765)	6,162	5,612
One to two years	3,135	6,377	(1,313)	(1,014)	1,822	5,363
	10,299	12,754	(2,315)	(1,779)	7,984	10,975
Residential properties:						
Less than one year	2,801	4,619	(310)	(266)	2,491	4,353
One to two years	3	2,282	-	(96)	3	2,186
	2,804	6,901	(310)	(362)	2,494	6,539
	13,103	19,655	(2,625)	(2,141)	10,478	17,514
					(10,478)	(17,514)
					-	-

During the financial year, the Group has recognised in profit or loss leaseback rental and provision for future lease commitments amounting to a total of RM1.2 million (2015: RM19.39 million) and rental income from sublease amounting to RM0.2 million (2015: 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>
	31/12/2016
	RM'000
Less than one year	3,018
One year to less than 3 years	1,981
	4,999

As Lessor - for the lease of investment properties

The Group leases out its investment properties. The future minimum lease receivables under non-cancellable leases is as follow:-

	<u>Lease rental receivables</u>
	31/12/2016
	RM'000
Less than one year	3,868
One year to less than 3 years	2,861
	6,729

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

B1 Review of Group performance

The Group posted revenue of approximately RM3.0 billion for the year ended 31 December 2016, slightly lower by 4.9% compared to the previous financial year mainly due to lower contribution from **M City** in Jalan Ampang and **Icon City** in Petaling Jaya that were at tail end of development in 2016. Net profit for the year ended 31 December 2016 was approximately RM361.4 million, a decrease of 6.5% compared to the previous financial year mainly due to recognition of a fair value gain on an investment property, Star Avenue of approximately RM29.5 million in 2015, coupled with the repurchase of RM315 million nominal value of redeemable convertible secured bonds at a purchase consideration of RM337.1 million in 2016.

On a quarterly basis, the Group recorded net profit of approximately RM85.6 million and revenue of approximately RM742.2 million. This is lower compared to net profit of approximately RM112.9 million over the same quarter last year which was boosted by a fair value gain on investment property of RM29.5 million as mentioned above.

As at 31 December 2016, the Group's cash and bank balances amounted to approximately RM923.8 million, with low net gearing ratio of 0.02 times.

Property development

For the year ended 31 December 2016, revenue from property development was approximately RM2.6 billion and operating profit was approximately RM469.9 million. The operating profit increased by 2.6% mainly due to lower selling, marketing and administrative expenses during the current financial year. The revenue decreased by 6.6% was mainly due to lower contribution from **M City** in Jalan Ampang and **Icon City** in Petaling Jaya that were at tail end of development during current financial year.

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

The Group achieved cumulative property sales of approximately RM1.78 billion for the year ended 31 December 2016.

Plastics

The plastics segment continued to contribute positively to Group performance. Revenue grew by 11.8% from approximately RM231.9 million to RM259.4 million and operating profits improved by 11.8% from RM14.2 million to RM15.9 million as a result of higher sales of pallet, automotive and electrical parts.

Investment holding & Others

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

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

The Group's current quarter profit before tax of approximately RM112.8 million was lower compared to the immediate preceding quarter of approximately RM123.4 million. The fluctuation in quarterly results was mainly due to higher profit recognition from completed projects in the immediate preceding quarter.

B3 Prospects for the next financial year

While the market is characterized by short term uncertainties, the Group will monitor closely the evolving market conditions and ensure that it remains responsive and stays resilient in all business cycles. The Group's disciplined financial management, low net gearing, strong portfolio of diversified projects in various stages of development ensured stability in liquidity and financial capabilities to sustain continued satisfactory performance.

Despite a more demanding business landscape due to macroeconomic conditions, tight lending and property related policies, demand remains stable for attractively priced residential properties in the right locations. With a major focus on first time home buyers and upgraders, the Group will continue to strengthen its presence in the residential markets especially in Greater Kuala Lumpur and Klang Valley. Negotiations are underway and the Group continues to be on selective look out for opportunistic land acquisitions or joint developments.

The Group has embarked on a group-wide transformation initiative to further build on and elevate itself from its sound foundation and strong branding. The focus of its corporate and marketing rebranding exercise is to stay current with trends and to better engage the young generation.

Property related policies will continue to shape market development. However, from a long-term perspective the local property market is poised to benefit from fundamental demand for homes from a young population and strong households formation. The cultural preference for property as wealth accumulation asset class, and the various opportunities to be presented by public transportation infrastructure development will further lend support to positive development of the property market.

The Group is cautiously optimistic about the current prospects but is confident of the longer term prospects of its business.

B4 Profit forecast

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

B5 Income tax expense

	3 months ended		Year ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial year	36,775	53,263	143,735	151,158
Under/(Over) provision of income tax in prior year	4	-	(6,093)	5,583
	36,779	53,263	137,642	156,741
Deferred tax	(9,329)	(20,761)	(15,015)	(37,682)
	27,450	32,502	122,627	119,059

The Group's effective tax rate for the current quarter was approximated to statutory tax rate of 24%. However, the effective tax rate for current financial year was higher than the statutory tax rate 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 21 February 2017 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

- 1) On 5 July 2010, the Company's wholly-owned subsidiary, Grand Prestige Development Sdn Bhd ("**Grand Prestige**") entered into a Joint Venture Agreement ("**JVA**") with Medan Damai Sdn Bhd ("**Medan Damai**") for the joint development of a piece of residential land in Kinrara with total gross area measuring approximately 13.2 acres (net aggregate area of 7.59 acres) in Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan ("**Kinrara Land**"). Under the terms of the JVA, Medan Damai shall grant Grand Prestige the exclusive rights to continue with the sales and development of the Kinrara Land and in return for an entitlement sum of RM35,403,863.85.

The JVA is pending fulfilment by Medan Damai of certain obligations pertaining to the development components.

- 2) On 26 March 2012, the Company's wholly-owned subsidiary, Capitol Avenue Development Sdn Bhd ("**Capitol Avenue**") entered into a Joint Development Agreement ("**JDA**") with Paduan Hebat Sdn Bhd ("**Paduan Hebat**") for the proposed joint development of a parcel of prime leasehold commercial land measuring approximately 4.26 acres ("**KK Land**") in Kota Kinabalu, Negeri Sabah. Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK Land shall be satisfied by way of cash and the remaining balance shall be settled by way of conveyance of such number of unit(s) which shall be developed on the KK Land with total value equivalent to RM14 million or such other lesser sum as may be adjusted in accordance with the provisions of the JDA.

On 4 December 2012, all Paduan Hebat's obligations have been fully performed pursuant to the JDA. The development of KK Land has commenced in December 2013.

- 3) On 29 May 2013, the Company's subsidiary, Convention City Development Sdn Bhd ("**Convention City**") entered into a development agreement ("**DA**") with Yayasan Sabah ("**Yayasan Sabah**" or "**Landowner**") for the proposed development of a parcel of prime land measuring approximately 8.33 acres ("**Parcel A**") forming part of all that piece of master land held under title no. 016290976 in the locality of Tanjung Lipat, District of Kota Kinabalu, Negeri Sabah. Under the terms of the DA, Yayasan Sabah agrees to grant an exclusive right to Convention City to develop Parcel A for a cash consideration of RM163 million. Convention City has also been granted an exclusive option to develop 2 parcels of adjacent land with a total land area measuring approximately 5.95 acres ("**Option Land**") at an entitlement price of RM117 million. The option is exercisable by Convention City within 2 years from the date the Landowner procures the separate issue document of title to the Option Land.

Convention City is currently following up with the Landowner on status of the performance of the Landowner's obligations.

- 4) On 12 March 2014, the Company's wholly-owned subsidiary, Enchanting View Development Sdn Bhd ("**Enchanting View**") entered into a sale and purchase agreement ("**SPA**") with Great Doctrine (M) Sdn Bhd ("**Vendor**") for the proposed acquisition of a portion of prime land measuring approximately 85.43 acres forming part of all that piece of leasehold land measuring approximately 77.02 hectares held under master title known as PN 11895, Lot 741 Seksyen 13, Bandar Shah Alam, Daerah Petaling, Negeri Selangor for a cash consideration of RM327,477,110.40.

On 14 September 2015, Enchanting View and the Vendor had by way of exchange of letters, mutually agreed to a 6 month extension of the conversion approval's period and the consent's period, the periods of which will be expiring on 14 March 2016.

On 14 March 2016, the conditions precedent could not be fulfilled within the 6 month extension of the conversion approval's period and the consent's period. Pursuant to clause 2.6 of the sale and purchase agreement which stated that in the event the conditions precedent cannot be fulfilled within the stipulated time and in the absence of any extension of time mutually agreed to by the parties, the parties shall enter into a bona fide discussions to renegotiate the terms of the sale and purchase agreement with a view to reach an amicable settlement or alternative arrangement on the transaction contemplated. Enchanting View has proposed a timeframe of 6 months commencing from 15 March 2016 for the said discussion and renegotiation.

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

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B6 Status of corporate proposals (continued)

- 5) On 18 December 2015, the Company's wholly-owned subsidiary, Mont Meridian Development Sdn Bhd entered into a conditional sale and purchase agreement with several parties to acquire the entire issued and paid-up share capital of VIP Sanctuary Sdn Bhd ("**VIP**"), a private limited company incorporated in Malaysia, for a cash consideration of RM60,000. The acquisition of VIP is an innovative way for the Company to raise more funds for the Mah Sing Foundation.

The acquisition is currently pending fulfillment of the conditions precedent of the sale and purchase agreement.

B7 Group borrowings

Total group borrowings as at 31 December 2016 were as follows:

<i>(Denominated in)</i>	Secured RM'000 (RM)	Secured RM'000 (Indonesian Rupiah)	Secured RM'000 (USD)	Total RM'000
Term loans payable				
- within 12 months	126,839	112	-	126,951
- after 12 months	859,085	-	-	859,085
	985,924	112	-	986,036
Short term borrowings	10,000	1,998	3,406	15,404
Finance lease and hire purchase				
- within 12 months	1,203	1,232	-	2,435
- after 12 months	987	788	-	1,775
	2,190	2,020	-	4,210
Total	998,114	4,130	3,406	1,005,650

B8 Material litigation

The Group is not engaged in any material litigation as at 21 February 2017, 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 December 2016, there were no outstanding foreign currency forward contracts.

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B10 Realised and unrealised earnings or losses disclosure

The retained earnings as at 31 December 2016 and 31 December 2015 were analysed as follows:

	31/12/2016	31/12/2015
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	1,356,493	1,197,374
- Unrealised	136,765	109,487
	1,493,258	1,306,861
Total share of accumulated losses from associated company		
- Realised	(73)	(73)
	1,493,185	1,306,788
Consolidation adjustments	(23,085)	(4,612)
Total group retained earnings as per consolidated accounts	1,470,100	1,302,176

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

	3 months	Year
	ended	ended
	31/12/2016	31/12/2016
	RM'000	RM'000
Bad debts written off	-	(15)
Depreciation and amortisation	(4,522)	(17,966)
Fair value gain on investment property	5,000	5,000
Impairment of intangible assets	(56)	(390)
Gain on redemption of investment in short term funds	87	577
Loss on repurchase of redeemable convertible secured bonds	-	(27,141)
Net foreign exchange gain	2,067	2,583
Reversal of allowance for doubtful debts - trade receivables	809	7,554
Reversal of write down of inventories	646	685
Write down of inventories	(224)	(224)

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial year ended 31 December 2016.

B12 Dividend proposed

- i) The Board of Directors has proposed first and final single-tier dividend of 6.5 sen per ordinary share of RM0.50 each (2015: 6.5 sen per ordinary share of RM0.50 each) in respect of the financial year ended 31 December 2016, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- ii) The date payable of the dividend will be determined at a later date.
- iii) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.

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B13 Earnings per share ("EPS")

(a) Basic EPS

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

	3 months ended		Year ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net profit for the year (RM'000)	85,612	112,891	361,357	386,677
Distribution paid to holders of Perpetual Sukuk (RM'000)	-	-	(36,821)	(18,410)
Net profit for the year attributable to ordinary equity holders (RM'000)	85,612	112,891	324,536	368,267
Weighted average number of ordinary shares in issue ('000)	2,409,422	2,409,417	2,409,419	2,340,937
Basic EPS (sen)	3.55	4.69	13.47	15.73

(b) Diluted EPS

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

	3 months ended		Year ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net profit for the year attributable to ordinary equity holders (RM'000)	85,612	112,891	324,536	368,267
Weighted average number of ordinary shares in issue ('000)	2,409,422	2,409,417	2,409,419	2,340,937
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Bonds conversion ⁽¹⁾	n/a	60,742	n/a	55,551
- Warrants B ⁽²⁾	n/a	2,704	2,341	2,441
- Warrants C ⁽³⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,409,422	2,472,863	2,411,760	2,398,929
Diluted EPS (sen)	3.55	4.57	13.46	15.35

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

⁽²⁾ The effects of potential ordinary shares arising from the exercises of Warrants B is anti-dilutive for the current quarter and accordingly is excluded from the Diluted EPS computation above.

⁽³⁾ The effects of potential ordinary shares arising from the exercise of Warrants C is anti-dilutive and accordingly is excluded from the Diluted EPS computation above.

B14 Auditors' report on preceding annual financial statements

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

B15 Comparative figures

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

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
28 February 2017