

**MahSing**

Reinvent Spaces. Enhance Life.

**MAH SING GROUP BERHAD**

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

**Interim Financial Report**

**30 September 2017**

# **MAH SING GROUP BERHAD**

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

## **Interim Financial Report - 30 September 2017**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 September 2017**

(The figures have not been audited)

	AS AT 30/09/2017 RM'000	(AUDITED) AS AT 31/12/2016 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<i>Property, plant and equipment</i>	151,363	137,619
<i>Prepaid lease payments</i>	6,004	6,841
<i>Investment properties</i>	195,508	199,816
<i>Land held for property development</i>	1,151,763	1,111,766
<i>Intangible assets</i>	5,615	5,795
<i>Deferred tax assets</i>	125,226	118,045
	<u>1,635,479</u>	<u>1,579,882</u>
<b>Current Assets</b>		
<i>Property development costs</i>	2,325,949	2,294,868
<i>Inventories</i>	486,469	359,989
<i>Trade and other receivables</i>	1,086,085	1,039,732
<i>Other asset</i>	137,467	-
<i>Current tax assets</i>	7,395	21,915
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,262,731	923,769
	<u>5,306,096</u>	<u>4,640,273</u>
<b>TOTAL ASSETS</b>	<u><u>6,941,575</u></u>	<u><u>6,220,155</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Ordinary Equity Holders of the Company</b>		
<i>Share capital</i>	1,759,530	1,204,711
<i>Share premium</i>	-	540,816
<i>Other reserves</i>	69,496	72,484
<i>Retained earnings</i>	1,549,448	1,470,100
	<u>3,378,474</u>	<u>3,288,111</u>
<b>Perpetual Securities</b>	645,212	-
<b>Perpetual Sukuk</b>	540,000	540,000
<b>Non-Controlling Interests</b>	8,075	8,016
<b>Total Equity</b>	<u>4,571,761</u>	<u>3,836,127</u>
<b>Non-Current Liabilities</b>		
<i>Term loans</i>	683,781	859,085
<i>Long term and deferred payables</i>	59,082	12,357
<i>Deferred tax liabilities</i>	30,737	16,220
	<u>773,600</u>	<u>887,662</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,420,267	1,311,706
<i>Term loans</i>	125,470	126,951
<i>Short term borrowings</i>	5,947	15,404
<i>Bank overdrafts</i>	1,122	-
<i>Current tax liabilities</i>	43,408	42,305
	<u>1,596,214</u>	<u>1,496,366</u>
<b>Total Liabilities</b>	<u>2,369,814</u>	<u>2,384,028</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>6,941,575</u></u>	<u><u>6,220,155</u></u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<u>1.40</u>	<u>1.36</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 2016 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 2017**

*(The figures have not been audited)*

	3 months ended		Period ended		
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000	
Revenue	<b>704,264</b>	732,365	<b>2,154,949</b>	2,215,437	
Cost of sales	<b>(520,875)</b>	(542,078)	<b>(1,590,917)</b>	(1,650,107)	
<b>Gross profit</b>	<b>183,389</b>	190,287	<b>564,032</b>	565,330	
Other income	<b>11,158</b>	9,704	<b>16,208</b>	17,973	
Selling and marketing expenses	<b>(25,432)</b>	(32,696)	<b>(81,892)</b>	(86,402)	
Administrative and other expenses	<b>(52,432)</b>	(45,210)	<b>(144,547)</b>	(129,449)	
<b>Results from operating activities</b>	<b>116,683</b>	122,085	<b>353,801</b>	367,452	
Interest income	<b>3,549</b>	2,355	<b>9,999</b>	6,045	
Finance costs	<b>(1,600)</b>	(1,011)	<b>(4,627)</b>	(3,403)	
<b>Net finance income</b>	<b>1,949</b>	1,344	<b>5,372</b>	2,642	
Profit before tax	<b>118,632</b>	123,429	<b>359,173</b>	370,094	
Income tax expense	<b>(27,008)</b>	(31,934)	<b>(87,456)</b>	(95,177)	
Profit for the period	<b>91,624</b>	91,495	<b>271,717</b>	274,917	
Profit attributable to:					
Equity holders of the Company	<b>92,309</b>	91,891	<b>273,120</b>	275,745	
Non-controlling interests	<b>(685)</b>	(396)	<b>(1,403)</b>	(828)	
	<b>91,624</b>	91,495	<b>271,717</b>	274,917	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	<b>3.07</b>	3.05	<b>9.81</b>	9.92
- Diluted (sen)	Note B13(b)	<b>3.06</b>	3.03	<b>9.77</b>	9.90

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 2016 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 2017***(The figures have not been audited)*

	3 months ended		Period ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>91,624</b>	91,495	<b>271,717</b>	274,917
<b>Other comprehensive income</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(655)	963	(1,555)	386
Other comprehensive income for the period	(655)	963	(1,555)	386
<b>Total comprehensive income for the period</b>	<b>90,969</b>	92,458	<b>270,162</b>	275,303
Total comprehensive income attributable to:				
Equity holders of the Company	91,873	92,532	272,071	275,973
Non-controlling interests	(904)	(74)	(1,909)	(670)
	<b>90,969</b>	92,458	<b>270,162</b>	275,303

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 2016 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 2017

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company					Total	Perpetual Securities	Perpetual Sukuk	Non-controlling interests	Total Equity
	Non-Distributable		Distributable							
	Share capital	Share premium	Warrants reserve	Exchange fluctuation reserve	Retained earnings					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>9 months ended 30 September 2017</b>										
Balance at 1/1/2017	1,204,711	540,816	64,343	8,141	1,470,100	3,288,111	-	540,000	8,016	3,836,127
Amount recognised directly in equity:										
Profit for the financial period	-	-	-	-	273,120	273,120	-	-	(1,403)	271,717
Other comprehensive income	-	-	-	(1,049)	-	(1,049)	-	-	(506)	(1,555)
Total comprehensive income for the period	-	-	-	(1,049)	273,120	272,071	-	-	(1,909)	270,162
Issuance of ordinary shares pursuant to warrants exercised	14,003	-	(1,939)	-	-	12,064	-	-	-	12,064
Issuance of Perpetual Securities (net of transaction costs)	-	-	-	-	-	-	645,212	-	-	645,212
Dividends for the financial year ended 31 December 2016	-	-	-	-	(157,152)	(157,152)	-	-	-	(157,152)
Distribution paid to holders of Perpetual Sukuk	-	-	-	-	(36,620)	(36,620)	-	-	-	(36,620)
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	639	639
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	1,329	1,329
Effects of adoption of Companies Act 2016 *	540,816	(540,816)	-	-	-	-	-	-	-	-
<b>Balance at 30/09/2017</b>	<b>1,759,530</b>	<b>-</b>	<b>62,404</b>	<b>7,092</b>	<b>1,549,448</b>	<b>3,378,474</b>	<b>645,212</b>	<b>540,000</b>	<b>8,075</b>	<b>4,571,761</b>

\* With the Companies Act 2016 coming into effect on 31 January 2017, the credit balance of the share premium becomes part of the share capital. Such credit balance may be utilised within 24 months after the commencement of the Act for purposes as set out in transitional provisions of the Act.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**For the financial period ended 30 September 2016**
*(The figures have not 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
9 months ended 30 September 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 period	-	-	-	-	-	275,745	275,745	-	(828)	274,917
Other comprehensive income	-	-	-	228	-	-	228	-	158	386
Total comprehensive income for the period	-	-	-	228	-	275,745	275,973	-	(670)	275,303
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 30/09/2016	1,204,711	540,816	64,343	7,208	-	1,384,488	3,201,566	540,000	7,803	3,749,369

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 2016 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**For the financial period ended 30 September 2017**
*(The figures have not been audited)*

	<b>9 months ended 30/09/2017 RM'000</b>	9 months ended 30/09/2016 RM'000
<b>Operating Activities</b>		
Profit before tax	359,173	370,094
Adjustments for:		
Non-cash items	16,911	9,985
Non-operating items	17,266	31,678
Operating profit before changes in working capital	<u>393,350</u>	411,757
Net change in property development costs	(43,928)	98,163
Net change in inventories	61,251	46,464
Net change in receivables	(99,781)	(130,081)
Net change in accrued billings	29,514	20,144
Net change in payables	36,713	(107,986)
Net change in progress billings	(8,550)	(66,956)
Cash generated from operations	<u>368,569</u>	271,505
Interest received	26,040	21,045
Finance cost paid	(32,645)	(43,626)
Net tax paid	(79,236)	(89,988)
Net cash generated from operating activities	<u>282,728</u>	158,936
<b>Investing Activities</b>		
Additions to property, plant and equipment	(28,021)	(24,676)
Additions to land held for property development	(67,205)	(79,066)
Acquisition of land	(114,339)	-
Net cash outflow on acquisition of subsidiary	(37,058)	-
Proceeds from disposal of property, plant and equipment	715	566
Proceeds from disposal of subsidiary	6,472	-
Net cash used in investing activities	<u>(239,436)</u>	(103,176)
<b>Financing Activities</b>		
Advances from non-controlling interests of a former subsidiary company	21,600	-
Repayment to non-controlling interests of subsidiary companies	(3,122)	-
Dividends paid to shareholders of the Company	(157,152)	(156,612)
Distribution paid to holders of Perpetual Sukuk	(36,620)	(36,821)
Net proceed from issuance of Perpetual Securities	645,212	-
Net repayment of borrowings	(187,447)	(155,898)
Net (placement)/withdrawal of deposits with licensed banks pledged as collateral/Escrow Accounts	(18,495)	40,662
Proceeds from warrants exercised	12,064	7
Repurchase of redeemable convertible secured bonds	-	(337,100)
Net cash generate from/(used in) financing activities	<u>276,040</u>	(645,762)
Net changes in cash and cash equivalents	319,332	(590,002)
Effect of exchange rate changes	13	(4)
Cash and cash equivalents at beginning of the financial period	880,766	1,280,020
Cash and cash equivalents at end of the financial period	<u>1,200,111</u>	<u>690,014</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the financial period ended 30 September 2017 (continued)***(The figures have not been audited)*

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

	<b>9 months ended 30/09/2017 RM'000</b>	9 months ended 30/09/2016 RM'000
Deposits with licensed banks	<b>188,286</b>	119,745
Investment in short-term funds	<b>310,280</b>	111,896
Cash and bank balances	<b>764,165</b>	496,304
Bank overdrafts	<b>(1,122)</b>	(213)
	<b>1,261,609</b>	727,732
Less: Deposits in Escrow Accounts	<b>(55,473)</b>	(32,991)
Less: Deposits pledged as collateral	<b>(5,965)</b>	(4,697)
Less: Trustees' Reimbursement Account	<b>(60)</b>	(30)
	<b>1,200,111</b>	690,014

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2016. 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 2016.

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 2016 save for the adoption of the following:

Amendments to MFRS 107	Statement of Cash Flows - <i>Disclosure initiative</i>
Amendments to MFRS 112	Income Tax - <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to MFRS 12	Disclosure of Interests in Other Entities ( <i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i> )

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

**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.

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

**A5 Debt and equity securities**

Share capital

During the financial period ended 30 September 2017, the Company increased its issued and paid up share capital by way of issuance of 8,377,787 new ordinary shares pursuant to the exercise of Warrant B 2013/2018 at an issue price of RM1.44 per ordinary share.

Perpetual securities

On 3 April 2017, the Company has completed the first issuance of RM650.0 million in nominal value of unrated senior perpetual securities ("Perpetual Securities") under the Perpetual Securities Programme of up to RM1.0 billion in nominal value. The Perpetual Securities carry a coupon rate of 6.9% per annum from year 1 to year 5, payable semi-annually, and have no fixed maturity date but are callable 5 years from date of issuance.

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 14 September 2017, the Company paid a first and final single-tier dividend of 6.5 sen per ordinary share amounted to RM157,152,420 in respect of the financial year ended 31 December 2016.

**A7 Segment reporting**

Period ended 30 September 2017

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,880,601	221,403	52,945	-	2,154,949
Inter-segment	-	-	128,847	(128,847)	-
	<u>1,880,601</u>	<u>221,403</u>	<u>181,792</u>	<u>(128,847)</u>	<u>2,154,949</u>
<b>RESULTS</b>					
Operating profit	317,174	12,402	24,225	-	353,801
Interest income	9,827	141	31	-	9,999
Finance costs	(3,373)	(1,158)	(96)	-	(4,627)
Profit before tax	<u>323,628</u>	<u>11,385</u>	<u>24,160</u>	-	<u>359,173</u>
Income tax expense					<u>(87,456)</u>
Profit for the period					<u>271,717</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	8,974	18,271	176	-	27,421
Depreciation and amortisation	3,261	11,252	200	-	14,713
<b>ASSETS AND LIABILITIES</b>					
Segment assets	6,089,992	246,498	472,464	-	6,808,954
Current and deferred tax assets					<u>132,621</u>
Total assets					<u>6,941,575</u>
Segment liabilities	2,195,296	92,239	8,134	-	2,295,669
Current and deferred tax liabilities					<u>74,145</u>
Total liabilities					<u>2,369,814</u>

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

**A7 Segment reporting (continued)**

Period ended 30 September 2016

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,972,327	187,773	55,337	-	2,215,437
Inter-segment	-	4	467,459	(467,463)	-
	<u>1,972,327</u>	<u>187,777</u>	<u>522,796</u>	<u>(467,463)</u>	<u>2,215,437</u>
<b>RESULTS</b>					
Operating profit/(loss)	367,878	10,319	(10,745)	-	367,452
Interest income	5,900	145	-	-	6,045
Finance costs	(2,053)	(1,094)	(256)	-	(3,403)
Profit/(loss) before tax	<u>371,725</u>	<u>9,370</u>	<u>(11,001)</u>	-	<u>370,094</u>
Income tax expense					<u>(95,177)</u>
Profit for the period					<u><u>274,917</u></u>
<b>OTHER INFORMATION</b>					
Capital expenditure	7,880	24,270	891	-	33,041
Depreciation and amortisation	3,555	9,735	154	-	13,444
<b>ASSETS AND LIABILITIES</b>					
Segment assets	5,501,969	212,294	197,903	-	5,912,166
Current and deferred tax assets					<u>124,909</u>
Total assets					<u><u>6,037,075</u></u>
Segment liabilities	2,135,896	72,586	14,143	-	2,222,625
Current and deferred tax liabilities					<u>65,081</u>
Total liabilities					<u><u>2,287,706</u></u>

**A8 Material subsequent events**

Save for as disclosed in B6, there were no material events subsequent to the reporting date up to 22 November 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

**A9 Related party transactions**

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

	<b>01/01/2017</b>
	<b>to</b>
	<b>30/09/2017</b>
	<b>RM'000</b>
(i) Rental paid to a Company in which a Director of the Company has interest	<b>1,153</b>
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	<b>133</b>
(iii) Professional fees paid to a firm in which a Director of subsidiary company has interest	<b>638</b>
(iv) Sales of plastic products to a company limited by guarantee in which a Director of the Company is a trustee	<b>20</b>
	<u><u>20</u></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:

Deregistration of subsidiaries

- a) With effect from 1 May 2017, Mah Sing Vietnam Ltd ("**MS Vietnam**") and Mah Sing Vina Ltd ("**MS Vina**"), both indirect wholly-owned subsidiaries of the Company which have been dormant for many years, are no longer registered with the BVI Government Register, in accordance with the provisions of the BVI Business Companies Act, 2004. MS Vietnam and MS Vina have no intention to carry on business or operations in the future.

Acquisition of subsidiaries

- b) On 26 May 2017, the Company's wholly-owned subsidiary, Nova Legend Development Sdn Bhd entered into a Share Sale Agreement with LTS Properties (M) Sdn Bhd, T.S. Law Corporation Sdn Bhd and Law Wai Cheong for the proposed acquisition of 78% of the equity interest in Cosmoworld Housing Development Sdn Bhd ("**CHDSB**") amounting to 1,560,000 ordinary shares in CHDSB ("**Sale Shares**") for a total purchase consideration of RM54,960,000.
- c) On 3 July 2017, the Company's wholly-owned subsidiary, Nature Legend Development Sdn Bhd entered into a Share Sale Agreement with Hazreeq Putra Bin Hasman and Maslinda Binti Othman for the proposed acquisition of 100% of the equity interest in Cordova Land Sdn Bhd ("**CLSB**") amounting to 500,000 ordinary shares in CLSB ("**Sale Shares**") for a total purchase consideration of RM156,349,900. Subsequent to the execution of the Sales and Purchase Agreement between CLSB and Datuk Bandar Kuala Lumpur on 30 August 2017 and pursuant to the adjustment clauses of the Sale Shares, the Purchase Consideration has been adjusted to RM143,599,628.

The details of the acquisition of the subsidiaries are as follows:

	Note	RM'000
Net assets acquired		48,729
Non-controlling interest		<u>(639)</u>
Fair value of consideration transferred		48,090
Add: Fair value adjustment on deferred consideration		13,002
Add: Other asset	Note 1	<u>137,467</u>
Total purchase consideration		198,559
Less: Balance purchase consideration		(161,499)
Less: Cash and cash equivalents		<u>(2)</u>
Net cash outflow on acquisition of subsidiaries		<u><u>37,058</u></u>

Note 1:

Other asset comprises equivalent land cost.

**A10 Changes in the composition of the Group (continued)**

Disposal of a subsidiary

- d) On 3 July 2017, the Company entered into a Share Sale Agreement with Diverse Capital Sdn Bhd for the disposal of 51% of the equity interest in Convention City Development Sdn Bhd ("**CCDSB**") amounting to 1,632,000 ordinary shares in CCDSB ("**Sale Shares**") for a total cash consideration of RM6,557,000. The transaction ended on the same date.

The details of the disposal of the subsidiary are as follows:

	<b>RM'000</b>
Net assets disposed	<b>(2,712)</b>
Non-controlling interest	<b>1,329</b>
	<b>(1,383)</b>
Add: Gain on disposal	<b>7,940</b>
Total proceed from disposal	<b>6,557</b>
Less: Cash and cash equivalents	<b>(85)</b>
Net cash inflow from disposal of subsidiary	<b>6,472</b>

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

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

	<b>30/09/2017</b>	31/12/2016
	<b>RM'000</b>	RM'000
Bank guarantees issued in favour of third parties	<b>70,565</b>	77,952
Corporate guarantees issued in favour of third parties	<b>7,715</b>	6,877
	<b>78,280</b>	84,829

**A12 Capital commitments**

	<b>30/09/2017</b>
	<b>RM'000</b>
Contractual commitment in relation to:	
(a) Proposed acquisition of development land	<b>127,915</b>
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	<b>5,995</b>
	<b>133,910</b>

- (a) Out of the total contractual commitment for the proposed acquisition of development land, the contractual commitment totalling RM54 million in relation to the proposed acquisition of the development land in Titiwangsa ceased from the date of termination of the Sales and Purchase Agreement on 19 October 2017.



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

**B1 Review of Group performance**

The Group posted net profit of approximately RM273.1 million on the back of revenue of approximately RM2.2 billion for the nine-month period ended 30 September 2017. This represented a marginal decline of 1.0% and 2.7% in net profit and revenue respectively as compared to the corresponding period last year. On a quarterly basis, the Group recorded net profit of approximately RM92.3 million and revenue of approximately RM704.3 million. This represents a 0.5% improvement in net profit despite of a 3.8% decline in revenue compared to the same quarter last year.

As at 30 September 2017, the Group is in net cash position.

**Property development**

For the nine-month period ended 30 September 2017, revenue from property development was approximately RM1.9 billion and operating profit was approximately RM317.2 million. The operating profit decreased by 13.8% mainly due to higher administrative and other expenses during the current financial period. The revenue decreased by 4.7% as certain development phases within the Southville City project were at tail end.

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

The Group achieved property sales of approximately RM1.26 billion for the nine-month period ended 30 September 2017.

**Plastics**

The plastics segment continued to contribute positively to Group performance. Revenue grew by 17.9% from approximately RM187.8 million to RM221.4 million and operating profits improved by 20.2% from RM10.3 million to RM12.4 million as a result of higher sales of pallet.

**Investment holding & Others**

Revenue for the segment comprise mainly interest income from the deposit of funds and the trading of building materials. The gain of RM7.9 million from the disposal of a subsidiary has been included in the operating profit.

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

There was no major fluctuation in the Group's current quarter profit before tax of approximately RM118.6 million compared to the immediate preceding quarter of approximately RM120.0 million.

**B3 Prospects for the current financial year**

Whilst the property market is currently undergoing consolidation, basic housing demand is still expected to be resilient as the Malaysian economy continues to strengthen with robust GDP growth underpinned by increased government spending on infrastructure and connectivity, strong domestic demand and stable labour market conditions. In Q3, the nation's GDP grew 6.2% which is the fastest rate since Q2 2014. As average household median income is set to improve in tandem with GDP growth and the slew of measures and incentives proposed in the recent Budget 2018, affordable homes with good connectivity continue to be in demand. As part of the Group's effort to enhance its project infrastructure, the Group has recently awarded a RM50 million contract for the construction of a connecting road into the Tanjung Langsat - Cahaya Baru Toll Connecting Highway which forms part of the Senai Desaru Expressway (SDE). The connecting road will enhance connectivity to the Group's 1,313-acre Meridin East Township. Similarly, the Group's Integrated Southville City project will directly benefit from the direct interchange from the North South Expressway which is to be expected to be completed soon.

Multiple marketing strategies and business centric ownership programmes through the RM23 Million Rewards Reloaded and the Business Incentive Grant (BIG) programmes and various community building programmes have been launched not only to assist buyers in their journey to own a dream property but also to showcase the products of the Group which embody the Group's mission of inventing future living that enhances the quality of life.

With the Group's strong branding and attractive product price points below the RM500,000 threshold, the Group is in good position to meet the strong current market demand for affordable housing and is in line with the Government's broad objective to enable everyone to own a home.

The Group's healthy balance sheet and cash balances as at 30 September 2017 provide strong opportunities to the Group to lock in more land and/or to explore on joint ventures with focus on affordable housing projects within the Klang Valley.

**B4 Profit forecast**

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

**B5 Income tax expense**

	<b>3 months ended</b>		<b>Period ended</b>	
	<b>30/09/2017</b>	30/09/2016	<b>30/09/2017</b>	30/09/2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Estimated income tax payable:				
Current financial period	<b>40,698</b>	47,403	<b>95,972</b>	106,960
Over provision of income tax in prior period	<b>(1,143)</b>	(6,097)	<b>(1,143)</b>	(6,097)
	<b>39,555</b>	41,306	<b>94,829</b>	100,863
Deferred tax	<b>(12,547)</b>	(9,372)	<b>(7,373)</b>	(5,686)
	<b>27,008</b>	31,934	<b>87,456</b>	95,177

The Group's effective tax rate for the current financial period was lower than the statutory tax rate of 24% mainly due to non-taxable gain arising from the disposal of a subsidiary and a reduction in the income tax rate, affecting certain companies based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment.

**B6 Status of corporate proposals**

The following corporate proposals as announced by the Company have not been completed as at 22 November 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 Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan with a total gross area of approximately 13.2 acres (net aggregate area of 7.59 acres) ("**Kinrara Land**"). Under the terms of the JVA, Medan Damai shall grant Grand Prestige the exclusive rights to continue with the sales and development of the Kinrara Land in return for an entitlement sum of RM35,403,863.85.

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

- 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 in Kota Kinabalu, Negeri Sabah ("**KK Land**"). Under the terms of the JDA, Paduan Hebat agreed with Capitol Avenue to jointly develop the KK Land for an entitlement of RM39 million. RM25 million of the entitlement for the KK Land shall be satisfied by way of cash and the remaining balance shall be settled by way of conveyance of such number of unit(s) which shall be developed on the KK Land with total value equivalent to RM14 million or such other lesser sum as may be adjusted in accordance with the provisions of the JDA.

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

- 3) On 18 December 2015, the Company's wholly-owned subsidiary, Mont Meridian Development Sdn Bhd entered into a Sale Shares Agreement with several parties to acquire the entire issued and paid-up share capital of VIP Sanctuary Sdn Bhd ("**VIP**"), for a cash consideration of RM60,000. The proposed acquisition of VIP is an innovative way for the Company to raise more funds for the Mah Sing Foundation.

The acquisition is currently pending fulfillment of the conditions precedent in the Sale Shares Agreement.

- 4) On 3 July 2017, the Company's wholly-owned subsidiary, Nature Legend Development Sdn Bhd entered into a Share Sale Agreement ("**SSA**") with Hazreeq Putra Bin Hasman and Maslinda Binti Othman to acquire 500,000 ordinary shares ("**Sale Shares**") in Cordova Land Sdn Bhd ("**Cordova**"), representing the entire equity interest in Cordova for a purchase consideration of RM156,349,900. By a letter dated 22 June 2017 from Datuk Bandar Kuala Lumpur ("**Datuk Bandar**") to Cordova, Datuk Bandar had accepted the offer by Cordova to purchase approximately 11.233 acres of prime land in Cheras ("**Cheras Land**"), for a purchase consideration of RM82,127,356 ("**Land Consideration**") and subject to the terms and conditions of the letter.

Following from this, on 30 August 2017, Cordova signed a Sale and Purchase Agreement ("**SPA**") with Datuk Bandar to purchase the Cheras Land at the Land Consideration ("**Proposed Land Acquisition**"). The Proposed Land Acquisition is pending the approval of the state authority's consent to transfer the Cheras Land to Cordova.

On even date, Nature Legend Development Sdn Bhd had also entered into a Supplemental Agreement in relation to the acquisition of the Sale Shares in Cordova to add on, amend and vary certain terms and conditions of the SSA.

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

**B7 Group borrowings**

Total group borrowings as at 30 September 2017 were as follows:

<i>(Denominated in)</i>	<b>Secured RM'000 (RM)</b>	<b>Secured RM'000 (Indonesian Rupiah)</b>	<b>Secured RM'000 (USD)</b>	<b>Total RM'000</b>
Term loans payable				
- within 12 months	125,470	-	-	125,470
- after 12 months	678,742	5,039	-	683,781
	<b>804,212</b>	<b>5,039</b>	-	<b>809,251</b>
Short term borrowings	-	5,947	-	5,947
Bank overdrafts	-	1,122	-	1,122
Finance lease and hire purchase				
- within 12 months	1,008	1,043	-	2,051
- after 12 months	1,160	-	-	1,160
	<b>2,168</b>	<b>1,043</b>	-	<b>3,211</b>
<b>Total</b>	<b>806,380</b>	<b>13,151</b>	-	<b>819,531</b>

**B8 Material litigation**

The Group is not engaged in any material litigation as at 22 November 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 30 September 2017, 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 30 September 2017 and 31 December 2016 were analysed as follows:

	<b>30/09/2017</b>	31/12/2016
	<b>RM'000</b>	RM'000
Total retained earnings of the Group		
- Realised	<b>1,384,383</b>	1,356,493
- Unrealised	<b>149,502</b>	136,765
	<b>1,533,885</b>	1,493,258
Total share of accumulated losses from associated company		
- Realised	<b>(73)</b>	(73)
	<b>1,533,812</b>	1,493,185
Consolidation adjustments	<b>15,636</b>	(23,085)
Total group retained earnings as per consolidated accounts	<b>1,549,448</b>	1,470,100

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

	<b>3 months</b>	<b>Period</b>
	<b>ended</b>	<b>ended</b>
	<b>30/09/2017</b>	<b>30/09/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation and amortisation	<b>(4,980)</b>	<b>(14,713)</b>
Impairment of intangible assets	<b>(153)</b>	<b>(181)</b>
Loss on redemption of investment in short term funds	<b>(164)</b>	<b>(198)</b>
Net foreign exchange gain/(loss)	<b>103</b>	<b>(238)</b>
Reversal of allowance for doubtful debts - trade receivables	<b>91</b>	<b>179</b>
(Provision for)/Reversal of write down of inventories	<b>(18)</b>	<b>40</b>
Gain on disposal of a subsidiary	<b>7,940</b>	<b>7,940</b>

Other than the items above which have been included in profit or loss, there were no impairment of assets or exceptional items which may have an effect on the results for the current financial period ended 30 September 2017.

**B12 Dividend**

No dividend has been proposed for the nine-months ended 30 September 2017.

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

**B13 Earnings per share ("EPS")**

**(a) Basic EPS**

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

	3 months ended		Period ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Net profit for the period (RM'000)	<b>92,309</b>	91,891	<b>273,120</b>	275,745
Distribution paid to holders of Perpetual Sukuk (RM'000)	<b>(18,310)</b>	(18,411)	<b>(36,620)</b>	(36,821)
Net profit for the period attributable to ordinary equity holders (RM'000)	<b>73,999</b>	73,480	<b>236,500</b>	238,924
Weighted average number of ordinary shares in issue ('000)	<b>2,412,832</b>	2,409,418	<b>2,410,571</b>	2,409,418
Basic EPS (sen)	<b>3.07</b>	3.05	<b>9.81</b>	9.92

**(b) Diluted EPS**

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

	3 months ended		Period ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Net profit for the period attributable to ordinary equity holders (RM'000)	<b>73,999</b>	73,480	<b>236,500</b>	238,924
Weighted average number of ordinary shares in issue ('000)	<b>2,412,832</b>	2,409,418	<b>2,410,571</b>	2,409,418
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Warrants B	<b>9,239</b>	19,660	<b>9,482</b>	3,385
- Warrants C <sup>(1)</sup>	<b>n/a</b>	n/a	<b>n/a</b>	n/a
Adjusted weighted average number of ordinary shares ('000)	<b>2,422,071</b>	2,429,078	<b>2,420,053</b>	2,412,803
Diluted EPS (sen)	<b>3.06</b>	3.03	<b>9.77</b>	9.90

<sup>(1)</sup> 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 2016 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  
29 November 2017