



MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

Interim Financial Report

30 June 2019

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(Incorporated in Malaysia)**

Interim Financial Report - 30 June 2019

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

(The figures have not been audited)

	AS AT 30/06/2019 RM'000	(AUDITED) AS AT 31/12/2018 RM'000
ASSETS		
Non-Current Assets		
<i>Property, plant and equipment</i>	220,725	227,352
<i>Prepaid lease payments</i>	4,692	4,820
<i>Right-of-use assets</i>	34,181	-
<i>Investment properties</i>	195,880	195,880
<i>Land held for property development</i>	1,621,960	1,619,797
<i>Intangible assets</i>	5,303	5,506
<i>Trade and other receivables</i>	20,658	32,620
<i>Deferred tax assets</i>	175,864	168,588
	<u>2,279,263</u>	<u>2,254,563</u>
Current Assets		
<i>Property development costs</i>	1,737,318	1,705,694
<i>Inventories</i>	595,574	731,257
<i>Trade and other receivables</i>	560,504	667,078
<i>Contract assets</i>	283,670	322,432
<i>Current tax assets</i>	6,723	7,915
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,290,894	1,220,462
	<u>4,474,683</u>	<u>4,654,838</u>
TOTAL ASSETS	<u>6,753,946</u>	<u>6,909,401</u>
EQUITY AND LIABILITIES		
Equity Attributable to Ordinary Equity Holders of the Company		
<i>Share capital</i>	1,776,055	1,776,055
<i>Other reserves</i>	27,527	27,320
<i>Retained earnings</i>	1,635,742	1,685,597
	<u>3,439,324</u>	<u>3,488,972</u>
Perpetual Securities	789,388	789,388
Perpetual Sukuk	540,000	540,000
Non-Controlling Interests	5,035	5,318
Total Equity	<u>4,773,747</u>	<u>4,823,678</u>
Non-Current Liabilities		
<i>Term loans</i>	382,188	443,015
<i>Long term and deferred payables</i>	54,935	31,591
<i>Deferred tax liabilities</i>	70,886	71,537
	<u>508,009</u>	<u>546,143</u>
Current Liabilities		
<i>Trade and other payables</i>	1,113,846	1,237,220
<i>Contract liabilities</i>	78,951	158,605
<i>Term loans</i>	142,023	116,083
<i>Short term borrowings</i>	4,395	4,168
<i>Bank overdrafts</i>	878	1,066
<i>Current tax liabilities</i>	22,851	22,438
<i>Dividend payable</i>	109,246	-
	<u>1,472,190</u>	<u>1,539,580</u>
Total Liabilities	<u>1,980,199</u>	<u>2,085,723</u>
TOTAL EQUITY AND LIABILITIES	<u>6,753,946</u>	<u>6,909,401</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.42</u>	<u>1.44</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 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 30 June 2019

(The figures have not been audited)

	3 months ended		Period ended		
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000	
Revenue	481,246	589,275	931,579	1,174,030	
Cost of sales	<u>(356,311)</u>	<u>(424,655)</u>	<u>(667,322)</u>	<u>(855,088)</u>	
Gross profit	124,935	164,620	264,257	318,942	
Other income	7,425	5,086	12,415	12,202	
Selling and marketing expenses	<u>(17,338)</u>	<u>(25,929)</u>	<u>(36,777)</u>	<u>(52,454)</u>	
Administrative and other expenses	<u>(45,482)</u>	<u>(44,165)</u>	<u>(95,560)</u>	<u>(90,558)</u>	
Results from operating activities	69,540	99,612	144,335	188,132	
Finance income	2,355	1,436	6,182	3,702	
Finance costs	<u>(3,859)</u>	<u>(4,959)</u>	<u>(8,532)</u>	<u>(9,604)</u>	
Net finance costs	(1,504)	<u>(3,523)</u>	(2,350)	<u>(5,902)</u>	
Profit before tax	68,036	96,089	141,985	182,230	
Income tax expense	<u>(17,773)</u>	<u>(19,193)</u>	<u>(37,047)</u>	<u>(40,670)</u>	
Profit for the period	<u>50,263</u>	<u>76,896</u>	<u>104,938</u>	<u>141,560</u>	
Profit attributable to:					
Equity holders of the Company	50,319	77,132	105,332	141,332	
Non-controlling interests	(56)	(236)	(394)	228	
	<u>50,263</u>	<u>76,896</u>	<u>104,938</u>	<u>141,560</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<u>0.96</u>	<u>2.26</u>	<u>2.47</u>	<u>4.15</u>
- Diluted (sen)	Note B12(b)	<u>0.96</u>	<u>2.26</u>	<u>2.47</u>	<u>4.15</u>

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 June 2019

(The figures have not been audited)

	3 months ended		Period ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period	50,263	76,896	104,938	141,560
Other comprehensive income/(loss)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	396	156	320	(1,023)
Other comprehensive income/(loss) for the period	<u>396</u>	<u>156</u>	<u>320</u>	<u>(1,023)</u>
Total comprehensive income for the period	<u>50,659</u>	<u>77,052</u>	<u>105,258</u>	<u>140,537</u>
Total comprehensive income attributable to:				
Equity holders of the Company	50,582	77,260	105,539	140,669
Non-controlling interests	77	(208)	(281)	(132)
	<u>50,659</u>	<u>77,052</u>	<u>105,258</u>	<u>140,537</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2019

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company								Total Equity RM'000
	Non-Distributable			Distributable		Perpetual Securities RM'000	Perpetual Sukuk RM'000	Non- controlling interests RM'000	
6 months ended 30 June 2019	Share capital RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000				
Balance at 1/1/2019	1,776,055	21,265	6,055	1,685,597	3,488,972	789,388	540,000	5,318	4,823,678
Effect of MFRS 16 adoption (Note A1(b))	-	-	-	(558)	(558)	-	-	(2)	(560)
Balance at 1/1/2019 (restated)	1,776,055	21,265	6,055	1,685,039	3,488,414	789,388	540,000	5,316	4,823,118
Amount recognised directly in equity:									
Profit/(Loss) for the financial period	-	-	-	105,332	105,332	-	-	(394)	104,938
Other comprehensive income	-	-	207	-	207	-	-	113	320
Total comprehensive income/(loss) for the period	-	-	207	105,332	105,539	-	-	(281)	105,258
Dividends for the financial year ended 31 December 2018	-	-	-	(109,246)	(109,246)	-	-	-	(109,246)
Distribution paid to holders of Perpetual Sukuk	-	-	-	(18,310)	(18,310)	-	-	-	(18,310)
Distribution paid to holders of Perpetual Securities	-	-	-	(27,073)	(27,073)	-	-	-	(27,073)
Balance at 30/06/2019	1,776,055	21,265	6,262	1,635,742	3,439,324	789,388	540,000	5,035	4,773,747

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 30 June 2018

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company								Total Equity
	Non-Distributable		Distributable		Total	Perpetual Securities	Perpetual Sukuk	Non- controlling interests	
6 months ended 30 June 2018	Share capital	Warrants reserve	Exchange fluctuation reserve	Retained earnings					RM'000
Balance at 1/1/2018	1,773,291	60,499	6,410	1,615,768	3,455,968	645,212	540,000	6,429	4,647,609
Effect of MFRS 9 adoption (Note A1(b))	-	-	-	(1,462)	(1,462)	-	-	(4)	(1,466)
Balance at 1/1/2018 (restated)	1,773,291	60,499	6,410	1,614,306	3,454,506	645,212	540,000	6,425	4,646,143
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	141,332	141,332	-	-	228	141,560
Other comprehensive loss	-	-	(663)	-	(663)	-	-	(360)	(1,023)
Total comprehensive (loss)/income for the period	-	-	(663)	141,332	140,669	-	-	(132)	140,537
Dividends for the financial year ended									
31 December 2017	-	-	-	(157,800)	(157,800)	-	-	-	(157,800)
Issuance of ordinary shares pursuant to warrants exercised	2,764	(383)	-	-	2,381	-	-	-	2,381
Warrants lapsed during the period	-	(38,851)	-	38,851	-	-	-	-	-
Distribution paid to holders of Perpetual Sukuk	-	-	-	(18,310)	(18,310)	-	-	-	(18,310)
Distribution paid to holders of Perpetual Securities	-	-	-	(22,364)	(22,364)	-	-	-	(22,364)
Balance at 30/6/2018	1,776,055	21,265	5,747	1,596,015	3,399,082	645,212	540,000	6,293	4,590,587

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2019

(The figures have not been audited)

	6 months ended 30/06/2019 RM'000	6 months ended 30/06/2018 RM'000
Operating Activities		
Profit before tax	141,985	182,230
Adjustments for:		
Non-cash items	22,805	10,920
Non-operating items	(1,854)	18,752
Operating profit before changes in working capital	<u>162,936</u>	211,902
Net change in property development costs	80,879	21,017
Net change in inventories	120,657	78,427
Net change in receivables	121,745	(18,726)
Net change in contract assets	38,762	(27,268)
Net change in payables	(113,492)	(80,178)
Net change in contract liabilities	<u>(79,654)</u>	<u>(12,493)</u>
Cash generated from operations	331,833	172,681
Interest received	17,504	14,503
Finance cost paid	(15,844)	(17,347)
Net tax paid	<u>(43,346)</u>	<u>(60,235)</u>
Net cash generated from operating activities	<u>290,147</u>	<u>109,602</u>
Investing Activities		
Additions to property, plant and equipment	(14,962)	(45,557)
Additions to land held for property development	(6,882)	(45,564)
Acquisition of land	(88,956)	(78,842)
Payment of balance consideration on acquisition of subsidiary companies	(21,684)	(57,846)
Proceeds from disposal of property, plant and equipment	222	306
Net cash used in investing activities	<u>(132,262)</u>	<u>(227,503)</u>
Financing Activities		
Distribution paid to holders of Perpetual Sukuk	(18,310)	(18,310)
Distribution paid to holders of Perpetual Securities	(27,073)	(22,364)
Net repayment of borrowings	(35,397)	(92,262)
Placement of deposits with licensed banks pledged as collateral/ Escrow Accounts/Sinking Fund Account	(64,758)	(22,063)
Proceeds from warrants exercised	-	2,381
Repayment of lease liabilities	(6,528)	-
Net cash used in financing activities	<u>(152,066)</u>	<u>(152,618)</u>
Net changes in cash and cash equivalents	5,819	(270,519)
Effect of exchange rate changes	43	70
Cash and cash equivalents at beginning of the financial period	<u>1,187,964</u>	<u>1,141,769</u>
Cash and cash equivalents at end of the financial period	<u><u>1,193,826</u></u>	<u><u>871,320</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 30 June 2019 (continued)*(The figures have not been audited)*

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

	6 months ended 30/06/2019 RM'000	6 months ended 30/06/2018 RM'000
Investment in short-term funds	790,772	532,653
Cash and bank balances	466,591	325,636
Deposits with licensed banks	33,531	108,935
Bank overdrafts	(878)	(474)
	1,290,016	966,750
Less: Deposits in Sinking Fund Account	(65,112)	-
Less: Deposits in Escrow Accounts	(22,498)	(89,263)
Less: Deposits pledged as collateral	(8,520)	(6,107)
Less: Trustees' Reimbursement Account	(60)	(60)
	1,193,826	871,320

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 Standard ("MFRS") 134 *Interim Financial Reporting* and with International Accounting Standard 14 *Interim Financial Reporting* and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018. 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 2018.

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 2018 save for the adoption of the following:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015 - 2017 Cycle	

The adoption of the above MFRS, amendments to MFRSs, IC Interpretation and annual improvements to MFRS does not have any material impact on the financial statements of the Group, except for MFRS 16. The impact of the adoption of MFRS 16 in the Group's financial statements is as follows:

MFRS 16 Leases ("MFRS 16")

The adoption of MFRS 16 resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to identification of lease arrangements and accounting treatments for both lessors and lessees are amended to comply with MFRS 16. In accordance with the transition requirements under MFRS 16, comparatives are not restated and the financial impact on the adoption of this Standard is recognised in retained earnings as at 1 January 2019.

(a) Changes in accounting policies

MFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance lease are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Right-of-use asset

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjustment for any remeasurement of the lease liability.

Classification of cashflow

The classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows; whereas under MFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

A1 Basis of preparation (continued)

(b) Classification and measurement of financial instruments

The following table is a reconciliation of the carrying amount of the Group's statement of financial position from MFRS 117 to MFRS 16 as at 1 January 2019:

	MFRS 117 Carrying amount as at 31 December 2018 RM'000	Remeasurement RM'000	MFRS 16 Carrying amount as at 1 January 2019 RM'000
Non-current asset			
Deferred tax assets			
Opening balance	168,588	-	168,588
Increase in deferred tax assets	-	19	19
Total deferred tax assets	168,588	19	168,607
Right-of-use assets			
Opening balance	-	-	-
Initial recognition	-	51,076	51,076
Increase in depreciation	-	(10,307)	(10,307)
Total right-of-use assets	-	40,769	40,769
Current liabilities			
Trade and other payables			
Opening balance	1,237,220	-	1,237,220
Lease liabilities transfer from long term and deferred payables	-	29,382	29,382
Total trade and other payables	1,237,220	29,382	1,266,602
Non-current liabilities			
Long term and deferred payables			
Opening balance	31,591	-	31,591
Initial recognition	-	51,076	51,076
Repayment of lease liabilities	-	(9,728)	(9,728)
Lease liabilities transfer to trade and other payables	-	(29,382)	(29,382)
Total long term and deferred payables	31,591	11,966	43,557
Retained earnings			
Opening balance	1,685,597	-	1,685,597
Increase in interest expenses	-	(1,512)	(1,512)
Decrease in rental expenses	-	11,171	11,171
Increase in depreciation	-	(10,235)	(10,235)
Decrease in deferred tax expenses	-	18	18
Total retained earnings	1,685,597	(558)	1,685,039
Non-controlling interest			
Opening balance	5,318	-	5,318
Increase in interest expenses	-	(8)	(8)
Decrease in rental expenses	-	77	77
Increase in depreciation	-	(72)	(72)
Decrease in deferred tax expenses	-	1	1
Total non-controlling interest	5,318	(2)	5,316

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

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

A6 Dividends paid

No dividend was paid in current financial period under review.

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

A7 Segment reporting

Period ended 30 June 2019

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	748,174	156,152	27,253	-	931,579
Inter-segment	-	-	224,261	(224,261)	-
	<u>748,174</u>	<u>156,152</u>	<u>251,514</u>	<u>(224,261)</u>	<u>931,579</u>
RESULTS					
Operating profit	130,911	6,967	6,457	-	144,335
Interest income	5,925	117	140	-	6,182
Finance costs	(6,418)	(1,301)	(813)	-	(8,532)
Profit before tax	130,418	5,783	5,784	-	141,985
Income tax expense					(37,047)
Profit for the period					<u>104,938</u>

Period ended 30 June 2018

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External revenue	1,003,332	143,075	27,623	-	1,174,030
Inter-segment	-	-	119,213	(119,213)	-
	<u>1,003,332</u>	<u>143,075</u>	<u>146,836</u>	<u>(119,213)</u>	<u>1,174,030</u>
RESULTS					
Operating profit	167,981	11,064	9,087	-	188,132
Interest income	3,511	58	133	-	3,702
Finance costs	(8,928)	(671)	(5)	-	(9,604)
Profit before tax	162,564	10,451	9,215	-	182,230
Income tax expense					(40,670)
Profit for the period					<u>141,560</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 23 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

MAH SING GROUP BERHAD (230149-P)
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A9 Related party transactions

	01/01/2019 to 30/06/2019 RM'000
Transactions with Directors of the Company and subsidiary companies and companies in which they have interests:	
(i) Rental paid to a Company in which a Director of the Company has interest	769
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	90
Transactions with non-controlling interests:	
(i) Interest payable to non-controlling interests of subsidiary company	<u>12</u>

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

A11 Changes in contingent liabilities or contingent assets

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

	30/06/2019 RM'000	31/12/2018 RM'000
Bank guarantees issued in favour of third parties	161,394	162,257
Litigations arising from business transactions **	13,567	19,362
	<u>174,961</u>	<u>181,619</u>

** The Group is engaged in various litigation matters arising from its business transactions with potential exposure amounting to approximately RM13.6 million (2018: RM19.4 million). The Group's solicitors are of the view that the litigations will not likely to have any exposure, and thus no provision have been made by the Group at this juncture.

On the other hand, the Group has also filed proceedings for indemnity amounting to approximately RM17.3 million (2018: RM 10.4 million) arising from the above business transactions.

A12 Capital commitments

	30/06/2019 RM'000
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	<u>20,753</u>

A13 Operating lease commitments

As Lessor - for the lease of investment properties and commercial properties

The Group leases out its investment properties and commercial properties under non-cancellable operating leases. The tenure of these leases ranges between 1 to 3 years with option to renew upon expiry. Certain of the leases include contingent rental arrangements computed based on sales achieved by tenants.

The future minimum lease receivables under non-cancellable leases as at reporting date are as follow:-

	<u>Lease rental receivables</u> 30/06/2019 RM'000
Less than one year	3,479
One to three years	4,983
	<u>8,462</u>

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

B1 Review of Group performance

For the six-month period ended 30 June 2019, the Group posted profit before tax of RM142 million on the back of revenue of RM931.6 million as compared to RM182.2 million profit before tax and RM1.2 billion revenue in the previous year corresponding period. On a quarterly basis, the Group recorded profit before tax of RM68 million and revenue of RM481.2 million as compared to RM96.1 million profit before tax and RM589.3 million revenue in the same quarter last year.

The Group's balance sheet remains healthy with cash and bank balances of RM1.29 billion as at 30 June 2019.

Property development

For the period ended 30 June 2019, revenue from property development was RM748.2 million compared to RM1.0 billion in the previous year corresponding period while operating profit was RM130.9 million as compared to RM168 million in the previous year corresponding period. This is mainly attributable to a higher proportion of new sales secured from new projects where contribution to revenue is expected to pick up once past the initial stages of construction. Higher revenue and profit contribution are expected from these projects when construction momentum starts to pick up.

The development projects which contributed to the Group's results include ***M Vertica*** in Cheras, ***M Centura*** in Sentul, ***M Aruna*** in Rawang, ***Southville City*** in KL South, ***Lakeville Residence*** in Jalan Kuching, ***D'sara Sentral*** in Sungai Buloh, ***M Residence*** and ***M Residence 2*** in Rawang and ***M City*** in Jalan Ampang in Greater KL and Klang Valley, ***Ferringhi Residence*** in Penang and ***The Meridin@Medini***, ***Meridin East*** and ***Sierra Perdana*** in Johor.

The Group achieved property sales of approximately RM761.4 million for the period ended 30 June 2019.

Plastics

The plastics segment continued to contribute positively to Group performance. Revenue grew by 9.1% from RM143.1 million a year ago to RM156.2 million in the current period. However, operating profits declined from RM11.1 million a year ago to RM7 million in the current period mainly due to the inclusion of certain gains which arose from the sales of mould in the corresponding period last year.

Investment holding & Others

Revenue for the segment comprise mainly interest income from the deposit of funds, trading of building materials and Ramada Meridin Hotel operations.

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

The Group's current quarter profit before tax of RM68 million was lower as compared to the immediate preceding quarter of RM74 million as a result of lower contribution from certain development phases which were at their tail end stage of completion.

B3 Prospects for the current financial year

Year to date, the Group has acquired 3 prime lands in Kuala Lumpur namely M Oscar (Off Kuchai Lama, next to Happy Gardens), M Luna (Kepong), and M Adora (Wangsa Melawati). All 3 lands came with approved development order which allows rapid speed to market, further reinforcing Mah Sing's quick turnaround business model and commitment in expanding its landbank in strategic locations in Klang Valley that are ready for immediate development. M Oscar is currently open for registration of interest, while M Luna and M Adora will both be open for registration of interest by 4Q 2019. With a healthy balance sheet and cash and bank balances of RM1.29 billion, the Group is in a comfortable position to continue to focus on replenishing its prime lands in the Klang Valley, especially in the affordable property range to continue to meet current market demand.

As part of the Group's continuous support of the government's Home Ownership Campaign and in conjunction with its 25th year anniversary, the Group has rolled out its latest sales campaign named "Lock and Win", a campaign that rewards buyers with up to RM2 million worth of prizes when they purchase from a selection of the Group's homes and commercial spaces nationwide. This campaign is also running concurrently with the "Refer N'Reward (RnR)" Campaign, which began in 1 July 2019. The RnR campaign rewards eligible referees who introduced their family members and friends to purchase a Mah Sing property.

On the back of RM761.4 million property sales accumulated for the period ended 30 June 2019, the Group is on track to achieve its RM1.5 billion sales target for the current financial year with 81% target sales from residential properties below RM700,000. The Group is of view properties in the affordable range and at good locations are still seeing good demand. The Group is positive that its property projects will continue to gain traction with buyers driven by its strong track record and established brand presence in the market.

With the 3 new lands, Mah Sing's remaining landbank is 2,086 acres with estimated remaining gross development value (GDV), and unbilled sales of approximately RM25.8 billion and with remaining performance obligations (unsatisfied or partially unsatisfied) at RM1.65 billion.

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	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	15,927	39,909	25,844	84,590
Under provision of income tax in prior years	20	-	20	-
	15,947	39,909	25,864	84,590
Deferred tax	1,826	(20,716)	11,183	(43,920)
	17,773	19,193	37,047	40,670

The Group's effective tax rate for the current quarter and current financial period were higher than the statutory tax rate of 24% mainly due to non-tax deductible expenses and non-recognition of deferred tax assets for certain temporary differences.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 23 August 2019 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report):

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

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

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

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

- c) On 3 July 2017, the Company's wholly-owned subsidiary, Nature Legend Development Sdn Bhd ("**NLD**") 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 M Vertica Sdn Bhd (formerly known as Cordova Land Sdn Bhd) ("**M Vertica**"), representing the entire equity interest in M Vertica for a purchase consideration of RM156,349,900.

On 30 August 2017, NLD entered into a Supplemental Agreement ("**Amended SSA**") to vary the terms of the SSA and on 27 April 2018 NLD entered into a Further Supplemental Agreement to vary the terms of the Amended SSA.

Completion of the SSA is pending the full settlement of the purchase consideration.

- d) On 23 July 2019, the Company's wholly owned subsidiary, Vienna Home Sdn Bhd had entered into a conditional sale and purchase agreement ("**SPA**") with JL99 Holdings Sdn Bhd for the proposed acquisition of a parcel of prime leasehold land in Mukim Batu, Tempat Taman Metropolitan, Kepong, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 5.47 acres for a purchase consideration of RM94,764,143.89 ("**Proposed Acquisition**").

The SPA had on 6 August 2019 become unconditional. The Proposed Acquisition is pending fulfilment of the obligations under the SPA.

- e) On 6 August 2019, the Company's wholly owned subsidiary, Maxim Heights Sdn Bhd, had entered into a conditional sale and purchase agreement ("**SPA2**") with KLFA Properties Sdn Bhd for the proposed acquisition of a parcel of prime leasehold land in Wangsa Melawati, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 4.515 acres for a purchase consideration of RM61,974,077.32 ("**Proposed Acquisition of Melawati Land**").

The Proposed Acquisition of Melawati Land is pending fulfilment of the condition precedent of the SPA2.

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B7 Group borrowings

Total group borrowings as at 30 June 2019 were as follows:

<i>(Denominated in)</i>	Secured RM'000 <i>(RM)</i>	Secured RM'000 <i>(Indonesian Rupiah)</i>	Total RM'000
Term loans payable			
- within 12 months	139,036	2,987	142,023
- after 12 months	378,554	3,634	382,188
	517,590	6,621	524,211
Short term borrowings	-	4,395	4,395
Bank overdrafts	-	878	878
Finance lease and hire purchase			
- within 12 months	1,021	26	1,047
- after 12 months	2,891	37	2,928
	3,912	63	3,975
Total	521,502	11,957	533,459

B8 Material litigation

The Group was not engaged in any material litigation as at 23 August 2019, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report, save as disclosed in Note A11.

B9 Derivatives financial instrument

As at 30 June 2019, there were no outstanding foreign currency forward contracts.

B10 Additional disclosures pursuant to para 16, Part A, Appendix 9B of Bursa Malaysia Securities Berhad Listing Requirements

	3 months ended 30/06/2019 RM'000	Period ended 30/06/2019 RM'000
Depreciation and amortisation	(10,104)	(20,188)
Impairment of intangible assets	(72)	(203)
Gain on redemption of financial assets at fair value through profit or loss	469	495
Bad debts written off	-	(12)
Net foreign exchange gain	105	133
Allowance for impairment loss on financial assets	(161)	(496)
Reversal of allowance for impairment loss on financial assets	192	648
Reversal of allowance for impairment on inventories	11	22

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 June 2019.

B11 Dividend proposed

No dividend has been proposed for the first half of the year ended 30 June 2019.

At the Annual General Meeting held on 26 June 2019, the shareholders of the Company had approved the first and final single-tier dividend of 4.5 sen per ordinary share in respect of the financial year ended 31 December 2018 (2017: 6.5 sen per ordinary share). The dividend shall be paid on 25 September 2019 to depositors whose names appear in the Record of Depositors of the Company on 12 September 2019.

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B12 Earnings per share ("EPS")

(a) Basic EPS

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

	3 months ended		Period ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Net profit for the period (RM'000)	50,319	77,132	105,332	141,332
Distribution paid to holders of				
- Perpetual Sukuk (RM'000)	-	-	(18,310)	(18,310)
- Perpetual Securities (RM'000)	(27,073)	(22,364)	(27,073)	(22,364)
Net profit for the period attributable to ordinary equity holders (RM'000)	23,246	54,768	59,949	100,658
Weighted average number of ordinary shares in issue ('000)	2,427,687	2,427,687	2,427,687	2,427,506
Basic EPS (sen)	0.96	2.26	2.47	4.15

(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	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
Net profit for the period attributable to ordinary equity holders (RM'000)	23,246	54,768	59,949	100,658
Weighted average number of ordinary shares in issue ('000)	2,427,687	2,427,687	2,427,687	2,427,506
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Warrants C ⁽¹⁾	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	2,427,687	2,427,687	2,427,687	2,427,506
Diluted EPS (sen)	0.96	2.26	2.47	4.15

⁽¹⁾ 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.

B13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

B14 Comparative figures

In certain instances, the following amount previously reported in the 2018 financial statements has been reclassified to conform to the 2019 financial statement presentation. Such reclassification has no net effect on net assets.

Statement of Financial Position
As at 31 December 2018

	31/12/2018	Reclassification	Restated
	RM'000	RM'000	31/12/2018
			RM'000
Current Assets			
Property development costs	1,749,195	(43,501)	1,705,694
Trade and other receivables	946,009	(278,931)	667,078
Contract assets	-	322,432	322,432
Current Liabilities			
Trade and other payables	1,395,825	(158,605)	1,237,220
Contract liabilities	-	158,605	158,605

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
30 August 2019