



**MAH SING GROUP BERHAD**  
**Company No.: 199101019838 (230149-P)**  
**(Incorporated in Malaysia)**

**Interim Financial Report**

**30 September 2019**

# **MAH SING GROUP BERHAD**

Company No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

## **Interim Financial Report - 30 September 2019**

	<b>Page No.</b>
<b>Condensed Consolidated Statement Of Financial Position</b>	<b>1</b>
<b>Condensed Consolidated Statement Of Profit Or Loss</b>	<b>2</b>
<b>Condensed Consolidated Statement Of Profit Or Loss and Other Comprehensive Income</b>	<b>3</b>
<b>Condensed Consolidated Statement Of Changes In Equity</b>	<b>4 - 5</b>
<b>Condensed Consolidated Statement Of Cash Flows</b>	<b>6 - 7</b>
<b>Notes To The Interim Financial Report</b>	<b>8 - 19</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 September 2019**

(The figures have not been audited)

	AS AT 30/09/2019 RM'000	(AUDITED) AS AT 31/12/2018 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<i>Property, plant and equipment</i>	217,616	227,352
<i>Prepaid lease payments</i>	4,618	4,820
<i>Right-of-use assets</i>	30,756	-
<i>Investment properties</i>	195,880	195,880
<i>Land held for property development</i>	1,652,632	1,619,797
<i>Intangible assets</i>	5,204	5,506
<i>Trade and other receivables</i>	2,361	32,620
<i>Deferred tax assets</i>	140,979	168,588
	<u>2,250,046</u>	<u>2,254,563</u>
<b>Current Assets</b>		
<i>Property development costs</i>	1,797,608	1,705,694
<i>Inventories</i>	546,463	731,257
<i>Trade and other receivables</i>	597,978	667,078
<i>Contract assets</i>	341,761	322,432
<i>Current tax assets</i>	25,847	7,915
<i>Deposits, cash and bank balances and investment in short-term funds</i>	993,225	1,220,462
	<u>4,302,882</u>	<u>4,654,838</u>
<b>TOTAL ASSETS</b>	<u><b>6,552,928</b></u>	<u><b>6,909,401</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Ordinary Equity Holders of the Company</b>		
<i>Share capital</i>	1,776,055	1,776,055
<i>Other reserves</i>	27,645	27,320
<i>Retained earnings</i>	1,667,146	1,685,597
	<u>3,470,846</u>	<u>3,488,972</u>
<b>Perpetual Securities</b>	789,388	789,388
<b>Perpetual Sukuk</b>	540,000	540,000
<b>Non-Controlling Interests</b>	6,452	5,318
<b>Total Equity</b>	<u>4,806,686</u>	<u>4,823,678</u>
<b>Non-Current Liabilities</b>		
<i>Term loans</i>	352,077	443,015
<i>Long term and deferred payables</i>	52,539	31,591
<i>Deferred tax liabilities</i>	69,841	71,537
	<u>474,457</u>	<u>546,143</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,007,643	1,237,220
<i>Contract liabilities</i>	93,877	158,605
<i>Term loans</i>	142,360	116,083
<i>Short term borrowings</i>	5,900	4,168
<i>Bank overdrafts</i>	459	1,066
<i>Current tax liabilities</i>	21,546	22,438
	<u>1,271,785</u>	<u>1,539,580</u>
<b>Total Liabilities</b>	<u>1,746,242</u>	<u>2,085,723</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>6,552,928</b></u>	<u><b>6,909,401</b></u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<u><b>1.43</b></u>	<u><b>1.44</b></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 September 2019**

*(The figures have not been audited)*

	3 months ended		Period ended		
	30/09/2019 RM'000	30/09/2018 RM'000	30/09/2019 RM'000	30/09/2018 RM'000	
Revenue	415,474	504,256	1,347,053	1,678,286	
Cost of sales	<u>(284,477)</u>	<u>(341,183)</u>	<u>(951,799)</u>	<u>(1,196,271)</u>	
<b>Gross profit</b>	<b>130,997</b>	163,073	<b>395,254</b>	482,015	
Other income	6,898	4,673	19,313	16,875	
Selling and marketing expenses	<u>(18,934)</u>	<u>(31,874)</u>	<u>(55,711)</u>	<u>(84,328)</u>	
Administrative and other expenses	<u>(50,831)</u>	<u>(53,701)</u>	<u>(146,391)</u>	<u>(144,259)</u>	
<b>Results from operating activities</b>	<b>68,130</b>	82,171	<b>212,465</b>	270,303	
Finance income	4,992	3,574	11,174	7,276	
Finance costs	<u>(3,180)</u>	<u>(4,445)</u>	<u>(11,712)</u>	<u>(14,049)</u>	
<b>Net finance income/(costs)</b>	<b>1,812</b>	<u>(871)</u>	<b>(538)</b>	<u>(6,773)</u>	
Profit before tax	<b>69,942</b>	81,300	<b>211,927</b>	263,530	
Income tax expense	<u>(18,558)</u>	<u>(17,625)</u>	<u>(55,605)</u>	<u>(58,295)</u>	
	<u><b>51,384</b></u>	<u>63,675</u>	<u><b>156,322</b></u>	<u>205,235</u>	
Profit attributable to:					
Equity holders of the Company	<b>50,015</b>	64,233	<b>155,347</b>	205,565	
Non-controlling interests	<b>1,369</b>	(558)	<b>975</b>	(330)	
	<u><b>51,384</b></u>	<u>63,675</u>	<u><b>156,322</b></u>	<u>205,235</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<u>1.29</u>	<u>1.89</u>	<u>3.76</u>	<u>6.04</u>
- Diluted (sen)	Note B12(b)	<u>1.29</u>	<u>1.89</u>	<u>3.76</u>	<u>6.04</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 September 2019**

*(The figures have not been audited)*

	3 months ended		Period ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>51,384</b>	63,675	<b>156,322</b>	205,235
<b>Other comprehensive income/(loss)</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	166	(224)	486	(1,247)
Other comprehensive income/(loss) for the period	<u>166</u>	<u>(224)</u>	<u>486</u>	<u>(1,247)</u>
<b>Total comprehensive income for the period</b>	<b><u>51,550</u></b>	<u>63,451</u>	<b><u>156,808</u></b>	<u>203,988</u>
Total comprehensive income attributable to:				
Equity holders of the Company	50,133	64,100	155,672	204,769
Non-controlling interests	1,417	(649)	1,136	(781)
	<u>51,550</u>	<u>63,451</u>	<u>156,808</u>	<u>203,988</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 September 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	
9 months ended 30 September 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 for the financial period	-	-	-	155,347	155,347	-	-	975	156,322
Other comprehensive income	-	-	325	-	325	-	-	161	486
Total comprehensive income for the period	-	-	325	155,347	155,672	-	-	1,136	156,808
Dividends for the financial year ended 31 December 2018	-	-	-	(109,246)	(109,246)	-	-	-	(109,246)
Distribution paid to holders of Perpetual Sukuk	-	-	-	(36,921)	(36,921)	-	-	-	(36,921)
Distribution paid to holders of Perpetual Securities	-	-	-	(27,073)	(27,073)	-	-	-	(27,073)
<b>Balance at 30/09/2019</b>	<b>1,776,055</b>	<b>21,265</b>	<b>6,380</b>	<b>1,667,146</b>	<b>3,470,846</b>	<b>789,388</b>	<b>540,000</b>	<b>6,452</b>	<b>4,806,686</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the financial period ended 30 September 2018**

*(The figures have not been audited)*

	Attributable to ordinary equity holders of the Company								Total Equity RM'000
	Non-Distributable		Distributable		Total RM'000	Perpetual Securities RM'000	Perpetual Sukuk RM'000	Non- controlling interests RM'000	
9 months ended 30 September 2018	Share capital RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	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/(Loss) for the financial period	-	-	-	205,565	205,565	-	-	(330)	205,235
Other comprehensive loss	-	-	(796)	-	(796)	-	-	(451)	(1,247)
Total comprehensive (loss)/income for the period	-	-	(796)	205,565	204,769	-	-	(781)	203,988
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	-	-	-	(36,620)	(36,620)	-	-	-	(36,620)
Distribution paid to holders of Perpetual Securities	-	-	-	(22,364)	(22,364)	-	-	-	(22,364)
Balance at 30/9/2018	1,776,055	21,265	5,614	1,641,938	3,444,872	645,212	540,000	5,644	4,635,728

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

*(The figures have not been audited)*

	<b>9 months ended 30/09/2019 RM'000</b>	9 months ended 30/09/2018 RM'000
<b>Operating Activities</b>		
Profit before tax	<b>211,927</b>	263,530
Adjustments for:		
Non-cash items	<b>32,144</b>	16,684
Non-operating items	<b>5,943</b>	24,410
Operating profit before changes in working capital	<b>250,014</b>	304,624
Net change in property development costs	<b>111,608</b>	38,267
Net change in inventories	<b>159,251</b>	105,591
Net change in receivables	<b>107,266</b>	(134,512)
Net change in contract assets	<b>(19,330)</b>	147,625
Net change in payables	<b>(205,079)</b>	(99,496)
Net change in contract liabilities	<b>(64,728)</b>	55,516
Cash generated from operations	<b>339,002</b>	417,615
Interest received	<b>25,477</b>	22,570
Finance cost paid	<b>(23,654)</b>	(24,886)
Net tax paid	<b>(48,496)</b>	(100,252)
Net cash generated from operating activities	<b>292,329</b>	315,047
<b>Investing Activities</b>		
Additions to property, plant and equipment	<b>(27,486)</b>	(56,666)
Additions to land held for property development	<b>(31,839)</b>	(43,759)
Acquisition of land	<b>(183,720)</b>	(78,842)
Payment of balance consideration on acquisition of subsidiary companies	<b>(29,184)</b>	(70,160)
Proceeds from disposal of property, plant and equipment	<b>315</b>	403
Net cash used in investing activities	<b>(271,914)</b>	(249,024)
<b>Financing Activities</b>		
Dividends paid to shareholders of the Company	<b>(109,246)</b>	(157,800)
Distribution paid to holders of Perpetual Sukuk	<b>(36,921)</b>	(36,620)
Distribution paid to holders of Perpetual Securities	<b>(27,073)</b>	(22,364)
Net repayment of borrowings	<b>(64,019)</b>	(145,386)
Placement of deposits with licensed banks pledged as collateral/ Escrow Accounts/Sinking Fund Account	<b>(146,763)</b>	(29,945)
Proceeds from warrants exercised	<b>-</b>	2,381
Repayment of lease liabilities	<b>(9,777)</b>	-
Net cash used in financing activities	<b>(393,799)</b>	(389,734)
Net changes in cash and cash equivalents	<b>(373,384)</b>	(323,711)
Effect of exchange rate changes	<b>(8)</b>	83
Cash and cash equivalents at beginning of the financial period	<b>1,187,964</b>	1,141,769
Cash and cash equivalents at end of the financial period	<b>814,572</b>	818,141



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the financial period ended 30 September 2019 (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 30/09/2019 RM'000</b>	9 months ended 30/09/2018 RM'000
Investment in short-term funds	<b>558,193</b>	288,060
Cash and bank balances	<b>404,046</b>	518,018
Deposits with licensed banks	<b>30,987</b>	116,357
Bank overdrafts	<b>(459)</b>	(982)
	<b>992,767</b>	921,453
Less: Deposits in Sinking Fund Account	<b>(146,881)</b>	-
Less: Deposits in Escrow Accounts	<b>(22,692)</b>	(97,096)
Less: Deposits pledged as collateral	<b>(8,562)</b>	(6,156)
Less: Trustees' Reimbursement Account	<b>(60)</b>	(60)
	<b>814,572</b>	818,141

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:

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

**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**

On 25 September 2019, the Company paid a first and final single-tier dividend of 4.5 sen per ordinary share which amounted to RM109,245,908 in respect of the financial year ended 31 December 2018.

**MAH SING GROUP BERHAD (199101019838 (230149-P))**  
(Incorporated in Malaysia)

**A7 Segment reporting**

Period ended 30 September 2019

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,067,170	240,880	39,003	-	1,347,053
Inter-segment	-	-	334,111	(334,111)	-
	<u>1,067,170</u>	<u>240,880</u>	<u>373,114</u>	<u>(334,111)</u>	<u>1,347,053</u>
<b>RESULTS</b>					
Operating profit	189,289	13,463	9,713	-	212,465
Interest income	10,768	166	240	-	11,174
Finance costs	(8,583)	(1,954)	(1,175)	-	(11,712)
Profit before tax	191,474	11,675	8,778	-	211,927
Income tax expense					(55,605)
Profit for the period					<u>156,322</u>

Period ended 30 September 2018

	Properties RM'000	Plastics RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External revenue	1,417,037	218,645	42,604	-	1,678,286
Inter-segment	-	-	204,306	(204,306)	-
	<u>1,417,037</u>	<u>218,645</u>	<u>246,910</u>	<u>(204,306)</u>	<u>1,678,286</u>
<b>RESULTS</b>					
Operating profit	244,791	15,649	9,863	-	270,303
Interest income	6,909	124	243	-	7,276
Finance costs	(12,696)	(1,346)	(7)	-	(14,049)
Profit before tax	239,004	14,427	10,099	-	263,530
Income tax expense					(58,295)
Profit for the period					<u>205,235</u>

**A8 Material subsequent events**

Save as disclosed in B6 and B8, there were no material events subsequent to the reporting date up to 20 November 2019, 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**

	01/01/2019 to 30/09/2019 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	1,153
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	135
Transactions with non-controlling interests:	
(i) Interest payable to non-controlling interests of subsidiary company	<u>18</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:

	30/09/2019 RM'000	31/12/2018 RM'000
Bank guarantees issued in favour of third parties	154,675	162,257
Litigations arising from business transactions **	6,417	19,362
	<u>161,092</u>	<u>181,619</u>

\*\* The Group is engaged in various litigation matters arising from its business transactions with potential exposure amounting to approximately RM6.4 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**

	30/09/2019 RM'000
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	<u>25,337</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> 30/09/2019 RM'000
Less than one year	3,841
One to three years	4,196
	<u>8,037</u>

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

**B1 Review of Group performance**

For the nine-month period ended 30 September 2019, the Group posted profit before tax of RM211.9 million on the back of revenue of RM1.3 billion as compared to RM263.5 million profit before tax and RM1.7 billion revenue in the previous year corresponding period. On a quarterly basis, the Group recorded profit before tax of RM69.9 million and revenue of RM415.5 million as compared to RM81.3 million profit before tax and RM504.3 million revenue in the same quarter last year.

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

**Property development**

For the period ended 30 September 2019, revenue from property development was RM1.1 billion compared to RM1.4 billion in the previous year corresponding period while operating profit was RM189.3 million as compared to RM244.8 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 RM1.136 billion for the period ended 30 September 2019.

**Plastics**

The plastics segment continued to contribute positively to Group performance. Revenue grew by 10.2% from RM218.6 million a year ago to RM240.9 million in the current period. However, operating profits declined from RM15.6 million a year ago to RM13.5 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**

There was no major fluctuation in the Group's current quarter profit before tax of RM69.9 million as compared to the immediate preceding quarter of RM68 million.

**MAH SING GROUP BERHAD (199101019838 (230149-P))**  
(Incorporated in Malaysia)

**B3 Prospects for the current financial year**

The Group is on track to achieve the sales target of RM1.5 billion for the current financial year. The Group is positive that its property projects will continue to gain traction from buyers. This is mainly driven by its projects that are located in strategic location and offering the right products that are at affordable price points and in line with market demand. The Group's strong track record and established brand presence will also enhance buyers' confidence.

In October, the Group successfully launched M Oscar (Off Kuchai Lama), the first project from this year's land acquisition trail, within seven months from the land acquisition. The Group also recently launched M Arisa's sales gallery in Sentul following the success of M Centura, its first project in the same location. The projects for the other two new prime lands acquired during the year, namely M Luna (Kepong) and M Adora (Wangsa Melawati), are targeted to be launched in Q1 2020.

As part of the Group's continuous support of the government's Home Ownership Campaign and in conjunction with its 25th anniversary, the Group concurrently launched sales campaigns "Lock and Win" and "Refer N' Reward" in the second half of 2019. In addition, the Group also teamed up with Ringgit Plus to launch 'Madam Loan', an artificial intelligence powered chatbot to help address loan eligibility queries among first-time homebuyers and suggest properties from Mah Sing's projects nationwide that would suit one's budget.

The Group's balance sheet continues to remain healthy with cash and bank balances of approximately RM1 billion. This will prepare the Group to continue replenishing its prime lands with key focus on affordable property projects especially in Klang Valley, Johor as well as Penang should the opportunities arise, whilst exploring joint venture prospects.

At 30 September 2019, the Group has remaining landbank of 2,064 acres with remaining gross development value and unbilled sales totalling RM 25.5 billion of which the remaining performance obligation (unsatisfied or partially unsatisfied) was RM 1.71 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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	19,921	28,311	45,765	112,901
Over provision of income tax in prior years	(16,112)	(10,556)	(16,092)	(10,556)
	3,809	17,755	29,673	102,345
Deferred tax	14,749	(130)	25,932	(44,050)
	18,558	17,625	55,605	58,295

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 20 November 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 6 August 2019, the Company's wholly owned subsidiary, Maxim Heights Sdn Bhd, had entered into a conditional sale and purchase agreement ("**SPA**") 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 SPA had on 25 October 2019 become unconditional and completion of the SPA is pending the full settlement of the balance purchase consideration.

**MAH SING GROUP BERHAD (199101019838 (230149-P))**  
(Incorporated in Malaysia)

**B7 Group borrowings**

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

<i>(Denominated in)</i>	<b>Secured RM'000 (RM)</b>	<b>Secured RM'000 (Indonesian Rupiah)</b>	<b>Total RM'000</b>
Term loans payable			
- within 12 months	139,268	3,092	142,360
- after 12 months	349,223	2,854	352,077
	<b>488,491</b>	<b>5,946</b>	<b>494,437</b>
Short term borrowings			
Bank overdrafts	-	5,900	5,900
Hire purchase			
- within 12 months	1,020	26	1,046
- after 12 months	2,630	30	2,660
	<b>3,650</b>	<b>56</b>	<b>3,706</b>
<b>Total</b>	<b>492,141</b>	<b>12,361</b>	<b>504,502</b>

**B8 Material litigation**

On 25 October 2019, the Company's wholly owned subsidiary, Elite Park Development Sdn Bhd ("**Plaintiff**") had through its solicitors filed and served Statement of Claim against Zulhkiple Abu Bakar (practising in Perunding ZNA) ("**Defendant**") following a general endorsed writ.

By way of a Consultancy Agreement dated 9 June 2015 ("**Consultancy Agreement**"), the Plaintiff appointed the Defendant to provide amongst others, value engineering services to the original foundation and structural designs ("**Services**") for the buildings in the project erected on Lot 24673 (PT 2105), Bandar Kundang, Mukim Rawang, Daerah Gombak, Selangor.

The Plaintiff has appointed experts and found that Defendant's designs are not in accordance with established engineering practices and standards. The Plaintiff claims the Defendant is in breach of the Consultancy Agreement and/or negligent in providing the Services to the Plaintiff. As such, the Plaintiff is claiming for damages against the Defendant as follows:

- (a) A total sum of damages of RM40,670,557.81 and/or alternatively for damages to be assessed; and
- (b) Interest at the rate of 5% or any other rate as the Court deems fit and proper on the judgement sum calculated from the date of judgement until the date of final settlement and costs.

The solicitors of the Plaintiff are of the view that the Plaintiff has good grounds in succeeding in its claims against the Defendant.

Pending outcome of this claim, it is too preliminary at this stage to ascertain the potential recoverable amount.

Apart from the amount claimed by the Plaintiff, the Plaintiff's claim is not expected to have any other material financial and operational impact for the financial year ending 31 December 2019.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 20 November 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 (199101019838 (230149-P))**  
(Incorporated in Malaysia)

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**B9 Derivatives financial instrument**

As at 30 September 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**

	<b>3 months ended 30/09/2019 RM'000</b>	<b>Period ended 30/09/2019 RM'000</b>
Depreciation and amortisation	(10,079)	(30,267)
Impairment of intangible assets	(99)	(302)
Gain on redemption of financial assets at fair value through profit or loss	2,679	3,174
Bad debts written off	-	(12)
Net foreign exchange gain	37	170
Allowance for impairment loss on financial assets	(137)	(633)
Reversal of allowance for impairment loss on financial assets	108	756
Reversal of allowance for impairment on inventories	4	26

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 2019.

**B11 Dividend proposed**

No dividend has been proposed for the nine-months ended 30 September 2019.

**MAH SING GROUP BERHAD (199101019838 (230149-P))**  
(Incorporated in Malaysia)

**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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Net profit for the period (RM'000)	<b>50,015</b>	64,233	<b>155,347</b>	205,565
Distribution paid to holders of				
- Perpetual Sukuk (RM'000)	<b>(18,611)</b>	(18,310)	<b>(36,921)</b>	(36,620)
- Perpetual Securities (RM'000)	-	-	<b>(27,073)</b>	(22,364)
Net profit for the period attributable to ordinary equity holders (RM'000)	<b>31,404</b>	45,923	<b>91,353</b>	146,581
Weighted average number of ordinary shares in issue ('000)	<b>2,427,687</b>	2,427,687	<b>2,427,687</b>	2,427,567
Basic EPS (sen)	<b>1.29</b>	1.89	<b>3.76</b>	6.04

**(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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Net profit for the period attributable to ordinary equity holders (RM'000)	<b>31,404</b>	45,923	<b>91,353</b>	146,581
Weighted average number of ordinary shares in issue ('000)	<b>2,427,687</b>	2,427,687	<b>2,427,687</b>	2,427,567
Weighted average number of ordinary shares deemed issued at no consideration ('000)				
- Warrants C <sup>(1)</sup>	n/a	n/a	n/a	n/a
Adjusted weighted average number of ordinary shares ('000)	<b>2,427,687</b>	2,427,687	<b>2,427,687</b>	2,427,567
Diluted EPS (sen)	<b>1.29</b>	1.89	<b>3.76</b>	6.04

<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.

**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**

	<b>31/12/2018</b>	<b>Reclassification</b>	<b>Restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>31/12/2018</b>
			<b>RM'000</b>
<b>Current Assets</b>			
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
<b>Current Liabilities</b>			
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  
27 November 2019