



**MAH SING GROUP BERHAD**

**Registration No.: 199101019838 (230149-P)**

**(Incorporated in Malaysia)**

**Interim Financial Report**

**30 June 2020**

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(Incorporated in Malaysia)

**Interim Financial Report - 30 June 2020**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2020**

(The figures have not been audited)

	<b>AS AT 30/06/2020 RM'000</b>	<b>(AUDITED) AS AT 31/12/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
<i>Property, plant and equipment</i>	215,883	225,674
<i>Prepaid lease payments</i>	4,371	4,511
<i>Right-of-use assets</i>	9,887	18,561
<i>Investment properties</i>	195,880	195,880
<i>Land held for property development</i>	1,775,834	1,750,409
<i>Intangible assets</i>	5,167	5,174
<i>Deferred tax assets</i>	166,407	145,606
	<u>2,373,429</u>	<u>2,345,815</u>
<b>Current Assets</b>		
<i>Property development costs</i>	1,588,627	1,531,647
<i>Inventories</i>	707,192	763,276
<i>Trade and other receivables</i>	507,095	559,953
<i>Contract assets</i>	355,106	403,492
<i>Current tax assets</i>	6,389	8,182
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,134,433	1,063,461
	<u>4,298,842</u>	<u>4,330,011</u>
<b>TOTAL ASSETS</b>	<u><b>6,672,271</b></u>	<u><b>6,675,826</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Ordinary Equity Holders of the Company</b>		
<i>Share capital</i>	1,776,057	1,776,055
<i>Other reserves</i>	6,444	27,618
<i>Retained earnings</i>	1,624,888	1,685,326
	<u>3,407,389</u>	<u>3,488,999</u>
<b>Perpetual Securities</b>	789,388	789,388
<b>Perpetual Sukuk</b>	-	540,000
<b>Non-Controlling Interests</b>	9,707	7,980
<b>Total Equity</b>	<u>4,206,484</u>	<u>4,826,367</u>
<b>Non-Current Liabilities</b>		
<i>Medium term notes</i>	605,280	-
<i>Term loans</i>	490,718	444,925
<i>Long term and deferred payables</i>	42,081	49,220
<i>Deferred tax liabilities</i>	65,771	69,074
	<u>1,203,850</u>	<u>563,219</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	1,052,106	1,063,946
<i>Contract liabilities</i>	45,988	85,505
<i>Term loans</i>	50,759	119,369
<i>Short term borrowings</i>	2,100	2,655
<i>Bank overdrafts</i>	673	-
<i>Current tax liabilities</i>	28,983	14,765
<i>Dividend payable</i>	81,328	-
	<u>1,261,937</u>	<u>1,286,240</u>
<b>Total Liabilities</b>	<u>2,465,787</u>	<u>1,849,459</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>6,672,271</b></u>	<u><b>6,675,826</b></u>
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)</b>	<u><b>1.40</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 2019 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 2020**

*(The figures have not been audited)*

	3 months ended		Period ended		
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000	
Revenue	<b>298,623</b>	481,246	<b>669,750</b>	931,579	
Cost of sales	<b>(224,907)</b>	(356,311)	<b>(497,175)</b>	(667,322)	
<b>Gross profit</b>	<b>73,716</b>	124,935	<b>172,575</b>	264,257	
Other income	<b>3,217</b>	7,425	<b>6,150</b>	12,415	
Selling and marketing expenses	<b>(8,824)</b>	(17,338)	<b>(25,310)</b>	(36,777)	
Administrative and other expenses	<b>(39,952)</b>	(45,482)	<b>(82,417)</b>	(95,560)	
<b>Results from operating activities</b>	<b>28,157</b>	69,540	<b>70,998</b>	144,335	
Finance income	<b>2,605</b>	2,355	<b>6,813</b>	6,182	
Finance costs	<b>(8,315)</b>	(3,859)	<b>(12,230)</b>	(8,532)	
<b>Net finance costs</b>	<b>(5,710)</b>	(1,504)	<b>(5,417)</b>	(2,350)	
Profit before tax	<b>22,447</b>	68,036	<b>65,581</b>	141,985	
Income tax expense	<b>(8,261)</b>	(17,773)	<b>(18,650)</b>	(37,047)	
<b>Profit for the period</b>	<b>14,186</b>	50,263	<b>46,931</b>	104,938	
Profit attributable to:					
Equity holders of the Company	<b>15,187</b>	50,319	<b>45,257</b>	105,332	
Non-controlling interests	<b>(1,001)</b>	(56)	<b>1,674</b>	(394)	
	<b>14,186</b>	50,263	<b>46,931</b>	104,938	
 (Loss)/Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B12(a)	<b>(0.50)</b>	0.96	<b>(0.02)</b>	2.47
- Diluted (sen)	Note B12(b)	<b>(0.50)</b>	0.96	<b>(0.02)</b>	2.47

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 2019 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**For the financial period ended 30 June 2020**

*(The figures have not been audited)*

	3 months ended		Period ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit for the period</b>	<b>14,186</b>	50,263	<b>46,931</b>	104,938
<b>Other comprehensive income</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	<b>2,064</b>	396	<b>144</b>	320
Other comprehensive income for the period	<u><b>2,064</b></u>	<u>396</u>	<u><b>144</b></u>	<u>320</u>
<b>Total comprehensive income for the period</b>	<u><b>16,250</b></u>	<u>50,659</u>	<u><b>47,075</b></u>	<u>105,258</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<b>16,524</b>	50,582	<b>45,348</b>	105,539
Non-controlling interests	<b>(274)</b>	77	<b>1,727</b>	(281)
	<u><b>16,250</b></u>	<u>50,659</u>	<u><b>47,075</b></u>	<u>105,258</u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 2020**

*(The figures have not been audited)*

	Attributable to ordinary equity holders of the Company									
	Non-Distributable			Distributable					Non-controlling interests	Total Equity
	Share capital	Warrants reserve	Exchange fluctuation reserve	Retained earnings	Total	Perpetual Securities	Perpetual Sukuk			
6 months ended 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1/1/2020	1,776,055	21,265	6,353	1,685,326	3,488,999	789,388	540,000	7,980	4,826,367	
Amount recognised directly in equity:										
Profit for the financial period	-	-	-	45,257	45,257	-	-	1,674	46,931	
Other comprehensive income	-	-	91	-	91	-	-	53	144	
Total comprehensive income for the period	-	-	91	45,257	45,348	-	-	1,727	47,075	
Dividends for the financial year ended 31 December 2019	-	-	-	(81,328)	(81,328)	-	-	-	(81,328)	
Issuance of ordinary shares pursuant to warrants exercised	2	-	-	-	2	-	-	-	2	
Warrants lapsed during the period	-	(21,265)	-	21,265	-	-	-	-	-	
Redemption of Perpetual Sukuk	-	-	-	-	-	-	(540,000)	-	(540,000)	
Distribution paid to holders of Perpetual Sukuk	-	-	-	(18,410)	(18,410)	-	-	-	(18,410)	
Distribution paid to holders of Perpetual Securities	-	-	-	(27,222)	(27,222)	-	-	-	(27,222)	
<b>Balance at 30/06/2020</b>	<b>1,776,057</b>	<b>-</b>	<b>6,444</b>	<b>1,624,888</b>	<b>3,407,389</b>	<b>789,388</b>	<b>-</b>	<b>9,707</b>	<b>4,206,484</b>	

**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								
	Non-Distributable			Distributable					
6 months ended 30 June 2019	Share capital	Warrants reserve	Exchange fluctuation reserve	Retained earnings	Total	Perpetual Securities	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
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	-	-	-	(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 CASH FLOWS**  
**For the financial period ended 30 June 2020**

*(The figures have not been audited)*

	<b>6 months ended 30/06/2020 RM'000</b>	6 months ended 30/06/2019 RM'000
<b>Operating Activities</b>		
Profit before tax	65,581	141,985
Adjustments for:		
Non-cash items	36,531	22,805
Non-operating items	5,298	(1,854)
Operating profit before changes in working capital	<u>107,410</u>	162,936
Net change in property development costs	(44,703)	80,879
Net change in inventories	49,782	120,657
Net change in receivables	54,116	121,745
Net change in contract assets	48,386	38,762
Net change in payables	(21,544)	(113,492)
Net change in contract liabilities	(39,517)	(79,654)
Cash generated from operations	<u>153,930</u>	331,833
Interest received	17,262	17,504
Finance cost paid	(10,930)	(15,844)
Net tax paid	(26,740)	(43,346)
Net cash generated from operating activities	<u>133,522</u>	290,147
<b>Investing Activities</b>		
Additions to property, plant and equipment	(8,700)	(14,962)
Additions to land held for property development	(33,479)	(6,882)
Acquisition of land	-	(88,956)
Payment of balance consideration on acquisition of subsidiary companies	-	(21,684)
Proceeds from disposal of property, plant and equipment	47	222
Net cash used in investing activities	<u>(42,132)</u>	(132,262)
<b>Financing Activities</b>		
Distribution paid to holders of Perpetual Sukuk	(18,410)	(18,310)
Distribution paid to holders of Perpetual Securities	(27,222)	(27,073)
Net repayment of borrowings	(26,107)	(35,397)
Withdrawal/(Placement) of deposits with licensed banks pledged as collateral/Escrow Account/Sinking Fund Account/ Trustees' Reimbursement Account/ Security and Principal Account/Finance Service Reserve Account	290,261	(64,758)
Proceeds from warrants exercised	2	-
Repayment of lease liabilities	(6,823)	(6,528)
Redemption of Perpetual Sukuk	(540,000)	-
Payment of corporate exercise expenses	(1,124)	-
Net proceeds from issuance of medium term notes	598,500	-
Net cash generated from/(used in) financing activities	<u>269,077</u>	(152,066)
Net changes in cash and cash equivalents	360,467	5,819
Effect of exchange rate changes	93	43
Cash and cash equivalents at beginning of the financial period	<u>733,474</u>	1,187,964
Cash and cash equivalents at end of the financial period	<u>1,094,034</u>	1,193,826



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the financial period ended 30 June 2020 (continued)***(The figures have not been audited)*

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

	<b>6 months ended 30/06/2020 RM'000</b>	6 months ended 30/06/2019 RM'000
Investment in short-term funds	<b>598,868</b>	790,772
Cash and bank balances	<b>513,443</b>	466,591
Deposits with licensed banks	<b>22,122</b>	33,531
Bank overdrafts	<b>(673)</b>	<b>(878)</b>
	<b>1,133,760</b>	1,290,016
Less: Deposits in Sinking Fund Account	-	(65,112)
Less: Deposits in Escrow Account	<b>(16,807)</b>	(22,498)
Less: Deposits in Security and Principal Account	<b>(7,558)</b>	-
Less: Deposits in Finance Service Reserve Account	<b>(6,623)</b>	-
Less: Deposits pledged as collateral	<b>(8,676)</b>	(8,520)
Less: Trustees' Reimbursement Account	<b>(62)</b>	(60)
	<b>1,094,034</b>	<b>1,193,826</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 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 2019. 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 2019.

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 2019 save for the adoption of the following:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above amendments to MFRSs 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**

Save as disclosed in B1, 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**

#### Share capital

During the financial period ended 30 June 2020, the Company increased its issued and paid up share capital by way of issuance of 787 new ordinary shares pursuant to the exercise of the Warrant C 2015/2020 at an issue price of RM2.10 per ordinary share.

#### Medium Term Notes

On 13 March 2020, the Company has completed the issuance of a secured and unrated Islamic medium term notes ("Sukuk Murabahah") of RM600 million in nominal value under a Sukuk Murabahah Programme of up to RM1 billion in nominal value. The Sukuk Murabahah has a tenure of 5 years and carries a fixed profit rate of 4.35% per annum payable semi-annually.

#### Perpetual Sukuk

On 31 March 2020, the Company has completed the redemption of a RM540 million nominal value unrated Perpetual Sukuk under the Shariah principle of Musharakah.

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.

**MAH SING GROUP BERHAD (199101019838 (230149-P))**  
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**A6 Dividends paid**

No dividend was paid in current financial period under review.

**A7 Segment reporting**

Period ended 30 June 2020

	Properties RM'000	Plastics RM'000	Hotel RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
External revenue	510,839	132,324	5,376	21,211	-	669,750
Inter-segment	-	-	68	128,969	(129,037)	-
	<u>510,839</u>	<u>132,324</u>	<u>5,444</u>	<u>150,180</u>	<u>(129,037)</u>	<u>669,750</u>
<b>RESULTS</b>						
Operating profit/(loss)	75,036	(936)	(13,132)	10,030	-	70,998
Interest income	6,693	64	-	56	-	6,813
Finance costs	(4,123)	(854)	(639)	(6,614)	-	(12,230)
Profit/(Loss) before tax	77,606	(1,726)	(13,771)	3,472	-	65,581
Income tax expense						(18,650)
Profit for the period						<u>46,931</u>

Period ended 30 June 2019

	Properties RM'000	Plastics RM'000	Hotel RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
External revenue	748,174	156,152	4,845	22,408	-	931,579
Inter-segment	-	-	5	224,689	(224,694)	-
	<u>748,174</u>	<u>156,152</u>	<u>4,850</u>	<u>247,097</u>	<u>(224,694)</u>	<u>931,579</u>
<b>RESULTS</b>						
Operating profit/(loss)	130,911	6,967	(7,311)	13,768	-	144,335
Interest income	5,925	117	-	140	-	6,182
Finance costs	(6,418)	(1,301)	(808)	(5)	-	(8,532)
Profit/(Loss) before tax	130,418	5,783	(8,119)	13,903	-	141,985
Income tax expense						(37,047)
Profit for the period						<u>104,938</u>

**A8 Material subsequent events**

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 21 August 2020, 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)

**A9 Related party transactions**

**01/01/2020**  
to  
**30/06/2020**  
**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	6
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**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:

	<b>30/06/2020</b>	31/12/2019
	<b>RM'000</b>	RM'000
Bank guarantees issued in favour of third parties	<b>136,739</b>	154,956

The Group has adopted the provisions of Paragraph 92 of MFRS 137 Provisions, Contingent Liabilities and Contingent Assets pursuant to the non-disclosure of the financial effect in relation to the litigation matters and these matters may include disputed liquidated ascertained damages and service charge rates.

The Group is relying on its solicitors view that the Group has good chance to succeed in the litigation proceedings and thus no provisions have been made by the Group at this juncture.

**A12 Capital commitments**

**30/06/2020**  
**RM'000**

Commitment for acquisition of property, plant and equipment:

- Approved and contracted for	2,761
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**A13 Operating lease commitments**

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

The Group lease out its investment propertie and commercial properties under non-cancellable operating leases. The tenure of these leases ranges between 1 to 6 years with option to renew upon expiry except for certain commercial properties. 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:-

	<b><u>Lease rental receivables</u></b>
	<b>30/06/2020</b>
	<b>RM'000</b>
Less than one year	4,430
One to three years	3,150
More than three years	210
	<b>7,790</b>

**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 2020, the Group posted profit before tax of RM65.6 million on the back of revenue of RM669.8 million as compared to RM142 million profit before tax and RM931.6 million revenue a year ago. On a quarterly basis, the Group recorded profit before tax of RM22.4 million and revenue of RM298.6 million as compared to RM68 million profit before tax and RM481.2 million revenue in the same quarter last year.

The Group's balance sheet remains healthy with cash and bank balances of approximately RM1.13 billion as at 30 June 2020.

**Property development**

For the period ended 30 June 2020, revenue from property development was RM510.8 million as compared to RM748.2 million a year ago while operating profit was RM75 million as compared to RM130.9 million a year ago. The property development segment reported lower revenue and profit as site progress of all projects came to a halt in compliance with the Movement Control Order ("MCO"), and there were also delays in loan approvals for sales conversions, which weighed on revenue recognition. Although operations had resumed during the Conditional MCO, the level of activities on sites was generally lower due to adoption of strict standard operating procedures in compliance with relevant regulatory requirements.

The development projects which contributed mainly to the Group's results include ***M Vertica*** in Cheras, ***M Centura*** in Sentul, ***Southville City*** in KL South, ***Meridin East*** in Johor and ***Lakeville Residence*** in Jalan Kuching. Other projects which also contributed include ***M Oscar*** in Off Kuchai Lama, ***M Aruna*** in Rawang, ***Ferringhi Residence*** and ***Southbay City*** in Penang, ***Sierra Perdana***, ***Meridin @ Medini*** and ***Mah Sing i-Parc*** in Johor.

The Group achieved property sales of approximately RM418.6 million for the period ended 30 June 2020.

**Plastics**

The plastics segment recorded revenue of RM132.3 million and operating loss of RM0.9 million in the current period compared to revenue of RM156.2 million and operating profit of RM7 million in the previous year corresponding period. Lower revenue recorded in the current period was mainly due to lower orders for automotive parts pursuant to the suspension of automotive production during lockdown. The operating loss recorded in the current period was mainly attributable to the decrease in revenue and one-time write-offs of assets amounting to RM4.5 million due to a fire incident. The Group is currently engaging with the insurer to finalise the quantum of the damages to be claimed.

**Hotel**

For the period ended 30 June 2020, the hotel segment posted revenue of RM5.4 million as compared with RM4.8 million revenue a year ago. Persistently low occupancy rates caused by the Covid-19 pandemic, additional impairment charges for operating assets of approximately RM10 million and fixed operating expenses has resulted in operating loss for the current period of RM13.1 million as compared with RM7.3 million a year ago.

**Investment holding & Others**

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

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

The Group's current quarter profit before tax of RM22.4 million was lower as compared to the immediate preceding quarter of RM43.1 million mainly due to the reasons as explained in B1 above.

**B3 Prospects for the current financial year**

The market environment is expected to remain challenging for the financial year ending 31 December 2020 as the nation grapples with the Covid-19 pandemic. At present, the Group is focused on converting to sales the RM1.6 billion outstanding bookings on hand, clearing the existing completed properties and to catch up with the construction progress of our projects. The sales target for 2020 is revised down to RM1.1 billion from RM1.6 billion previously in view of a longer period required to convert existing bookings to sales.

While the market has been relatively quiet, the Group has bucked the trend by launching M Luna in Kepong in June 2020 and M Adora in Wangsa Melawati in July 2020 after increased digitisation efforts to reach out to buyers. This proved to be a good decision as both launches achieved 90% take up for the maiden phase during their respective weekend launches. During the quarter, the Group has also successfully delivered vacant possession of Tower C and D of our Lakeville Residence at Taman Wahyu and Tower A and B of our Cerrado at Southville City. For the remainder of 2020, the Group is also planning to launch more projects in the affordable segment at strategic locations including Carya in M Aruna, Rawang, remaining blocks of M Vertica in Cheras, Ferringhi Residences 2 in Penang and Acacia, Jasmine 1 & 3 link homes in Meridin East, Johor.

The attractive low interest rate environment driven by the multiple rounds of Overnight Policy Rate reduction provides better position to buyers to own properties. The reintroduction of the Home Ownership Campaign under the PENJANA plan and other various property friendly incentives would help to stimulate the property market. The Group also collaborated with Maybank Islamic to launch HouzKEY, a financing solution under our 'Eazy to Own' campaign for selected Mah Sing projects. This home financing solution enables buyers to own their ideal home with easy entry and low monthly instalments.

The Group also continues to reward shareholders with a minimum of 40% net profit as dividends for the 14th consecutive year since 2006. The dividend of 3.35 sen per ordinary share in respect of the financial year ended 31 December 2019 shall be paid on 29 September 2020.

With disciplined financial management and a healthy balance sheet as at 30 June 2020, the Group is now focusing on increasing land banks in Klang Valley where demand for affordable houses is expected to remain resilient.

At 30 June 2020, the Group has remaining landbank of 2,005 acres with remaining gross development value and unbilled sales totalling RM24.64 billion of which the remaining performance obligation (unsatisfied or partially unsatisfied) was RM1.64 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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	24,453	15,927	42,754	25,844
Over provision of income tax in prior years	-	20	-	20
	<u>24,453</u>	<u>15,947</u>	<u>42,754</u>	<u>25,864</u>
Deferred tax	(16,192)	1,826	(24,104)	11,183
	<u>8,261</u>	<u>17,773</u>	<u>18,650</u>	<u>37,047</u>

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 21 August 2020 (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 ("**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.

**B7 Group Borrowings and Debt Securities**

Total group borrowings and debt securities as at 30 June 2020 were as follows:

	Short term	Long term	Total
<u>Secured</u>	RM'000	RM'000	RM'000
Medium term notes	-	605,280	605,280
Term loans	50,759	490,718	541,477
Short term borrowings	2,100	-	2,100
Bank overdrafts	673	-	673
Hire purchase	1,011	1,888	2,899
	<u>54,543</u>	<u>1,097,886</u>	<u>1,152,429</u>

The currency profile of borrowings and debt securities is as follows:

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	49,547	1,095,818	1,145,365
Indonesian Rupiah	4,996	2,068	7,064
	<u>54,543</u>	<u>1,097,886</u>	<u>1,152,429</u>

**B8 Material litigation**

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

By way of a Consultancy Agreement dated 9 June 2015 ("**Consultancy Agreement**"), EPD appointed ZAB 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.

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

- (i) A total sum of damages of RM40,670,557.81 and/or alternatively for damages to be assessed; and
  - (ii) 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.
- (b) On 27 November 2019, ZAB has filed a statement of defence and counterclaim against EPD alleging amongst others:
- (i) Unlawful termination of the Consultancy Agreement;
  - (ii) EPD pay to ZAB a total sum of RM114,088.23 being ZAB's outstanding fee under the Consultancy Agreement; and
  - (iii) General damages to be assessed.
- (c) On 15 July 2020, EPD had through its solicitors filed and served the Amended Writ and Amended Statement of Claim against ZAB and two other defendants namely, Pembinaan Infrastruktur OKH Sdn Bhd ("**OKH**") and Lonpac Insurance Berhad ("**LONPAC**") in the same legal proceedings.

The claim against OKH is for breach of contract in failing amongst others, to provide materials and workmanship of the quality and standard pursuant to a letter of award dated 28 November 2014 and a Standard Form PAM 2006 Contract entered into between EPD and OKH to build and construct buildings in the project erected on Lot 24673 (PT 2105), Bandar Kundang, Mukim Rawang, Daerah Gombak, Selangor ("**Development**").

The claim against LONPAC is for breach of an insurance policy issued by LONPAC in favour of EPD as beneficiary under a Contractors' All Risk Policy in failing to pay to EPD for damages and/or losses suffered by EPD in the Development.

As such, EPD is claiming for damages against ZAB, OKH and LONPAC as disclosed in (a)(i) and (a)(ii) above.

The solicitors of EPD are of the view that EPD has good grounds to succeed in its claims against ZAB, OKH and LONPAC. It is too preliminary at this stage to ascertain the potential recoverable amount.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 21 August 2020, 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 June 2020, 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 30/06/2020 RM'000</b>	<b>Period ended 30/06/2020 RM'000</b>
Allowance for impairment loss on financial assets	(693)	(1,037)
Bad debts written off	(306)	(307)
Depreciation and amortisation	(9,375)	(18,942)
Impairment of intangible assets	-	(8)
Impairment of property, plant and equipment	(3,908)	(3,908)
Impairment of right-of-use assets	(6,092)	(6,092)
Inventories written off	(1,320)	(1,320)
Loss on redemption of financial assets at fair value through profit or loss	(56)	(944)
Net foreign exchange gain	396	7
Property, plant and equipment written off	(3,211)	(3,211)
Reversal of allowance for impairment loss on financial assets	59	464
Reversal of allowance for impairment on inventories	<u>160</u>	<u>167</u>

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 2020.

**B11 Dividend proposed**

No dividend has been proposed for the first half of the year ended 30 June 2020.

At the Annual General Meeting held on 30 June 2020, the shareholders of the Company had approved the first and final single-tier dividend of 3.35 sen per ordinary share in respect of the financial year ended 31 December 2019 (2018: 4.5 sen per ordinary share). The dividend shall be paid on 29 September 2020 to depositors whose names appear in the Record of Depositors of the Company on 17 September 2020.

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

**B12 (Loss)/Earnings per share**

**(a) Basic (loss)/earnings per share**

The basic (loss)/earnings per share has been calculated by dividing the Group's net (loss)/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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net profit for the period (RM'000)	15,187	50,319	45,257	105,332
Distribution paid to holders of				
- Perpetual Sukuk (RM'000)	-	-	(18,410)	(18,310)
- Perpetual Securities (RM'000)	(27,222)	(27,073)	(27,222)	(27,073)
Net (loss)/profit for the period attributable to ordinary equity holders (RM'000)	(12,035)	23,246	(375)	59,949
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,687	2,427,688	2,427,687
Basic (loss)/earnings per share (sen)	(0.50)	0.96	(0.02)	2.47

**(b) Diluted (loss)/earnings per share**

The diluted (loss)/earnings per share has been calculated by dividing the Group's net (loss)/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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net (loss)/profit for the period attributable to ordinary equity holders (RM'000)	(12,035)	23,246	(375)	59,949
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,687	2,427,688	2,427,687
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)	2,427,688	2,427,687	2,427,688	2,427,687
Diluted (loss)/earnings per share (sen)	(0.50)	0.96	(0.02)	2.47

<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 (loss)/earnings per share computation above.

**B13 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

**B14 Comparative figures**

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

BY ORDER OF THE BOARD

YANG BAO LING  
KUAN HUI FANG

Kuala Lumpur  
28 August 2020