



MAH SING GROUP BERHAD

Registration No.: 199101019838 (230149-P)

(Incorporated in Malaysia)

Interim Financial Report

31 March 2021

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Interim Financial Report - 31 March 2021

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

(The figures have not been audited)

	AS AT 31/03/2021 RM'000	(Restated) AS AT 31/12/2020 RM'000	(Restated) AS AT 01/01/2020 RM'000
ASSETS			
Non-Current Assets			
<i>Property, plant and equipment</i>	292,725	242,021	225,674
<i>Prepaid lease payments</i>	3,843	3,960	4,511
<i>Right-of-use assets</i>	52,959	46,068	18,561
<i>Investment properties</i>	185,880	185,880	195,880
<i>Land held for property development</i>	1,896,570	1,784,776	1,743,445
<i>Intangible assets</i>	5,137	5,145	5,174
<i>Deferred tax assets</i>	178,639	175,676	151,921
	<u>2,615,753</u>	<u>2,443,526</u>	<u>2,345,166</u>
Current Assets			
<i>Property development costs</i>	1,499,604	1,541,522	1,518,138
<i>Inventories</i>	731,222	736,772	746,965
<i>Trade and other receivables</i>	564,731	622,016	559,953
<i>Contract assets</i>	320,034	265,321	352,012
<i>Contract cost assets</i>	58,247	52,630	51,480
<i>Current tax assets</i>	12,638	11,214	8,182
<i>Deposits, cash and bank balances and investment in short-term funds</i>	901,238	1,156,012	1,063,461
	<u>4,087,714</u>	<u>4,385,487</u>	<u>4,300,191</u>
TOTAL ASSETS	<u>6,703,467</u>	<u>6,829,013</u>	<u>6,645,357</u>
EQUITY AND LIABILITIES			
Equity Attributable to Ordinary Equity Holders of the Company			
<i>Share capital</i>	1,776,057	1,776,057	1,776,055
<i>Other reserves</i>	11,738	11,770	27,618
<i>Retained earnings</i>	1,657,111	1,616,830	1,655,593
	<u>3,444,906</u>	<u>3,404,657</u>	<u>3,459,266</u>
Perpetual Securities	789,388	789,388	789,388
Perpetual Sukuk	-	-	540,000
Non-Controlling Interests	13,954	10,346	7,244
Total Equity	<u>4,248,248</u>	<u>4,204,391</u>	<u>4,795,898</u>
Non-Current Liabilities			
<i>Medium term notes</i>	689,954	695,341	-
<i>Term loans</i>	505,748	505,366	444,925
<i>Long term and deferred payables</i>	74,960	74,639	49,220
<i>Deferred tax liabilities</i>	56,662	59,947	69,074
	<u>1,327,324</u>	<u>1,335,293</u>	<u>563,219</u>
Current Liabilities			
<i>Trade and other payables</i>	1,035,775	1,171,225	1,063,946
<i>Contract liabilities</i>	50,841	78,213	85,505
<i>Term loans</i>	13,650	9,752	119,369
<i>Short term borrowings</i>	3,493	5,922	2,655
<i>Current tax liabilities</i>	24,136	24,217	14,765
	<u>1,127,895</u>	<u>1,289,329</u>	<u>1,286,240</u>
Total Liabilities	<u>2,455,219</u>	<u>2,624,622</u>	<u>1,849,459</u>
TOTAL EQUITY AND LIABILITIES	<u>6,703,467</u>	<u>6,829,013</u>	<u>6,645,357</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>1.42</u>	<u>1.40</u>	<u>1.42</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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial period ended 31 March 2021

(The figures have not been audited)

	3 months ended		Period ended		
	31/03/2021 RM'000	(Restated) 31/03/2020 RM'000	31/03/2021 RM'000	(Restated) 31/03/2020 RM'000	
Revenue	413,316	371,127	413,316	371,127	
Cost of sales	<u>(297,364)</u>	<u>(269,788)</u>	<u>(297,364)</u>	<u>(269,788)</u>	
Gross profit	115,952	101,339	115,952	101,339	
Other income	5,761	2,933	5,761	2,933	
Selling and marketing expenses	(14,271)	(16,486)	(14,271)	(16,486)	
Administrative and other expenses	<u>(40,177)</u>	<u>(42,465)</u>	<u>(40,177)</u>	<u>(42,465)</u>	
Results from operating activities	67,265	45,321	67,265	45,321	
Finance income	572	4,208	572	4,208	
Finance costs	<u>(11,677)</u>	<u>(7,921)</u>	<u>(11,677)</u>	<u>(7,921)</u>	
Net finance costs	(11,105)	(3,713)	(11,105)	(3,713)	
Profit before tax	56,160	41,608	56,160	41,608	
Income tax expense	(12,258)	(10,359)	(12,258)	(10,359)	
Profit for the period	<u>43,902</u>	<u>31,249</u>	<u>43,902</u>	<u>31,249</u>	
Profit attributable to:					
Equity holders of the Company	40,281	28,710	40,281	28,710	
Non-controlling interests	3,621	2,539	3,621	2,539	
	<u>43,902</u>	<u>31,249</u>	<u>43,902</u>	<u>31,249</u>	
Earnings per share attributable to ordinary equity holders of the Company:					
- Basic (sen)	Note B13(a)	<u>1.66</u>	<u>0.42</u>	<u>1.66</u>	<u>0.42</u>
- Diluted (sen)	Note B13(b)	<u>1.65</u>	<u>0.42</u>	<u>1.65</u>	<u>0.42</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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the financial period ended 31 March 2021

(The figures have not been audited)

	3 months ended		Period ended	
	31/03/2021	(Restated) 31/03/2020	31/03/2021	(Restated) 31/03/2020
	RM'000	RM'000	RM'000	RM'000
Profit for the period	43,902	31,249	43,902	31,249
Other comprehensive income loss				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation difference for foreign operations	(45)	(1,920)	(45)	(1,920)
Other comprehensive loss for the period	(45)	(1,920)	(45)	(1,920)
Total comprehensive income for the period	43,857	29,329	43,857	29,329
Total comprehensive income attributable to:				
Equity holders of the Company	40,249	27,464	40,249	27,464
Non-controlling interests	3,608	1,865	3,608	1,865
	43,857	29,329	43,857	29,329

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 2020 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2021

(The figures have not been audited)

	Attributable to ordinary equity holders of the Company							
	Non-Distributable			Distributable				
	Share capital	Exchange fluctuation reserve	Equity Component of Convertible Sukuk	Retained earnings	Total	Perpetual Securities	Non-controlling interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 31 March 2021								
Balance at 1/1/2021	1,776,057	6,016	5,754	1,652,620	3,440,447	789,388	11,526	4,241,361
Effect of adoption of the Agenda Decision	-	-	-	(35,790)	(35,790)	-	(1,180)	(36,970)
Balance at 1/1/2021 (restated)	1,776,057	6,016	5,754	1,616,830	3,404,657	789,388	10,346	4,204,391
Amount recognised directly in equity:								
Profit for the financial period	-	-	-	40,281	40,281	-	3,621	43,902
Other comprehensive loss	-	(32)	-	-	(32)	-	(13)	(45)
Total comprehensive (loss)/income for the period	-	(32)	-	40,281	40,249	-	3,608	43,857
Balance at 31/03/2021	1,776,057	5,984	5,754	1,657,111	3,444,906	789,388	13,954	4,248,248

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2020

(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	
3 months ended 31 March 2020	Share capital RM'000	Warrants reserve RM'000	Exchange fluctuation reserve RM'000	Retained earnings RM'000	Total 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
Effect of adoption of the Agenda Decision	-	-	-	(29,733)	(29,733)	-	-	(736)	(30,469)
Balance at 1/1/2020 (restated)	1,776,055	21,265	6,353	1,655,593	3,459,266	789,388	540,000	7,244	4,795,898
Amount recognised directly in equity:									
Profit for the financial period	-	-	-	28,710	28,710	-	-	2,539	31,249
Other comprehensive loss	-	-	(1,246)	-	(1,246)	-	-	(674)	(1,920)
Total comprehensive (loss)/income for the period	-	-	(1,246)	28,710	27,464	-	-	1,865	29,329
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)
Balance at 31/03/2020	1,776,057	-	5,107	1,687,158	3,468,322	789,388	-	9,109	4,266,819

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2021

(The figures have not been audited)

	3 months ended 31/03/2021 RM'000	(Restated) 3 months ended 31/03/2020 RM'000
Operating Activities		
Profit before tax	56,160	41,608
Adjustments for:		
Non-cash items	8,230	9,618
Non-operating items	9,251	62
Operating profit before changes in working capital	<u>73,641</u>	51,288
Net change in property development costs	44,533	(4,498)
Net change in inventories	5,701	30,648
Net change in receivables	52,290	84,935
Net change in contract assets	(54,713)	(8,672)
Net change in contract cost assets	(5,617)	(626)
Net change in payables	(129,846)	(49,900)
Net change in contract liabilities	<u>(27,373)</u>	<u>(23,784)</u>
Cash (used in)/generated from operations	(41,384)	79,391
Interest received	2,847	10,047
Finance cost paid	(5,682)	(7,245)
Net tax paid	<u>(20,009)</u>	<u>(17,613)</u>
Net cash (used in)/generated from operating activities	<u>(64,228)</u>	<u>64,580</u>
Investing Activities		
Additions to property, plant and equipment	(62,125)	(4,758)
Additions to land held for property development	(112,936)	(25,921)
Proceeds from disposal of property, plant and equipment	89	41
Net cash used in investing activities	<u>(174,972)</u>	<u>(30,638)</u>
Financing Activities		
Distribution paid to holders of Perpetual Sukuk	-	(18,410)
Net proceeds from issuance of Medium Term Notes	-	598,500
Net proceeds from/(repayment of) borrowings	2,036	(80,648)
Payment of Medium Term Notes interest	(13,014)	-
Proceeds from warrants exercised	-	2
Redemption of Perpetual Sukuk	-	(540,000)
Repayment of lease liabilities	(4,218)	(3,416)
Withdrawal of deposits with licensed banks pledged as collateral/Escrow Account/Trustees' Reimbursement Account/ Project Account/Security and Principal Account/ Finance Service Reserve Account	<u>1,631</u>	<u>272,016</u>
Net cash (used in)/generated from financing activities	<u>(13,565)</u>	<u>228,044</u>
Net changes in cash and cash equivalents	(252,765)	261,986
Effect of exchange rate changes	52	(17)
Cash and cash equivalents at beginning of the financial period	<u>1,106,968</u>	<u>733,474</u>
Cash and cash equivalents at end of the financial period	<u>854,255</u>	<u>995,443</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**For the financial period ended 31 March 2021 (continued)***(The figures have not been audited)*

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

	3 months ended 31/03/2021 RM'000	(Restated) 3 months ended 31/03/2020 RM'000
Investment in short-term funds	541,677	579,537
Cash and bank balances	337,622	452,126
Deposits with licensed banks	21,939	22,039
Bank overdrafts	-	(288)
	901,238	1,053,414
Less: Deposits in Escrow Account	(17,033)	(23,064)
Less: Deposits in Project Account	(321)	(26,203)
Less: Deposits in Security and Principal Account	(20,066)	-
Less: Deposits in Finance Service Reserve Account	(756)	-
Less: Deposits pledged as collateral	(8,745)	(8,643)
Less: Trustees' Reimbursement Account	(62)	(61)
	854,255	995,443

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 2020. 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 2020.

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 2020 save for the adoption of the following:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest rate Benchmark Reform - Phase 2
IFRIC Agenda Decision on MFRS 123	Borrowing Costs

The adoption of the above MFRSs does not have any material impact on the financial statements of the Group, except for IFRIC Agenda Decision on MFRS 123 *Borrowing Costs*, which is discussed below.

IFRIC Agenda Decision on MFRS 123 *Borrowing Costs* ("Agenda Decision")

On 18 December 2018, the Malaysian Accounting Standards Board ("MASB") has issued for public comment six Tentative Agenda Decisions ("TAD") published by the IFRS Interpretations Committee, including the TAD on International Accounting Standards 23 *Borrowing Costs* ("IAS 23") relating to over time transfer of constructed good.

The MASB observed that non-private entities in the real estate industry might need to change their accounting policy as a result of the Agenda Decision on IAS 23. In ensuring consistent application of the MFRSs, which are word for-word the IFRS Standards, the MASB has decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision on IAS 23 to financial statements of annual periods beginning on or after 1 July 2020.

Effective 1 January 2021, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under Agenda Decision.

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A1 Basis of preparation (continued)

IFRIC Agenda Decision on MFRS 123 *Borrowing Costs* ("Agenda Decision") (continued)

The effects of the adoption of the Agenda Decision on the consolidated statement of financial position are summarised as follows:

**Consolidated Statement of Financial Position
At 31 December 2020**

	As previously reported RM'000	Effects of the adoption of Agenda Decision RM'000	As restated RM'000
ASSETS			
Non-Current Assets			
<i>Property, plant and equipment</i>	242,021	-	242,021
<i>Prepaid lease payments</i>	3,960	-	3,960
<i>Right-of-use assets</i>	46,068	-	46,068
<i>Investment properties</i>	185,880	-	185,880
<i>Land held for property development</i>	1,791,740	(6,964)	1,784,776
<i>Intangible assets</i>	5,145	-	5,145
<i>Deferred tax assets</i>	169,054	6,622	175,676
	<u>2,443,868</u>	<u>(342)</u>	<u>2,443,526</u>
Current Assets			
<i>Property development costs</i>	1,560,477	(18,955)	1,541,522
<i>Inventories</i>	754,445	(17,673)	736,772
<i>Trade and other receivables</i>	622,016	-	622,016
<i>Contract assets</i>	265,321	-	265,321
<i>Contract cost assets</i>	52,630	-	52,630
<i>Current tax assets</i>	11,214	-	11,214
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,156,012	-	1,156,012
	<u>4,422,115</u>	<u>(36,628)</u>	<u>4,385,487</u>
TOTAL ASSETS	<u>6,865,983</u>	<u>(36,970)</u>	<u>6,829,013</u>
EQUITY AND LIABILITIES			
Equity Attributable to Ordinary Equity Holders of the Company			
<i>Share capital</i>	1,776,057	-	1,776,057
<i>Other reserves</i>	11,770	-	11,770
<i>Retained earnings</i>	1,652,620	(35,790)	1,616,830
	<u>3,440,447</u>	<u>(35,790)</u>	<u>3,404,657</u>
Perpetual Securities	789,388	-	789,388
Non-Controlling Interests	11,526	(1,180)	10,346
Total Equity	<u>4,241,361</u>	<u>(36,970)</u>	<u>4,204,391</u>
Non-Current Liabilities			
<i>Medium term notes</i>	695,341	-	695,341
<i>Term loans</i>	505,366	-	505,366
<i>Long term and deferred payables</i>	74,639	-	74,639
<i>Deferred tax liabilities</i>	59,947	-	59,947
	<u>1,335,293</u>	<u>-</u>	<u>1,335,293</u>
Current Liabilities			
<i>Trade and other payables</i>	1,171,225	-	1,171,225
<i>Contract liabilities</i>	78,213	-	78,213
<i>Term loans</i>	9,752	-	9,752
<i>Short term borrowings</i>	5,922	-	5,922
<i>Current tax liabilities</i>	24,217	-	24,217
	<u>1,289,329</u>	<u>-</u>	<u>1,289,329</u>
Total Liabilities	<u>2,624,622</u>	<u>-</u>	<u>2,624,622</u>
TOTAL EQUITY AND LIABILITIES	<u>6,865,983</u>	<u>(36,970)</u>	<u>6,829,013</u>

A1 Basis of preparation (continued)

IFRIC Agenda Decision on MFRS 123 *Borrowing Costs* ("Agenda Decision") (continued)

The effects of the adoption of the Agenda Decision on the consolidated statement of financial position are summarised as follows:
(continued)

**Consolidated Statement of Financial Position
At 1 January 2020**

	As previously reported RM'000	Effects of the adoption of Agenda Decision RM'000	As restated RM'000
ASSETS			
Non-Current Assets			
<i>Property, plant and equipment</i>	225,674	-	225,674
<i>Prepaid lease payments</i>	4,511	-	4,511
<i>Right-of-use assets</i>	18,561	-	18,561
<i>Investment properties</i>	195,880	-	195,880
<i>Land held for property development</i>	1,750,409	(6,964)	1,743,445
<i>Intangible assets</i>	5,174	-	5,174
<i>Deferred tax assets</i>	145,606	6,315	151,921
	<u>2,345,815</u>	<u>(649)</u>	<u>2,345,166</u>
Current Assets			
<i>Property development costs</i>	1,531,647	(13,509)	1,518,138
<i>Inventories</i>	763,276	(16,311)	746,965
<i>Trade and other receivables</i>	559,953	-	559,953
<i>Contract assets</i>	352,012	-	352,012
<i>Contract cost assets</i>	51,480	-	51,480
<i>Current tax assets</i>	8,182	-	8,182
<i>Deposits, cash and bank balances and investment in short-term funds</i>	1,063,461	-	1,063,461
	<u>4,330,011</u>	<u>(29,820)</u>	<u>4,300,191</u>
TOTAL ASSETS	<u>6,675,826</u>	<u>(30,469)</u>	<u>6,645,357</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>	27,618	-	27,618
<i>Retained earnings</i>	1,685,326	(29,733)	1,655,593
	<u>3,488,999</u>	<u>(29,733)</u>	<u>3,459,266</u>
Perpetual Securities	789,388	-	789,388
Perpetual Sukuk	540,000	-	540,000
Non-Controlling Interests	7,980	(736)	7,244
Total Equity	<u>4,826,367</u>	<u>(30,469)</u>	<u>4,795,898</u>
Non-Current Liabilities			
<i>Term loans</i>	444,925	-	444,925
<i>Long term and deferred payables</i>	49,220	-	49,220
<i>Deferred tax liabilities</i>	69,074	-	69,074
	<u>563,219</u>	<u>-</u>	<u>563,219</u>
Current Liabilities			
<i>Trade and other payables</i>	1,063,946	-	1,063,946
<i>Contract liabilities</i>	85,505	-	85,505
<i>Term loans</i>	119,369	-	119,369
<i>Short term borrowings</i>	2,655	-	2,655
<i>Current tax liabilities</i>	14,765	-	14,765
	<u>1,286,240</u>	<u>-</u>	<u>1,286,240</u>
Total Liabilities	<u>1,849,459</u>	<u>-</u>	<u>1,849,459</u>
TOTAL EQUITY AND LIABILITIES	<u>6,675,826</u>	<u>(30,469)</u>	<u>6,645,357</u>

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A1 Basis of preparation (continued)

IFRIC Agenda Decision on MFRS 123 *Borrowing Costs* ("Agenda Decision") (continued)

The effects of the adoption of the Agenda Decision on the consolidated statement of profit or loss are summarised as follows:

Consolidated Statement of Profit or Loss

	3 months ended 31/03/2020			Period ended 31/03/2020		
	As previously reported RM'000	Effects of the adoption of Agenda Decision RM'000	As Restated RM'000	As previously reported RM'000	Effects of the adoption of Agenda Decision RM'000	As Restated RM'000
Revenue	371,127	-	371,127	371,127	-	371,127
Cost of sales	(272,268)	2,480	(269,788)	(272,268)	2,480	(269,788)
Gross profit	98,859	2,480	101,339	98,859	2,480	101,339
Other income	2,933	-	2,933	2,933	-	2,933
Selling and marketing expenses	(16,486)	-	(16,486)	(16,486)	-	(16,486)
Administrative and other expenses	(42,465)	-	(42,465)	(42,465)	-	(42,465)
Results from operating activities	42,841	2,480	45,321	42,841	2,480	45,321
Finance income	4,208	-	4,208	4,208	-	4,208
Finance costs	(3,915)	(4,006)	(7,921)	(3,915)	(4,006)	(7,921)
Net finance income/(costs)	293	(4,006)	(3,713)	293	(4,006)	(3,713)
Profit before tax	43,134	(1,526)	41,608	43,134	(1,526)	41,608
Income tax expense	(10,389)	30	(10,359)	(10,389)	30	(10,359)
Profit for the period	32,745	(1,496)	31,249	32,745	(1,496)	31,249
Profit attributable to:						
Equity holders of the Company	30,070	(1,360)	28,710	30,070	(1,360)	28,710
Non-controlling interests	2,675	(136)	2,539	2,675	(136)	2,539
	32,745	(1,496)	31,249	32,745	(1,496)	31,249
Earnings per share attributable to ordinary equity holders of the Company:						
- Basic (sen)	0.48		0.42	0.48		0.42
- Diluted (sen)	0.48		0.42	0.48		0.42

Consolidated Statement of Cash Flows

There are no material differences to the consolidated statement of cash flows arising from the adoption of Agenda Decision.

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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 change 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.

A7 Segment reporting

Period ended 31 March 2021

	Properties RM'000	Plastics RM'000	Hotel RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External revenue	311,002	91,252	1,905	9,157	-	413,316
Inter-segment	-	-	-	275,729	(275,729)	-
	<u>311,002</u>	<u>91,252</u>	<u>1,905</u>	<u>284,886</u>	<u>(275,729)</u>	<u>413,316</u>
RESULTS						
Operating profit/(loss)	60,998	5,127	(177)	1,317	-	67,265
Interest income	529	23	-	20	-	572
Finance costs	(9,644)	(401)	(169)	(1,463)	-	(11,677)
Profit/(Loss) before tax	51,883	4,749	(346)	(126)	-	56,160
Income tax expense						(12,258)
Profit for the period						<u>43,902</u>

Period ended 31 March 2020 (restated)

	Properties RM'000	Plastics RM'000	Hotel RM'000	Investment Holding & Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External revenue	281,320	76,147	1,870	11,790	-	371,127
Inter-segment	-	-	67	79,139	(79,206)	-
	<u>281,320</u>	<u>76,147</u>	<u>1,937</u>	<u>90,929</u>	<u>(79,206)</u>	<u>371,127</u>
RESULTS						
Operating profit/(loss)	39,164	3,342	(3,020)	5,835	-	45,321
Interest income	4,141	34	-	33	-	4,208
Finance costs	(5,818)	(464)	(335)	(1,304)	-	(7,921)
Profit/(Loss) before tax	37,487	2,912	(3,355)	4,564	-	41,608
Income tax expense						(10,359)
Profit for the period						<u>31,249</u>

A8 Material subsequent events

Save as disclosed in B6, there were no material events subsequent to the reporting date up to 24 May 2021, 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

	01/01/2021 to 31/03/2021 RM'000
Transactions with Directors of the Company and its subsidiary companies, and with companies in which they have interests:	
(i) Rental paid to a Company in which a Director of the Company has interest	384
(ii) Maintenance services rendered by a company in which the Directors are family members of a Director of the Company	47
Transactions with non-controlling interests:	
(i) Interest payable to non-controlling interests of subsidiary company	*
	-

* Represents interest payable of RM466

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:

	31/03/2021 RM'000
Bank guarantees issued in favour of third parties	165,561

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

	31/03/2021 RM'000
Commitment for acquisition of property, plant and equipment:	
- Approved and contracted for	104,316

A13 Operating lease commitments

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

The Group lease out its investment properties 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:-

	<u>Lease rental receivables</u> 31/03/2021 RM'000
Less than one year	4,854
One to three years	2,131
More than three years	121
	7,106

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

B1 Review of Group performance

For the first quarter ended 31 March 2021, the Group posted profit before tax of RM56.2 million on the back of revenue of RM413.3 million as compared to RM41.6 million profit before tax and RM371.1 million revenue a year ago.

The Group's balance sheet remains healthy with cash and bank balances and investment in short-term funds of approximately RM901.2 million as at 31 March 2021.

Property development

For the period ended 31 March 2021, revenue from property development was RM311 million as compared to RM281.3 million a year ago while operating profit was RM61 million as compared to RM39.2 million a year ago. Both revenue and operating profit for the current quarter were higher than the preceding year corresponding quarter mainly driven by progressive revenue recognition from ongoing construction progress for our existing projects coupled with the recognition of cost savings from the finalisation of certain construction contracts. In addition, preceding year corresponding quarter results was also impacted by the imposition of Movement Control Order "MCO" in March 2020.

The development projects which mainly contributed to the Group's results include **M Vertica** in Cheras, **M Centura** in Sentul and **Meridin East** in Johor. Other projects which also contributed include **M Oscar** in Off Kuchai Lama, **M Aruna** in Rawang, **M Arisa** in Sentul, **M Luna** in Kepong, **M Adora** in Wangsa Melawati, **Southville City** in KL South, **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 RM400 million for the quarter ended 31 March 2021.

Plastics

The plastics segment contributed positively to the Group performance and recorded revenue of RM91.3 million and operating profit of RM5.1 million in the current quarter compared to revenue of RM76.1 million and operating profit of RM3.3 million a year ago. Lower revenue and operating profit recorded in the preceding year corresponding quarter were mainly due to the imposition of MCO in March 2020.

Hotel

For the period ended 31 March 2021, the hotel segment recorded an operating loss of RM0.2 million as compared with RM3.0 million a year ago mainly attributable to lower depreciation charge on hotel operating assets in the current quarter.

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

	3 month ended	
	31/03/2021	Restated 31/12/2020
	RM'000	RM'000
Revenue	413,316	472,781
Profit before tax ("PBT")	56,160	46,227

The Group's PBT for current quarter 2021 is RM56.1 million, which is RM9.9 million higher than the preceding quarter of RM46.2 million. Lower PBT in the preceding quarter was mainly due the one-off accounting charge of approximately RM25.1 million pursuant to the impairment and write-offs of certain assets. Excluding this one-off accounting charge, PBT for current quarter was lower as compared to immediate preceding quarter mainly attributable to slower progress of work during festive season.

B3 Prospects for the current financial year

The Group has set a sales target of RM1.6 billion for 2021 with 91% of products priced below RM700,000, and 51% below RM500,000. The Group is cautiously optimistic that its property projects will continue to attract buyer interest mainly due to their strategic locations, affordable price points coupled with attractive packages, innovative design and layout.

On 18 March 2021, the Group completed the acquisition of the 100 acres of M Senyum new land in Bandar Baru Salak Tinggi, Sepang. The development, with an estimated GDV of approximately RM656 million will comprise mainly double storey terrace houses with indicative prices from RM440,000. Registration of interest and launching are targeted to be in the fourth quarter of 2021.

On 4 May 2021, the Group announced the acquisition of M Astra in Setapak, Kuala Lumpur. M Astra with an estimated gross development value of approximately RM618 million is planned for mixed development comprising 2 blocks of services suites with retail units. The services suites will be affordably priced with an indicative starting price from RM399,000. Registration of interest is targeted to be in the third quarter of 2021. Both these acquisitions align well with the Group's current strategy of focusing on affordable high-rises in the central business district areas and affordable landed homes in the outskirts/suburban areas.

Other planned new launches for 2021 include Tower E of M Vertica, Cheras, remaining phases of M Arisa, Sentul, Phase 2 of Cerrado Suites and Tower B Sensory Residences at Southville City @ KL South, Phase 3 of M Aruna and M Panorama in Rawang, service apartments in Southbay City, Penang and double storey link homes in Meridin East, Johor Bahru.

The Group's subsidiary, Mah Sing Healthcare Sdn Bhd has commenced operation recently at its first glove manufacturing factory. Execution of the glove venture is on schedule with six production lines expected to be operational in the second quarter, followed by another six production lines in the third quarter. The highly automated Kapar plant will have a maximum production capacity of up to 3.68 billion pieces of gloves per annum. The glove manufacturing business is expected to contribute positively to the group's earnings for the financial year ending 2021 due to the strong global demand for gloves.

With disciplined financial management and a healthy balance sheet, the Group will continue with its selective land banking strategy for continuous growth. Including both the new lands acquired to-date, the Group has remaining landbank of 2,050 acres with remaining gross development value of RM23.2 billion. Unbilled sales (performance obligation unsatisfied or partially unsatisfied) amounted to approximately RM1.73 billion as at 31 March 2021.

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	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Estimated income tax payable:				
Current financial period	18,493	18,301	18,493	18,301
Under provision of income tax in prior years	11	-	11	-
	18,504	18,301	18,504	18,301
Deferred tax	(6,246)	(7,942)	(6,246)	(7,942)
	12,258	10,359	12,258	10,359

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 24% mainly due to utilisation of previously unrecognised deferred tax assets.

B6 Status of corporate proposals

The following corporate proposals as announced by the Company have not been completed as at 24 May 2021 (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 4 May 2021, the Company's wholly-owned subsidiary, Nova Century Development Sdn Bhd entered into a conditional sale and purchase agreement ("**SPA**") with Teratai Constructors Sdn Bhd for the proposed acquisition of a parcel of prime land in Tempat Jalan Genting Kelang, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur measuring approximately 5 acres for a total purchase consideration of RM89 million.

The proposed acquisition is pending fulfilment of the conditions precedent of the SPA.

B7 Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 March 2021 were as follows:

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Secured			
Medium term notes	-	689,954	689,954
Term loans	13,650	505,748	519,398
Short term borrowings	3,493	-	3,493
Hire purchase	985	1,154	2,139
	18,128	1,196,856	1,214,984

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

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Ringgit Malaysia	11,710	1,195,725	1,207,435
Indonesian Rupiah	6,418	1,131	7,549
	18,128	1,196,856	1,214,984

B8 Material litigation

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.

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.

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 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 preliminary at this stage to ascertain the potential recoverable amount. The matter has been fixed for trial between 11 October 2021 and 15 October 2021.

Save for the above and as disclosed in A11, the Group was not engaged in any material litigation as at 24 May 2021, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Report.

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B9 Derivatives financial instrument

As at 31 March 2021, 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 31/03/2021 RM'000	Period ended 31/03/2021 RM'000
Allowance for impairment loss on financial assets	(259)	(259)
Depreciation and amortisation	(8,377)	(8,377)
Gain on redemption of financial assets at fair value through profit or loss	191	191
Impairment of intangible assets	(8)	(8)
Net foreign exchange gain	653	653
Property, plant and equipment written off	(1)	(1)
Reversal of allowance for impairment loss on financial assets	289	289
Reversal of allowance for impairment on inventories	108	108

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 31 March 2021.

B11 Dividend proposed

No dividend has been proposed for the first quarter ended 31 March 2021.

The first and final single-tier dividend of 1.66 sen per ordinary share (2019: 3.35 sen per ordinary share) in respect of the financial year ended 31 December 2020, if approved by the shareholders of the Company at the forthcoming Annual General Meeting to be held on 30 June 2021, will be paid on 29 September 2021 to depositors whose names appear in the Record of Depositors of the Company on 17 September 2021.

B12 Status of utilisation of proceeds

The Company issued 7-year Redeemable Convertible Sukuk Murabahah ("**Convertible Sukuk**") of RM100 million in nominal value on 29 December 2020 pursuant to the general mandate obtained from the shareholders at the 28th AGM of the Company held on 30 June 2020. The status of utilisation of net proceeds raised from the issuance of Convertible Sukuk, amounting to RM97,981,000 as at 31 March 2021 is as follows:

Description of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation
Future investment	95,000	(71,982)	23,018	12 months
General working capital requirements	2,981	-	2,981	12 months
Total	97,981	(71,982)	25,999	

B13 Earnings per share

(a) Basic earnings per share

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	
	31/03/2021	(Restated) 31/03/2020	31/03/2021	(Restated) 31/03/2020
Net profit for the period (RM'000)	40,281	28,710	40,281	28,710
Distribution paid to holders of - Perpetual Sukuk (RM'000)	-	(18,410)	-	(18,410)
Net profit for the period attributable to ordinary equity holders (RM'000)	40,281	10,300	40,281	10,300
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,688	2,427,688	2,427,688
Basic earnings per share (sen)	1.66	0.42	1.66	0.42

(b) Diluted earnings per share

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 conversion of Convertible Sukuk, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Period ended	
	31/03/2021	(Restated) 31/03/2020	31/03/2021	(Restated) 31/03/2020
Net profit for the period attributable to ordinary equity holders (RM'000)	40,281	10,300	40,281	10,300
Weighted average number of ordinary shares in issue ('000)	2,427,688	2,427,688	2,427,688	2,427,688
Weighted average number of ordinary shares deemed issued at no consideration ('000) - Convertible Sukuk	9,500	-	9,500	-
Adjusted weighted average number of ordinary shares ('000)	2,437,188	2,427,688	2,437,188	2,427,688
Diluted earnings per share (sen)	1.65	0.42	1.65	0.42

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

B15 Comparative figures

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

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Kuala Lumpur
31 May 2021