



MAH SING GROUP BERHAD

Company No.: 230149-P

(Incorporated in Malaysia)

Interim Financial Statements

31 December 2008

MAH SING GROUP BERHAD

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

Interim Financial Statements - 31 December 2008

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MAH SING GROUP BERHAD

(Company No.: 230149-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS

AS AT 31 DECEMBER 2008

(The figures have been audited)

	(AUDITED) AS AT 31/12/2008 (RM'000)	(AUDITED) AS AT 31/12/2007 (RM'000)
ASSETS		
Non-current assets		
Property, plant and equipment	59,458	53,907
Investment in associated companies	-	26
Other Investment	1	1
Land held for property development	47,099	-
Intangible assets	12	20
Prepaid lease payments	5,330	5,542
Deferred tax assets	700	-
	<u>112,600</u>	<u>59,496</u>
Current Assets		
Property development cost	624,626	569,325
Inventories	31,769	43,018
Trade and other receivables	249,562	225,178
Current tax assets	8,720	9,380
Deposits with licensed banks	131,552	153,907
Cash and bank balances	40,684	49,820
	<u>1,086,913</u>	<u>1,050,628</u>
TOTAL ASSETS	<u><u>1,199,513</u></u>	<u><u>1,110,124</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	313,423	310,671
Share premium	134,167	133,908
Other reserves	5,162	4,515
Retained profits	237,523	181,223
	<u>690,275</u>	<u>630,317</u>
Minority interests	<u>6,335</u>	<u>5,455</u>
Total equity	<u><u>696,610</u></u>	<u><u>635,772</u></u>
Non-current liabilities		
Long term borrowings	181,929	142,984
Deferred payables	2,776	52,576
Deferred taxation	618	7
	<u>185,323</u>	<u>195,567</u>
Current Liabilities		
Trade and other payables	265,188	258,850
Term loans	35,012	6,125
Short term borrowings	2,117	7,832
Bank overdrafts	29	385
Current tax liabilities	15,234	5,593
	<u>317,580</u>	<u>278,785</u>
Total liabilities	<u>502,903</u>	<u>474,352</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,199,513</u></u>	<u><u>1,110,124</u></u>
Net assets per share attributable to equity holders of the Company(RM)	<u><u>1.10</u></u>	<u><u>1.01</u></u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Mah Sing Group Berhad

(Company No.: 230149-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS

For the financial year ended 31 December 2008

(The figures have been audited)

	3 months ended		Year ended	
	31/12/2008 (RM'000)	31/12/2007 (RM'000)	31/12/2008 (RM'000)	31/12/2007 (RM'000)
Revenue	151,660	120,404	651,639	573,365
Cost of Sales	(103,884)	(69,619)	(435,127)	(388,053)
Gross profit	47,776	50,785	216,512	185,312
Other income	1,313	297	2,860	1,441
Administrative expenses	(14,818)	(13,862)	(48,930)	(46,019)
Selling and marketing expenses	(7,226)	(6,024)	(31,844)	(17,740)
Interest income	699	(162)	1,718	1,306
Finance costs	(951)	(1,573)	(4,310)	(6,595)
Profit before taxation	26,793	29,461	136,006	117,705
Income tax expense	(10,341)	(8,973)	(43,058)	(35,447)
Profit for the period/year	16,452	20,488	92,948	82,258
Attributable to:				
Equity holders of the Company	17,076	20,367	93,168	81,126
Minority interests	(624)	121	(220)	1,132
	16,452	20,488	92,948	82,258
Earnings per share attributable to equity holders of the Company:				
- Basic (sen) Note B13	2.73	3.28	14.94	14.82
- Diluted (sen) Note B13	2.71	3.24	14.83	14.09

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Mah Sing Group Berhad

(Company No.: 230149-P)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2008

(The figures have been audited)

	Attributable to equity holders of the Company					Minority Interests	Total Equity	
	Non-Distributable		Distributable					
	Share capital	Share premium	Exchange fluctuation reserve	Equity-settled Employees Benefit Reserve	Retained earnings			Total
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)		
Year ended 31 December 2008								
Balance at 1/1/2008	310,671	133,908	4,256	259	181,223	630,317	5,455	635,772
Amount recognised directly in equity:								
Foreign exchange fluctuation	-	-	836	-	-	836	290	1,126
Net profit for the financial year	-	-	-	-	93,168	93,168	(220)	92,948
Total recognised income and expense for the year	-	-	836	-	93,168	94,004	70	94,074
Issuance of ordinary shares of subsidiaries to minority interests	-	-	-	-	-	-	810	810
Issuance of ordinary shares pursuant to:								
- Exercise of warrants	2,273	-	-	-	-	2,273	-	2,273
- Exercise of employees share options	479	259	-	(189)	189	738	-	738
Dividends for the financial year ended 31 December 2007	-	-	-	-	(37,057)	(37,057)	-	(37,057)
Balance at 31/12/2008	313,423	134,167	5,092	70	237,523	690,275	6,335	696,610
	Attributable to equity holders of the Company					Minority Interests	Total Equity	
	Non-Distributable		Distributable					
	Share capital	Share premium	Exchange fluctuation reserve	Equity-settled Employees Benefit Reserve	Retained earnings			Total
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Year ended 31 December 2007								
Balance at 1/1/2007	152,044	31,104	5,092	1,243	126,294	315,777	4,522	320,299
Amount recognised directly in equity:								
Foreign exchange fluctuation	-	-	(836)	-	-	(836)	(289)	(1,125)
Net profit for the financial year	-	-	-	-	81,126	81,126	1,132	82,258
Total recognised income and expense for the year	-	-	(836)	-	81,126	80,290	843	81,133
Issue of ordinary shares of subsidiaries to minority interests	-	-	-	-	-	-	90	90
Issuance of ordinary shares pursuant to:								
- Exercise of warrants	38,483	-	-	-	-	38,483	-	38,483
- Rights Issue	51,267	117,915	-	-	-	169,182	-	169,182
- Private Placement	15,200	37,424	-	-	-	52,624	-	52,624
- Bonus Issue	51,327	(51,327)	-	-	-	-	-	-
- Exercise of employees share options	2,350	1,268	-	(984)	984	3,618	-	3,618
Expenses for issuance of equity securities	-	(2,476)	-	-	-	(2,476)	-	(2,476)
Dividends for the financial year ended 31 December 2006	-	-	-	-	(27,181)	(27,181)	-	(27,181)
Balance at 31/12/2007	310,671	133,908	4,256	259	181,223	630,317	5,455	635,772

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the financial year ended 31 December 2008

(The figures have been audited)

	12 months ended 31/12/2008 (RM'000)	12 months ended 31/12/2007 (RM'000)
Net cash used in operating activities	(7,417)	(102,654)
Net cash used in investing activities	(54,970)	(4,920)
Net cash from financing activities	22,372	265,614
Net (decrease)/increase in cash and cash equivalents	(40,015)	158,040
Effects of exchange rate changes	9	13
Cash and cash equivalents at beginning of financial year	200,358	42,305
Cash and cash equivalents at end of financial year	160,352	200,358

Cash and cash equivalents at the end of the financial year comprise the following:

	As at 31/12/2008 (RM'000)	As at 31/12/2007 (RM'000)
Deposits with licensed banks	131,552	153,907
Cash and bank balances	40,684	49,820
Bank overdraft	(29)	(385)
	172,207	203,342
Less: Deposits with licensed banks pledged as collateral	(11,855)	(2,984)
	160,352	200,358

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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A Explanatory Notes

A1 Basis of Preparation

The interim financial statements are audited and have been prepared in accordance with Financial Reporting Standard ("FRS") No. 134 : Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2007. The explanatory notes attached to the interim financial statements 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 2007.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2007, except for the adoption of the new/revised FRSs and Issues Committee ("IC") Interpretations that are relevant to the Group and effective for the Group's financial year ended 31 December 2008 as follows:-

FRS 107	Cash Flow Statement
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 8	Scope of FRS 2

The adoption of the above new/revised FRSs and IC Interpretations does not have significant financial impact on the Group.

A2 Seasonal or cyclical factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the current quarter and financial year 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 current quarter and financial year under review.

A4 Changes in estimates

There were no material changes in estimates for the current quarter and financial year under review.

A5 Debt and equity securities

During the financial year ended 31 December 2008, the Company increased its issued and paid up ordinary share capital from RM310,670,715 to RM313,422,791 by way of:

- issuance of 957,614 new ordinary shares of RM0.50 each pursuant to exercise of employees share options; and
- issuance of 4,546,539 new ordinary shares of RM0.50 each pursuant to exercise of warrants.

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 year under review.

A6 Dividends paid

On 18 August 2008, the Company paid a first and final dividend of 16% per share, less income tax, amounting to RM37,057,206 in respect of the financial year ended 31 December 2007.

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A7 Segment reporting

Year ended 31 December 2008

	Properties	Plastics	Investment Holding & Others	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000
External Sales	502,107	145,723	3,809	-	651,639
Inter-segment	-	-	14,048	(14,048)	-
Total revenue	502,107	145,723	17,857	(14,048)	651,639
RESULTS					
Operating profit	137,476	7,886	7,736	(14,500)	138,598
Interest income					1,718
Finance costs					(4,310)
Income tax					(43,058)
Profit for the year					92,948
OTHER INFORMATION					
Capital expenditure	1,185	11,645	565	-	13,395
Depreciation and amortisation	1,700	7,278	33	-	9,011
Reversal of impairment loss	-	(62)	-	-	(62)

Year ended 31 December 2007

	Properties	Plastics	Investment Holding & Others	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000
External Sales	443,382	126,318	3,665	-	573,365
Inter-segment	-	-	277,275	(277,275)	-
Total revenue	443,382	126,318	280,940	(277,275)	573,365
RESULTS					
Operating profit	117,155	9,140	275,805	(279,106)	122,994
Interest income					1,306
Finance costs					(6,595)
Income tax					(35,447)
Profit for the year					82,258
OTHER INFORMATION					
Capital expenditure	3,254	7,491	54	-	10,799
Depreciation and amortisation	1,630	6,742	26	-	8,398
Reversal of impairment loss	-	(211)	-	-	(211)

A8 Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendment from annual financial statements for the financial year ended 31 December 2007.

A9 Material subsequent events

There were no material events subsequent to the balance sheet date that have not been reflected in the interim financial statements.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year under review.

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A11 Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets of the Group since the last annual balance sheet date.

B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of performance

The Group recorded profit after tax after minority interests ("PATMI") of RM93.2 million on the back of revenue of RM651.6 million for the financial year ended 31 December 2008. The contributors for the financial year were the Group's commercial projects, The Icon Jalan Tun Razak and Southgate Commercial Centre and residential projects, namely Hijauan Residence, Perdana Residence, Kemuning Residence and Aman Perdana in the Klang Valley as well as Sierra Perdana, Austin Perdana and Sri Pulai Perdana in Johor Bahru. Apart from property development, the Group's plastics division also contributed to the earnings achieved.

As at today, the Group has 16 property development projects, all located in prime locations - 11 in the Klang Valley, 4 in Johor Bahru in Iskandar Malaysia and 1 in Penang. New projects coming onstream are Southbay Penang on Penang Island, StarParc Point, One Legenda and Hulu Langat project in the Klang Valley as well as Sri Pulai Perdana 2 in Johor Bahru.

B2 Material change in profit before taxation for the current quarter as compared with the immediate preceding quarter

There is no material change in profit before taxation for the current quarter as compared with the immediate preceding quarter.

B3 Prospects for the next financial year

The Board of Directors is pleased to update that the Group's tactical decision to pre-construct properties in key projects prior to increased construction costs allowed the Group to continue launching projects and achieve credible sales in 2008.

The Board is cognizant of the challenging market environment but believes that the Group will be able to sustain their momentum in 2009 due to:

- (i) Their niche created through product differentiation, backed by good branding and a track record of delivering quality properties in a timely manner.
- (ii) Innovative marketing strategies and partnerships with financiers enable the Group to continue providing easy home ownership for their developments which are all in strategic locations. The Group drew more than 1,500 enquiries and closed sales of more than RM140 million so far due to the success of Mah Sing's Easy Home Ownership programme.
 - a) For residential properties under construction, buyers are only required to pay 5% of the purchase price, with the balance sum payable upon completion of the property.
 - b) For commercial properties under construction, buyers are only required to pay 15% of the purchase price, with the balance sum payable upon completion of the property.
 - c) For completed residential properties, buyers can reduce their monthly instalment payment by opting to only service the interest on their loan amount for the first 5 years.

This innovative programme has lured many hesitant buyers to lock in their investment and enabled the Group to gain market share.

The Group will continue meeting the market's needs with its medium to high end landed residential, particularly semi-detached homes and bungalows, as well as commercial projects.

The Group's healthy balance sheet and low gearing of only 0.07 times as at 31 December 2008 allows the Group to plan ahead and to acquire good landbank at the right timing which can be value-added to enhance shareholders' value.

B4 Profit forecast

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

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B5 Income tax expense

	3 months ended		Year ended	
	31/12/2008 (RM'000)	31/12/2007 (RM'000)	31/12/2008 (RM'000)	31/12/2007 (RM'000)
Current tax:				
Malaysian income tax	10,466	10,114	40,126	34,325
Foreign tax	(458)	115	442	595
	<u>10,008</u>	<u>10,229</u>	<u>40,568</u>	<u>34,920</u>
(Over)/under provision of Malaysian income tax in prior year	(43)	62	2,579	2,063
	<u>9,965</u>	<u>10,291</u>	<u>43,147</u>	<u>36,983</u>
Deferred taxation				
Malaysian deferred tax	(82)	(1,318)	(90)	(1,536)
Under provision of Malaysian deferred tax in previous quarters/prior year	458	-	1	-
	<u>10,341</u>	<u>8,973</u>	<u>43,058</u>	<u>35,447</u>

The effective tax rate of the Group for the current quarter and the financial year ended 31 December 2008 is higher than the applicable statutory tax rate mainly due to certain non-tax deductible expenses and pre-operating expenses of development projects.

B6 Profits/(losses) on sale of unquoted investments and/or properties

There were no profits/losses on sales of unquoted investments and/or properties which are not in the ordinary course of the Group's business for the current quarter and financial year under review.

B7 Quoted securities

(a) There were no purchase or sale of quoted securities during the current quarter and financial year under review.

(b) Total investments in quoted securities are as follows:

	31/12/2008 (RM'000)	31/12/2007 (RM'000)
(i) At cost	<u>4</u>	<u>4</u>
(ii) At carrying value/book value	<u>1</u>	<u>1</u>
(iii) At market value	<u>2</u>	<u>1</u>

B8 Status of corporate proposals

The following corporate proposal announced by the Company have not been completed as at 17 February 2009 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements):-

On 27 November 2007, the Company's wholly owned subsidiary company, Maxim Heights Sdn Bhd has entered into the following tripartite agreements with Majlis Agama Islam Wilayah Persekutuan and Prompt Symphony Sdn Bhd:

- i) Sale and Purchase Agreement for the proposed en bloc sale of net lettable area of 380,510 square feet in The Icon @ Mont Kiara, for a total cash consideration of RM285,382,500 ("Proposed MTK En Bloc Sale"); and
- ii) A Put and Call Option Agreement, at option consideration of RM1, for the sale of not less than 637 car park bays in The Icon @ Mont Kiara for a total cash consideration of RM19,900,000.

The proposed MTK En Bloc Sale has yet to become unconditional pending fulfillment of certain conditions precedent.

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B9 Group borrowings and debt securities

Total group borrowings as at 31 December 2008 are as follows:

	Secured (RM'000)	Secured (RM'000)	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(Denominated in)	(RM)	(Indonesian Rupiah)	(USD)	(RM)	
Term loans payable					
- within 12 months	31,122	1,645	2,245	-	35,012
- after 12 months	178,748	2,418	763	-	181,929
	209,870	4,063	3,008	-	216,941
Short term borrowings	-	-	1,397	720	2,117
Bank overdrafts	-	-	29	-	29
	-	-	1,426	720	2,146
Finance lease and hire purchase					
- within 12 months	1,528	74	-	-	1,602
- after 12 months	1,692	95	-	-	1,787
	3,220	169	-	-	3,389
Total	213,090	4,232	4,434	720	222,476

B10 Off balance sheet financial instruments

A foreign subsidiary has entered into cross currency swap transaction contracts with a foreign bank with termination dates in October 2009 and June 2010 respectively.

As at 17 February 2009, the loan balance in foreign currency, the contractual foreign exchange rates and the contractual interest rates were as follows:

Hedged item	Currency to be paid	RM equivalent	Contractual rate Forex rates	Interest rates
Borrowing: USD 165,380	Indonesian Rupiah	600,329	1 USD = Rp9,070	10.85%
Borrowing: USD 617,267	Indonesian Rupiah	2,240,679	1 USD = Rp9,295	13.30%

The cross currency swap contracts of the foreign subsidiary entitle it to pay interest at fixed rates on notional principal amounts.

B11 Material litigation

The Group is not engaged in any material litigation since 31 December 2007, being the latest annual balance sheet date until 17 February 2009, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements.

B12 Dividend

- i) The Board of Directors has proposed a first and final dividend of 16% or 8 sen per ordinary share of RM0.50 each, less income tax of 25% (2007: 16% or 8 sen per ordinary share of RM0.50 each, less income tax of 26%) in respect of the financial year ended 31 December 2008, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- ii) The date payable of the dividend will be determined at a later date.
- iii) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be determined later.
- iv) Total dividend for the current financial year is 8 sen per ordinary share, less income tax of 25% (2007: 8 sen per ordinary share, less income tax of 26%).

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

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

	3 months ended		Year ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Net Profit for the period/year (RM'000)	<u>17,076</u>	<u>20,367</u>	<u>93,168</u>	<u>81,126</u>
Weighted average number of ordinary shares in issue ('000)	626,426	621,290	623,730	547,387
Basic EPS (sen)	<u>2.73</u>	<u>3.28</u>	<u>14.94</u>	<u>14.82</u>

(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 period/year by the adjusted weighted average number of ordinary shares upon full exercise of the remaining options under the ESOS and the Warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

	3 months ended		Year ended	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Net Profit for the period/year (RM'000)	<u>17,076</u>	<u>20,367</u>	<u>93,168</u>	<u>81,126</u>
Weighted average number of ordinary shares in issue ('000)	626,426	621,290	623,730	547,387
Weighted average number of ordinary shares deemed issued at no consideration ('000):				
ESOS	192	1,209	410	2,448
Warrants	2,552	5,853	4,085	25,997
Adjusted weighted average number of ordinary shares ('000)	<u>629,170</u>	<u>628,352</u>	<u>628,225</u>	<u>575,832</u>
Diluted EPS (sen)	<u>2.71</u>	<u>3.24</u>	<u>14.83</u>	<u>14.09</u>

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Secretaries

Kuala Lumpur
24 February 2009