



# **MAH SING GROUP BERHAD**

Company No.: 230149-P

(Incorporated in Malaysia)

**Interim Financial Statements**

**31 December 2005**

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(Incorporated in Malaysia)**

## **Interim Financial Statements - 31 December 2005**

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# MAH SING GROUP BERHAD

(Company No.: 230149 P)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEETS

FOR THE FINANCIAL QUARTER ENDED 31 December 2005

|   | (UNAUDITED)<br>AS AT<br>31/12/2005<br>(RM'000) | (AUDITED)<br>AS AT<br>31/12/2004<br>(RM'000)<br>(Restated) |
|---|--|--|
| Property, plant and equipment             | 57,087   | 65,274   |
| Investment in associated companies        | 26   | 26   |
| Long term investments                     | 1  | 1  |
| Intangible assets                         | 36   | 45   |
| <b>Current Assets</b>                     |  |  |
| <i>Property development cost</i>          | 341,153  | 319,015  |
| <i>Inventories</i>                        | 13,360   | 12,496   |
| <i>Trade and other receivables</i>        | 163,709  | 119,351  |
| <i>Deposits with licensed banks</i>       | 8,715  | 2,762  |
| <i>Project accounts</i>                   | 13,289   | 11,335   |
| <i>Cash and bank balances</i>             | 16,646   | 21,932   |
|   | <b>556,872</b>                                 | <b>486,891</b>   |
| <b>Current Liabilities</b>                |  |  |
| <i>Trade and other payables</i>           | 170,002  | 124,909  |
| <i>Term loans</i>                         | 34,260   | 23,574   |
| <i>Short term borrowings</i>              | 19,125   | 31,262   |
| <i>Bank overdrafts</i>                    | 359  | 850  |
| <i>Taxation</i>                           | 11,522   | 8,693  |
|   | <b>235,268</b>                                 | <b>189,288</b>   |
| <b>Net Current Assets</b>                 | <b>321,604</b>                                 | <b>297,603</b>   |
|   | <b>378,754</b>                                 | <b>362,949</b>   |
| <b>Shareholders' Funds</b>                |  |  |
| Share capital                             | 145,131  | 145,127  |
| <b>Reserves</b>                           |  |  |
| <i>Share premium</i>                      | 31,104   | 31,104   |
| <i>Capital reserve</i>                    | 852  | 852  |
| <i>Exchange fluctuation reserve</i>       | 5,936  | 6,003  |
| <i>Retained profit</i>                    | 73,070   | 31,037   |
|   | <b>256,093</b>                                 | <b>214,123</b>   |
| Minority interest                         | 4,350  | 3,125  |
| Long term borrowings                      | 112,532  | 138,720  |
| Deferred payables                         | 4,466  | 5,979  |
| Deferred taxation                         | 1,313  | 1,002  |
|   | <b>378,754</b>                                 | <b>362,949</b>   |
| <b>Net tangible assets per share (RM)</b> | <b>1.77</b>                                    | <b>1.48</b>  |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

# Mah Sing Group Berhad

(Company No.: 230149 P)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENTS

For the financial year ended 31 December 2005

(The figures have not been audited)

|                           | FORTH QUARTER  |   | CUMULATIVE QUARTER                                      |  |
|---------------------------|--|---|---|--|
|                           | CURRENT<br>YEAR<br>QUARTER<br>31/12/2005<br>(RM'000) | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br>31/12/2004<br>(RM'000) | CURRENT<br>YEAR<br>TO<br>DATE<br>31/12/2005<br>(RM'000) | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br>31/12/2004<br>(RM'000) |
| Revenue                   | 123,460  | 104,953   | 475,483   | 356,455  |
| Operating expenses        | (102,567)  | (93,798)  | (404,116)   | (316,953)  |
| Other operating income    | 930  | 1,464   | 3,590   | 2,922  |
| Profit from operations    | <u>21,823</u>  | <u>12,619</u>   | <u>74,957</u>   | <u>42,424</u>  |
| Finance costs             | (1,341)  | (261)   | (4,341)   | (4,892)  |
| Interest income           | (104)  | 610   | 429   | 1,311  |
| Investing results         | -  | (2)   | -   | (2)  |
| Profit before taxation    | <u>20,378</u>  | <u>12,966</u>   | <u>71,045</u>   | <u>38,841</u>  |
| Taxation                  |  |   |   |  |
| - Group                   | (6,250)  | (6,138)   | (21,480)  | (13,119)   |
| Profit after taxation     | <u>14,128</u>  | <u>6,828</u>  | <u>49,565</u>   | <u>25,722</u>  |
| Minority interest         | <u>43</u>  | <u>(28)</u>   | <u>(1,262)</u>  | <u>(660)</u>   |
| Net profit for the period | <u><u>14,171</u></u>                                 | <u><u>6,800</u></u>   | <u><u>48,303</u></u>                                    | <u><u>25,062</u></u>   |
| Earnings per share:       |  |   |   |  |
| - Basic (sen)             | <u>9.76</u>  | <u>5.21</u>   | <u>33.28</u>  | <u>19.22</u>   |
| - Diluted (sen)           | <u>8.85</u>  | <u>4.95</u>   | <u>30.16</u>  | <u>18.24</u>   |

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

# Mah Sing Group Berhad

(Company No.: 230149 P)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2005

(The figures have not been audited)

| Financial year ended 31 December 2005    | Share capital<br>(RM'000) | Reserve attributable to capital<br>(RM'000) | Reserve attributable to revenue<br>(RM'000) | Retained profits<br>(RM'000) | Total<br>(RM'000) |
|--|---------------------------|---|---|------------------------------|-------------------|
| Balance at 1/1/2005                      | 145,127                   | 37,959                                      | -   | 31,037                       | 214,123           |
| Foreign exchange fluctuation             |                           | (67)  | -   | -                            | (67)              |
| Issue of shares                          |                           |   |   |                              |                   |
| - pursuant to exercise of warrants       | 4                         | -   | -   | -                            | 4                 |
| Net profit for the financial period      | -                         | -   | -   | 48,303                       | 48,303            |
| Dividends for the year ended 31 Dec 2004 | -                         | -   | -   | (6,270)                      | (6,270)           |
| <b>Balance at 31/12/2005</b>             | <b>145,131</b>            | <b>37,892</b>                               | <b>-</b>                                    | <b>73,070</b>                | <b>256,093</b>    |
| Financial year ended 31 December 2004    | Share capital<br>(RM'000) | Reserve attributable to capital<br>(RM'000) | Reserve attributable to revenue<br>(RM'000) | Retained profits<br>(RM'000) | Total<br>(RM'000) |
| Balance at 1/1/2004                      | 43,978                    | 54,054                                      | -   | 7,368                        | 105,400           |
| Issue of shares                          |                           |   |   |                              |                   |
| - pursuant to private placement          | 4,398                     | 1,671                                       | -   | -                            | 6,069             |
| - pursuant to Rights issue               | 80,626                    |   |   |                              | 80,626            |
| - pursuant to bonus issue                | 16,125                    | (16,125)                                    | -   | -                            | -                 |
| Funds raising expenses                   | -                         | (1,641)                                     | -   | -                            | (1,641)           |
| Net profit for the financial period      | -                         | -   | -   | 25,062                       | 25,062            |
| Dividends for the year ended 31 Dec 2003 | -                         | -   | -   | (1,393)                      | (1,393)           |
| <b>Balance at 31/12/2004</b>             | <b>145,127</b>            | <b>37,959</b>                               | <b>-</b>                                    | <b>31,037</b>                | <b>214,123</b>    |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

# MAH SING GROUP BERHAD

(Company No.: 230149 P)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the financial year ended 31 December 2005

(The figures have not been audited)

|   | Financial<br>year<br>ended<br>31 December 2005<br>(RM'000) | Financial<br>year<br>ended<br>31 December 2004<br>(RM'000) |
|---|--|--|
| <b>Operating activities</b>   |  |  |
| Profit before taxation  | 71,045   | 38,841   |
| Adjustment for investing and financing activities and items not involving movement of cash and cash equivalents:- |  |  |
| Non-cash items  | 11,642   | 14,267   |
| Non-operating items   | 8,809  | 7,959  |
| Operating profit before changes in working capital  | 91,496   | 61,067   |
| Changes in working capital  |  |  |
| Net change in current assets  | (59,619)   | (168,776)  |
| Net change in current liabilities   | 42,893   | (41,519)   |
| Cash from operations  | 74,770   | (149,228)  |
| Interest paid   | (14,671)   | (10,437)   |
| Interest received   | (20)   | 667  |
| Tax paid  | (18,325)   | (10,349)   |
| Net cash flows from operating activities  | 41,754   | (169,347)  |
| <b>Investing activities</b>   |  |  |
| Property, plant and equipment   |  |  |
| - purchases   | (4,426)  | (12,307)   |
| - proceeds from disposals   | 1,462  | 1,065  |
| Interest received from deposit with licensed bank   | 449  | 643  |
| <b>Financing activities</b>   |  |  |
| Dividend paid   | (6,270)  | (1,393)  |
| Net proceeds from new shares issued   | 4  | 85,054   |
| Bank borrowings :   | -  | -  |
| - new drawdown  | 61,883   | 218,257  |
| - repayment   | (91,728)   | (91,544)   |
| <b>Net change in cash &amp; cash equivalents</b>  | <b>3,128</b>   | <b>30,428</b>  |
| <b>Cash &amp; cash equivalents at beginning of the year</b>   | <b>35,114</b>  | <b>4,686</b>   |
| <b>Currency translation differences</b>   | <b>(16)</b>  | <b>-</b>   |
| <b>Cash &amp; cash equivalents at end of the financial year *</b>   | <b>38,226</b>  | <b>35,114</b>  |

**Note:**

\* Excludes deposits with licensed banks of the Group amounting to RM65,000 (2004:RM65,000) which have been pledged as collateral for guarantees issued on behalf of subsidiaries.

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the financial year ended 31 December 2005

*(The figures have not been audited)*

**A Disclosure requirements per FRS 134 ( Formerly known as MASB 26) - Paragraph 16**

**A1 Accounting policies and methods of computation**

The interim financial statements is unaudited and has been prepared in accordance with FRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Group's financial statements for the year ended 31 December 2004.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 31 December 2004.

**A2 Preceding annual audit report status**

The annual audit report of the annual financial statements for the financial year ended 31 December 2004 was not subject to any qualification.

**A3 Seasonality or cyclicity factors**

The Group's operations are not affected by any seasonal or cyclical factors.

**A4 Nature and amount of unusual items**

In the opinion of the directors, there was no item of a material and unusual nature which would affect substantially the results of the assets, liabilities, equity, net income or cash flows for the current quarter and financial year ended 31 December 2005.

**A5 Changes in estimates**

There were no material changes in estimates from prior quarters and prior financial years which have a material effect in the current quarter.

**A6 Debts and equity securities**

On 12 January 2005, 3,600 Warrants 2004/2009 have been exercised for conversion to new ordinary shares.

Save for the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial year.

**A7 Dividends paid**

The first and final gross dividend of 6 sen per share, less income tax, on 145,131,000 ordinary shares, amounting to RM6,269,659 in respect of the financial year ended 31 December 2004 was paid on 26 July 2005.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the financial year ended 31 December 2005

(The figures have not been audited)

A8 Segment reporting

Financial year ended 31 December 2005

| REVENUE                        | Properties<br>RM'000 | Plastics<br>RM'000 | Investment<br>Holding<br>RM'000 | Other<br>Operations<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|--------------------------------|----------------------|--------------------|---------------------------------|-------------------------------|-----------------------|------------------------|
| External Sales                 |                      |                    |                                 |                               |                       |                        |
| Malaysia                       | 358,248              | 64,196             | 164                             | -                             | -                     | 422,608                |
| Indonesia                      | -                    | 52,875             | -                               | -                             | -                     | 52,875                 |
| Inter-segment                  | -                    | -                  | 22,151                          | -                             | (22,151)              | -                      |
| Total revenue                  | <u>358,248</u>       | <u>117,071</u>     | <u>22,315</u>                   | <u>-</u>                      | <u>(22,151)</u>       | <u>475,483</u>         |
| RESULTS                        |                      |                    |                                 |                               |                       |                        |
| Operating profit               | 65,408               | 10,479             | 23,130                          | (59)                          | (24,001)              | 74,957                 |
| Interest expense               |                      |                    |                                 |                               |                       | (4,341)                |
| Interest income                |                      |                    |                                 |                               |                       | 429                    |
| Income tax                     |                      |                    |                                 |                               |                       | (21,480)               |
| Share of results in associates |                      |                    |                                 |                               |                       | -                      |
| Profit after tax               |                      |                    |                                 |                               |                       | <u>49,565</u>          |
| Minority interest              |                      |                    |                                 |                               |                       | <u>(1,262)</u>         |
| Net profit                     |                      |                    |                                 |                               |                       | <u><u>48,303</u></u>   |

OTHER INFORMATION

|                             |       |        |         |   |       |        |
|-----------------------------|-------|--------|---------|---|-------|--------|
| Capital expenditure         | 1,089 | 4,180  | 20      | - | -     | 5,289  |
| Depreciation                | 1,304 | 11,673 | 19      | - | -     | 12,996 |
| Amortisation                | -     | 8      | -       | - | -     | 8      |
| Impairment loss             | -     | -      | 86      | - | (86)  | -      |
| Reversal of impairment loss | -     | (319)  | (2,429) | - | 2,429 | (319)  |

Financial year ended 31 December 2004

| REVENUE                        | Properties<br>RM'000 | Plastics<br>RM'000 | Investment<br>Holding<br>RM'000 | Other<br>Operations<br>RM'000 | Elimination<br>RM'000 | Consolidated<br>RM'000 |
|--------------------------------|----------------------|--------------------|---------------------------------|-------------------------------|-----------------------|------------------------|
| External Sales                 |                      |                    |                                 |                               |                       |                        |
| Malaysia                       | 260,870              | 56,575             | 294                             | -                             | -                     | 317,739                |
| Indonesia                      | -                    | 38,716             | -                               | -                             | -                     | 38,716                 |
| Inter-segment                  | -                    | -                  | 14,573                          | -                             | (14,573)              | -                      |
| Total revenue                  | <u>260,870</u>       | <u>95,291</u>      | <u>14,867</u>                   | <u>-</u>                      | <u>(14,573)</u>       | <u>356,455</u>         |
| RESULTS                        |                      |                    |                                 |                               |                       |                        |
| Operating profit               | 35,960               | 7,362              | 12,990                          | (67)                          | (13,821)              | 42,424                 |
| Interest expense               |                      |                    |                                 |                               |                       | (4,892)                |
| Interest income                |                      |                    |                                 |                               |                       | 1,311                  |
| Income tax                     |                      |                    |                                 |                               |                       | (13,119)               |
| Share of results in associates |                      |                    |                                 |                               |                       | (2)                    |
| Profit after tax               |                      |                    |                                 |                               |                       | <u>25,722</u>          |
| Minority interest              |                      |                    |                                 |                               |                       | <u>(660)</u>           |
| Net profit                     |                      |                    |                                 |                               |                       | <u><u>25,062</u></u>   |

OTHER INFORMATION

|                        |       |        |         |   |       |        |
|------------------------|-------|--------|---------|---|-------|--------|
| Capital expenditure    | 2,103 | 11,433 | 17      | - | -     | 13,553 |
| Depreciation           | 1,115 | 13,513 | 18      | - | -     | 14,646 |
| Amortisation           | -     | 8      | -       | - | -     | 8      |
| Impairment loss        | -     | 360    | 58      | - | (58)  | 360    |
| Reversal of impairment | -     | (197)  | (1,239) | - | 1,239 | (197)  |



**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the financial year ended 31 December 2005

(The figures have not been audited)

**A9 Valuation of Property, Plant and Equipment**

Land and buildings are stated at cost or valuation less accumulated amortisation, depreciation and impairment. Other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Certain leasehold land and buildings were revalued by the Directors based on valuations carried out by independent professional valuers. The Directors have applied the transitional provisions of Malaysian Accounting Standards Board Standard No. 15 - Property, plant and equipment, which allows those assets to be stated at their 1992 valuations. Accordingly, these valuations have not been updated.

**A10 Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter up to the date of issue of this quarterly report.

**A11 Changes in the composition of the Group**

On 21 October 2005, the Company acquired Venice View Development Sdn Bhd ("VVD"), a private limited company incorporated in Malaysia on 30 September 2005 under the Companies Act, 1965. The authorised share capital of VVD is RM100,000, divided into 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares have been fully issued and paid-up.

On 21 October 2005, Mah Sing Properties Sdn Bhd, a wholly-owned subsidiary, acquired Vienna Grand Development Sdn Bhd ("VGD"), a private limited company incorporated in Malaysia on 29 September 2005 under the Companies Act, 1965. The authorised share capital of VGD is RM100,000, divided into 100,000 ordinary shares of RM1.00 each of which 2 ordinary shares have been fully issued and paid-up.

Save for the above, there were no changes in the composition of the Group during the current financial quarter, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

**A12 Changes in contingent liabilities or contingent assets**

|   | Contingent Liabilities |                |
|---|------------------------|----------------|
| <i>Corporate guarantees</i>   | 31/12/2005             | 31/12/2004     |
|   | RM'000                 | RM'000         |
| Corporate guarantees issued to financial institutions in respect of credit facilities granted to: |                        |                |
| - subsidiaries  | 131,795                | 182,995        |
|   | <u>131,795</u>         | <u>182,995</u> |
| Corporate guarantees issued to third party in respect of the acquisition of:                      |                        |                |
| - property, plant and equipment   | -                      | 3,469          |
|   | <u>-</u>               | <u>3,469</u>   |

Save for the above, there were no changes in the contingent liabilities or the contingent assets of the Group since the last annual balance sheet as at 31 December 2004.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the financial year ended 31 December 2005

(The figures have not been audited)

**B Disclosure requirements per the Listing Requirements of Bursa Securities (Part A of Appendix 9B)**

**B1 Review of performance-current quarter and financial year ended 31 December 2005**

Compared to the preceding year's corresponding quarter ended 31 December 2004, Group net profit and revenue were up 108% to RM14.2 million and 18% to RM123.5 million respectively. For the financial year ended 31 December 2005, Group net profit and revenue registered increases of 93% to RM48.3 million and 33% to RM475.5 million respectively. Earnings per share also showed a marked increase of 74% from 19 sen in 2004 to 33 sen in 2005.

The good performance was due to the good overall take-up rate of 80% and above for Damansara Legenda, Aman Perdana, Sri Pulai Perdana and Austin Perdana. Launched in March 2005, Aman Perdana's first time contribution was also high. Damansara Legenda and Sri Pulai Perdana which are at their tail-end also enhanced the Group's margins. Austin Perdana showed a 136% increase in revenue from 2004 to 2005.

**B2 Material change in the profit before taxation-current quarter and immediate preceding quarter**

There was no material change in the profit before taxation in the current quarter ended 31 December 2005 as compared to the immediate preceding quarter ended 30 September 2005.

**B3 Prospects for the next financial year**

The Board of Directors is confident that the Group's performance for 2006 will be better driven by the expected good take-up of Damansara Legenda, Aman Perdana, Sri Pulai Perdana and Austin Perdana. The two new projects, i.e. Perdana Residence and Sierra Perdana will also contribute positively to earnings in 2006.

The Group's focus on the medium to high-end segment, with launches in multiple strategic locations will continuously enhance its future earnings.

**B4 Variance of profit forecast**

The Group has not issued any profit forecast or profit guarantee in a public document.

**B5 Tax expense**

|  | CURRENT<br>YEAR<br>QUARTER<br>31/12/2005<br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br>31/12/2004<br>RM'000 | CURRENT<br>YEAR<br>TO<br>DATE<br>31/12/2005<br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD<br>31/12/2004<br>RM'000 |
|--|--|---|---|--|
| Current tax expense                              | 6,305  | 6,115   | 15,315  | 13,096   |
| Under/(Over) provision in respect of prior years | (54)   | (45)  | (305)   | (45)   |
| Transfer to / (from) deferred taxation           | (1)  | 68  | 310   | 68   |
|  | <u>6,250</u>                                       | <u>6,138</u>  | <u>15,320</u>   | <u>13,119</u>  |

The effective tax rate of the Group for the current quarter and current financial year ended 31 December 2005 was higher than the statutory tax rate due to certain expenses that are non-deductible for tax purposes incurred by the Group and its subsidiaries and an excess of depreciation charges over capital allowances in a foreign subsidiary.

**B6 Unquoted investments**

There was no sale of unquoted investments for the current quarter and current financial year ended 31 December 2005.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the financial year ended 31 December 2005

(The figures have not been audited)

**B7 Quoted securities**

- (a) There was no purchase or sale of quoted securities for the current quarter and current financial year ended 31 December 2005.
- (b) Total investments in quoted securities are as follows:

|                                   | 31/12/2005<br>RM'000 | 31/12/2004<br>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>1</u>             | <u>1</u>             |

**B8 Status of corporate fund raising exercise**

- (a) Status of Corporate Proposals

- (i) On 21 December 2005, an announcement was made that the Company's wholly-owned subsidiary, VVD, had entered into a conditional sale and purchase agreement with Joyspan Sdn Bhd ("Joyspan") for the proposed acquisition by VVD of a piece of freehold land ("Land") from Joyspan for a purchase consideration of approximately RM61,520,342 (approximately RM5.41 per square foot) to be satisfied in cash ("Proposed Acquisition"). The Land measures approximately 261.22 acres and is held under Geran 42711 Lot 1570 and Geran 43116 Lot 11156, both in Mukim Plentong, District of Johor Bahru, state of Johor.

As at 16 February 2006, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, the Proposed Acquisition is pending the approvals from the following parties:

- the Foreign Investment Committee; and
- the shareholders of the Company at the forthcoming extraordinary general meeting to be convened on 21 March 2006 ("EGM").

- (ii) On 27 January 2006, an announcement was made that the Company proposes to seek its shareholders' approval for the proposed grant of options to an Executive Director of the Company pursuant to the Company's Employees' Share Option Scheme ("Proposed Grant of Options") at the forthcoming EGM.

As at 16 February 2006, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, the Proposed Grant of Options is pending the approval of the shareholders of the Company at the EGM.

- (b) The proceeds from Mah Sing Group Berhad's rights issue of 80,626,333 new ordinary shares of RM1.00 each at an issue price of RM1.00 per rights share on 18 May 2004 have been fully utilised by 13 April 2005 as follows:

|                              | Approved for<br>utilisation by SC<br>RM'000 | Utilised as at<br>13/04/2005<br>RM'000 | Balance yet to<br>be utilised<br>RM'000 |
|------------------------------|---|--|---|
| Working capital              | 39,126                                      | 39,126                                 | -                                       |
| Repayment of bank borrowings | 40,000                                      | 40,000                                 | -                                       |
| Incidental expenses          | 1,500                                       | 1,500                                  | -                                       |
|                              | <u>80,626</u>                               | <u>80,626</u>                          | <u>-</u>                                |

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the financial year ended 31 December 2005

(The figures have not been audited)

**B9 Group borrowings and debt securities**

Total group borrowings as at 31 December 2005 are as follows:

| <i>(Denominated in)</i> | Secured<br>RM'000<br><i>(RM)</i> | Secured<br>RM'000<br><i>(Indonesian<br/>Rupiah)</i> | Secured<br>RM'000<br><i>(USD)</i> | Unsecured<br>RM'000<br><i>(RM)</i> | Unsecured<br>RM'000<br><i>(Indonesian<br/>Rupiah)</i> | Total<br>RM'000       |
|-------------------------|----------------------------------|---|-----------------------------------|------------------------------------|---|-----------------------|
| Term loans payable      |                                  |   |                                   |                                    |   |                       |
| - within 12 months      | 31,848                           | 1,926   | 271                               | -                                  | 215   | 34,260                |
| - after 12 months       | 110,371                          | 2,161   | -                                 | -                                  | -   | 112,532               |
|                         | <u>142,219</u>                   | <u>4,087</u>  | <u>271</u>                        | <u>-</u>                           | <u>215</u>  | <u>146,792</u>        |
| Short term borrowings   |                                  |   |                                   |                                    |   |                       |
| Bank overdrafts         | -                                | 572   | -                                 | 18,553                             | -   | 19,125                |
|                         | -                                | 359   | -                                 | -                                  | -   | 359                   |
|                         | -                                | 931   | -                                 | 18,553                             | -   | 19,484                |
| Hire purchase           |                                  |   |                                   |                                    |   |                       |
| - within 12 months      | 2,236                            | -   | 75                                | -                                  | -   | 2,311                 |
| - after 12 months       | 3,985                            | -   | 36                                | -                                  | -   | 4,021                 |
|                         | <u>6,221</u>                     | <u>-</u>  | <u>111</u>                        | <u>-</u>                           | <u>-</u>  | <u>6,332</u>          |
| <b>Total</b>            | <u><u>148,440</u></u>            | <u><u>5,018</u></u>                                 | <u><u>382</u></u>                 | <u><u>18,553</u></u>               | <u><u>215</u></u>                                     | <u><u>172,608</u></u> |

**B10 Off balance sheet financial instruments**

The Group does not have any off balance sheet financial instruments as at 16 February 2006, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**B11 Material litigation**

The Group is not engaged in any material litigation since 31 December 2004, being the latest annual balance sheet date until 16 February 2006, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

**B12 Dividend**

- (a) (i) The Board of Directors has recommended a first and final dividend of 12 sen less income tax of 28% per share for the financial year ended 31 December 2005 for approval by shareholders at the forthcoming Annual General Meeting of the Company. This represents a distribution to shareholders of 26% out of the Group's net profits for 2005, as compared to 25% in 2004.
- (ii) Amount per share : 12 sen less income tax of 28%
- (iii) Previous corresponding year : 6 sen less income tax of 28%
- (iv) Date payable : To be determined later
- (v) In respect of the deposited securities, entitlement to dividends will be determined on the basis of the record of depositors at a date to be determined later.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

For the financial year ended 31 December 2005

(The figures have not been audited)

**B13 Earnings per share**

The basic earnings per share has been calculated by dividing the Group's net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

|  | CURRENT<br>YEAR<br>QUARTER | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER | CURRENT<br>YEAR<br>TO<br>DATE | PRECEDING<br>YEAR<br>CORRESPONDING<br>PERIOD |
|--|----------------------------|---|-------------------------------|--|
|  | 31/12/2005                 | 31/12/2004                                    | 31/12/2005                    | 31/12/2004                                   |
| Earnings per share (sen)                                       | <u>9.76</u>                | <u>5.21</u>                                   | <u>33.28</u>                  | <u>19.22</u>                                 |
| Diluted earnings per share (sen)                               | <u>8.85</u>                | <u>4.95</u>                                   | <u>30.16</u>                  | <u>18.24</u>                                 |
| (i) Net profit (RM'000)  | <u>14,171</u>              | <u>6,800</u>                                  | <u>48,303</u>                 | <u>25,062</u>                                |
| (ii) Total ordinary shares issued ('000)                       | <u>145,131</u>             | <u>145,127</u>                                | <u>145,131</u>                | <u>145,127</u>                               |
| (iii) Weighted average number of ordinary shares ('000)        | <u>145,130</u>             | <u>130,409</u>                                | <u>145,130</u>                | <u>130,409</u>                               |
| (iv) Diluted weighted average number of ordinary shares ('000) | <u>160,142</u>             | <u>137,385</u>                                | <u>160,142</u>                | <u>137,385</u>                               |

The diluted earnings per share has been calculated by dividing the Group's net profit for the year by the weighted average number of ordinary shares that would have been in issue upon full exercise of the remaining Warrants, adjusted for the number of such ordinary shares that would have been issued at fair value.

The weighted average number of ordinary shares in issue is calculated as follows :-

|  | Basic<br>share<br>( <b>'000</b> ) | 31/12/2005<br>Weighted<br>average<br>number of<br>ordinary<br>shares<br>( <b>'000</b> ) | 31/12/2004<br>Weighted<br>average<br>number of<br>ordinary<br>shares<br>( <b>'000</b> ) |
|--|-----------------------------------|---|---|
| As at 1 January 2004                               | 43,978                            |   | 12,136  |
| On 20/02/2004                                      | <u>4,398</u>                      |   |   |
| On 07/06/2004                                      | <u>48,376</u>                     |   | 28,835  |
| On 07/06/2004                                      | <u>80,626</u>                     |   |   |
| On 07/06/2004                                      | <u>129,002</u>                    |   | 73,313  |
| As at 1 January 2005                               | <u>16,125</u>                     |   | 16,125  |
| On 12/01/2005                                      | <u>145,127</u>                    | 145,127   |   |
| Weighted average number of ordinary shares         | <u>4</u>                          | <u>3</u>  |   |
|  | <u>145,131</u>                    | <u>145,130</u>  | <u>130,409</u>  |
| Warrants ESOS (not granted as at 31/12/2005)       | <u>48,372</u>                     | <u>15,012</u>   | <u>6,976</u>  |
|  | <u>-</u>                          | <u>-</u>  | <u>-</u>  |
| Diluted weighted average number of ordinary shares | <u>193,503</u>                    | <u>160,142</u>  | <u>137,385</u>  |

BY ORDER OF THE BOARD

YANG BAO LING  
 KUAN HUI FANG

Secretaries

Kuala Lumpur  
 23 February 2006