



# **MAH SING GROUP BERHAD**

Company No.: 230149-P

(Incorporated in Malaysia)

**Interim Financial Statements**

**31 December 2006**

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(Incorporated in Malaysia)**

## **Interim Financial Statements - 31 December 2006**

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**MAH SING GROUP BERHAD***(Company No.: 230149 P)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED BALANCE SHEETS**

AS AT 31 December 2006

	(AUDITED) AS AT 31/12/2006 (RM'000)	(AUDITED) AS AT 31/12/2005 (RM'000) (restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	58,226	57,731
Investment in associated companies	26	26
Investments	1	1
Land held for property development	-	61,520
Intangible assets	28	36
	<u>58,281</u>	<u>119,314</u>
<b>Current Assets</b>		
<i>Property development cost</i>	490,168	293,269
<i>Inventories</i>	16,254	17,053
<i>Trade and other receivables</i>	139,026	150,970
<i>Deposits with licensed banks</i>	7,616	8,715
<i>Cash and bank balances</i>	35,397	30,195
	<u>688,461</u>	<u>500,202</u>
<b>TOTAL ASSETS</b>	<u><u>746,742</u></u>	<u><u>619,516</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
<i>Share capital</i>	152,044	145,131
<i>Share premium</i>	31,104	31,104
<i>Other reserves</i>	6,335	6,712
<i>Retained profit</i>	126,295	73,113
	<u>315,778</u>	<u>256,060</u>
<b>Minority interest</b>	4,522	4,467
<b>Total equity</b>	<u>320,300</u>	<u>260,527</u>
<b>Non-current liabilities</b>		
Long term borrowings	73,396	116,148
Deferred payables	59,318	56,313
Deferred taxation	1,543	3,218
	<u>134,257</u>	<u>175,679</u>
<b>Current Liabilities</b>		
<i>Trade and other payables</i>	232,998	125,522
<i>Term loans</i>	24,890	30,644
<i>Short term borrowings</i>	22,540	19,125
<i>Bank overdrafts</i>	643	359
<i>Taxation</i>	11,114	7,660
	<u>292,185</u>	<u>183,310</u>
<b>Total liabilities</b>	426,442	358,989
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>746,742</u></u>	<u><u>619,516</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>		
	<u>2.08</u>	<u>1.76</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 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 period ended 31 December 2006

	3 months ended		Year ended	
	31/12/2006 (RM'000)	31/12/2005 (RM'000) (restated)	31/12/2006 (RM'000)	31/12/2005 (RM'000) (restated)
Revenue	134,271	121,468	495,625	473,491
Cost of Sales	<u>(94,220)</u>	<u>(91,792)</u>	<u>(354,643)</u>	<u>(362,781)</u>
Gross profit	40,051	29,676	140,982	110,710
Other income	788	485	2,998	3,360
Administrative expenses	(10,693)	(6,075)	(32,410)	(28,177)
Selling and marketing expenses	(3,434)	(4,080)	(14,017)	(12,531)
Other expenses	(3)	(2)	(8)	(8)
Interest income	251	290	1,347	607
Finance costs	<u>(1,200)</u>	<u>(1,341)</u>	<u>(5,607)</u>	<u>(4,341)</u>
Profit before taxation	25,760	18,953	93,285	69,620
Income tax expense	<u>(8,279)</u>	<u>(4,666)</u>	<u>(27,594)</u>	<u>(19,896)</u>
Profit for the period	<u>17,481</u>	<u>14,287</u>	<u>65,691</u>	<u>49,724</u>
Attributable to:				
Equity holders of the parent	17,258	14,214	65,371	48,346
Minority interest	<u>223</u>	<u>73</u>	<u>320</u>	<u>1,378</u>
Net profit for the period	<u>17,481</u>	<u>14,287</u>	<u>65,691</u>	<u>49,724</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	<u>11.35</u>	<u>9.79</u>	<u>43.86</u>	<u>33.31</u>
- Diluted (sen)	<u>9.48</u>	<u>8.88</u>	<u>37.13</u>	<u>30.19</u>

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**Mah Sing Group Berhad**

(Company No.: 230149 P)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the financial period ended 31 December 2006

(The figures have not been audited)

	Attributable to equity holders of the parent						Minority Interest	Total Equity	
	Non-Distributable			Distributable					
	Share capital	Share premium	Exchange fluctuation reserve	Capital reserve	Equity-settled Employee Reserve	Retained profits			Total
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Year ended 31 December 2006									
Balance at 1/1/2006	145,131	31,104	5,860	852	-	73,113	256,060	4,467	260,527
Effect of adopting FRS 3	-	-	-	(852)	-	852	-	-	-
	145,131	31,104	5,860	-	-	73,965	256,060	4,467	260,527
Amount recognised directly in equity:									
Foreign exchange fluctuation	-	-	(768)	-	-	-	(768)	(265)	(1,033)
Net profit for the financial period	-	-	-	-	-	65,371	65,371	320	65,691
Total recognised income and expense for the period	-	-	(768)	-	-	65,371	64,603	55	64,658
Recognition of share-based payment	-	-	-	-	1,243	-	1,243	-	1,243
Issue of ordinary shares:									
- pursuant to exercise of warrants	6,913	-	-	-	-	-	6,913	-	6,913
Dividends for the year ended 31 Dec 2005	-	-	-	-	-	(13,041)	(13,041)	0	(13,041)
Balance at 31/12/2006	152,044	31,104	5,092	-	1,243	126,295	315,778	4,522	320,300
	Attributable to equity holders of the parent						Minority Interest	Total Equity	
	Non-Distributable			Distributable					
	Share capital	Share premium	Exchange fluctuation reserve	Capital reserve	Equity-settled Employee Reserve	Retained profits			Total
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Year ended 31 December 2005									
Balance at 1/1/2005	145,127	31,104	6,003	852	-	31,038	214,124	3,125	217,249
Net expense recognised directly in equity:									
Foreign exchange fluctuation	-	-	(143)	-	-	-	(143)	(36)	(179)
Net profit for the financial period	-	-	-	-	-	48,346	48,346	1,378	49,724
Total recognised income and expense for the period	-	-	(143)	-	-	48,346	48,203	1,342	49,545
Issue of ordinary shares:									
- pursuant to exercise of warrants	4	-	-	-	-	-	4	-	4
Dividends for the year ended 31 Dec 2004	-	-	-	-	-	(6,271)	(6,271)	-	(6,271)
Balance at 31/12/2005	145,131	31,104	5,860	852	-	73,113	256,060	4,467	260,527

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

# MAH SING GROUP BERHAD

(Company No.: 230149 P)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

For the financial period ended 31 December 2006

	12 months ended 31/12/2006 (RM'000)	12 months ended 31/12/2005 (RM'000)
Net cash from operating activities	62,205	42,658
Net cash used in investing activities	(4,823)	(3,159)
Net cash used in financing activities	(53,525)	(36,111)
Net increase in cash and cash equivalents	3,857	3,388
Effects of exchange rate changes	(38)	(16)
Cash and cash equivalents at beginning of financial period	38,486	35,114
Cash and cash equivalents at end of financial period	42,305	38,486

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

	As at 31/12/2006 (RM'000)	As at 31/12/2005 (RM'000)
Cash and bank balances	43,013	38,910
Bank overdraft	(643)	(359)
	42,370	38,551
Less: Deposits with licensed banks pledged as collateral	(65)	(65)
	42,305	38,486

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**A Explanatory Notes Pursuant To FRS 134**

**A1 Basis of Preparation**

The interim financial statements are unaudited and have 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").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005. These 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 2005.

**A2 Changes in Accounting Policies**

The 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 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial year beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above FRS does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of FRS 2, FRS 3 and FRS 101 are set out below:

**(a) FRS 2: Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based benefit plan for the employees of the Group, MSGB Group Employees' Share Option Scheme ("ESOS"). With the adoption of FRS 2, the compensation expense relating to share options is recognised within staff costs in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a Black-Scholes Pricing Model.

At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet been vested on 1 January 2006. The application is retrospective. As the Company had not granted any ESOS prior to 1 January 2006, restatement of comparative amounts is not applicable.

(b) FRS 3: Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over its cost of acquisition (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in the consolidated income statement. Prior to 1 January 2006, the negative goodwill of the Group was capitalised as Capital Reserve and Reserve On Consolidation. In accordance with the transitional provisions of FRS 3, the Group's negative goodwill as at 1 January 2006 of RM851,927 was derecognised with a corresponding increase in retained earnings.

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interest is now presented within total equity. In the consolidated income statement, minority interest is presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

**A3 Preceding annual audit report status**

The auditors' report on the financial statements for the financial year ended 31 December 2005 was not subject to any qualification.

**A4 Seasonality or cyclical factors**

The Group's operations during the financial year under review are not materially affected by any seasonal or cyclical factors.

**A5 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 2006.

**A6 Changes in estimates**

There were no material changes in estimates which have a material effect in the current quarter and financial year-to-date results.

**A7 Debts and equity securities**

In 2006, up to 31 December, an additional 6,913,349 new ordinary shares of RM1.00 each were issued pursuant to the exercise of Warrants which were subsequently listed and quoted on the Main Board of Bursa Securities.

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

**A8 Dividends paid**

No dividend was paid for the current quarter and financial year ended 31 December 2006.



A9 Segment reporting

Year ended 31 December 2006

	Properties (RM'000)	Plastics (RM'000)	Investment Holding & Others (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
<b>REVENUE</b>					
External Sales					
Malaysia	387,815	69,138	252	-	457,205
Indonesia	-	38,420	-	-	38,420
Inter-segment	-	-	42,319	(42,319)	-
Total revenue	<u>387,815</u>	<u>107,558</u>	<u>42,571</u>	<u>(42,319)</u>	<u>495,625</u>
<b>RESULTS</b>					
Operating profit	93,614	5,378	41,024	(42,471)	97,545
Finance expense					(5,607)
Interest income					1,347
Income tax					(27,594)
Net profit					<u>65,691</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	1,327	8,630	51	-	10,008
Depreciation	1,332	7,252	22	-	8,606
Amortisation	-	8	-	-	8
Reversal of impairment loss	-	(317)	-	-	(317)

Year ended 31 December 2005

	Properties (RM'000)	Plastics (RM'000)	Investment Holding & Others (RM'000)	Elimination (RM'000)	Consolidated (RM'000)
<b>REVENUE</b>					
External Sales					
Malaysia	356,256	64,196	164	-	420,616
Indonesia	-	52,875	-	-	52,875
Inter-segment	-	-	23,251	(23,251)	-
Total revenue	<u>356,256</u>	<u>117,071</u>	<u>23,415</u>	<u>(23,251)</u>	<u>473,491</u>
<b>RESULTS</b>					
Operating profit	64,026	10,258	25,794	(26,724)	73,354
Finance expense					(4,341)
Interest income					607
Income tax					(19,896)
Net profit					<u>49,724</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	1,089	4,824	20	-	5,933
Depreciation	1,304	11,673	19	-	12,996
Amortisation	-	8	-	-	8
Impairment loss	-	-	86	(86)	-
Reversal of impairment loss	-	(319)	-	-	(319)

**A10 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 FRS 116<sub>2004</sub> - Property, plant and equipment, which allows those assets to be stated at their 1992 valuations. Accordingly, these valuations have not been updated.

**A11 Material events subsequent to the end of the interim period**

Save for those events disclosed under Note B8, there is no other material events subsequent to the end of the interim period.

**A12 Changes in the composition of the Group**

On 30 October 2006, the Company acquired 100% interest in Maxim Heights Sdn Bhd ("Maxim Heights") for RM2. Maxim Heights is a private limited company incorporated in Malaysia on 14 September 2006 under the Companies Act, 1965. The authorised share capital of Maxim Heights is RM100,000, comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares have been issued and fully 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.

**A13 Changes in contingent liabilities or contingent assets**

<u>Company</u>	Contingent Liabilities	
	31/12/2006	31/12/2005
	(RM'000)	(RM'000)
<i>Corporate guarantees</i>		
Corporate guarantees issued to financial institutions in respect of credit facilities granted to:		
- subsidiaries	74,791	126,291
Corporate guarantees issued to third party in respect of the acquisition of:		
- property, plant and equipment	-	496
- development land	70,131	-
	<b>144,922</b>	<b>126,787</b>

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 2005.

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

**B1 Review of performance**

The Group recorded RM65.4 million in profit after tax after minority interest for 2006, a 35.2% improvement compared to RM48.3 million in 2005. The strong increase in the profit is attributable to the good take up of all the Group's 5 existing projects, which are all medium to high-end properties in prime locations. In the Klang Valley, all the Group's properties are located within an 18km radius of Petaling Jaya which is the Klang Valley's growth corridor, whereas all the projects in Johor Bahru are located in the Iskandar Development Region.

The overwhelming response received by all their projects bears strong testament to the market's confidence in the promise that the Mah Sing brand name holds. This, coupled with the cost saving measures the group has embarked on, allowed them to enjoy a 24% operating profit margin for their development activities for 2006 as compared to 18% for 2005.

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

The Group recorded profit before tax of RM25.8 million for the current quarter, as compared to RM23.1 million for the preceding quarter ended 30 September 2006. The increase is mainly due to strong performance of all the Group's 5 existing projects, which are all medium to high-end properties in prime locations.

**B3 Prospects for the next financial year**

The Board of Directors is confident that with our strong presence in medium to high end residential and quality commercial projects in prime locations, the Group is set for robust growth in 2007. Medium to high end residential developments coming on stream are One Residence and Hijauan Residence: Cheras, Kemuning Residence: Shah Alam, Duta Perdana: Puchong and Sierra Perdana: Tebrau-Plentong, Johor Bahru, and commercial projects include The Icon: KL, commercial development in Kiara: Mount Kiara. The Board is confident that with our established branding, numerous awards and excellent track record, these projects will further underscore Mah Sing's reputation as a developer of lifestyle properties with good investment potential.

**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		Year ended	
	31/12/2006 (RM'000)	31/12/2005 (RM'000)	31/12/2006 (RM'000)	31/12/2005 (RM'000)
Current tax:				
Malaysian income tax	9,006	2,353	28,600	15,049
Foreign tax	-	537	-	3,011
	<u>9,006</u>	<u>2,890</u>	<u>28,600</u>	<u>18,060</u>
Under/(over) provision of Malaysian income tax in prior years	684	(128)	670	(379)
	<u>9,690</u>	<u>2,762</u>	<u>29,270</u>	<u>17,681</u>
Transfer to / (from) deferred taxation				
Malaysian deferred tax	(1,411)	1,904	(1,676)	2,215
	<u>8,279</u>	<u>4,666</u>	<u>27,594</u>	<u>19,896</u>

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2006 was higher than the statutory tax rate applicable due to certain expenses which are not deductible for tax purposes.

**B6 Sale of unquoted investments & properties**

There was no sale of unquoted investments and properties which are not in the ordinary course of the Group's business for the current quarter and current financial year ended 31 December 2006.

**B7 Quoted securities**

(a) There was no purchase or sale of quoted securities for the current quarter and current financial year ended 31 December 2006.

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

	31/12/2006 (RM'000)	31/12/2005 (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 proposals**

The following corporate proposals announced by the Company has not been completed as at 21 February 2007 being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report:-

- a) On 10 October 2006, an announcement was made that the Company's wholly owned subsidiary, Star Residence Sdn Bhd ("SRSB"), had entered into a sale and purchase agreement with Yeung Siu Tong Development Sdn Bhd ("YST") for the proposed acquisition by SRSB of a piece of freehold commercial land (including a completed 4-storey basement carpark and structural piling works) with approved development for a total saleable built-up area of 406,115 square feet held under Grant No.43823, Lot No.274, Sections 89A, town of Kuala Lumpur, State of Wilayah Persekutuan from YST for a total cash consideration of RM53,000,000 subject to the terms and conditions as set out in the Agreement. The approval from the FIC was obtained on 21 November 2006.
- b) On 30 October 2006, an announcement was made that the Company's wholly-owned subsidiary, Loyal Sierra Development Sdn Bhd ("LSD"), had entered into a sale and purchase agreement with ABM Holdings Sdn Bhd ("ABM") for the proposed acquisition by LSD of a piece of freehold land in Cheras, Selangor measuring 41.7811 acres for RM26,389,715 subject to the terms and conditions as set out in the Agreement. The approval from the FIC was obtained on 14 December 2006.
- c) Through an announcement to Bursa Malaysia on 16 November 2006 and subsequent following announcements, the Company proposed to undertake the following proposals:
  - (i) Proposed private placement of up to maximum of 15,200,000 new ordinary shares of RM1.00 each ("Placement Shares"), representing approximately 10% of the issued and paid up share capital ("Private Placement");
  - (ii) Proposed renounceable rights issue of up to 53,038,825 new ordinary shares of RM1.00 each ("Rights shares"), at an issue price to be determined later on the basis of one (1) Rights Share for every four (4) existing ordinary shares of RM1.00 each held by the shareholders of the Company on a date to be determined later ("Proposed Rights Issue");
  - (iii) Proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each, including the Rights Shares held by the shareholders of the Company on a date to be determined later into two (2) ordinary shares of RM0.50 each ("Proposed share split"); and
  - (iv) Proposed bonus issue of up to 106,077,650 new ordinary shares of RM0.50 each ("Bonus share") on the basis of one (1) Bonus share for every five (5) existing ordinary share of RM0.50 each held by shareholders on a date to be determined later ("Proposed Bonus Issue")

The Private Placement was approved by Securities Commission and Ministry of International Trade and Industry on 14 December 2006 and 8 January 2006 respectively and was completed on 28 February 2007.

	RM'000
Working Capital for property development projects	51,714
Estimated expenses incidental to the Private Placement	910
	52,624

The Private Placement has no significant impact on the Earning Per Share.

The Proposed Rights issue and Proposed share Split were approved by Securities Commission on 3 January 2007 and 14 February 2007 respectively.

Save for the Proposed Private Placement, all the other proposals have not been completed as of the date of this report.

- d) On 29 January 2007, the Company's wholly-owned subsidiary, Sierra Peninsular Development Sdn Bhd ("SPD"), had entered into a Development Agreement with Firasat Bijak Sdn Bhd ("FBSB") for the mixed development of a piece of prime land measuring approximately 64 acres in Puchong ("land"). SPD has been granted the exclusive rights to develop the land in return for a cash consideration of RM21,000,000 to FBSB payable over a period of more than 5 years.

**B9 Group borrowings and debt securities**

Total group borrowings as at 31 December 2006 are as follows:

<i>(Denominated in)</i>	Secured (RM'000) <i>(RM)</i>	Secured (RM'000) <i>(Indonesian Rupiah)</i>	Secured (RM'000) <i>(USD)</i>	Unsecured (RM'000) <i>(RM)</i>	Total (RM'000)
Term loans payable					
- within 12 months	22,177	1,660	1,053	-	24,890
- after 12 months	69,732	2,717	947	-	73,396
	91,909	4,377	2,000	-	98,286
Short term borrowings	9,993	2,342	1,056	9,149	22,540
Bank overdrafts	448	195	-	-	643
	10,441	2,537	1,056	9,149	23,183
Finance lease and hire purchase					
- within 12 months	2,372	-	-	-	2,372
- after 12 months	2,725	-	-	-	2,725
	5,097	-	-	-	5,097
<b>Total</b>	<b>107,447</b>	<b>6,914</b>	<b>3,056</b>	<b>9,149</b>	<b>126,566</b>

**B10 Off balance sheet financial instruments**

A foreign subsidiary has entered into a cross currency swap transaction contract with a foreign bank with termination date in November 2008.

At 31 December 2006, the foreign currency amounts to be paid and contractual exchange rates of the Group's outstanding loan were as follows:

<u>Hedged item</u>	<u>Currency to be paid</u>	<u>RM equivalent</u>	<u>Contractual rate</u>
Borrowing: Rp5,073,750,000	US Dollar	1,980,000	1USD = Rp9,020

The cross currency swap contract of the foreign subsidiary entitles it to pay interest at fixed rates on notional principal amounts. The foreign subsidiary agreed to receive interest rate equal to SIBOR plus certain margin on the USD amount and pay interest rate of 13.25% on Rupiah amount.

**B11 Material litigation**

The Group is not engaged in any material litigation since 31 December 2005, being the latest annual balance sheet date until 21 February 2007, being the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report.

**B12 Dividend proposed**

In respect of the current financial year, the Directors recommend the payment of first and final dividend of 12% on ordinary share, less 27% income tax, to be paid to shareholders whose names appear in the Record of Depositors on a date, envisaged to be after the completion of proposed renounceable rights issue, proposed share split and proposed bonus issue, to be determined by the Directors ("Entitlement Date"). Total estimated nett dividend payable amount to RM27.7 million computed based on the enlarged share capital and reduced nominal value as at the Entitlement Date, assuming full exercise of warrants & ESOS and full subscription of rights entitlement.

**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 year by the weighted average number of ordinary shares in issue.

	3 months ended		Year ended	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net Profit for the period (RM'000)	<b>17,258</b>	14,214	<b>65,371</b>	48,346
Weighted average number of ordinary shares in issue ('000)	<b>152,038</b>	145,130	<b>149,059</b>	145,130
Basic EPS (sen)	<b>11.35</b>	9.79	<b>43.86</b>	33.31

**(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 by the weighted average number of ordinary shares that would have been in issue 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	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
Net Profit for the period (RM'000)	<b>17,258</b>	14,214	<b>65,371</b>	48,346
Weighted average number of ordinary shares in issue ('000)	<b>152,038</b>	145,130	<b>149,059</b>	145,130
Effect of dilution ('000)	<b>30,030</b>	15,012	<b>26,997</b>	15,012
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<b>182,068</b>	160,142	<b>176,056</b>	160,142
Diluted EPS (sen)	<b>9.48</b>	8.88	<b>37.13</b>	30.19

BY ORDER OF THE BOARD

YANG BAO LING  
 KUAN HUI FANG

Secretaries

Kuala Lumpur  
 28 February 2007