

MAH SING GROUP BERHAD

(Company No.: 230149-P)

(Incorporated in Malaysia)

A Explanatory Notes

A1 Basis of Preparation

The interim financial statements are unaudited 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 2009. 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 2009.

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 2009 save for the adoption of Financial Reporting Standards (FRSs) and other interpretations that are effective for financial statements commencing 1 January 2010. The FRSs , which are effective commencing 1 January 2010 and have impact on the financial statements and applied by the Group are :

a) FRS 101 : Presentation of Financial Statements (Revised)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of third statement of financial position in the event that the entity has applied new accounting policies retrospectively. The adoption of this revised standard does not have any impact on the financial position and results of the Group.

b) FRS 139 : Financial Instruments : Recognition and Measurement

FRS 139 requires the recognition , measurement and disclosure of financial assets and financial liabilities. The new accounting standards moves measurement from a cost base to fair value base for certain categories of financial assets and financial liabilities. The change in accounting policy is to be accounted for prospectively in accordance with the transitional provision of FRS 139. The adoption of this standard does not have significant impact on the financial position and results of the Group.

A2 Seasonal or cyclical factors

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

A3 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the financial period under review.

A4 Changes in estimates

There were no material changes in estimates for the financial period under review.

A5 Debt and equity securities

For the financial period under review , 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 .

A6 Dividends paid

There were no dividend paid during the financial period under review.

MAH SING GROUP BERHAD*(Company No.: 230149-P)***(Incorporated in Malaysia)****A7 Segment reporting**

Period ended 31 March 2010

	Properties	Plastics	Investment Holding & Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External sales	195,903	41,820	589	-	238,312
Inter-segment	-	-	558	(558)	-
Total revenue	195,903	41,820	1,147	(558)	238,312

RESULTS					
Operating profit	41,376	3,373	(7,446)	4,799	42,102
Interest income					125
Finance costs					(514)
Income tax					(10,084)
Profit for the period					31,629

OTHER INFORMATION

Capital expenditure	243	659	9	-	911
Depreciation and amortisation	834	2,079	22	-	2,935

Period ended 31 March 2009

	Properties	Plastics	Investment Holding & Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE					
External sales	121,695	27,803	817	-	150,315
Inter-segment	-	-	7	(7)	-
Total revenue	121,695	27,803	824	(7)	150,315

RESULTS					
Operating profit	32,368	784	(1,082)	(128)	31,942
Interest income					(85)
Finance costs					(738)
Income tax					(8,946)
Profit for the period					22,173

OTHER INFORMATION

Capital expenditure	312	637	12	-	961
Depreciation and amortisation	432	2,022	18	-	2,472

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 2009.

A9 Material subsequent events

There were no material events subsequent to the balance sheet date until 20 May 2010, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements.

MAH SING GROUP BERHAD*(Company No.: 230149-P)***(Incorporated in Malaysia)****A10 Changes in the composition of the Group**

- a) During the financial period ended 31 March 2010, the Company acquired the entire issued and paid up share capital of the following company for a cash consideration of RM2.00 :
- i) Grand Prestige Development Sdn Bhd, a private limited company incorporated in Malaysia with an authorised share capital of RM100,000.00, comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up;
- b) On 18 January 2010 and 16 March 2010, the Company subscribed to an additional 249,998 and 750,000 new ordinary shares respectively of RM1.00 each in Myvilla Development Sdn Bhd for total cash consideration of RM999,998.
- c) On 16 March 2010, the Company subscribed to an additional 1,999,998 new ordinary shares of RM1.00 each in Supreme Springs Sdn Bhd for total cash consideration of RM1,999,998.

Save for the above, there were no changes in the composition of the Group for the financial period under review.

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.

A12 Capital Commitments

	RM'000
Contractual commitment to purchase development land	95,296
Contractual commitment for acquisition of property, plant and equipment	1,813
	<u>97,109</u>

A13 Operating Lease Commitments**As Lessee - for the lease of commercial buildings**

The future operating lease commitments for rental of commercial buildings contracted for as at balance sheet date but not recognised as liabilities are as follows:-

	RM'000
Not later than 1 year	28,671
Later than 1 year and not later than 3 years	73,491
Later than 3 years and not later than 5 years	3,715
	<u>105,877</u>

The lease payments are at 7% and 8% per annum of the sale considerations of the respective commercial buildings. The leases are for a period of 2 and 3 years from the commencement date as set out in the respective lease agreements. The lease commitments will not have material impact to the future cash out flows of the Group as it will be mitigated by expected future cash in flows from sub-lease agreements.

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

B1 Review of Group performance

The Group recorded a profit after tax after minority interest (PATMI) of RM27.9 million on the back of revenue of RM238 million for the first quarter ended 31 March 2010.

The Group's residential and commercial projects contributed to the good results. Main contributors to revenue were Southgate, Hijauan Residence, Kemuning Residence and Aman Perdana in Klang Valley, Residence@Southbay in Penang island as well as Sierra Perdana and Sri Pulai Perdana 2 in Johor Bahru. Apart from property development, the Group's plastics division also contributed positively to the quarter's earnings.

In the first quarter of 2010, the Group achieved strong sales of RM601 million, which is 60% of the full year target of RM1 billion.

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

The Group recorded a profit after tax after minority interest of RM27.9 million in the current quarter representing an increase of 11.1% compared to RM25.1 million recorded in the immediate preceding quarter. The improved performance is attributable mainly to better performance of the Group's property and plastic divisions.

B3 Prospects for the current financial year

The Group is confident of achieving its RM1 billion sales target for 2010 as it has met 60% of the target or RM601 million sales in the first quarter of 2010. The Group will continue its innovative marketing strategies to promote quality properties with good concepts in prime locations. As at 31 March 2010, the Group has unbilled sales of approximately RM1.1 billion, giving them significant earnings visibility.

The Group's first quarter sales were good because of strong response to all segments of its properties as it has established a strong branding based on its track record of offering innovative, niche products after conducting in-depth market research. Strong sales came mainly from Garden Residence (Cyberjaya), Perdana Residence 2 (Selayang), Residence@Southbay (Penang island), Sierra Perdana and Sri Pulai Perdana 2 (Johor Bahru) in the residential segment, StarParc Point (Setapak) in the commercial segment and iParc@ Bukit Jelutong (Bukit Jelutong) in the industrial segment. The Group is confident of equally strong demand for other new projects slated for launch this year. In the Klang Valley, the Group will be launching Garden Plaza (Cyberjaya), M Suites (Kuala Lumpur), One Legenda (Cheras), Icon Residence@Mont' Kiara (Mont' Kiara), Bayu Sekamat (Hulu Langat) and iParc 2@Shah Alam (Shah Alam), while in Penang island, the Group will be launching Legenda @Southbay and Southbay City (Batu Maung). The Group also plans to launch more phases in existing projects like Hijauan Residence (Cheras), Aman Perdana (Meru-Shah Alam), and Sri Pulai Perdana 2 as well as Sierra Perdana (Johor Bahru).

The Group has successfully acquired and will continue to scout for strategic landbank in prime, matured locations for earnings visibility and to enhance shareholders' value. To-date in 2010, the Group has acquired 3 pieces of prime land with combined gross development value of RM712 million. Currently the Group has a total of 26 projects in the Klang Valley, Penang island and Johor Bahru, of which 5 have been completed, 11 ongoing and 10 new projects in the pipeline.

The Board is cognizant of the concerns over the sovereign debt issue in Europe but holds the view that the impact on Malaysia may be muted as growth in this region should be supported by robust domestic demand and increased intra-regional trade. Domestically, the Malaysian economy enjoyed strong and broad-based growth of 10.1% in the first quarter. Overall the Board is cautiously optimistic that 2010 will be a good year for the Malaysian property market as consumer and business sentiments continued to improve further in the first quarter.

Prospects for the residential, commercial and industrial segments are bright, given a better employment market, strong liquidity, pent-up demand and still-conducive interest rate levels.

The Group will continue to focus on satisfying the market's needs with its offerings of exclusive medium to high end landed residential homes in gated and guarded communities, serviced apartments with sizes from 430 square feet catering to a niche market; commercial developments in vibrant locations offering offices, retail lots and shops; and industrial projects on prime land offering semi-detached factories.

MAH SING GROUP BERHAD*(Company No.: 230149-P)***(Incorporated in Malaysia)****B4 Profit forecast**

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

B5 Income tax expense

	3 months ended		Period ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Current tax:				
Malaysian income tax	13,596	8,911	13,596	8,911
Foreign tax	214	-	214	-
	13,810	8,911	13,810	8,911
Under/(over) provision of Malaysian income tax in prior years	(3,726)	35	(3,726)	35
	10,084	8,946	10,084	8,946
Deferred taxation				
Malaysian deferred tax	-	-	-	-
Under provision of Malaysian deferred tax in previous quarters/prior year	-	-	-	-
	10,084	8,946	10,084	8,946

The Group's effective tax rate for the current quarter and the financial period-to-date is marginally lower than the statutory tax rate of 25% mainly due to reversal of non-deductible expenses.

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 period-to-date under review.

B7 Quoted securities

The Group does not hold any quoted securities as at 31 March 2010.

MAH SING GROUP BERHAD

(Company No.: 230149-P)

(Incorporated in Malaysia)

B8 Status of corporate proposals

There are no corporate proposals announced by the Company that have not been completed as at 19 May 2010 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements):-

- a) On 2 December 2009, the Company's wholly-owned subsidiary company, Klassik Tropika Development Sdn Bhd ("Klassik Tropika") entered into a sale and purchase agreement ("SPA") with Khaw Bian Cheng Sdn Bhd ("Vendor") for the proposed acquisition of prime freehold land in Pykett Avenue, Georgetown, Penang measuring in total approximately 13,694.94 square metres (147,416 square feet) for a total cash consideration of RM38,651,118.00 ("Proposed Acquisition").

The Proposed Acquisition is pending payment of balance purchase price being paid by Klassik Tropika to the Vendor within three (3) months from the date of SPA or one(1) month from the date of Klassik Tropika's solicitors being informed that the Private Caveat has been withdrawn or removed by order of court, whichever shall be later.

- b) On 22 February 2010, the Company's wholly owned subsidiary company, Myvilla Development Sdn Bhd ("Myvilla") entered into a tripartite sale and purchase agreement with Cyberview Sdn Bhd as a proprietor and Setia Haruman Sdn Bhd as vendor for the proposed acquisition of a piece of freehold commercial land in Mukim Dengkil, Daerah Sepang, Selangor (adjacent to Garden Residence in Cyberjaya) measuring in total approximately 25,570 square metres (275,233 square feet) for a total cash consideration of RM21,743,422.00 ("Proposed Acquisition").

On 2 April 2010, the Company received notification that the Economic Planning Unit of Prime Minister's department has approved the Proposed Acquisition.

The Proposed Acquisition has yet to become unconditional pending fulfillment of conditions precedent.

On 28 October 2009, the Company completed a private placement exercise with the listing of 62,997,000 new Mah Sing shares on the Main Market of Bursa Malaysia securities on 10 December 2009. Total gross proceed raised by the Company amounted to RM97,645,350.00 has been fully utilised as follows :-

	Approved Utilisation RM'000	Utilised as at 20/05/2010 RM'000	Balance yet to be utilised RM'000
Working capital requirements	15,399	(15,399)	-
Subscription of new shares in Mah Sing Property Consulting (Changzhou) Pte Ltd in China for the acquisition of land use rights	81,946	(81,946)	-
Expenses incidental to the Corporate Exercise	300	(300)	-
	97,645	(97,645)	-

B9 Group borrowings and debt securities

Total group borrowings as at 31 March 2010 are as follows:

	Secured (RM'000)	Secured (RM'000)	Secured (RM'000)	Total (RM'000)
<i>(Denominated in)</i>	<i>(RM)</i>	<i>(Indonesian Rupiah)</i>	<i>(USD)</i>	
Term loans payable				
- within 12 months	23,076	882	508	24,465
- after 12 months	180,433	4,499	136	185,069
	203,509	5,381	644	209,534
Short term borrowings	300	-	-	300
Bank overdrafts	2,013	-	-	2,013
	2,313	-	-	2,313
Finance lease and hire purchase				
- within 12 months	1,424	62	-	1,486
- after 12 months	2,456	23	-	2,479
	3,880	85	-	3,965
Total	209,702	5,466	644	215,812

MAH SING GROUP BERHAD*(Company No.: 230149-P)***(Incorporated in Malaysia)****B10 Financial Instrument****a) Derivative Financial Asset**

A foreign subsidiary has since June 2008 entered into a cross currency swap contract with a foreign bank to hedge its exposure to fluctuations in foreign currency arising from repayment of a term loan.

As at 31 March 2010, details of the cross currency swap are as follows :-

Hedged item	Currency to be paid	Notional Amount RM equivalent	Fair Value RM equivalent	Contractual rate Forex rate	Interest rate
Less than 1 year :- Borrowing: USD 108,930	Indonesian Rupiah	355,112	11,224	1 USD = Rp9,295	13.30%

The cross currency swap contract of the foreign subsidiary entitles it to pay interest at fixed rate on notional principal amount. As at 31 March 2010, the above derivative has been recorded at its fair value in the Consolidated Balance Sheet in compliance with FRS 139 - Financial Instrument - Recognition and Measurement.

There is minimal credit risk for the above derivative financial asset because the contract was entered into with a reputable bank. The Group is exposed to minimal liquidity risk in view of its healthy cash position.

b) Gains/(losses) arising from fair value changes in financial liabilities

The Group does not have any financial liability subject to fair value changes through profit and loss in this financial period under review.

B11 Material litigation

The Group is not engaged in any material litigation since 31 December 2009, being the latest annual balance sheet date until 19 May 2010, being the latest practicable date which is not earlier than 7 days from the date of issuance of this Interim Financial Statements.

B12 Dividend proposed

No dividend has been proposed for the 1st quarter ended 31 March 2010.

In respect of the previous financial year ended 31 December 2009 :-

- i) The Board of Directors has proposed a first and final dividend of 13% or 6.50 sen per ordinary share of RM0.50 each, less income tax of 25% (2008: 16% or 8.00 sen per ordinary share of RM0.50 each, less income tax of 25%), 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.

MAH SING GROUP BERHAD*(Company No.: 230149-P)***(Incorporated in Malaysia)****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 by the weighted average number of ordinary shares in issue.

	3 months ended		Period ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Net Profit for the period (RM'000)	27,884	22,631	27,884	22,631
Weighted average number of ordinary shares in issue ('000)	692,974	627,124	692,974	627,124
Basic EPS (sen)	4.02	3.61	4.02	3.61

(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		Period ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Net Profit for the period (RM'000)	27,884	22,631	27,884	22,631
Weighted average number of ordinary shares in issue ('000)	692,974	627,124	692,974	627,124
Weighted average number of ordinary shares deemed issued at no consideration ('000):				
ESOS	64	98	64	98
Warrants	-	2,207	-	2,207
Adjusted weighted average number of ordinary shares ('000)	693,038	629,429	693,038	629,429
Diluted EPS (sen)	4.02	3.60	4.02	3.60

B14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

BY ORDER OF THE BOARD

YANG BAO LING
KUAN HUI FANG

Secretaries

Kuala Lumpur
26/05/2010