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NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at Crystal Room, Crystal Crown Hotel Harbour View, Port Klang, 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on Tuesday, 27 June 2006 at 10.30 a.m. for the following purposes:-

AGENDA

- 1) To receive the Audited Financial Statements for the year ended 31 December 2005 together with the Reports of the Directors and Auditors thereon. Resolution 1
- 2) To approve the payment of Directors' Fees for the year ended 31 December 2005. Resolution 2
- 3) To re-elect Mr. Loh Chen Peng who is retiring in accordance with Article 79 of the Company's Articles of Association. Resolution 3
- 4) To re-appoint Messrs. Anuarul Azizan Chew & Co., the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. Resolution 4

5) **SPECIAL BUSINESS:-**

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:-

ORDINARY RESOLUTION

- **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

Resolution 5

“**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one (1) financial year does not exceed ten per centum (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

- 6) To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order Of The Board

MAJOR TEAM HOLDINGS BERHAD

NG YIM KONG (LS0008343)

Company Secretary

5 June 2006



NOTICE OF FOURTH ANNUAL GENERAL MEETING *(cont'd)*

Notes:-

1. *A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his(her) behalf. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a Member appoints two (2) or more proxies, the appointment shall be invalid unless he(she) specifies the proportions of his(her) holdings to be represented by each proxy.*
3. *The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the Member is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or any adjournment thereof.*

Explanatory Note on Special Business:-

AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Ordinary Resolution 5 under item 5 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total ten percentum (10%) of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Director who is standing for re-election in accordance with Article 79 of the Company's Articles of Association at the Fourth Annual General Meeting of the Company:-

a) Mr. Loh Chen Peng Resolution 3

2. Details of attendance of the Directors at Board Meetings

There were **six (6)** Board Meetings held during the financial year ended 31 December 2005 on the following dates:

- (i) 25 February 2005
- (ii) 22 April 2005
- (iii) 27 May 2005
- (iv) 22 August 2005
- (v) 18 November 2005
- (vi) 12 December 2005

The details of the attendance of the Directors are set out in Statement of Corporate Governance appearing on page 9 of the Annual Report.

3. Place, date and hour of the Fourth Annual General Meeting

The Fourth Annual General Meeting of the Company will be held at Crystal Room, Crystal Crown Hotel Harbour View, Port Klang, 217 Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on Tuesday, 27 June 2006 at 10.30 a.m.



DIRECTORS' PROFILE

Michael Lim Hee Kiang, a Malaysian, aged 58, is an Independent Non-Executive Director of Major Team Holdings Berhad ("MTHB"). He was appointed to the Board on 1 August 2003. He is also the Chairman of the Audit Committee of MTHB. He is an Advocate and Solicitor, and holds an LLB degree with Second Class Upper Honours and an LLM degree with Distinction from Victoria University of Wellington, New Zealand (1972/1973). He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand in 1973. Upon returning to Malaysia in 1974, Mr. Lim was admitted to the High Court of Sarawak and Brunei and subsequently to the High Court of Malaya in 1978. He was a lecturer in the Law Faculty of the University of Malaya from 1975 to 1977. He joined Messrs. Shearn Delamore & Co. in 1978 and has been a partner of the firm for the last 28 years. He sits on the Board of Directors of Diethelm Holdings (Malaysia) Berhad, Selangor Properties Berhad, Dijaya Corporation Berhad, Paragon Union Berhad, Greatpac Holdings Berhad and Pantai Holdings Berhad. He has no family relationship with any Director and/or substantial shareholders of MTHB and his directorship in MTHB does not give rise to any conflict of interest situation. He has no convictions for any offences within the past ten (10) years.

Loh Chen Peng, a Malaysian, aged 52, is an Independent Non-Executive Director of MTHB. He was appointed to the Board on 1 August 2003. He is also a member of the Audit Committee of MTHB. He is a member of the Malaysian Institute of Certified Public Accountants since 1980. He started his career in 1975 with Messrs Deloitte Kassim Chan & Co., and left to join AmMerchant Bank in 1980, where he worked for thirteen (13) years and held several senior management positions in the areas of corporate finance and corporate banking, including overseeing the banking group's corporate turnaround/restructuring team. He resigned as a General Manager of AmMerchant Bank in October 1993. He was a founder director of Phileo Allied Bank (Malaysia) Berhad which commenced operations in August 1994 and was an Executive Director of the Bank until February 1998. Mr. Loh remained as a member of the Executive Committee of the Board of Directors of the Bank until early 2001. He is an Independent Non-Executive Director of Nexnews Berhad, Dijaya Corporation Berhad and Sunrise Berhad. He has no family relationship with any Director and/or substantial shareholders of MTHB and his directorship in MTHB does not give rise to any conflict of interest situation. He has no convictions for any offences within the past ten (10) years.

Linda Goh Lay Choon, a Malaysian, aged 42, is an Executive Director of MTHB. She was appointed to the Board on 9 September 2003 as a Non-Independent Non-Executive Director and has been appointed as an Executive Director of MTHB on 8 April 2005. She is also a member of the Audit Committee of MTHB. She obtained a Bachelor of Laws (Honours) degree from the University of Wolverhampton, England in 1987 and a Certificate of Legal Practice, Malaysia in 1989. She practised law for three (3) years from 1990 to 1993 in the fields of litigation, conveyancing, commercial and criminal law with Messrs. Jeffrey Fernandez & Co. and Messrs. Lloyd Fernando & Associates. In June 1994, she joined Fimco as the Group Legal and Administration Manager for companies in the property development, construction, manufacturing and other industries, where she served until February 2003. She has no family relationship with any Director and/or substantial shareholders of MTHB and her directorship in MTHB does not give rise to any conflict of interest situation. She has no convictions for any offences within the past ten (10) years.



CORPORATE INFORMATION

DOMICILE

Malaysia

LEGAL FORM AND PLACE OF INCORPORATION

A public listed company incorporated in Malaysia under the Companies Act, 1965 and limited by shares

BOARD OF DIRECTORS

Linda Goh Lay Choon	(Executive Director)
Michael Lim Hee Kiang	(Independent Non-Executive Director)
Loh Chen Peng	(Independent Non-Executive Director)

AUDIT COMMITTEE

Michael Lim Hee Kiang
(Chairman & Independent Non-Executive Director)
Loh Chen Peng
(Independent Non-Executive Director)
Linda Goh Lay Choon
(Executive Director)

COMPANY SECRETARY

Ng Yim Kong (LS 0008343)

REGISTERED OFFICE

Unit 07-02, Level 7, Menara Luxor
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 03-7804 5929
Fax : 03-7805 2559

PRINCIPAL PLACE OF BUSINESS

2nd Floor, Regal House
No. 1, Jalan U-Thant
55000 Kuala Lumpur
Malaysia
Tel : 03-2148 9822
Fax : 03-2148 6811

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
RHB Bank Berhad

REGISTRARS

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia
Tel : 03-2084 9000
Fax : 03-2094 9940

AUDITORS

Anuarul Azizan Chew & Co. (AF0791)
Chartered Accountants
(An Independent Member of Morison International)
18 Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
Malaysia
Tel : 03-4041 7233
Fax : 03-4041 0395

SOLICITOR

Shearn Delamore & Co.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board



EXECUTIVE **D**IRECTOR'S **S**TATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Major Team Holdings Berhad for the financial year ended 31 December 2005.

FINANCIAL HIGHLIGHTS

For the financial year under review, the Group recorded a lower revenue of approximately RM12.6 million as compared to previous year. This was mainly attributable to an intensely competitive market environment and the continual softening of the construction industry in 2005. In tandem with the decrease in revenue, the Group has recorded a loss before and after taxation of approximately RM8.06 million and RM6.05 million respectively. The overall loss was mainly attributable to the erosion by the unexpected increases in the costs of raw materials and the continual stiff market competitions during the financial year.

DIVIDEND

The Board does not recommend any dividend to be paid for the financial year ended 31 December 2005.

PROJECT HIGHLIGHTS

It is the Group's aspiration to increase its product awareness whilst being committed to further expansion and diversification of its manufacturing capacity. The Group has focused its resources on the high-end residential segment of the property development sector. In 2005, the Group is pleased to announce that the completion of various projects for the supply and installation of granite and marble works for 2 blocks 20 storey with 71 units condominiums known as Stonor Park for Benetton, 2 blocks 32 storey with 345 units condominium for Aston Star, 25 storey Service Apartments for UM Residences Sdn Bhd and several private and exclusive residential projects in the Klang Valley and Johor Bahru.

However with the increasing in premium brand awareness via its completed projects and showrooms in Kuala Lumpur and Johor Bahru as well as keeping its commitment towards product quality, range and overall service the Group is expected to hold fast to its standing in the industry.

PROSPECT FOR THE NEW FINANCIAL YEAR

We begin the new year with optimism having a total supply and installation of granite and marble projects worth approximately RM19.5 million. In addition, the Group has also tendered for projects worth more than RM30.0 million.

In keeping with its commitment to expand its product awareness locally and internationally towards the product quality, range and overall service, the Group has initiated discussion and participated in an exhibition with the local and international contractors, Interior Designers for prospective works in the Middle East Region. This will enhance our image both at local and abroad and open up new avenues for growth.



EXECUTIVE **D**IRECTOR'S **S**TATEMENT *(cont'd)*

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take the opportunity to thank the Management and staff for their continued hard work and dedication to the Group. I also express my appreciation to our shareholders, valued clients, bankers, industry partners and Government authorities for their continued support and confidence in the Group.

Linda Goh Lay Choon
Executive Director



STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Major Team Holdings Berhad (“MTHB” or “the Company”) is committed to uphold the principles and standards of corporate governance throughout the Group so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of safeguarding shareholders’ investment and ultimately, the shareholders’ interest.

The Board of Directors

The Board has the overall responsibility for Corporate Governance, strategic decision and overseeing the overall performance of the Company and of the Group.

The Board

The Board consists of an Executive Director and two (2) Independent Non-Executive Directors. This reflects a Board which consist of at least one-third (1/3) Independent Non-Executive Directors.

The Board has taken necessary measures to ensure a balance of Executive Director and Non-Executive Directors (including Independent Non-Executive Directors) such that no individual or small group of individuals can dominate the Board’s decision making.

The Executive Director is primarily responsible for heading the Board and leads the planning discussion at the Board level and is also responsible for the implementation of the policies and the day-to-day running of the business together with the Management.

Board Meetings

The Board met six (6) times during the financial year. The meetings attendance of the individual Directors were as follows:-

Name of Directors	No. of Meetings Attended
Michael Lim Hee Kiang	6/6
Loh Chen Peng	5/6
Linda Goh Lay Choon	6/6
Kenneth Ian Cornford (Appointed on 18.11.2005 and demised on 10.2.2006)	1/1
Tan Sri Dato’ Kamaruzzaman Bin Shariff (Resigned on 7.11.2005)	4/4
Teoh Tek Siong (Resigned on 7.11.2005)	4/4
Yap Kiang Siang (Resigned on 7.11.2005)	4/4
Dato’ Chan Tien Ghee (Resigned on 4.3.2005)	1/1

Supply of Information

The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board Meeting’s procedures are adhered to and that applicable rules and regulations are complied with. Minutes of the Board Meetings are maintained. Besides the Company Secretary, the Independent Directors have the unfettered access to the financial information.

**STATEMENT ON CORPORATE GOVERNANCE (cont'd)****Committees of the Board**

The following committee is established to assist the Board in the discharge of its duties. The committee operates under approved terms of reference or guidelines:-

- **Audit Committee**

The term of reference of MTHB's Audit Committee and its activities during the financial year ended 31 December 2005 are set out in the Audit Committee Report.

- **Nomination Committee and Remuneration Committee**

In regard to the Nomination and Remuneration Committees as recommended under Part 2 of the Malaysia Code of Corporate Governance, the Board is of the opinion that all matters relating to the nomination and remuneration of the office bearers shall for the time being be deliberated upon by the Audit Committee and the Board. The Nomination and Remuneration Committees shall be established when the need arises in the future.

Appointment and Re-election of Directors

The Article 79 of MTHB's Articles of Association stipulated that one-third (1/3) of the Board of Directors were required to offer themselves for re-election by rotation at each Annual General Meeting. All Directors are required to offer themselves for re-election at least once every three (3) years.

Directors' Remuneration

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company during the financial year are as follows:-

i) Aggregate remuneration of Directors categorised into appropriate components:-

Description	Salaries (RM)	Bonus, Commissions And Compensations (RM)	Fees (RM)	Benefits in-kinds (RM)	Total (RM)
Executive Directors	452,716	-	-	-	452,716
Non-Executive Directors			40,000	-	40,000

ii) The number of Directors whose total remunerations fall within the following bands are:-

Range of Remunerations	Number of Directors	
	Executive	Non-Executive
Below RM50,000	1	2
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	1	-

The Directors' fees amounting to RM40,000 proposed during the year will be subjected to the shareholders' approval in the forthcoming Annual General Meeting and will be paid at a date to be decided after the shareholders' approval.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

Directors' Training

Members of the Board have attended the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis, Malaysia.

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on continuous training for Directors, the Board of Directors had attended a briefing on company valuation, restructuring and funding, risk management, off balance sheet items and off-shore accounts & derivatives conducted by International Business Consulting Sdn Bhd. The Directors are continually updated by the Company Secretary on new issues of Practice Notes relating to changes and/or amendments to the Listing Requirements of Bursa Securities and the relevant authorities, where applicable.

The Board of Directors will continue to undergo other relevant training programmes, where appropriate, to further enhance their knowledge and keep abreast with the changing business developments and relevant to the industry the Group is in.

Dialogue with Shareholders

MTHB recognises the importance of transparency and accountability to its shareholders and investors. The main forum for dialogue with shareholders is during MTHB's general meeting. Shareholders who attend the general meetings are encouraged to raise questions pertaining to the subject matters of such general meetings.

Providing timely information to shareholders and investors is also important in terms of the effectiveness of such communications. As such, MTHB not only makes timely public announcement through Bursa Securities of all major developments within MTHB but also strives to make the quarterly financial results announcement on a timely basis.

Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcements, the Directors aim to present a balanced and understandable assessment of the Group's and the Company's position and prospects. The Audit Committee assists in reviewing the information disclosed to ensure accuracy and adequacy.

A Statement by the Directors of their responsibilities in preparing the financial statements is set out below.

Internal Control

The Board acknowledges its responsibilities for MTHB's system of internal control covering not only financial controls but also organisational, operational and compliance controls as well as risk management to safeguard shareholders' investment and the Group's assets.

Apart from risk management and internal audit, the Group has an embedded system of internal control which includes:-

- An organisation chart with formally defined lines of responsibility and delegation of authority or different divisions within the Group; and
- Policies and procedures, to ensure compliance with internal controls and the relevant laws and regulations, are set out in the operations manuals, guidelines and directives issued by its major operating units.

Audit Committee

Please refer to Audit Committee Report on pages 16 to 18 of this Annual Report.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Relationship with the Auditors

The role of Audit Committee in relation to the external Auditors is described on page 17 of this Annual Report. MTHB has always maintained a transparent relationship with its external Auditors in seeking their professional advice towards ensuring compliance with the relevant accounting standards.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the Company's and Group's state of affairs. Following discussions with the external Auditors, the Directors consider that MTHB uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that all accounting standards which they consider applicable have been adopted during the preparation of the financial statements.

The Directors are responsible for ensuring that MTHB keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements complies with the Companies Act, 1965. They have the general responsibility for taking such steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.

Additional Compliance Information

In compliance with the Listing Requirements of Bursa Securities, the following information is provided:-

Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Group from any corporate proposals.

Share Buy-Back

MTHB does not have any share buy-back programme in place.

Option, Warrant and Convertible Securities

There are no options, warrants or convertible securities exercised in respect of the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

MTHB does not sponsor any ADR or GDR Programme during the financial year.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on MTHB or its subsidiaries, Directors or Management by the relevant regulatory bodies.

Non-Audit Fees

There were no non-audit fees incurred during the financial year.



STATEMENT ON CORPORATE GOVERNANCE *(cont'd)*

Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

Material Contracts Involving Directors' and Substantial Shareholders' Interests

To the best of the Board's knowledge, there were no material contracts involving the Group with any of the substantial shareholders or Directors in office as at 31 December 2005.

Variance from Unaudited Results Previously Announced

There was no material variance between the results for the financial year and the unaudited results previously announced.

Revaluation of Landed Properties

The Group have not adopted a policy of regular revaluation as stated in the Note (2) to the financial statements on page 39.

Related Party Transaction of a Revenue Nature

The details of the transaction with related parties undertaken by the Group during the financial year are disclosed in Note 28 to the audited financial statements on page 58 of the Company's Annual Report.

Profit Estimate, Forecast and Projection

The Company did not make any release on the profit estimate, forecast or projection for the financial year.



STATEMENT OF INTERNAL CONTROL

Introduction

The Malaysian Code of Corporate Governance requires listed issuers to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements paragraph 15.27 (b) states that a listed issuer must ensure that its Board of Directors ("the Board") includes in its annual report "a statement about the state of internal control of the listed issuer as a group".

Board's responsibilities

The Board acknowledges its overall responsibility for the Group's system of internal control over both the financial and non-financial aspects relating to operational issues, compliance with relevant laws and regulations and risk management of the Group's activities and also for reviewing the adequacy and integrity of those systems.

The Board recognises that controls are an important part of managing risks in an effort to achieve corporate objectives. As such, the Board would set appropriate policies on internal controls designed to safeguard shareholders' investment and the Group's assets. It should be noted that such policies are designed to manage rather than to eliminate the risk of failure and can only provide reasonable, not absolute, assurance against material misstatement or loss.

Risk Management

Whilst the Board has the responsibility for managing risks and internal controls associated with the operations and ensuring compliance with applicable laws and regulations, the management is accountable to the Board for monitoring the Group's internal control systems and providing assurance to the Board that it has done so.

At present, the management monitors the adequacy and integrity of the Group's internal control systems. The Board recognises the need to establish an independent internal audit function which possesses the necessary expertise to perform their duties. As such, the Board intends to engage an external professional firm of consultants to facilitate and assist in the identification of, prioritise and mitigate significant and major risks within the Group in the near future.

System of Internal Control

The summaries of the MTHB's system of internal control are as follows:-

- The Board formulates strategies on an on-going basis and addresses issues arising from changes in both the external and domestic business environments;
- The Board and respective Boards of subsidiaries in the Group receive and review reports and cash flow from their management on a regular basis. Monthly progress reports on business operations are tabled to the respective board at the monthly meetings;
- The Audit Committee reviews on a quarterly basis the quarterly unaudited condensed financial results to monitor the Group's progress towards achieving the Group's objectives;
- The standard procedure has been developed and adopted by the operating units to suit the regulatory and business environment in which they operate;
- An organisation chart with formally defined lines of responsibilities and delegation of authority for different division within the Group;
- There are proper guidelines within the Group for hiring senior management to achieve the objectives of ensuring competency in carrying out their responsibilities;



STATEMENT INTERNAL CONTROL *(cont'd)*

- The Audit Committee has been set up to review any issues identified by the external auditors, regulatory authorities and the management; and
- The external auditors have reviewed this Statement on Internal Control and reported to the Board that the Statement appropriately reflects the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Conclusion

The Board of Directors, to its best knowledge, is not aware of any material internal control failures or any significant problems that have arisen during the financial year. Management will continue to take measures to strengthen the control environment which includes the possibility of appointing an external professional firm of consultants to conduct periodic internal audit review.

The statement is made in accordance with the resolution of the Board of Directors dated 30 May 2006.



AUDIT COMMITTEE REPORT

Composition of Audit Committee

In compliance with paragraph 15.10 of the Listing Requirements of the Bursa Securities Listing Requirements, the Audit Committee consists of three (3) Directors, two (2) of them are Independent Non-Executive Directors and one (1) of them is an Executive Director.

Chairman

- (i) Michael Lim Hee Kiang
Independent Non-Executive Director

Members

- (ii) Loh Chen Peng
Independent Non-Executive Director
- (iii) Linda Goh Lay Choon
Executive Director

Terms of Reference

Objective

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Group and its subsidiaries.

In addition, the Audit Committee shall:-

- (i) oversee and appraise the quality of the audits conducted by MTHB's internal and external auditors;
- (ii) maintain open lines of communication between the Board of Directors and the internal and external auditors to exchange views and information, as well as to confirm their respective authorities and responsibilities; and
- (iii) determine the adequacy of the Group's administrative, operating and accounting controls.

Authority

Whenever necessary and reasonable for the performance of its duties, the Committee is empowered to undertake the following:-

- (i) investigate any matters within its terms of reference;
- (ii) have access to the necessary resources, including obtaining independent professional or other advice, which are required to perform its duties;
- (iii) have full and unrestricted access to any information and documents relevant to MTHB's and its subsidiary companies' activities;
- (iv) have direct communication channels with the external auditors, any person(s) carrying out the internal audit function or activity, and the senior management of MTHB and its subsidiaries;
- (v) obtain external legal or independent professional or other advice and secure the attendance of outside professionals with relevant experience and expertise if it considers necessary; and
- (vi) convene meetings with the external auditors at least once a year, without the presence of the executive directors, whenever deemed necessary.



AUDIT COMMITTEE REPORT *(cont'd)*

Duties and Responsibilities

- (i) To review the quarterly unaudited condensed financial statements and the year end financial statements of the Group before submission to the Board, focusing particularly on:-
 - any changes in accounting policies and practices;
 - any significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
- (ii) To determine whether the procedures for reviewing all related party transactions are appropriate and shall have the authority to delegate this responsibility to such individuals within MTHB as the Committee shall deem fit;
- (iii) To review and ascertain whether the procedures established to monitor related party transactions have been complied with. If it is determined that the prescribed procedures are inadequate to ensure that the related party transactions are conducted at arm's length and on normal commercial terms and such transactions are not prejudicial to the interest of the shareholders, MTHB will obtain fresh shareholders' mandate based on the new procedures;
- (iv) To request for limits to be imposed or for additional procedures to be followed in respect of the all related party transactions if it considers such a request to be appropriate. In that event, such limits may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits;
- (v) To recommend to the Board the appointment or reappointment of the external auditors, audit fee, and where applicable, their resignations and dismissal;
- (vii) To review with the external auditors, the audit plan for MTHB and the Group;
- (vii) To review with the external auditors their evaluation of the system of internal controls;
- (viii) To review with the external auditors their audit report, management letter and management's response;
- (ix) To review the assistance given by the management and staff of MTHB and its subsidiaries to the external auditors;
- (x) To review the adequacy of the scope, functions and resources of the internal auditors and that they have the necessary authority to carry out their work;
- (xi) To review with the internal auditors the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors; and
- (xii) To undertake such other responsibilities deemed necessary by the Committee.



AUDIT COMMITTEE REPORT *(cont'd)*

Meetings

The Audit Committee shall hold at least four (4) meetings a year and such additional meeting(s) as the Chairman shall decide in order to fulfill its duties.

Apart from the members of the Committee who will be present at the meetings, the Committee may invite any members of the Board of Directors, the management, staff and representatives of the external auditors and internal auditors to be present at the meeting of the Committee.

A quorum shall consist of a majority of Non-Executive Committee members and shall not be less than two (2).

The Company Secretary or any person appointed by the Committee for this purpose shall act as secretary for the Committee and as a reporting procedure, the minutes shall be circulated to all the members of the Committee and the Board.

Summary of activities

During the financial year ended 31 December 2005, the Audit Committee reviewed the quarterly unaudited condensed financial results announcement of the Group and the audited financial statements for the year ended 31 December 2005 prior to the Board of Directors' approval and subsequent announcement.

Details of attendance

There were five (5) Audit Committee meetings held during the financial year and the details of the attendance of each

Audit Committee member are as follows:

Name of Directors

No. of meetings attended

Michael Lim Hee Kiang	5/5
Loh Chen Peng	4/5
Linda Goh Lay Choon (Appointed on 18.11.2005)	1/1
Teoh Tek Siong (Resigned on 7.11.2005)	4/4

Internal audit functions

The Company does not possess a formalised internal audit department. In the absence of an internal audit department, the Audit Committee, in discharging the functions are given access to all relevant information and resources with the Company. In addition, when applicable, the external auditors and Company Secretary are invited to the relevant Audit Committee meeting to ensure that Audit Committee are appropriately briefed and advised on matters to be deliberated by the Audit Committee.

The Audit Committee recognises the need to establish an independent internal audit function. As such, the Audit Committee has recommended to the Board to outsource the internal audit function to an external consultant so as to conduct periodic internal audit and review on compliance with internal control procedures and practices and appraise the effectiveness of the internal control system within the Group.

**SUBSIDIARY COMPANIES**

Name of company	2005	2004	Principal activities
Stone World Sdn Bhd (224526-D)	100%	100%	Manufacturing, supply and installation of stone products
Head office:- 2nd Floor, Regal House No. 1, Jalan U-Thant 55000 Kuala Lumpur Malaysia Tel : 03-2148 3882 Fax : 03-2148 2889 Website address : www.stoneworld.com.my			
Factory:- No. PLO 466, Jalan Gangsa Pasir Gudang Industrial Estate 81700 Pasir Gudang Johor Darul Ta'azim Malaysia Tel : 07-251 7632 Fax : 07-251 3353			
Stone World Marketing Sdn Bhd (299584-P)	100%	100%	Provision of management services and trading of stone products
* Industrial Art Resource Sdn Bhd (451444-P)	100%	100%	Dormant
* Stone Export Sdn Bhd (331454-T)	100%	100%	Dormant
* Stone World (HK) Ltd (490576)	100%	100%	Dormant
* Held through Stone World Sdn Bhd (224526-D)			

**LIST OF PROPERTIES HELD BY THE GROUP**

Location	Age of building	Tenure	Description	Land Area (Sq.m)	Build-up area (Sq.m)	Cost / Revaluation (RM)	Net book value as at 31.12.2005 (RM)
1.PLO 466, Jalan Gangsa Pasir Gudang Industrial Estate 81700 Pasir Gudang Johor Bahru, Johor Malaysia.	13	Leasehold (Expiry (10.08.2053))	Leasehold Land, factory and office	64,749	18,696.98 (Factory) 937.02 (office)	42,829,572*	34,866.124
2.Lot 1573, 1577, 2118 and 2221 in the Mukim of Plentong, Johor Bahru, Johor Malaysia.	7	Freehold	Bungalow	1,133	400	738,413^	652,717

* Valued on 8 July 2000 by Khong & Jaafar Sdn Bhd

^ Acquired on 17 June 1997

**ANALYSIS OF SHAREHOLDINGS**

Class of shares : Ordinary Shares of RM1.00 each
 Voting rights : One vote per RM1.00 share

Distribution of Shareholdings as per Record of Depositors as at 3 May 2006

Size of holdings	No. of holders	No. of shares	%
1 - 99	15	346	0.00
100 - 1,000	3,394	1,364,939	1.38
1,001 - 10,000	1,369	5,070,550	5.13
10,001 - 100,000	265	7,372,803	7.45
100,001 - 4,943,868 (*)	52	27,299,084	27.61
4,943,869 and above (**)	2	57,769,658	58.43
Total	5,097	98,877,380	100.00

* Less than 5% of the issued and paid-up shares.

** 5% and above of the issued and paid-up shares.

Substantial Shareholders as per the Register of Substantial Shareholders as at 3 May 2006

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of shares	%	No. of shares	%
Ample Potential Sdn Bhd	5,727,461	5.79	4,089,400 ^(a)	4.14
Ooi Chew Kun	-	-	9,816,861 ^(b)	9.93
Estate of Wong Thiam Loy	40,801	0.04	59,816,861 ^(c)	60.50
Kong See Kuan	-	-	59,857,662 ^(d)	60.54
Excellent Avenue (M) Sdn Bhd	50,000,000	50.57	-	-
Exclusive Vest Holdings Sdn Bhd	-	-	50,000,000 ^(e)	50.57
Hong Leong Bank Berhad	7,769,658	7.86	-	-
Davos Investment Holdings Private Limited	-	-	7,769,658 ^(f)	7.86
Kwek Leng Kee	-	-	7,769,658 ^(f)	7.86
Quek Leng Chye	-	-	7,769,658 ^(f)	7.86
Hong Realty (Private) Limited	-	-	7,769,658 ^(f)	7.86
Hong Leong Investment Holdings Private Limited	-	-	7,769,658 ^(f)	7.86
Kwek Holdings Pte Ltd	-	-	7,769,658 ^(f)	7.86
Kwek Leng Beng	-	-	7,769,658 ^(f)	7.86
Hong Leong Credit Berhad	-	-	7,769,658 ^(f)	7.86
Guoco Group Limited	-	-	7,769,658 ^(f)	7.86
Guoco Assets Sdn Bhd	-	-	7,769,658 ^(f)	7.86
Guoline Overseas Limited	-	-	7,769,658 ^(f)	7.86
Guoline Capital Assets Limited	-	-	7,769,658 ^(f)	7.86
Hong Leong Company (Malaysia) Berhad	-	-	7,769,658 ^(f)	7.86
HL Holdings Sdn Bhd	-	-	7,769,658 ^(f)	7.86
Tan Sri Quek Leng Chan	-	-	7,769,658 ^(f)	7.86

(a) Deemed interest by virtue of the Share Sale Agreement dated 10 December 2001 and Supplemental Agreement dated 10 June 2002.

(b) Deemed interest through his substantial shareholdings in Ample Potential Sdn Bhd.

(c) Deemed interest through the late Mr. Wong Thiam Loy's substantial shareholdings in Ample Potential Sdn Bhd and the substantial shareholdings of his spouse, Madam Kong See Kuan's substantial shareholdings in Exclusive Vest Holdings Sdn Bhd which has substantial shareholdings in Excellent Avenue (M) Sdn Bhd.

(d) Deemed interest through her substantial shareholdings in Exclusive Vest Holdings Sdn Bhd which has substantial shareholdings in Excellent Avenue (M) Sdn Bhd and her spouse, the late Mr. Wong Thiam Loy's direct shareholdings in the Company and his substantial shareholdings in Ample Potential Sdn Bhd.

(e) Deemed interest through its substantial shareholdings in Excellent Avenue (M) Sdn Bhd.

(f) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965.

**ANALYSIS OF SHAREHOLDINGS** (cont'd)**Directors' Shareholdings as per the Register of Directors' Shareholding as at 3 May 2006**

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of shares	%	No. of shares	%
Michael Lim Hee Kiang	-	-	-	-
Linda Goh Lay Choon	-	-	-	-
Loh Chen Peng	-	-	-	-

Top Thirty (30) Shareholders as per the Record of Depositors as at 3 May 2006

No.	Name	Shareholdings	%
1.	Excellent Avenue (M) Sdn Bhd	50,000,000	50.57
2.	HLB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Berhad	7,769,658	7.86
3.	HLB Nominees (Tempatan) Sdn Bhd - Ample Potential Sdn Bhd	4,489,400	4.54
4.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Malayan Banking Berhad	2,636,171	2.67
5.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Asakura Industry Sdn Bhd	2,120,200	2.14
6.	CIMSEC Nominees (Asing) Sdn Bhd - Pledged Securities Account for Philip Seong Chee Liang	1,873,900	1.90
7.	Lim Soo Chin	1,500,000	1.52
8.	CIMSEC Nominees (Asing) Sdn Bhd - Pledged Securities Account for Kenneth Ian Cornford	1,468,300	1.48
9.	HLB Nominees (Tempatan) Sdn Bhd - Ample Potential Sdn Bhd	1,238,061	1.25
10.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dasar Sejahtera Sdn Bhd	1,069,200	1.08
11.	CIMSEC Nominees (Tempatan) Sdn Bhd - EON Finance Berhad for Tan Chong Thiam	939,900	0.95
12.	AMSEC Nominees (Tempatan) Sdn Bhd - Ambank (M) Berhad	932,193	0.94
13.	Tham Sook Ling	650,000	0.66
14.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Presentation Image Sdn Bhd	540,000	0.55
15.	Lim Ai Gnoh	524,000	0.53
16.	CIMSEC Nominees (Tempatan) Sdn Bhd - EON Finance Berhad for Lee Poh Yee	424,959	0.43
17.	Chow Poh Meng	410,200	0.41
18.	Ong Chiew Kee	343,600	0.35
19.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Seng Yong	314,000	0.32
20.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kwei Eng An	302,000	0.31

**ANALYSIS OF SHAREHOLDINGS** (cont'd)

21.	Seow Wei Khong	286,100	0.29
22.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Nyuk Yong	273,600	0.28
23.	Noe Wai Yew	239,300	0.24
24.	Siti Norza Binti Sidek	220,000	0.22
25.	Affin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thung Bong Miang	218,000	0.22
26.	Lim Chin Hua	215,000	0.22
27.	Ooi Boi Kwee	204,900	0.21
28.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Yu Sin	200,000	0.20
29.	Myocean Sdn Bhd	200,000	0.20
30.	Affin Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for See Kok Wooi	195,000	0.20



DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are stated in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM	Company RM
Net loss for the financial year	<u>6,050,006</u>	<u>1,143,691</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen during the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the financial results of the Group and of the Company for the current financial year.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the financial year under review.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.



DIRECTORS' REPORT *(cont'd)*

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The directors who served since the date of the last report are as follows:

Loh Chen Peng	
Michael Lim Hee Kiang	
Linda Goh Lay Choon	
Kenneth Ian Cornford	(appointed on 18.11.2005, deceased on 10.2.2006)
Tan Sri Dato' Kamaruzzaman bin Shariff	(resigned on 7.11.2005)
Teoh Tek Siong	(resigned on 7.11.2005)
Yap Kiang Siang	(resigned on 7.11.2005)

Directors' Interests

None of the directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



DIRECTORS' REPORT *(cont'd)*

Other Statutory Information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
 - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
 - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.

Holding Company

The holding company is Excellent Avenue (M) Sdn. Bhd., a company incorporated in Malaysia.



DIRECTORS' REPORT *(cont'd)*

Ultimate Holding Company

The ultimate holding company is Exclusive Vest Holdings Sdn. Bhd., a company incorporated in Malaysia.

Significant Event

The significant event is disclosed in Note 32 to the financial statements.

Staff Information

The total number of employees of the Group and of the Company (excluding directors) at the end of the financial year were 122 and 10 (2004: 144 and 7) respectively.

Auditors

The auditors, Anuarul Azizan Chew & Co., have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors.

LINDA GOH LAY CHOON

LOH CHEN PENG

KUALA LUMPUR



STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, LINDA GOH LAY CHOON and LOH CHEN PENG, being two of the directors of MAJOR TEAM HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 9 to 39 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2005 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the directors.

LINDA GOH LAY CHOON

LOH CHEN PENG

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 169(15) of the Companies Act, 1965

I, LINDA GOH LAY CHOON, being the director primarily responsible for the financial management of MAJOR TEAM HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 39 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by)
the abovenamed LINDA GOH LAY)
CHOON at KUALA LUMPUR in the)
Federal Territory this)

LINDA GOH LAY CHOON

Before me,

COMMISSIONER FOR OATHS



REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements set out on pages 31 to 60 of Major Team Holdings Berhad.

The financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of :
 - (i) the state of affairs of the Group and of the Company as at 31 December 2005 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of the subsidiary company of which we have not acted as auditors is indicated in Note 4 to the financial statements. We have considered the financial statements of the subsidiary company and the auditors' report thereon of which we have not acted as auditors.



REPORT OF THE AUDITORS TO THE MEMBERS *(cont'd)*

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

ANUARUL AZIZAN CHEW & CO.
Firm Number: AF 0791
Chartered Accountants

TEE GUAN PIAN
Approved Number: 1886/05/06 (J/PH)
Partner of Firm

KUALA LUMPUR



BALANCE SHEETS AS AT 31 DECEMBER 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Non-Current Assets					
Property, plant and equipment	3	45,763,949	49,484,947	291,540	337,635
Investment in subsidiary companies	4	-	-	55,102,460	55,002,460
Intangible assets	5	29,135,884	29,135,884	29,135,884	29,135,884
		<u>74,899,833</u>	<u>78,620,831</u>	<u>84,529,884</u>	<u>84,475,979</u>
Current Assets					
Inventories	6	38,257,545	37,522,491	-	-
Trade receivables	7	26,291,381	27,202,725	-	-
Other receivables	8	1,723,282	592,744	12,487	8,587
Amount owing by customers on contracts	9	2,650,045	1,026,692	-	-
Amount owing by subsidiary company	10	-	-	13,039,138	14,212,069
Amount owing by related companies	11	1,680	-	2,160	-
Cash and bank balances		1,282,685	3,107,735	39,928	186,961
		<u>70,206,618</u>	<u>69,452,387</u>	<u>13,093,713</u>	<u>14,407,617</u>
Current Liabilities					
Trade payables	12	3,662,284	1,624,397	-	-
Other payables	13	3,408,248	2,687,166	1,598,776	1,664,517
Amount owing to customers on contracts	9	339,002	1,248,669	-	-
Amount owing to ultimate holding company	14	628	628	-	-
Amount owing to related company	11	129,879	131,098	129,879	130,361
Hire purchase payables	15	127,130	151,044	58,112	60,000
Bank borrowings	16	17,681,617	13,877,482	-	-
Taxation		1,909,064	2,336,418	-	-
		<u>27,257,852</u>	<u>22,056,902</u>	<u>1,786,767</u>	<u>1,854,878</u>
Net current assets		<u>42,948,766</u>	<u>47,395,485</u>	<u>11,306,946</u>	<u>12,552,739</u>
		<u>117,848,599</u>	<u>126,016,316</u>	<u>95,836,830</u>	<u>97,028,718</u>

**BALANCE SHEETS AS AT 31 DECEMBER 2005** (cont'd)

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Financed By:					
Share capital	17	98,877,380	98,877,380	98,877,380	98,877,380
Reserve on consolidation	18	9,296,183	9,296,183	-	-
2% Redeemable convertible unsecured loan stocks 2003/2008	19	23,036	23,036	23,036	23,036
Retained profits/(Accumulated losses)		847,954	6,897,960	(3,225,389)	(2,081,698)
Shareholders' funds		<u>109,044,553</u>	<u>115,094,559</u>	<u>95,675,027</u>	<u>96,818,718</u>
Non-Current Liabilities					
Hire purchase payables	15	249,140	268,955	161,803	210,000
Bank borrowings	16	3,000,000	3,000,000	-	-
Deferred tax liabilities	20	5,554,906	7,652,802	-	-
		<u>8,804,046</u>	<u>10,921,757</u>	<u>161,803</u>	<u>210,000</u>
		<u>117,848,599</u>	<u>126,016,316</u>	<u>95,836,830</u>	<u>97,028,718</u>

The accompanying notes form an integral part of the financial statements.



INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	21	12,597,942	37,547,562	-	-
Cost of sales		<u>(14,255,278)</u>	<u>(22,337,231)</u>	-	-
Gross (loss)/profit		(1,657,336)	15,210,331	-	-
Other operating income		367,399	123,254	120,000	1
Selling and distribution expenses		(269,149)	(267,949)	-	-
Administration expenses		<u>(5,104,512)</u>	<u>(5,826,763)</u>	<u>(1,225,540)</u>	<u>(1,196,164)</u>
(Loss)/Profit from operations	22	(6,663,598)	9,238,873	(1,055,540)	(1,196,163)
Finance costs	23	<u>(1,393,481)</u>	<u>(1,337,076)</u>	<u>(19,974)</u>	<u>(6,687)</u>
(Loss)/Profit before taxation		(8,057,079)	7,901,797	(1,125,514)	(1,202,850)
Taxation	24	<u>2,007,073</u>	<u>(2,783,416)</u>	<u>(18,177)</u>	-
Net (loss)/profit for the financial year		<u>(6,050,006)</u>	<u>5,118,381</u>	<u>(1,143,691)</u>	<u>(1,202,850)</u>
(Loss)/Earnings per share (sen)	25				
Basic		<u>(6.12)</u>	<u>5.20</u>		
Fully diluted		<u>(6.12)</u>	<u>5.20</u>		

The accompanying notes form an integral part of the financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Non-distributable			Distributable		Total RM
	Share Capital RM	RCULS RM	Reserve on Consolidation RM	Retained Profits/ (Accumulated Losses) RM	RM	
At 1 January 2004	95,667,609	3,232,807	9,296,183	1,779,579	109,976,178	109,976,178
Issue of shares	3,209,771	-	-	-	3,209,771	3,209,771
Conversion of RCULS	-	(3,209,771)	-	-	(3,209,771)	(3,209,771)
Net profit for the financial year	-	-	-	5,118,381	5,118,381	5,118,381
At 31 December 2004	<u>98,877,380</u>	<u>23,036</u>	<u>9,296,183</u>	<u>6,897,960</u>	<u>115,094,559</u>	<u>115,094,559</u>
At 1 January 2005	98,877,380	23,036	9,296,183	6,897,960	115,094,559	115,094,559
Net loss for the financial year	-	-	-	(6,050,006)	(6,050,006)	(6,050,006)
At 31 December 2005	<u>98,877,380</u>	<u>23,036</u>	<u>9,296,183</u>	<u>847,954</u>	<u>109,044,553</u>	<u>109,044,553</u>

The accompanying notes form an integral part of the financial statements.



COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Share Capital RM	Non- distributable RCULS RM	Distributable Accumulated Losses RM	Total RM
At 1 January 2004	95,667,609	3,232,807	(878,848)	98,021,568
Issue of shares	3,209,771	-	-	3,209,771
Conversion of RCULS	-	(3,209,771)	-	(3,209,771)
Net loss for the financial year	-	-	(1,202,850)	(1,202,850)
At 31 December 2004	<u>98,877,380</u>	<u>23,036</u>	<u>(2,081,698)</u>	<u>96,818,718</u>
At 1 January 2005	98,877,380	23,036	(2,081,698)	96,818,718
Net loss for the financial year	-	-	(1,143,691)	(1,143,691)
At 31 December 2005	<u>98,877,380</u>	<u>23,036</u>	<u>(3,225,389)</u>	<u>95,675,027</u>

The accompanying notes form an integral part of the financial statements.



CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		(8,057,079)	7,901,797	(1,125,514)	(1,202,850)
Adjustment for:					
Depreciation of property, plant and equipment		4,143,991	4,078,992	89,495	37,515
Interest expense		1,393,481	1,337,076	19,974	6,687
Inventories written off		128,333	138,333	-	-
Allowance for doubtful debts		-	596,997	-	-
Bad debt written off		-	200,000	-	-
Interest income		(9,323)	(40,092)	-	-
Bad debt recovered		(60,000)	-	-	-
Write back of allowance for doubtful debts		(10,000)	-	-	-
Gain on disposal of property, plant and equipment		(214,379)	-	(120,000)	-
Gain on disposal of investment in subsidiary company		-	(1)	-	(1)
Operating (loss)/profit before working capital changes		(2,684,976)	14,213,102	(1,136,045)	(1,158,649)
(Increase)/Decrease in working capital					
Inventories		(863,387)	(9,032,101)	-	-
Trade receivables		921,344	(11,959,483)	-	-
Other receivables		(1,070,538)	4,278,478	(3,900)	(8,587)
Trade payables		2,037,887	(58,481)	-	-
Other payables		721,082	1,711,458	(65,741)	1,573,867
Amount owing by a director		-	(50,000)	-	-
Amount owing by/to customers on contracts		(2,533,020)	3,573,754	-	-
Amount owing by/to subsidiary company		-	(1,540,826)	1,172,931	(8,802,895)
Amount owing to related company		(2,899)	1,403	(2,642)	666
		(789,531)	(13,075,798)	1,100,648	(7,236,949)
Cash (used in)/generated from operations		(3,474,507)	1,137,304	(35,397)	(8,395,598)
Interest received		9,323	40,092	-	-
Interest paid		(1,393,481)	(1,337,076)	(19,974)	(6,687)
Tax paid		(518,177)	(1,422,582)	(18,177)	-
		(1,902,335)	(2,719,566)	(38,151)	(6,687)
Net cash used in operating activities		(5,376,842)	(1,582,262)	(73,548)	(8,402,285)



NOTES TO THE FINANCIAL STATEMENTS

Cash Flows From Investing Activities

Purchase of property, plant and equipment	26	(333,764)	(674,661)	(43,400)	(75,150)
Proceeds from disposal of property, plant and equipment		215,150	-	120,000	-
Proceeds from disposal of investment in subsidiary company		-	2	-	2
Acquisition of subsidiary company		-	-	(100,000)	-
Net cash used in investing activities		<u>(118,614)</u>	<u>(674,659)</u>	<u>(23,400)</u>	<u>(75,148)</u>

Cash Flows From Financing Activities

Amount owing to shareholders		-	(1,269,286)	-	(1,269,286)
Drawdown of bank borrowings		6,021,341	-	-	-
Repayment of bank borrowings		(1,973,839)	(7,871,209)	-	-
Repayment of hire purchase payables		(133,729)	(113,519)	(50,085)	(30,000)
Net cash from/(used in) financing activities		<u>3,913,773</u>	<u>(9,254,014)</u>	<u>(50,085)</u>	<u>(1,299,286)</u>

Net decrease in cash and cash equivalents

		(1,581,683)	(11,510,935)	(147,033)	(9,776,719)
Cash and cash equivalents at beginning of the financial year		<u>(5,795,908)</u>	<u>5,715,027</u>	<u>186,961</u>	<u>9,963,680</u>
Cash and cash equivalents at end of the financial year		<u>(7,377,591)</u>	<u>(5,795,908)</u>	<u>39,928</u>	<u>186,961</u>

Cash and cash equivalents at end of the financial year comprises:

Cash and bank balances		1,282,685	3,107,735	39,928	186,961
Bank overdraft		(8,660,276)	(8,903,643)	-	-
		<u>(7,377,591)</u>	<u>(5,795,908)</u>	<u>39,928</u>	<u>186,961</u>

The accompanying notes form an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

1. Corporate Information

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are stated in Note 4 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at 1st Floor, Regal House, No.1, Jalan U-Thant, 55000 Kuala Lumpur.

The registered office of the Company is located at Unit 07-02, Level 7, Menara Luxor, 6B, Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

During the current financial year, the Group has adopted the change of name from MASB standards to the new Financial Reporting Standards ("FRS") Standards, which has been effective from 1 January 2005, to converge with international accounting standards.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are consolidated using the acquisition method of accounting. Companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions with and between subsidiary companies are eliminated.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

(c) Reserve on consolidation

Reserve arising on consolidation represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition.

To the extent that reserve on consolidation relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

(d) Investment in subsidiary companies

A subsidiary company is a company in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost unless, in the opinion of the Directors, a permanent diminution in value of the investments has arisen.

(e) Intangible assets

This represents the cost arising from assuming the listing status. The intangible assets are stated at cost and will be written down for impairment where it is considered necessary.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(g).

No depreciation is provided on the freehold land and building in progress. Leasehold land is amortised over the period of the lease.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2%
Plant and machinery	6 2/3%
Tools and equipment	10%
Computer and software	20%
Furniture and fittings	10%
Office equipment	10%
Motor vehicles	20%
Renovations	33 1/3%

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)

Leasehold land and factory buildings of a subsidiary company have not been revalued since they were revalued in 1999. The directors have not adopted a policy of regular revaluation of such assets and these assets continue to be stated at their 1999 valuation as permitted under the transitional provision of IAS 16 (Revised): Property, Plant and Equipment.

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are included in profit/(loss) from operations.

(g) Impairment

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(h) Inventories

Inventories of raw materials and finished goods are valued at the lower of cost and net realisable value.

Cost of raw materials and consumables are valued at actual purchase cost plus the cost of bringing the inventories to their present location and condition and are determined on a first-in-first-out basis.

Cost of finished goods and work-in-progress comprises materials, direct labour and factory overheads and are determined on a first-in-first-out basis.

(i) Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. Doubtful debts are provided based on specific review of the receivables.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(j) Construction contracts

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the balance sheet date. The stage of completion is determined by the proportion that contract cost incurred for the work performed to date as a percent of the estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(l) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(m) Assets under hire purchase

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as liabilities. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practical to determine; otherwise, the Company's incremental borrowing rate is used.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant hire purchase so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for assets acquired under hire purchase is consistent with that for depreciable property, plant and equipment which are owned.

(n) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange ruling at that date and exchange differences are taken to the income statement. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The closing exchange rates used for the main foreign currency in the Group are:

	2005 RM	2004 RM
Singapore Dollar	2.2727	2.3258
Japanese Yen	0.0321	0.0370
Brunei Dollar	<u>2.2705</u>	<u>2.3225</u>

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(p) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an assets or liabilities in the balance sheet and its tax base at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(q) Revenue recognition

(i) Construction contracts

Profits from work done on construction contracts are recognised based on the percentage of completion method. The stage of completion is determined based on the survey of work done. Foreseeable losses, if any, are recognised immediately in the income statement.



NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

(ii) Goods sold and services rendered

Revenue from sales of goods and services is recognised when significant risk and rewards have been transferred to the buyer, net of sales taxes and discounts.

(iii) Interest income

Interest income is recognised as it accrues unless ability to collect is in doubt.

(r) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, deposits, marketable securities, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheet when the Group and of the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and of the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. Property, Plant and Equipment

Group	At Valuation										At Cost													
	Freehold land and buildings RM	Leasehold land RM	Factory buildings RM	Building in progress RM	Plant and machinery RM	Tools and equipment RM	Computer and software RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Renovations RM	Total RM	Freehold land and buildings RM	Leasehold land RM	Factory buildings RM	Building in progress RM	Plant and machinery RM	Tools and equipment RM	Computer and software RM	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Renovations RM	Total RM
Cost/Valuation																								
At 1.1.2005	738,413	21,911,729	20,917,84	272,116	36,043,944	385,643	641,675	701,590	535,048	2,794,069	3,112,561	88,054,631	738,413	21,911,729	20,917,84	272,116	36,043,944	385,643	641,675	701,590	535,048	2,794,069	3,112,561	88,054,631
Additions	-	-	-	2,950	209,300	-	15,010	13,320	37,450	102,334	43,400	423,764	-	-	-	2,950	209,300	-	15,010	13,320	37,450	102,334	43,400	423,764
Disposals	-	-	-	-	-	-	(3,610)	-	(1,000)	(288,077)	-	(292,687)	-	-	-	-	-	(3,610)	-	(1,000)	(288,077)	-	-	(292,687)
At 31.12.2005	738,413	21,911,729	20,917,843	275,066	36,253,244	385,643	653,075	714,910	571,498	2,608,326	3,155,961	88,185,708	738,413	21,911,729	20,917,843	275,066	36,253,244	385,643	653,075	714,910	571,498	2,608,326	3,155,961	88,185,708
Accumulated depreciation																								
At 1.1.2005	75,808	3,143,806	4,018,266	-	24,984,433	193,534	397,753	505,528	466,032	2,201,347	2,583,177	38,569,684	75,808	3,143,806	4,018,266	-	24,984,433	193,534	397,753	505,528	466,032	2,201,347	2,583,177	38,569,684
Charge for the financial year	9,888	383,019	418,357	-	2,414,601	36,814	67,043	48,683	19,720	202,270	543,596	4,143,991	9,888	383,019	418,357	-	2,414,601	36,814	67,043	48,683	19,720	202,270	543,596	4,143,991
Disposals	-	-	-	-	-	-	(3,609)	-	(233)	(288,074)	-	(291,916)	-	-	-	-	-	(3,609)	-	(233)	(288,074)	-	-	(291,916)
At 31.12.2005	85,696	3,526,825	4,436,623	-	27,399,034	230,348	461,187	554,211	485,519	2,115,543	3,126,773	42,421,759	85,696	3,526,825	4,436,623	-	27,399,034	230,348	461,187	554,211	485,519	2,115,543	3,126,773	42,421,759
Carrying amount																								
At 31.12.2005	652,717	18,384,904	16,481,220	275,066	8,854,210	155,295	191,888	160,699	85,979	492,783	29,188	45,763,949	652,717	18,384,904	16,481,220	275,066	8,854,210	155,295	191,888	160,699	85,979	492,783	29,188	45,763,949
At 31.12.2004	662,605	18,767,923	16,899,577	272,116	11,059,511	192,109	243,922	196,062	69,016	592,722	529,384	49,484,947	662,605	18,767,923	16,899,577	272,116	11,059,511	192,109	243,922	196,062	69,016	592,722	529,384	49,484,947
Depreciation charge for the financial year ended																								
31.12.2004	9,888	383,019	418,357	-	2,403,697	37,571	46,324	54,983	33,715	161,551	529,617	4,078,992	9,888	383,019	418,357	-	2,403,697	37,571	46,324	54,983	33,715	161,551	529,617	4,078,992



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Company	Motor vehicle RM	Renovation RM	Total RM
Cost			
At 1.1.2005	375,150	-	375,150
Additions	-	43,400	43,400
At 31.12.2005	<u>375,150</u>	<u>43,400</u>	<u>418,550</u>
Accumulated depreciation			
At 1.1.2005	37,515	-	37,515
Charge for the financial year	75,030	14,465	89,495
At 31.12.2005	<u>112,545</u>	<u>14,465</u>	<u>127,010</u>
Carrying amount			
At 31.12.2005	<u>262,605</u>	<u>28,935</u>	<u>291,540</u>
At 31.12.2004	<u>337,635</u>	<u>-</u>	<u>337,635</u>
Depreciation charge for the financial year ended 31.12.2004	<u>37,515</u>	<u>-</u>	<u>37,515</u>

(i) The leasehold land and factory buildings of the have been pledged to licensed bank as security for credit facilities granted to one of the subsidiary company of the Company as stated in Note 16 to the financial statements.

(ii) The leasehold land and factory buildings were revalued by the directors in 1999 based on independent professional valuations using the comparison method.

Had the revalued leasehold land and factory buildings been included in the financial statements at historical cost, the carrying amount of the revalued leasehold land and factory buildings would have been RM4,083,118 and RM15,700,141 (2004 : RM4,256,867 and RM16,519,583) respectively.

(iii) Included in the property, plant and equipment of the Group and of the Company are motor vehicles under hire purchase with carrying amounts of RM462,362 and RM262,605 (2004: RM546,752 and RM337,635) respectively.

(iv) The remaining period of the leasehold land is 49 (2004 : 50) years.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company	
	2005 RM	2004 RM
Unquoted shares, at cost	<u>55,102,460</u>	<u>55,002,460</u>

(b) The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Equity interest		Principal activities
		2005 %	2004 %	
Direct holding:				
Stone World Sdn. Bhd.	Malaysia	100	100	Manufacturing, supply and installation of dimension stone products
Stone World Marketing Sdn. Bhd.	Malaysia	100	-	Provision of management services and trading of stone products
Indirect holding:				
Subsidiary companies of Stone World Sdn. Bhd.				
Stone World Marketing Sdn. Bhd.	Malaysia	-	100	Provision of management services and trading of stone products
MTeam Plastic Sdn. Bhd. (formerly known as Industrial Art Resource Sdn. Bhd.)	Malaysia	100	100	Dormant
Stone Export Sdn. Bhd.	Malaysia	100	100	Dormant
*Stone World (Hong Kong) Ltd.	Hong Kong	100	100	Dormant

* not audited by Anuarul Azizan Chew & Co.

On 10 August 2005, the Company entered into a share sale and purchase agreement with its subsidiary company, Stone World Sdn. Bhd. for the acquisition of the entire issued and paid-up share capital of Stone World Marketing Sdn Bhd for a total cash consideration of RM100,000.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

5. Intangible Assets

	Group/Company	
	2005	2004
	RM	RM
Cost arising from assuming listing status	<u>29,135,884</u>	<u>29,135,884</u>

6. Inventories

	Group	
	2005	2004
	RM	RM
At cost		
Raw materials	8,466,974	9,341,117
Work-in-progress	21,760,238	20,631,269
Finished goods	5,000,190	4,317,110
Consumables	<u>2,801,313</u>	<u>3,094,663</u>
	38,028,715	37,384,159
At net realisable value		
Consumables	<u>228,830</u>	<u>138,332</u>
	<u>38,257,545</u>	<u>37,522,491</u>

7. Trade Receivables

	Group	
	2005	2004
	RM	RM
Trade receivables	26,878,378	27,799,722
Allowance for doubtful debts	<u>(586,997)</u>	<u>(596,997)</u>
	<u>26,291,381</u>	<u>27,202,725</u>

The Group's normal trade credit terms range from 45 to 180 days (2004: 45 to 180 days). Other credit terms are assessed and approved on a case to case basis.

Movements in allowance for doubtful debts during the financial years are as follows:

	Group	
	2005	2004
	RM	RM
At beginning of the financial year	596,997	-
Allowance (written back)/made during the financial year	<u>(10,000)</u>	<u>596,997</u>
At end of the financial year	<u>586,997</u>	<u>596,997</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The currency exposure profile is as follows:

	Group	
	2005 RM	2004 RM
Ringgit Malaysia	26,152,339	26,429,494
Singapore Dollar	139,042	773,231
	<u>26,291,381</u>	<u>27,202,725</u>

8. Other Receivables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	262,839	212,936	787	787
Deposits	1,108,434	359,370	5,900	2,000
Prepayments	352,009	20,438	5,800	5,800
	<u>1,723,282</u>	<u>592,744</u>	<u>12,487</u>	<u>8,587</u>

9. Amount Owning by/(to) Customers on Contracts

	Group	
	2005 RM	2004 RM
Aggregate cost incurred to date	8,865,691	3,761,526
Add: Attributable profits	525,421	1,947,847
Less: Foreseeable loss	(1,102,142)	-
	<u>8,288,970</u>	<u>5,709,373</u>
Less: Progress billings	(5,977,927)	(5,931,350)
	<u>2,311,043</u>	<u>(221,977)</u>
Represented by:		
Amount owing by customers on contracts	2,650,045	1,026,692
Amount owing to customers on contracts	(339,002)	(1,248,669)
	<u>2,311,043</u>	<u>(221,977)</u>
Retention sum included in the progress billings	<u>1,771,317</u>	<u>1,441,615</u>

10. Amount Owning by Subsidiary Company

This represents unsecured interest free advances with no fixed terms of repayment.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**11. Amount Owing by/(to) Related Companies**

These represent unsecured interest free advances with no fixed terms of repayment.

12. Trade Payables

The normal trade credit terms granted to the Group range from 30 to 120 days (2004: 30 to 60 days).

13. Other Payables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other payables	2,905,369	1,911,536	1,524,661	1,538,957
Accruals	339,667	775,630	74,115	125,560
Advances	163,212	-	-	-
	<u>3,408,248</u>	<u>2,687,166</u>	<u>1,598,776</u>	<u>1,664,517</u>

14. Amount Owing to Ultimate Holding Company

The ultimate holding company is Exclusive Vest Holdings Sdn. Bhd., a company incorporated in Malaysia.

This represents unsecured interest free advances with no fixed term of repayment.

15. Hire Purchase Payables

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
(a) Minimum hire purchase payments				
Within one year	144,558	169,116	69,600	69,600
Between one and two years	144,558	130,610	69,600	69,600
Between two and five years	127,566	174,000	104,000	174,000
	<u>416,682</u>	<u>473,726</u>	<u>243,200</u>	<u>313,200</u>
Less: Future finance charges	(40,812)	(53,727)	(23,685)	(43,200)
Present value of hire purchase liabilities	<u>375,870</u>	<u>419,999</u>	<u>219,515</u>	<u>270,000</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(b) Present value of hire purchase liabilities				
Within one year	127,130	151,044	58,112	60,000
Between one and two years	130,907	118,955	61,889	60,000
Between two and five years	118,233	150,000	99,914	150,000
	<u>376,270</u>	<u>419,999</u>	<u>219,915</u>	<u>270,000</u>
Analysed as:				
Repayable within twelve months	127,130	151,044	58,112	60,000
Repayable after twelve months	249,140	268,955	161,803	210,000
	<u>376,270</u>	<u>419,999</u>	<u>219,915</u>	<u>270,000</u>

The hire purchase liabilities bore interest at the balance sheet date at rates between 3.2% and 5.5% (2004: 3.2% and 5.5%) per annum.

16. **Bank Borrowings**

	Group	
	2005	2004
	RM	RM
Secured		
Bank overdraft	8,660,276	8,903,643
Bills payable	6,021,341	1,973,839
Term loan	6,000,000	6,000,000
Total Borrowings	<u>20,681,617</u>	<u>16,877,482</u>
Analysed as:		
Repayable within twelve months		
Secured		
Bank overdraft	8,660,276	8,903,643
Bills payable	6,021,341	1,973,839
Term loan	3,000,000	3,000,000
	<u>17,681,617</u>	<u>13,877,482</u>
Repayable after twelve months		
Secured		
Term loan	3,000,000	3,000,000
Total Borrowings	<u>20,681,617</u>	<u>16,877,482</u>

The above credit facilities obtained from a licensed bank are secured on the following:

- a first and second legal charge over a subsidiary company's leasehold land and factory buildings; and
- a first and second fixed and floating charge over the assets of a subsidiary company.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Maturity of borrowings is as follows:

	Group	
	2005	2004
	RM	RM
Within one year	17,681,617	13,877,482
Between one and two years	3,000,000	3,000,000
	<u>20,681,617</u>	<u>16,877,482</u>

The term loan bears interest at 1.5% above the bank's base lending rate per annum. It is repayable by 8 yearly instalments commencing January 2000 at a predetermined amount agreed by the bank.

The interest on the remaining credit facilities is charged at rates of between 1% and 2% above the bank's base lending rate per annum.

17. Share Capital

	Group/Company	
	2005	2004
	RM	RM
Ordinary shares of RM1 each:		
Authorised	<u>150,000,000</u>	<u>150,000,000</u>
Issued and fully paid		
At 1 January	98,877,380	95,667,609
Issued during the financial year	-	3,209,771
At 31 December	<u>98,877,380</u>	<u>98,877,380</u>

18. Reserve on Consolidation

	Group	
	2005	2004
	RM	RM
Arising on acquisition of subsidiary companies	<u>9,296,183</u>	<u>9,296,183</u>

19. 2% Redeemable Convertible Unsecured Loan Stocks 2003/2008

	Group/Company	
	2005	2004
	RM	RM
At 1 January	23,036	3,232,807
Converted during the financial year	-	(3,209,771)
At 31 December	<u>23,036</u>	<u>23,036</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The salient features of the RCULS are as follows:

- (a) The RCULS are in multiples of RM1 nominal value each;
- (b) The RCULS bear interest at 2% per annum payable annually in arrears from the date of issue;
- (c) The RCULS bear a tenure of 5 years from the date of issue;
- (d) The RCULS are convertible into new ordinary shares on the basis of one new ordinary share of RM1 each for every RM1 nominal value of RCULS at any time throughout the tenure;
- (e) Unless otherwise converted, the RCULS will be redeemed by the Company at 100% of their nominal value in cash on the maturity date; and
- (f) All new ordinary shares issued upon conversion of the RCULS will rank pari passu in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the allotment date of such new ordinary shares.

20. **Deferred Tax Liabilities**

	Group	
	2005 RM	2004 RM
At 1 January	7,652,802	8,333,386
Recognised in income statement	(1,893,183)	(680,584)
Over provision in prior years	(204,713)	-
At 31 December	<u>5,554,906</u>	<u>7,652,802</u>

The components and movements of deferred tax liabilities of the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowance RM	Revaluation of property RM	Total RM
At 1 January 2005	3,483,305	4,169,497	7,652,802
Recognised in income statement	(1,807,844)	(85,339)	(1,893,183)
Over provision in prior years	(204,713)	-	(204,713)
At 31 December 2005	<u>1,470,748</u>	<u>4,084,158</u>	<u>5,554,906</u>
At 1 January 2004	4,078,550	4,254,836	8,333,386
Recognised in income statement	(595,245)	(85,339)	(680,584)
At 31 December 2004	<u>3,483,305</u>	<u>4,169,497</u>	<u>7,652,802</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2005 RM	2004 RM
Unabsorbed tax losses	1,102,648	1,293,431
Unutilised capital allowance	-	506,486
Accelerated capital allowances	(19,073)	(1,321)
	<u>1,083,575</u>	<u>1,798,596</u>

The unabsorbed tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiary companies.

21. Revenue

	Group	
	2005 RM	2004 RM
Construction contracts	6,327,767	30,377,065
Sales of goods	6,270,175	7,170,497
	<u>12,597,942</u>	<u>37,547,562</u>

22. (Loss)/Profit from Operations

(Loss)/Profit from operations is derived after charging/(crediting):

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Auditors' remuneration	42,541	33,963	10,000	10,000
Allowance for doubtful debts	-	596,997	-	-
Bad debt written off	-	200,000	-	-
Depreciation of property, plant and equipment	4,143,991	4,078,992	89,495	37,515
Directors' remuneration				
- Fee	40,000	138,333	40,000	138,333
- Salaries and other emoluments	513,643	406,718	431,893	325,462
- Employees Provident Fund	30,185	41,808	20,823	27,060
Hire of equipment	27,424	25,274	-	-
Inventories written off	128,333	138,333	-	-
Rental of hostel	89,900	106,999	-	-
Rental of office paid to a related company	648,384	420,000	-	-



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Bad debt recovered	(60,000)	-	-	-
Gain on disposal of property, plant and equipment	(214,379)	-	(120,000)	-
Gain on disposal of investment in subsidiary company	-	(1)	-	(1)
Interest income	(9,323)	(40,092)	-	-
Realised gain on foreign exchange	(3,624)	(42,496)	-	-
Write back of allowance for doubtful debts	(10,000)	-	-	-
	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

23. Finance Costs

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Finance cost on:				
Bank overdraft	650,544	548,350	-	-
Bills payable	266,356	82,855	-	-
Term loan	447,772	683,186	-	-
Hire purchase	28,350	20,798	19,515	4,800
Others	459	1,887	459	1,887
	<u>1,393,481</u>	<u>1,337,076</u>	<u>19,974</u>	<u>6,687</u>

24. Taxation

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Tax expenses for the financial year:				
Current tax provision	-	3,436,418	-	-
Under provision in prior years	90,823	27,582	18,177	-
	<u>90,823</u>	<u>3,464,000</u>	<u>18,177</u>	<u>-</u>
Deferred taxation:				
Relating to origination and reversal of temporary differences	(1,893,183)	(680,584)	-	-
Over provision in prior years	(204,713)	-	-	-
	<u>(2,097,896)</u>	<u>(680,584)</u>	<u>-</u>	<u>-</u>
	<u>(2,007,073)</u>	<u>2,783,416</u>	<u>18,177</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

Income tax is calculated at the statutory tax rate of 28% (2004: 28%) on chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
(Loss)/Profit before taxation	<u>(8,057,079)</u>	<u>7,901,797</u>	<u>(1,125,514)</u>	<u>(1,202,850)</u>
Tax at statutory tax rate of 28% (2004: 28%)	(2,255,982)	2,212,503	(315,144)	(336,798)
Tax incentive for small and medium scale companies at 20% tax rate	(3,786)	-	-	-
Expenses not deductible for tax purposes	603,466	530,786	348,744	336,798
Income not subject to tax	(63,400)	-	(33,600)	-
Under provision of current taxation in prior years	90,823	27,582	18,177	-
Over provision of deferred taxation in prior years	(204,713)	-	-	-
Deferred tax assets not recognised	-	12,545	-	-
Reversal of deferred tax asset not recognised	<u>(173,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax expense for the financial year	<u>(2,007,073)</u>	<u>2,783,416</u>	<u>18,177</u>	<u>-</u>

25. (Loss)/Earnings per Share

(a) Basic (loss)/earnings per share

The (loss)/earnings per share has been calculated based on the consolidated net loss for the financial year of RM6,050,006 (2004: consolidated net profit for the financial year of RM5,118,381) for the Group and the weighted average number of ordinary shares in issue during the financial year of 98,877,380 shares (2004: 98,395,037 shares).

(b) Fully diluted (loss)/earnings per share

Fully diluted (loss)/earnings per share has been calculated based on the net loss for the financial year of RM6,050,006 (2004: net profit for the financial year of RM5,118,381) for the Group and the adjusted weighted average number of ordinary shares of 98,900,416 shares (2004: 98,418,073 shares).



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding 2% Redeemable Convertible Unsecured Loan Stocks (RCULS) into ordinary shares. The RCULS are deemed to have been converted into ordinary shares at the date of issue of the RCULS.

	Group	
	2005	2004
	RM	RM
Weighted average number of ordinary shares in issue	98,877,380	98,395,037
Adjustment for assumed conversion of RCULS	23,036	23,036
Adjusted weighted average number of ordinary shares in issue and issueable	<u>98,900,416</u>	<u>98,418,073</u>

26. Purchase of Property, Plant and Equipment

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Aggregate costs	423,764	974,661	43,400	375,150
Less: Hire purchase financing	(90,000)	(300,000)	-	(300,000)
Cash payment	<u>333,764</u>	<u>674,661</u>	<u>43,400</u>	<u>75,150</u>

27. Staff Costs

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Staff costs (excluding directors)	<u>3,308,183</u>	<u>3,695,403</u>	<u>307,904</u>	<u>172,842</u>

Included in staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company amounting to RM231,430 and RM32,173 (2004: RM222,597 and RM14,231) respectively.

The total numbers of employees of the Group and of the Company (excluding directors) at the end of the financial year were 122 and 10 (2004: 144 and 7) respectively.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. Significant Related Parties Transactions

	2005 RM	Group 2004 RM
Rental of premises paid to:		
- Casaview Resources Sdn. Bhd., a related company	<u>648,384</u>	<u>420,000</u>
Sales of goods to:		
- Major Team Builders Sdn. Bhd., a company in which the late Mr. Wong Thiam Loy has significant influence*	<u>-</u>	<u>14,305,165</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

* The late Mr. Wong Thiam Loy and his spouse had a substantial indirect interest in the Company. The late Mr. Wong Thiam Loy's significant influence over Major Team Builders Sdn. Bhd. ceased on 2 September 2004 upon his demise. His spouse's significant influence over Major Team Builders Sdn. Bhd. ceased on 27 August 2004.

29. Segment Information - Group

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

The accounting policies of the segments are consistent with the accounting policies of the Group.

	2005 RM	Group 2004 RM
Sales revenue by geographical market:-		
- Malaysia	12,226,587	36,239,483
- Singapore	261,310	980,417
- Brunei	110,045	138,263
- Japan	-	189,399
	<u>12,597,942</u>	<u>37,547,562</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

No other segmental information such as segment assets, segment liabilities and segment results is presented as the Group is principally involved in the dimension stone industry and operates from Malaysia only.

30. **Contingent Liabilities**

	Group	
	2005	2004
	RM	RM
Secured		
Banker's guarantees in favour of the local authorities for the purpose of construction contracts	543,752	509,779

31. **Financial Instruments**

(a) Financial risk management objectives and policies

The Group's/Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's/Company's operations whilst managing its financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group/Company operates within clearly defined guidelines that are approved by the Board and the Group's/Company's policy is not to engage in speculative transactions.

(b) Foreign currency exchange risk

The Group/Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The Group/Company maintains a natural hedge that minimises the foreign exchange exposure by matching foreign currency income with foreign currency costs. As most foreign currency transactions are in United States Dollar and as Ringgit Malaysia is pegged against United States Dollar, the Directors are of the view that the foreign exchange risk is minimal.

(c) Interest rate risk

The Group's/Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's/Company's borrowings and deposits. The Group/Company monitors the interest rates constantly although the prevailing interest rates are low.

**NOTES TO THE FINANCIAL STATEMENTS** (cont'd)**(d) Credit risk**

The Group's/Company's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action is taken to recover debts when due.

At balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk for the Group/Company is the carrying amount of the financial assets shown in the balance sheet.

(e) Liquidity and cash flow risk

The Group/Company seeks to achieve a flexible and cost effective borrowing structure to ensure that the projected net borrowing needs are covered by available committed facilities. Debt maturities are structured in such a way to ensure that the amount of debt maturing in any one year is within the Group's/Company's ability to repay and/or refinance.

The Group/Company also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

(f) Fair values

The carrying amounts of short term financial assets and liabilities of the Group/Company at the balance sheet date approximate their fair values due to the immediate or relatively short term maturity of these financial instruments.

The fair value of long term financial liabilities are determined based on market conditions or by discounting the relevant cash flows using the current interest rates for similar instruments at balance sheet date. There is no material difference between the fair values and carrying amounts of these financial liabilities as of the balance sheet date.

It is not practicable to estimate the fair value of the unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive cost. However, the Board of Directors believes that the carrying amount represents the recoverable values.

32. Significant Event

On 10 August 2005, the Company entered into a share sale and purchase agreement with its subsidiary company, Stone World Sdn. Bhd. for the acquisition of entire issued and paid-up share capital of Stone World Marketing Sdn Bhd for a total cash consideration of RM100,000.

33. Date of Authorisation For Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2005 were authorised for issue in accordance with a resolution of the Board of Directors on 27 April 2006.



MAJOR TEAM HOLDINGS BERHAD

(Company No. : 567427-W)

FORM OF PROXY

I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a Member of **MAJOR TEAM HOLDINGS BERHAD** hereby appoint _____

_____ (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS)

or failing whom _____

_____ (FULL NAME IN BLOCK LETTERS)

of _____ (FULL ADDRESS)

or failing whom, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Crystal Room, Crystal Crown Hotel Harbour View, Port Klang, 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on Tuesday, 27 June 2006 at 10.30 a.m. and any adjournment thereof.

My/our proxy(ies) is/are to vote as indicated below: -

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		

Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his(her) discretion.

Dated this _____ day of _____ 2006

Number of shares held :

Signature of Member / Common Seal

Notes:-

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his(her) behalf. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a Member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportions of his(her) holdings to be represented by each proxy.
3. The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the Member is a corporation, either under its common seal or under the hand of an officer or attorney so authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or any adjournment thereof.

Fold this flap for sealing

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STAMP

The Company Secretary

MAJOR TEAM HOLDINGS BERHAD

(Company No. 567427-W)

Unit 07-02, Level 7, Menara Luxor

6B Persiaran Tropicana

47410 Petaling Jaya

Selangor Darul Ehsan

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