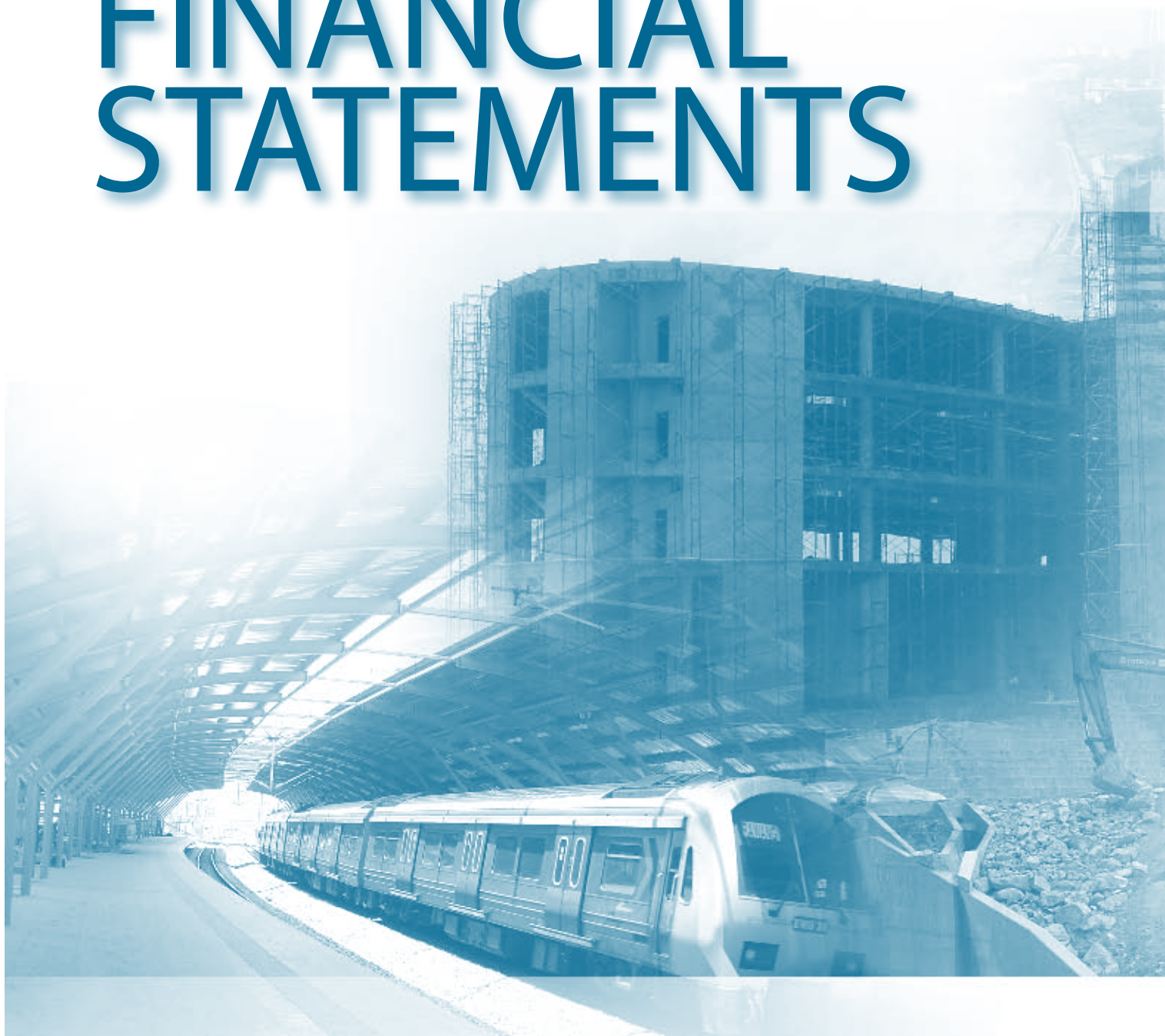



FINANCIAL STATEMENTS





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Directors' Report

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2005.

Principal Activities

The principal activities of the Company consist of investment holding and civil constructions. The principal activities of the subsidiary companies are disclosed in Note 13 to the financial statements. There was no significant change in the nature of the principal activities of the Company or its subsidiary companies during the financial year.

Financial Results

	Group RM	Company RM
Profit from ordinary activities after taxation	5,241,321	3,342,280
Minority interest	57,796	0
Net profit attributable to shareholders	5,299,117	3,342,280

Dividends

The dividends on ordinary shares paid by the Company since 31 December 2004 were as follows:

	RM
In respect of the financial year ended 31 December 2004, as shown in the Directors' report of that financial year, final gross dividend of 8 sen per share on 68,000,000 ordinary shares, less income tax at 28%, paid on 19 July 2005	3,916,800

The Directors now recommend the payment of a final gross dividend of 8 sen per share on 68,000,000 ordinary shares, less income tax at 28%, amounting to RM 3,916,800, subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Reserves And Provisions

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Directors

The Directors who have held office during the period since the date of the last report are as follows:

Tan Sri Abdul Rashid bin Abdul Manaff
 Loh Kim Tai
 Loh Kim Kah
 Lee Hon Keong
 Danny Ng Siew L'Leong
 Hooi Kah Hung
 O Wai Tiong
 Yong Weng Fai
 Dato' Voon Tin Yow
 Michael Oh Aik Teong (appointed on 21 January 2006)

Directors' Report (Continued)

Directors (Continued)

In accordance with Article 118 of the Company's Articles of Association, Tan Sri Abdul Rashid bin Abdul Manaff, Lee Hon Keong and O Wai Tiong retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 123 of the Company's Articles of Association, Michael Oh Aik Teong retires at the forthcoming Annual General Meeting and being eligible, offers himself for election.

In accordance with Section 129(2) of the Companies Act, 1965, the office of Mr. Hooi Kah Hung, who is over the age of seventy years old, shall become vacant at the conclusion of the forthcoming Annual General Meeting. The Directors recommend his appointment under Section 129(6) of the said Act.

Directors' Benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the directors' fees and other emoluments disclosed in Note 4 to 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 he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 27 to the financial statements.

Directors' Interests In Shares

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

Number of ordinary shares of RM1 each in the Company

	At 1.1.2005	Bought	Sold	At 31.12.2005
Direct interest				
Lee Hon Keong	95,625	0	0	95,625
Loh Kim Kah	600,000	0	0	600,000
Indirect interest				
Loh Kim Tai	31,085,431	0	0	31,085,431
Loh Kim Kah	0	30,685,431	0	30,685,431

By virtue of their interests in the Company, Loh Kim Tai, Loh Kim Kah and Lee Hon Keong are deemed to be interested in the shares of the subsidiary companies to the extent the Company has an interest.

Other than disclosed above, according to the register of Directors' shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares in the Company or its related corporations during the financial year.

Number Of Employees

The number of employees (excluding Directors) as at the end of the financial year of the Group and Company were 375 (2004: 347) and Nil (2004: Nil) respectively.

Directors' Report (Continued)

Statutory Information On The Financial Statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that proper 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
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is 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 substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in 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 results of the operations of the Group or the Company for the financial year in which this report is made.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 25 April 2006.

Tan Sri Abdul Rashid Bin Abdul Manaff
Director

Loh Kim Tai
Director

Income Statements

For the Financial Year Ended 31 December 2005

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Revenue	3	138,387,262	140,370,938	9,751,267	12,490,595
Cost of sales		(114,240,260)	(113,171,066)	(3,825,246)	(4,317,720)
Gross profit		24,147,002	27,199,872	5,926,021	8,172,875
Other operating income		710,091	947,333	9,715	9,741
Administrative expenses		(16,146,713)	(13,006,256)	(769,948)	(667,684)
Profit from operations	4	8,710,380	15,140,949	5,165,788	7,514,932
Finance cost	5	(63,811)	(84,930)	0	0
Profit from ordinary activities before taxation		8,646,569	15,056,019	5,165,788	7,514,932
Taxation	6	(3,405,248)	(4,905,725)	(1,823,508)	(1,867,566)
Profit from ordinary activities after taxation		5,241,321	10,150,294	3,342,280	5,647,366
Minority interest		57,796	(176,780)	0	0
Net profit attributable to shareholders		5,299,117	9,973,514	3,342,280	5,647,366
Dividend per share (sen) - final dividend - proposed	7	8	8	8	8
Earnings per share (sen) - basic	8	8	15		

Balance Sheets

As at 31 December 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
PROPERTY, PLANT AND EQUIPMENT	9	23,679,333	23,759,589	0	0
INVESTMENT PROPERTIES	10	23,040,537	26,212,927	0	0
LAND HELD FOR PROPERTY DEVELOPMENT	11	21,163,788	0	0	0
OTHER LONG TERM INVESTMENTS	12	12,283,382	12,293,591	11,988,857	11,999,066
SUBSIDIARY COMPANIES	13	0	0	89,575,189	89,575,189
ASSOCIATED COMPANIES	14	50	50	0	0
GOODWILL	15	192,499	1,203,900	0	0
DEFERRED TAX ASSETS	16	166,108	60,195	0	0
RESERVE ON CONSOLIDATION		0	(34,868)	0	0
CURRENT ASSETS					
Trade and other receivables	17	93,483,601	76,359,336	217,340	802,851
Inventories	19	514,013	924,228	0	0
Short term investments	20	7,003,267	7,684,130	6,997,867	7,678,730
Tax recoverable		2,398,848	1,551,540	268,843	40,500
Cash and cash equivalents	21	28,077,745	48,565,691	12,866,506	20,465,170
		131,477,474	135,084,925	20,350,556	28,987,251
CURRENT LIABILITIES					
Trade and other payables	22	54,398,807	43,305,309	26,221,084	34,293,468
Taxation		411,282	50,736	0	0
		54,810,089	43,356,045	26,221,084	34,293,468
NET CURRENT ASSETS/ (LIABILITIES)		76,667,385	91,728,880	(5,870,528)	(5,306,217)
LESS: NON CURRENT LIABILITIES					
Hire purchase creditors	23	950,332	190,271	0	0
Deferred tax liabilities	16	3,371,945	3,487,709	0	0
		4,322,277	3,677,980	0	0
		152,870,805	151,546,284	95,693,518	96,268,038

Balance Sheets (Continued)

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
CAPITAL AND RESERVES					
SHARE CAPITAL	24	68,000,000	68,000,000	68,000,000	68,000,000
RESERVES		84,229,520	82,847,203	27,693,518	28,268,038
SHAREHOLDERS' FUNDS		152,229,520	150,847,203	95,693,518	96,268,038
MINORITY INTEREST		641,285	699,081	0	0
		152,870,805	151,546,284	95,693,518	96,268,038

Consolidated Statement of Changes In Equity

For the Financial Year Ended 31 December 2005

	<i>Issued and fully paid ordinary shares of RM1 each</i>				
	<i>Number of shares</i>	<i>Nominal value RM</i>	<i>Revaluation reserve RM</i>	<i>Retained earnings RM</i>	<i>Total RM</i>
At 1 January 2005	68,000,000	68,000,000	8,628,713	74,218,490	150,847,203
Net profit for the financial year	0	0	0	5,299,117	5,299,117
Final dividend for the financial year ended - 31 December 2004	0	0	0	(3,916,800)	(3,916,800)
At 31 December 2005	68,000,000	68,000,000	8,628,713	75,600,807	152,229,520
At 1 January 2004	68,000,000	68,000,000	8,628,713	68,161,776	144,790,489
Net profit for the financial year	0	0	0	9,973,514	9,973,514
Final dividend for the financial year ended - 31 December 2003	0	0	0	(3,916,800)	(3,916,800)
At 31 December 2004	68,000,000	68,000,000	8,628,713	74,218,490	150,847,203

Company Statement of Changes In Equity

For the Financial Year Ended 31 December 2005

	<i>Issued and fully paid ordinary shares of RM1 each</i>		<i>Non- Distributable</i>	<i>Distributable</i>	<i>Total RM</i>
	<i>Number of shares</i>	<i>Nominal value RM</i>	<i>Revaluation reserve RM</i>	<i>Retained earnings RM</i>	
At 1 January 2005	68,000,000	68,000,000	21,145,500	7,122,538	96,268,038
Net profit for the financial year	0	0	0	3,342,280	3,342,280
Final dividend for the financial year ended - 31 December 2004	0	0	0	(3,916,800)	(3,916,800)
At 31 December 2005	68,000,000	68,000,000	21,145,500	6,548,018	95,693,518
At 1 January 2004	68,000,000	68,000,000	21,145,500	5,391,972	94,537,472
Net profit for the financial year	0	0	0	5,647,366	5,647,366
Final dividend for the financial year ended - 31 December 2003	0	0	0	(3,916,800)	(3,916,800)
At 31 December 2004	68,000,000	68,000,000	21,145,500	7,122,538	96,268,038

Cash Flow Statements

For the Financial Year Ended 31 December 2005

<i>Note</i>	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit attributable to shareholders	5,299,117	9,973,514	3,342,280	5,647,366
Adjustments for:				
Accretion of discount net of amortisation of premium on purchase of unquoted bonds	10,209	72,192	10,209	72,192
Dividend income from investment in quoted shares	(159,082)	(93,734)	(149,082)	(93,734)
Dividend from subsidiary company	0	0	(5,426,250)	(5,426,250)
Interest expense	63,811	84,930	0	0
Interest income	(1,684,663)	(2,593,199)	(1,352,100)	(2,027,060)
Depreciation of property, plant and equipment	1,498,397	1,312,220	0	0
Gain on disposal of property, plant and equipment	(95,036)	(158,146)	0	0
Property, plant and equipment written off	0	2,833	0	0
Impairment losses of investment properties	72,421	0	0	0
Loss/(gain) on disposal of bonds	3,200	(379,723)	3,200	(379,723)
Gain on disposal of investment in quoted shares	(327,837)	(538,116)	(327,837)	(538,116)
Allowance for doubtful debts net of writeback	43,171	243,683	0	0
Allowance for diminution in value of investments net of writeback	1,239,118	10,794	1,239,118	10,794
Unrealised gain on foreign exchange	(2,402)	(4,952)	0	0
Amortisation of goodwill net of reserve on consolidation	976,533	947,117	0	0
Taxation	3,405,248	4,905,725	1,823,508	1,867,566
Minority interest	(57,796)	176,780	0	0
	10,284,409	13,961,918	(836,954)	(866,965)

Cash Flow Statements (Continued)

Note	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Changes in construction contracts	(9,817,911)	(8,109,281)	0	0
(Increase)/decrease in receivables	(3,336,710)	(13,511,186)	618,169	214,471
Increase in inventories	410,215	384,929	0	0
Increase/(decrease) in payables	8,257,401	(1,774,553)	69,253	186,480
Changes in intercompany balances	0	0	(8,074,393)	(20,174,608)
Decrease in investment properties	3,133,689	0	0	0
Net cash from operations	8,931,093	(9,048,173)	(8,223,925)	(20,640,622)
Taxation paid	(4,145,187)	(5,539,661)	(532,500)	(641,087)
Tax refund	31,500	156,852	0	0
Interest paid	(63,811)	(84,930)	0	0
Net cash from operating activities	4,753,595	(14,515,912)	(8,756,425)	(21,281,709)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	255,306	279,250	0	0
Proceeds from disposal of quoted investments	321,612	912,762	321,612	912,762
Proceeds from redemption of bonds	4,000,380	10,624,400	4,000,380	10,624,400
Purchase of property, plant and equipment	(1,229,766)	(1,255,488)	0	0
Investment in unit trust	0	(1,000,000)	0	(1,000,000)
Acquisition of subsidiary	0	(49,998)	0	0
Investment in quoted shares	(462,898)	(214,138)	(462,898)	(214,138)
Investment in unquoted bonds	(4,000,000)	0	(4,000,000)	0
Interest income received	1,636,980	2,541,371	1,271,759	1,975,232
Dividend received	46,809	19,991	3,943,708	3,926,891
Additions to investment properties	(33,720)	(383,804)	0	0
Purchase of land held for property development	(21,163,788)	0	0	0
Net cash from investing activities	(20,629,085)	11,474,346	5,074,561	16,225,147

Cash Flow Statements (Continued)

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of hire purchase creditors		(695,656)	(917,522)	0	0
Dividends paid		(3,916,800)	(3,916,800)	(3,916,800)	(3,916,800)
Net cash from financing activities		(4,612,456)	(4,834,322)	(3,916,800)	(3,916,800)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(20,487,946)	(7,875,888)	(7,598,664)	(8,973,362)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		48,565,691	56,441,579	20,465,170	29,438,532
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	21	28,077,745	48,565,691	12,866,506	20,465,170

Summary of Significant Accounting Policies

For the Financial Year Ended 31 December 2005

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements.

A Basis Of Preparation

The financial statements of the Group and Company have been prepared under the historical cost convention, as modified by the revaluation of investment in subsidiary companies, investment properties and certain property, plant and equipment, in accordance with the provisions of Companies Act, 1965, and MASB approved accounting standards in Malaysia.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965, and the MASB approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

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. Acquisitions of subsidiary companies which meet the criteria for merger accounting under Malaysian Accounting Standard 2, Accounting for Acquisitions ("MAS 2") are accounted for under that method. If the criteria of MAS 2 are not met, then the acquisitions are accounted for under the acquisition method of accounting.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying value of the investment in these subsidiary companies over the nominal value of the shares acquired is taken to merger reserve. Merger deficit is set off against reserves in the consolidated financial statements.

The acquisition of Loh & Loh Constructions Sdn. Bhd. and Loh & Loh Development Sdn. Bhd. which meet the criteria for merger accounting under MAS 2 are accounted for under that method.

In accordance with the merger relief provisions of Section 60(4) of the Companies Act, 1965, Loh & Loh Corporation Berhad has recorded its investment in Loh & Loh Constructions Sdn. Bhd. and Loh & Loh Development Sdn. Bhd. at the nominal value of the ordinary shares issued as consideration.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed off during the financial year are included from the date of acquisition or up to the date of disposal respectively.

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the net assets of the subsidiary companies at the date of acquisition. Reserve on consolidation represents the excess of the fair value of the net assets of the subsidiary company over the purchase price. Goodwill and reserve on consolidation are amortised over a period of 5 years.

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

C Investments

Investments in subsidiary companies, associated companies and other long term investments are stated at cost or valuation. Short term investments are stated at the lower of cost and market value. Any write down of carrying value is charged to the income statement. Investment in unquoted bonds is stated at cost net of amortisation of premiums or accretion of discount over the period between acquisition and maturity of the bonds.

Summary of Significant Accounting Policies (Continued)

C Investments (Continued)

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

The Company revalued its investment in subsidiary companies for a special corporate exercise for a bonus issuance of shares (Note 13).

Profit and loss arising on sale of investment are credited or charged to the income statement.

D Associated Companies

The Group considers an associated company as a company in which a long term equity interest of between 20% and 50% is held and it has participation in the management through representation on the Board of Directors. Goodwill and reserve arising from acquisition of associated companies are amortised over a period of 5 years. As at the end of the financial year, the Group has equity accounted for its share of the results of its associated companies.

E Revenue Recognition

Revenue from construction contracts is recognised on the percentage of completion method. Percentage of completion is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total costs of the contract.

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

Revenue from quarry operations is recognised based on invoiced value of goods delivered to customers.

Revenue from dividends is recognised in the financial statements when the Company's right to receive payment is established.

Revenue from rental and interest income is recognised based on the accrual basis.

F Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. The percentage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable; contract costs are recognised when 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 financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts under trade and other receivables (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under trade and other payables (within current liabilities).

Summary of Significant Accounting Policies (Continued)

G Property, Plant And Equipment And Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Freehold land is stated at cost or Directors' valuation based on independent professional valuers' reports, with no depreciation charge. The carrying amount of property, plant and equipment will be written down if the Directors are of the opinion that the recoverable amount of the property, plant and equipment is lower than the carrying amount. The amount written down is charged to the income statement.

Buildings are amortised over 40 years.

Depreciation of other property, plant and equipment is provided on the reducing balance basis to write off the cost of the assets over their estimated useful lives at the following annual rates:

Plant and machinery	10% - 20%
Office equipment, furniture and fittings	7.5% - 33.3%
Motor vehicles	20%

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

Gains and losses on disposals are determined by company proceeds with carrying amount and are included in profit/(loss) on operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

H Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and depreciated in accordance with the policy set out in G above. The corresponding outstanding obligations due under hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance charges are allocated to the income statement over the period of the respective hire purchase.

I Income Tax

Income tax on the profit or loss for the financial 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 provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, 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 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 is measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. 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.

Summary of Significant Accounting Policies (Continued)

J Foreign Currency

Transactions arising in foreign currencies have been converted into Ringgit Malaysia at rates of exchange approximating those ruling on transaction dates except for transactions uncompleted at the financial year end, which have been translated at rates of exchange approximating those ruling at that date. All exchange differences are taken up in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2005	2004
	RM	RM
1 Singapore Dollar	2.350	2.322
1 Papua New Guinea Kina	1.045	1.238
1 USD	3.795	3.80
1 Euro	4.490	5.172
1 Sterling Pound	6.520	7.308

K Investment Properties

Investment properties are held for long term rental yields and long term capital appreciation. Investment properties acquired are initially stated at cost and upon revaluation, the investment properties are stated at Directors' valuation based upon latest independent valuation by professional valuers. No depreciation is provided on investment properties. These properties are revalued at regular intervals of at least once in every five years by an independent professional valuer.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

Any surplus or deficit arising on revaluation is taken to revaluation reserve unless the deficit arising exceeds the surplus previously recognised for that asset in the reserve, in which case the difference is charged to the income statement.

Revaluation surplus relating to an asset disposed of is transferred from revaluation reserve to retained earnings.

L Land Held For Property Development

Land held for property development consists of land on which no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with note S.

Land held for property development is classified as property development costs (under current assets) at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

M Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Summary of Significant Accounting Policies (Continued)

M Property Development Costs (Continued)

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables

N Cash And Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, net of outstanding bank overdraft.

O Receivables

Receivables are carried at invoiced amount less allowance for doubtful debt made for debts which the Directors consider are doubtful of recovery.

P Inventories

Inventories are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories. The cost of inventories consists of direct materials, direct labour, direct charges and variable production overheads, determined on a weighted average basis.

Q Dividends

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date. Upon the dividend becoming payable, it will be accounted for as a liability.

R Employee Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

Summary of Significant Accounting Policies (Continued)

R Employee Benefits (Continued)

The defined contribution plan of the Group relates to the contributions to the Employees Provident Fund.

The Company's contributions to defined contribution plans are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

S Impairment Of Assets

At each balance sheet, the Group reviews the carrying amount of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued assets is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

T Financial Instruments

(i) Financial instruments recognised on the balance sheet

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

(ii) Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments which comprise foreign currency forward contracts. These instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts

The Company uses forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operational activities.

The underlying foreign currency assets or liabilities from the foreign exchange contracts are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expenses in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction at which time they are included in the measurement of such transactions.

(iii) Fair value estimation for disclosure purposes

The face values of investment in unquoted bonds which are subject to accretion and amortisation over the tenor of the investment are assumed to approximate their fair values.

The fair value of marketable securities is based on quoted market prices at the balance sheet date.

The face values, less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Notes to the Financial Statements

31 December 2005

1 General Information

The principal activities of the Company consist of investment holding and civil constructions. The principal activities of the subsidiary companies are disclosed in Note 13 to the financial statements. There has been no significant change in the principal activities of the Company or its subsidiary companies during the financial year.

The Company is a public limited company, domiciled and incorporated in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:

Level 13, Menara Milenium
8 Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

19 & 21, Jalan Sri Hartamas 7
Taman Sri Hartamas
50480 Kuala Lumpur

2 Financial Risk Management Objectives And Policies

The Group's activities are exposed to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk and liquidity and cash flow risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its foreign exchange, interest, credit and liquidity risks. The Group operates within clearly defined guidelines that are approved by the Board.

Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt and deposits. The Group regularly reviews its debt portfolio, taking into account the investment holding period and the nature of its assets.

Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices of the financial instrument or security assets. For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into physical supply contracts within these set parameters.

Credit risk

Credit risk is controlled by the application of credit approvals, limit and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis via the Group management reporting procedures.

Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

Notes to the Financial Statements (Continued)

2 Financial Risk Management Objectives And Policies (Continued)

Foreign currency exchange risk

The Group is exposed to various currencies, mainly United States Dollar, Euro and Sterling Pound. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material transactions with foreign exchange exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

3 Revenue

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Construction contracts	120,113,064	125,409,982	0	1,133,326
Quarry operations	1,589,744	3,388,675	0	0
Rental income	132,000	132,000	0	0
Sale of investments	2,813,835	3,810,225	2,813,835	3,810,225
Sale of investment properties	3,465,000	0	0	0
Interest income	1,352,100	2,027,060	1,352,100	2,027,060
Dividends				
- unquoted investments in subsidiaries	0	0	5,426,250	5,426,250
- other investments, quoted in Malaysia	159,082	93,734	159,082	93,734
Sale of goods	8,762,437	5,509,262	0	0
	138,387,262	140,370,938	9,751,267	12,490,595

Notes to the Financial Statements (Continued)

4 Profit From Operations

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Profit from operations is arrived at after charging/(crediting):				
Rental on hiring of plant and machinery	73,383	82,923	0	0
Rental of site premises	29,200	20,100	0	0
Allowance for doubtful debts net of writeback	43,171	243,683	0	0
Auditors' remuneration				
- current year	88,000	88,000	9,000	9,000
- underprovision in prior year	0	11,500	0	0
Accretion of discount net of amortisation of premium on purchase of unquoted bonds	10,209	72,192	10,209	72,192
Staff costs (excluding remuneration of Executive Directors)				
- wages, salaries and bonus	7,422,038	5,641,836	24,400	0
- defined contribution plan	814,543	591,328	2,880	0
- other employee benefits	193,852	212,599	0	0
Allowance for diminution in value of investments net of writeback	1,239,118	10,794	1,239,118	10,794
Loss/(gain) on disposal of bonds	3,200	(379,723)	3,200	(379,723)
Gain on disposal of investment in quoted shares	(327,837)	(538,116)	(327,837)	(538,116)
Amortisation of goodwill net of reserve on consolidation	976,533	947,117	0	0
Property, plant and equipment				
- depreciation	1,498,397	1,312,220	0	0
- gain on disposal	(95,036)	(158,146)	0	0
- write off	0	2,833	0	0
Impairment losses of investment properties	72,421	0	0	0
Income from rental of office premises	(8,750)	(31,730)	0	0
Interest income	(332,563)	(566,139)	0	0
Rental income of plant and machinery	(32,400)	(32,400)	0	0
Unrealised gain on foreign exchange	(2,402)	(4,952)	0	0
Realised loss/(gain) on foreign exchange	162	(66,048)	0	0
Compensation from settlement of agreement	0	(809,355)	0	(15,950)

Contract cost of the Group recognised as an expense during the financial year amounted to RM100,468,891 (2004: RM106,698,959).

Estimated monetary value of benefits provided to a Director of the Company during the financial year by way of usage of the Group's assets, provision of accommodation and other similar benefits amounting to RM Nil (2004: RM24,550).

Notes to the Financial Statements (Continued)

4 Profit From Operations (Continued)

The aggregate amount of remuneration received/receivable by Directors of the Group and Company for the financial year are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Executive Directors:				
- fees	288,000	288,000	288,000	288,000
- salaries and bonus	1,259,800	1,154,000	0	0
- defined contribution plan	154,560	138,480	0	0
Non Executive Directors:				
- fees	300,000	300,000	246,000	246,000

The estimated monetary value of benefits provided to Directors of the Company during the financial year by way of usage of the Group's assets, provision of accommodation and other similar benefits amounted to RM80,850 (2004: RM57,200).

Fees paid for professional services to firms of which a Director of the Company is a member amounted to RM38,360 (2004: RM50,157) and RM35,336 (2004: RM33,718) for the Group and Company respectively.

5 Finance Cost

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Interest expense				
- hire purchase	59,147	82,039	0	0
- others	4,664	2,891	0	0
	63,811	84,930	0	0

Notes to the Financial Statements (Continued)

6 Taxation

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
In Malaysia				
Current taxation				
- company and subsidiary companies	3,434,896	4,756,829	1,841,350	2,054,350
- under/(over) provision in respect of prior years	192,029	145,881	(17,842)	(186,784)
Deferred taxation (Note 16)				
- company and subsidiary companies	(221,677)	145,173	0	0
- over provision in respect of prior years	0	(142,158)	0	0
	3,405,248	4,905,725	1,823,508	1,867,566

The effective tax rate on the Group's and the Company's profit from ordinary activities before taxation differs from the statutory tax rate of 28% and is reconciled as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2005 %</i>	<i>2004 %</i>	<i>2005 %</i>	<i>2004 %</i>
Statutory income tax rate	28	28	28	28
Income not subject to tax	0	0	0	(1)
Expenses not deductible for tax purposes	10	5	7	0
Effect of different tax rates	(1)	0	0	0
Reversal of previously unrecognised deferred tax assets	(1)	0	0	0
Under/(over) provision of deferred tax in respect of prior years	1	(1)	0	0
Under provision of current tax in respect of prior years	2	1	0	(2)
	39	33	35	25

Notes to the Financial Statements (Continued)

7 Dividends

	2005 RM	2004 RM
2004		
Final gross dividend of 8 sen per share less tax at 28%	0	3,916,800
2005		
Proposed final gross dividend of 8 sen per share less tax at 28%	3,916,800	0
	3,916,800	3,916,800

The financial statements do not reflect the proposed final dividend which will only be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2006 when approved by the shareholders in the Annual General Meeting.

8 Earnings Per Share

The earnings per share is calculated by dividing the Group earnings of RM5,299,117 (2004:RM9,973,514) by the weighted average number of shares amounting to 68,000,000 (2004: 68,000,000) in issue during the financial year.

Notes to the Financial Statements (Continued)

9 Property, Plant And Equipment

	<i>Freehold land and buildings RM</i>	<i>Plant and machinery RM</i>	<i>Office equipment, furniture and fittings RM</i>	<i>Motor vehicles RM</i>	<i>Total RM</i>
Group 2005					
COST/VALUATION					
At 1.1.2005					
- Cost	0	35,985,654	4,431,274	12,051,500	52,468,428
- Valuation	3,235,000	0	0	0	3,235,000
Additions	0	352,785	284,937	2,704,044	3,341,766
Disposals/write off	0	(363,561)	(20,000)	(612,027)	(995,588)
At 31.12.2005	3,235,000	35,974,878	4,696,211	14,143,517	58,049,606
ACCUMULATED DEPRECIATION					
At 1.1.2005	193,125	22,696,616	2,024,237	7,029,861	31,943,839
Charge for the financial year	19,375	1,825,711	282,516	1,134,106	3,261,708
Released on disposals/write off	0	(315,010)	(10,753)	(509,511)	(835,274)
At 31.12.2005	212,500	24,207,317	2,296,000	7,654,456	34,370,273
NET BOOK VALUE					
At 31.12.2005	3,022,500	11,767,561	2,400,211	6,489,061	23,679,333
Group 2004					
COST/VALUATION					
At 1.1.2004					
- Cost	0	35,591,318	4,206,853	12,117,828	51,915,999
- Valuation	3,235,000	0	0	0	3,235,000
Additions	0	849,170	260,786	326,532	1,436,488
Disposals/write off	0	(454,834)	(36,365)	(392,860)	(884,059)
At 31.12.2004	3,235,000	35,985,654	4,431,274	12,051,500	55,703,428

Notes to the Financial Statements (Continued)

9 Property, Plant And Equipment (Continued)

	<i>Freehold land and buildings RM</i>	<i>Plant and machinery RM</i>	<i>Office equipment, furniture and fittings RM</i>	<i>Motor vehicles RM</i>	<i>Total RM</i>
Group 2004					
ACCUMULATED DEPRECIATION					
At 1.1.2004	173,750	21,039,683	1,770,219	6,117,507	29,101,159
Charge for the financial year	19,375	2,078,463	281,310	1,223,654	3,602,802
Released on disposals/write off	0	(421,530)	(27,292)	(311,300)	(760,122)
At 31.12.2004	193,125	22,696,616	2,024,237	7,029,861	31,943,839
NET BOOK VALUE					
At 31.12.2004	3,041,875	13,289,038	2,407,037	5,021,639	23,759,589

The current year's depreciation charge of RM1,763,311 (2004: RM2,290,582) relating to the Group's property, plant and equipment used at construction sites was capitalised in contract work-in-progress forming part of construction contracts (Note 18).

Freehold land and building were revalued in financial year 2001 and the book values were accordingly adjusted to reflect the revaluation.

Included in the Group's property, plant and equipment are assets acquired under hire purchase agreements with net book values as follows:

	2005 RM	2004 RM
Property, plant and equipment	3,123,166	1,658,530

Included in the Group's additions to property, plant and equipment are assets purchased under hire purchase agreements as follows:

	2005 RM	2004 RM
Property, plant and equipment	2,874,908	107,515

Notes to the Financial Statements (Continued)

9 Property, Plant And Equipment (Continued)

Had the property, plant and equipment been carried at historical cost less accumulated depreciation, the carrying amount of each class of property, plant and equipment that would have been included in the financial statements at the end of the financial year would be as follows:

	<i>Group</i>	
	2005 RM	2004 RM
Freehold land and buildings	816,359	835,734
Plant and machinery	11,767,561	13,289,038
Office equipment, furniture and fittings	2,400,211	2,407,037
Motor vehicles	6,489,061	5,021,639
	21,473,192	21,553,448

10 Investment Properties

	<i>Group</i>
	Total RM
As at 31.12.2003	25,829,123
Additions	383,804
As at 31.12.2004	26,212,927
Additions	33,720
Impairment losses	(72,421)
Disposals	(3,133,689)
As at 31.12.2005	23,040,537
Market value	23,078,738

Investment properties were revalued in the current financial year and the book values adjusted to reflect the revaluation.

11 Land Held For Property Development

	<i>Freehold Land RM</i>	<i>Development Expenditure RM</i>	<i>Total RM</i>
Group 2005			
COST			
As at 1.1.2005	0	0	0
Additions	21,126,938	36,850	21,163,788
As at 31.12.2005	21,126,938	36,850	21,163,788

Notes to the Financial Statements (Continued)

12 Other Long Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
<i>Investment in unquoted shares</i>				
At cost	340,000	340,000	0	0
Impairment losses	(45,475)	(45,475)	0	0
	294,525	294,525	0	0
<i>Investment in unquoted bonds</i>				
At cost	12,002,442	12,002,442	12,002,442	12,002,442
Accretion of discount net of amortisation of premium	(13,585)	(3,376)	(13,585)	(3,376)
	11,988,857	11,999,066	11,988,857	11,999,066
	12,283,382	12,293,591	11,988,857	11,999,066
Fair value	12,735,978	12,925,429	12,441,453	12,630,904

13 Subsidiary Companies

	<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>
Unquoted shares at valuation	89,575,189	89,575,189

The subsidiary companies are:

<i>Name</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Percentage of equity held</i>	
			<i>2005 %</i>	<i>2004 %</i>
<i>Direct subsidiary companies:</i>				
Loh & Loh Constructions Sdn. Bhd.	Building and civil construction and investment holding	Malaysia	100	100
Loh & Loh Development Sdn. Bhd.	Property investment	Malaysia	100	100
Water Engineering Technology Sdn. Bhd.	Trading, contracting and mechanical & electrical engineering related activities	Malaysia	100	100

Notes to the Financial Statements (Continued)

13 Subsidiary Companies (Continued)

<i>Name</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Percentage of equity held</i>	
			<i>2005 %</i>	<i>2004 %</i>
<i>Subsidiary companies of Loh & Loh Constructions Sdn. Bhd.</i>				
Jutakim Sdn. Bhd.	Civil engineering	Malaysia	100	100
Turf-Tech Sdn. Bhd.	Turfing and other construction related works	Malaysia	100	100
Loh & Loh Sato Kogyo JV Sdn. Bhd.	Civil engineering	Malaysia	51	51
Quality Quarry Sdn. Bhd.	Quarry operations	Malaysia	68	68
Loh & Loh Ikhmas Sdn. Bhd.	Civil engineering	Malaysia	70	70
<i>Subsidiary company of Water Engineering Technology Sdn. Bhd.</i>				
WET Sales and Services Sdn. Bhd.	Trading and contracting in water related equipment	Malaysia	100	100
WET Air Sdn. Bhd.	Design and supply of air pollution control systems	Malaysia	100	100

All the subsidiary companies are audited by PricewaterhouseCoopers, Malaysia with the exception of Water Engineering Technology Sdn. Bhd., WET Sales and Services Sdn. Bhd and WET Air Sdn. Bhd.

The acquisitions of Loh & Loh Constructions Sdn. Bhd. and Loh & Loh Development Sdn. Bhd. in prior years which met the criteria for merger accounting under MAS 2 were accounted for under that method. In accordance with the merger relief provisions of Section 60(4) of the Companies Act, 1965, Loh & Loh Corporation Berhad recorded its investments in Loh & Loh Constructions Sdn. Bhd. and Loh & Loh Development Sdn. Bhd. at the nominal value of the ordinary shares issued as consideration. On consolidation, the excess of the carrying values of the investments over the nominal value of the shares acquired were taken to merger reserve.

All the subsidiary companies of Loh & Loh Constructions Sdn. Bhd. and Water Engineering Technology Sdn. Bhd. are consolidated based on the acquisition method of accounting in the financial statements of Loh & Loh Corporation Berhad.

The unquoted shares are stated at valuation as the Company revalued its investment in subsidiary companies for a special corporate exercise for a bonus issuance of shares in prior years.

Notes to the Financial Statements (Continued)

14 Associated Companies

Group

	2005 RM	2004 RM
Unquoted shares - at cost	50	50
Group's share of net assets	50	50

The associated company is:

Percentage of equity held

Name	Principal activities	Country of incorporation	2005 %	2004 %
Gold Bridge - Loh & Loh Sdn. Bhd.	Dormant	Malaysia	50	50

15 Goodwill

Group

	2005 RM	2004 RM
Net book value at beginning of financial year	1,203,900	1,910,888
Amortisation of goodwill	(1,011,401)	(981,986)
Acquisition of subsidiary (Note 32)	0	274,998
Net book value at end of financial year	192,499	1,203,900

16 Deferred Taxation

Group

	2005 RM	2004 RM
Deferred tax assets	166,108	60,195
Deferred tax liabilities		
- subject to income tax	(3,093,410)	(3,209,174)
- subject to capital gains tax	(278,535)	(278,535)
	(3,371,945)	(3,487,709)
	(3,205,837)	(3,427,514)

Notes to the Financial Statements (Continued)

16 Deferred Taxation (Continued)

	Group	
	2005 RM	2004 RM
The movements during the financial year relating to deferred tax are as follows:		
At start of the financial year	(3,427,514)	(3,424,499)
Credited/(charged) to income statement:		
- property, plant and equipment	58,336	(144,745)
- provisions	163,341	113,251
- others	0	28,479
At end of the financial year	(3,205,837)	(3,427,514)

	Group and Company	
	2005 RM	2004 RM
Subject to income tax:		
<i>Deferred tax assets (before offsetting)</i>		
- Provisions	883,512	720,171
- Property, plant and equipment	285,304	30,208
Offsetting	1,168,816 (1,002,708)	750,379 (690,184)
Deferred tax assets (after offsetting)	166,108	60,195
<i>Deferred tax liabilities (before offsetting)</i>		
- Property, plant and equipment	(4,096,118)	(3,899,358)
Offsetting	1,002,708	690,184
Deferred tax liabilities (after offsetting)	(3,093,410)	(3,209,174)
Subject to capital gains tax		
<i>Deferred tax liabilities</i>		
- Investment properties	(278,535)	(278,535)

Notes to the Financial Statements (Continued)

17 Trade And Other Receivables

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Trade receivables	52,200,072	49,168,034	0	0
Retention sums	16,390,011	15,715,461	0	764,941
Total trade receivables	68,590,083	64,883,495	0	764,941
Allowance for doubtful debts	(13,709,652)	(13,690,861)	0	0
	54,880,431	51,192,634	0	764,941
Amount due from customers on contracts (Note 18)	35,899,225	22,070,901	0	0
Deposits	493,341	2,377,247	0	0
Prepayments	185,797	200,867	0	0
Other receivables	2,868,845	1,337,345	217,340	37,910
Allowance for doubtful debts	(844,038)	(819,658)	0	0
	93,483,601	76,359,336	217,340	802,851

All trade and other receivables are denominated in Ringgit Malaysia.

The credit terms of trade receivables ranged from 90 days to 120 days (2004: 90 days to 120 days). The Group's top 5 (2004: 5) customers makes up 59% (2004: 77%) of the Group's trade receivables. Management believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group's trade receivables.

18 Construction Contracts

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Costs of contract work-in-progress incurred	716,442,640	650,418,556	0	275,664,759
Attributable profits	132,389,032	123,430,624	0	0
	848,831,672	773,849,180	0	275,664,759
Progress billings	(821,690,169)	(758,288,943)	0	(275,664,759)
	27,141,503	15,560,237	0	0

Notes to the Financial Statements (Continued)

18 Construction Contracts (Continued)

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Amount due from customers on contracts (Note 17)	35,899,225	22,070,901	0	0
Amount due to customers on contracts (Note 22)	(8,757,722)	(6,510,664)	0	0
	27,141,503	15,560,237	0	0
Advances received on contracts	2,100,955	6,312,927	0	0
Included in the costs of contract work-in-progress are charges incurred during the year:				
Depreciation of property, plant and equipment (Note 9)	1,763,311	2,290,582	0	0
Rental of site premises	216,085	198,580	0	0
Rental on hiring of plant and machinery	1,059,862	274,830	0	0

Also included in the costs of contract work-in-progress are:

Fees paid for advisory services rendered by a Director of the Company to the Group amounting to RM54,000 (2004: RM54,000).

Remuneration paid to a Director of the Company for services rendered to the Group amounting to RM Nil (2004: RM336,000).

19 Inventories

	<i>Group</i>	
	<i>2005 RM</i>	<i>2004 RM</i>
At cost:		
Water related equipment	484,982	792,017
Quarry stocks	29,031	132,211
	514,013	924,228

Notes to the Financial Statements (Continued)

20 Short Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
<i>Investment by asset management companies</i>				
At cost	5,621,017	5,224,022	5,621,017	5,224,022
Impairment losses	(799,698)	0	(799,698)	0
	4,821,319	5,224,022	4,821,319	5,224,022
<i>Investment in shares quoted in Malaysia</i>				
At cost	2,793,130	2,631,870	2,787,730	2,626,470
Impairment losses	(1,560,054)	(1,171,762)	(1,560,054)	(1,171,762)
	1,233,076	1,460,108	1,227,676	1,454,708
<i>Investment in unit trust</i>				
At cost	1,000,000	1,000,000	1,000,000	1,000,000
Impairment losses	(51,128)	0	(51,128)	0
	948,872	1,000,000	948,872	1,000,000
	7,003,267	7,684,130	6,997,867	7,678,730
Market value of investment by asset management companies	4,821,319	5,794,324	4,821,319	5,794,324
Market value of investment in quoted shares	1,233,076	1,460,108	1,227,676	1,454,708
Market value of investment in unit trust	948,872	1,015,594	948,872	1,015,594

21 Cash And Cash Equivalents

Cash and cash equivalents comprise the following balance sheet amounts:

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Short term deposits with licensed banks	22,674,388	41,617,830	12,505,547	19,978,342
Cash and bank balances	5,403,357	6,947,861	360,959	486,828
	28,077,745	48,565,691	12,866,506	20,465,170

Notes to the Financial Statements (Continued)

21 Cash And Cash Equivalents (Continued)

	<i>Group</i>		<i>Company</i>	
	<i>2005</i> %	<i>2004</i> %	<i>2005</i> %	<i>2004</i> %
<i>Weighted average interest rates (per annum) at financial year end</i>				
Short term deposits with licensed banks	2.90	2.89	2.95	3.05

Short term deposits with licensed banks of the Group and the Company have an average maturity of 23 days (2004: 23 days).

Cash and cash equivalents are denominated in Ringgit Malaysia.

22 Trade And Other Payables

	<i>Group</i>		<i>Company</i>	
	<i>2005</i> <i>RM</i>	<i>2004</i> <i>RM</i>	<i>2005</i> <i>RM</i>	<i>2004</i> <i>RM</i>
Trade payables	38,673,451	30,676,240	0	0
Amount due to customers on contracts (Note 18)	8,757,722	6,510,664	0	0
Amount due to subsidiary companies	0	0	25,657,634	33,732,027
Amount due to a related party	1,506,110	1,000,440	0	0
Other payables	1,435,016	1,487,031	563,450	561,441
Accruals	2,902,207	3,162,916	0	0
Hire purchase creditors (Note 23)	1,124,301	468,018	0	0
	54,398,807	43,305,309	26,221,084	34,293,468
The currency exposure profile of trade and other payables is as follows:				
- Ringgit Malaysia	53,478,053	42,219,349	26,221,084	34,293,468
- United States Dollar	920,754	1,085,960	0	0
	54,398,807	43,305,309	26,221,084	34,293,468

The credit terms of trade payables ranged from 60 days to 90 days (2004: 60 days to 90 days).

The amount due to subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

The amount due to a related party (Saroma Engineering Sdn Bhd) is unsecured, interest free and has no fixed terms of repayment.

Notes to the Financial Statements (Continued)

23 Hire Purchase Creditors

	<i>Group</i>	
	2005 RM	2004 RM
Amount payable	2,218,303	722,009
Finance charges	(143,670)	(63,720)
	2,074,633	658,289
Amount due within 1 year classified as payables (Note 22)	1,124,301	468,018
Amount due between 1 to 2 years	950,332	190,271
	2,074,633	658,289

The weighted average year end effective interest rate of hire purchase creditors was 2.5% - 4% (2004: 3.3% - 4.6%) per annum. The fair value of hire purchase creditors at balance sheet date is RM1,997,575 (2004: RM631,957).

24 Share Capital

	<i>Group and Company</i>	
	2005 RM	2004 RM
Authorised 100,000,000 ordinary shares of RM1 each	100,000,000	100,000,000
Issued and fully paid 68,000,000 ordinary shares of RM1 each	68,000,000	68,000,000

25 Retained Earnings

The Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank all of its retained earnings as at 31 December 2005 if paid out as dividends.

Subject to agreement with the Inland Revenue Board, the tax exempt income account balance as at 31 December 2005 for the Company is approximately RM1,440,150 (2004: RM1,440,150).

26 Contingent Liabilities (Unsecured)

	<i>Group</i>		<i>Company</i>	
	2005 RM	2004 RM	2005 RM	2004 RM
Guarantees given to banks for Group's performance/tender guarantees granted to customers	67,461,325	43,433,787	0	4,085,539

Notes to the Financial Statements (Continued)

27 Significant Related Party Disclosures

Related parties and relationships

The related parties of the Company are as follows:

<i>Related parties</i>	<i>Relationships</i>
Loh & Loh Constructions Sdn. Bhd.	Wholly owned subsidiary company
Loh & Loh Development Sdn. Bhd.	Wholly owned subsidiary company
Water Engineering Technology Sdn. Bhd.	Wholly owned subsidiary company
WET Sales and Services Sdn. Bhd.	Subsidiary company of Water Engineering Technology Sdn. Bhd.
WET Air Sdn. Bhd.	Subsidiary company of Water Engineering Technology Sdn. Bhd.
Jutakim Sdn. Bhd.	Subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Turf-Tech Sdn. Bhd.	Subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Loh & Loh Sato Kogyo JV Sdn. Bhd.	Subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Quality Quarry Sdn. Bhd.	Subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Loh & Loh Ikhmas Sdn. Bhd.	Subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Gold Bridge-Loh & Loh Sdn. Bhd.	Associated company
Ikhmas Jaya Sdn. Bhd.	Corporate shareholder of subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Saroma Engineering Sdn. Bhd.	Corporate shareholder of subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Sato Kogyo Co. Ltd.	Corporate shareholder of subsidiary company of Loh & Loh Constructions Sdn. Bhd.
Sato Kogyo (M) Sdn. Bhd.	Associated company of Sato Kogyo Co. Ltd.
Rashid & Lee Management Services Sdn. Bhd.	A company in which a Director of the Group has interest
Shahrizat, Rashid & Lee	A company in which a Director of the Group has interest
Pohmay Holdings Bhd.	A company with common Directors

Notes to the Financial Statements (Continued)

27 Significant Related Party Disclosures (Continued)

Significant transactions with related parties

In the ordinary course of business, the Company's significant transactions with its related companies are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Progress billings paid/payable to:				
Sato Kogyo (M) Sdn. Bhd.	2,452,521	2,118,651	0	0
Loh & Loh Constructions Sdn. Bhd.	0	0	0	1,133,326

Transactions with companies, firms in which the Directors of the Company have interest

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Secretarial fees paid to Rashid & Lee Management Services Sdn. Bhd., a company in which Tan Sri Abdul Rashid Bin Abdul Manaff is a major shareholder and Director	38,360	21,777	35,336	17,768
Legal fees paid to Shahrizat, Rashid & Lee, a firm in which Tan Sri Abdul Rashid Bin Abdul Manaff is a partner	0	28,380	0	15,950

	<i>Group</i>		<i>Company</i>	
	<i>2005 RM</i>	<i>2004 RM</i>	<i>2005 RM</i>	<i>2004 RM</i>
Progress billings paid/payable to Pohmay Holdings Bhd, a company in which Danny Ng Siew L'Leong and Tan Sri Abdul Rashid Bin Abdul Manaff are Directors	720,831	389,681	0	0

The related party transactions described above were entered into in the normal course of business and have been established under negotiated terms.

Notes to the Financial Statements (Continued)

28 Capital Commitments

	<i>Group</i>	
	2005 RM	2004 RM
Approved and contracted for	0	18,437,445
Analysed as follows:		
Land held for development	0	18,437,445

29 Segmental Information

The Group is primarily organised within Malaysia into three main business segments:

- Constructions - building and civil construction and mechanical and electrical engineering related activities
- Investments - investment holding
- Quarry and trading - quarry operations and trading in water related equipment

	Constructions RM	Investments RM	Quarry and trading RM	Eliminations RM	Total RM
2005					
REVENUE					
Revenue from external customers	120,113,064	7,922,017	10,352,181	0	138,387,262
Revenue from transactions with other business segments	1,108,399	5,930,250	873,380	(7,912,029)	0
	121,221,463	13,852,267	11,225,561	(7,912,029)	138,387,262
Segment results	21,403,797	6,859,929	1,225,561	(5,756,250)	24,147,002
Unallocated corporate expenses					(15,436,622)
Profit from operations					8,710,380
Finance cost					(63,811)
Taxation					(3,405,248)
Minority interest					57,796
Net profit attributable to shareholders					5,299,117

Notes to the Financial Statements (Continued)

29 Segmental Information (Continued)

	<i>Constructions RM</i>	<i>Investments RM</i>	<i>Quarry and trading RM</i>	<i>Eliminations RM</i>	<i>Total RM</i>
OTHER INFORMATION					
Segment assets	123,514,363	168,587,164	9,449,648	(92,082,140)	209,469,035
Unallocated corporate assets					2,534,136
Consolidated assets					212,003,171
Segment liabilities	51,426,751	680,450	2,650,164	2,277	54,759,642
Unallocated corporate liabilities					4,372,724
Consolidated liabilities					59,132,366
Capital expenditure	3,282,769	58,258	739	0	3,341,766
Depreciation	2,920,562	5,487	360,669	(25,010)	3,261,708
Amortisation of goodwill net of reserve on consolidation	0	976,533	0	0	976,533

Notes to the Financial Statements (Continued)

29 Segmental Information (Continued)

The Group is primarily engaged in construction and construction related activities within Malaysia.

	<i>Constructions RM</i>	<i>Investments RM</i>	<i>Quarry and trading RM</i>	<i>Eliminations RM</i>	<i>Total RM</i>
2004					
REVENUE					
Revenue from external customers	125,409,982	6,063,019	8,897,937	0	140,370,938
Revenue from transactions with other business segments	4,386,141	5,930,250	1,895,760	(12,212,151)	0
	129,796,123	11,993,269	10,793,697	(12,212,151)	140,370,938
Segment results	22,630,091	8,783,618	2,253,281	(5,900,850)	27,766,140
Unallocated corporate expenses					(12,625,191)
Profit from operations					15,140,949
Finance cost					(84,930)
Taxation					(4,905,725)
Minority interest					(176,780)
Net profit attributable to shareholders					9,973,514
OTHER INFORMATION					
Segment assets	151,093,668	183,312,040	7,503,145	(145,139,479)	196,769,374
Unallocated corporate assets					1,810,935
Consolidated assets					198,580,309
Segment liabilities	80,967,717	12,806,279	4,454,548	(55,339,509)	42,889,035
Unallocated corporate liabilities					4,144,990
Consolidated liabilities					47,034,025
Capital expenditure	1,436,488	0	0	0	1,436,488
Depreciation	3,179,877	8,082	439,853	(25,010)	3,602,802
Amortisation of goodwill net of reserve on consolidation	0	947,117	0	0	947,117

Notes to the Financial Statements (Continued)

30 Material Litigations Instituted By The Group

A Kuala Lumpur High Court - Writ of Summons No. D5-22-375-93 dated 13 May 1993

Loh & Loh Constructions Sdn Bhd ("LLCSB"), a wholly owned subsidiary of Loh & Loh Corporation Berhad ("LLCB") had filed a suit at the Kuala Lumpur High Court by way of a Writ of Summons No. D5-22-375-93 dated 13 May 1993 ("said suit") against Quota Innovations Sdn Bhd ("QISB") for breach of Contract Agreement and against all QISB's directors for breach of guarantee and against Kassim Chan Management Services Sdn Bhd ("KCMS") for breach of duty of care towards LLCSB. The claim is for a sum of approximately RM3,623,000 under the Contract Agreement including a sum of RM1,100,000 by way of loan granted to QISB. KCMS is sued jointly for this loan sum of RM1,100,000 as the loan monies was disbursed through the project account managed by KCMS. There is a counter-claim filed by QISB against LLCSB for wrongful termination of the Contract Agreement. In respect of QISB and its director, the claim and counter-claim have been remitted for arbitration.

The status of the Suit are as follows:

Against Guarantors:-

- i) Judgement Debtors Woon Mooi, Leong Hong Min and Leong Yoke Luen have been made bankrupt. M/s Amin Tan & Co has obtained an order in terms of their application to discharge as solicitors acting for these Judgement Debtors and Debtor Lai Man Fatt.
- ii) Judgement Debtors Lam Hoi Song and Lam Hong Chang filed application to stay of bankruptcy proceedings. On 2 February 2005 the Judgement Debtors' solicitors obtained orders in terms to transfer the matters to the Ipoh High Court from Temerloh High Court. The matter is now pending before the High Court in Ipoh. The Judgement Debtors have proposed for settlement but the proposal has not been finalised yet.

Guarantors' Application of 18 January 2002 to set aside the Arbitrator's Interim Award

- i) The Directors of QISB and QISB have filed an application in the High Court of Ipoh pursuant to Section 23 of the Arbitration Act 1952 to set aside the Learned Arbitrator's Award and further Hearing for the same has been adjourned to 25 May 2005. LLCSB has filed an application for the case to be struck off. The application is fixed for hearing on 25 May 2005. In the same proceedings LLCSB has applied for and been granted security for costs in the sum of RM 20,000. QISB and/or its directors have filed into Court the sum of RM 20,000 and the Case is now fixed for Mention on 03 April 2006.

Against KCMS:-

- i) The trial was concluded on 22 November 2004. The matter was fixed for decision on 11 April 2005 but due to failure of the defendant's solicitor to submit written submissions as directed by the Court, the Court refixed the decision date to 13 July 2005.

The Defendant's solicitors failed to file the written submissions on the date extended by the Court. The decision was delivered on 29 September 2005, on which decision the Court upheld KCMS's defence and with costs to LLCSB. LLCSB has filed Record of Appeal to the Court of Appeal on 6 January 2006.

B Writ of Summons vide Kuala Lumpur High Court Suit No. S7-22-930-2004 dated 29 September 2004

The sealed Writ of Summons and Statement of Claim of Water Engineering Technology Sdn Bhd ("WETSB") dated 21 June 2004 were extracted from the Court on 02 August 2004.

Notes to the Financial Statements (Continued)

30 Material Litigations Instituted By The Group (Continued)

Statements of Defence of Ladang Impian 1 Sdn Bhd. ("LI1SB") and Wong Seng Huat ("WSH") dated 08 November 2004 was served on WETSB's solicitor, Messrs Shahrizat, Rashid & Lee ("SRL") by the defendants' solicitor Messrs Iza Ng Yeoh & Kit on 08 November 2004. SRL filed the summary judgement application and Affidavit in Support on 29 November 2004.

A memorandum of understanding between Loh & Loh Corporation Berhad, WETSB, LI1SB and WSH was entered into on 12 January 2005 to arrive at a scheme of settlement, which had lapsed due to the Parties failure to reach an agreement on certain terms of the scheme of settlement.

The Parties again re-entered into negotiations and are in the midst of finalizing the terms and conditions of the Proposed Revised Settlement Agreement and an announcement shall be made in due course upon the signing of the Proposed Revised Settlement Agreement.

Meanwhile, the Deputy Registrar have on 10 March 2006, allowed summary judgement for a principal sum of RM 7,936,869.91 together with interest in the sum of RM 1,126,573.51 as at 19 January 2004 and continuing interest at 8% per annum on RM 7,936,869.91 from 20 January 2004 until full settlement.

31 Financial Instruments

Forward foreign exchange contracts

Forward foreign exchange contracts are entered into by the Group in currencies other than their functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. In general, the Group's policy is to enter into forward foreign exchange contracts for up to 100% of anticipated payments.

The open forward contracts for the Group are as follows:

<i>Hedging Items</i>	<i>Currency to be received</i>	<i>Currency to be paid</i>	<i>Contracted amounts</i>	<i>Ringgit Malaysia equivalent</i>
2005				
Trade payables	Ringgit Malaysia	Sterling Pound	33,814	229,249
Future purchase of raw materials over following 6 months	Ringgit Malaysia	Sterling Pound	19,290	132,817
	Ringgit Malaysia	Euro	286,226	1,329,520
2004				
Trade payables	Ringgit Malaysia	Sterling Pound	4,340	30,445
Future purchase of raw materials over following 6 months	Ringgit Malaysia	Euro	43,130	216,513
	Ringgit Malaysia	Sterling Pound	97,000	710,331

The fair value of net unrecognised forward contracts of the Group at the balance sheet date was a unfavourable net position of RM46,023 (2004: RM6,469).

Notes to the Financial Statements (Continued)

32 Acquisition Of Subsidiary

On 22 June 2004, the Company acquired a 100% equity interest in WET Air Sdn Bhd. As a result, WET Air Sdn Bhd, became a subsidiary of Water Engineering Technology Sdn Bhd and an indirect subsidiary of Loh & Loh Corporation Berhad.

The purchase consideration for the acquisition of the 100% equity interest in Positive Cycle Sdn Bhd (currently known as WET Air Sdn Bhd) consists of:

- Cash consideration of RM50,000
- The balance of RM225,000 shall be paid conditional upon Positive Cycle Sdn. Bhd. achievement of the guaranteed profits before tax for 3 years

The effect of this acquisition on the financial results of the Group during the previous financial year was as follows:

	2004 RM
(a) Impact on the income statement	
Revenue	1,567,063
Cost of sales	(1,175,190)
Gross profit	391,873
Administrative expenses	(90,756)
Other operating expenses	(282,082)
Finance cost	19,035 (2,294)
Profit before taxation	16,741
(b) Impact on the balance sheet	
Property, plant and equipment	244,849
Inventories	43,049
Trade and other receivables	1,129,565
Tax recoverable	250
Cash and bank balances	43,112
Trade and other payables	(637,701)
Amount due to holding company	(806,381)
Increase in the Group's net assets	16,743

Notes to the Financial Statements (Continued)

32 Acquisition Of Subsidiary (continued)

(c) Details of net assets acquired, goodwill and cash flow arising from the acquisition were as follows:

	2004 RM
Fair value of net assets acquired at 22 June 2004	2
Goodwill	274,998
Cost of acquisition	275,000
Total purchase consideration	275,000
Purchase consideration conditional upon achievement of guaranteed profits	225,000
Purchase consideration discharged by cash	50,000
Less: Cash and cash equivalents of subsidiary acquired	2
Cash outflow of the Group on acquisition	49,998

Goodwill arising on this acquisition is amortised on the straight line basis over its estimated useful life of 5 years.

There was no acquisition in the current year.

33 Approval Of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2006.

Statement by Directors

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

We, Tan Sri Abdul Rashid bin Abdul Manaff and Loh Kim Tai, being two of the Directors of Loh & Loh Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 29 to 69 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2005 and of the results of the Group and the Company and the cash flows of the Group and the Company for the year ended on that date in accordance with MASB approved accounting standards in Malaysia and comply with the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 25 April 2006.

Tan Sri Abdul Rashid Bin Abdul Manaff
Director

Kuala Lumpur

Loh Kim Tai
Director

Statutory Declaration

Pursuant To Section 169(16) of the Companies Act, 1965

and sincerely declare that the financial statements set out on pages 29 to 69 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Loh Kim Kah

Subscribed and solemnly declared by the abovenamed Loh Kim Kah at Kuala Lumpur in Malaysia on 25 April 2006, before me.

Aminuddin bin Ahmad
W358
Commissioner for Oaths
25-3, Jalan Sri Hartamas 7
Taman Sri Hartamas
50480 Kuala Lumpur

Report of the Auditors to the Members of Loh & Loh Corporation Berhad

(Company No. 389765-V)

We have audited the financial statements set out on pages 29 to 69. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these 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 to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and MASB approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2005 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in Note 13 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditor's reports thereon.

We are satisfied that the financial statements of the subsidiary companies that have been 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 we have received satisfactory information and explanations required by us for those purposes.

The audit reports on financial statements of the subsidiaries were not subject to any qualification and do not include any comments made under subsection 3 of Section 174 of the Act.

Pricewaterhousecoopers
(No. AF: 1146)
Chartered Accountants

Kuala Lumpur
25 April 2006

Lee Yoke Khai
(No. 1589/08/07 (J))
Partner of the firm