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FITTERS

> **mission statement**

> **our driving forces**



Engineering Solutions Through Innovation And Technology

For exceptional return on investment

Invaluable engineering solutions

Towards customer service excellence

Training in technological advancement

Engineering research and development

Reliability and quality assurance

Strive for innovation and technology

> company profile

Fitters Holdings Berhad, an investment holding company, commenced its operations in 1970s. Over the years the company has established itself as a “one-stop” fire protection specialist. Now, the Fitters Group is recognized as a leading local manufacturer of fire & safety products, which carries out specialized installation of fire fighting equipment and systems. Besides being focused on fire fighting and safety, Fitters is embarking into areas of infra-structural and engineering solutions contracting through its engineering division.

Fitters Group of companies is divided into three (3) main divisions namely:

MANUFACTURING & TRADING DIVISION

Fitters Manufacturing and Trading division is made up of a group of companies involved in manufacturing and trading of safety, fire fighting equipment and industrial products to meet the needs of industrial, commercial, petrochemical, marine, housing and automotive sectors.

What we produce: Manufacturing of fire doors, fire resistance materials, fire extinguishers, safety apparels, access floors and automotive parts.

We are also involved in trading of water mist, foam systems, carbon dioxide extinguishing system, control and industrial valves, fire sprinklers and ancillary equipment, smoke ventilation and control systems.

The Manufacturing & Trading Division has developed a franchising manufacturing program with technology transfer for hand-held aerosol fire extinguisher within the Asean region. This is a step taken to expand regionally with a consumer-based product in 2006.

ENGINEERING DIVISION

Fitters Engineering division is involved in engineering projects, and our capabilities include carrying out projects on a design and built concept (turnkey) and operating "off-site" pipe fabrication facility.

Our companies are providing complete engineering solutions and committed to good engineering practices. We play a vital role in meeting the engineering requirements for various prestigious projects.

The companies are made up of a team of designers and engineers with vast experience and expertise in their respective fields. This ensures the quality and reliability of our engineering services.

Besides that, we also provide one-stop turnkey engineering solutions for infra-structural development i.e. airport, water main pipe works, fire main & internal water reticulation, ACMV systems and gas piping etc. Our turnkey solutions include design, supply, install, test & commission, maintain and monitor for total systems integration or standalone component systems.

What is new: We are now embarking into railway engineering works.

MAINTENANCE SERVICES DIVISION

Provides after sales and warranty service back up to the Contracting division including contractual and on-call services. Ensures that all customers are provided with the highest level of service. It provides preventive maintenance, routine checks and remedial maintenance.

This division also provides Computerized Fire Alarm Monitoring Systems (CMS). Currently there are fifty-nine (59) CMS stations, commissioned and operational throughout the country, with fifteen (15) being concentrated in Klang Valley alone.

> events & projects in year 2005



Custom-Made Protective Wear To Suit Various Industries

We proudly offer custom-tailoring services for our wide range of selection of apparel to fit the demands and needs of individual, thus enhancing the choice for protective clothing specifiers and purchasers alike.



High Quality Fire Resistant Doorsets

In line with today's stringent fire safety standards, PYRODOR offers quality fire resistant doorsets - tested by SIRIM in accordance to the latest MS 1073 Part 2 & 3 and approved by Fire Rescue Department Malaysia.



"Fully Encapsulated" Raised Access Floor for Export

Enhanced load performance and practical raised access floor marketed under TITAN brand by Modular Floor Systems (M) Sdn Bhd with 99% finished products for overseas market.

Fitters Home Fire Safety at Retail Outlets



Fitters range of home fire safety products are now available at: AEON Home Centre, 11 Jusco Outlets, 3 HomeFix DIY Stores and a group of supermarket, hypermarkets and chainstores in Sabah. Fire-X and Fitters Smoke Detectors are now readily available to public. This will equip every home with the first line of fire defense.

National Fire Prevention TV COMMERCIALS

5 clips tv commercials each 30 seconds were produced and aired in local tv stations for the National Fire Prevention Campaign. The production required total darkness for dramatic fire and smoke effect. 12 hours production shooting started from 7.00pm to 7.00am the next morning!



Foam Blending Plant

The Special Product Division has a foam blending facility to allow for the manufacturing of multiple foam concentrate products and marketing for all type of foam ancillary equipment and valves. The division is able to provide designing, installation, testing and commissioning of foam systems. We are contracted to blend foam concentrates for Chemguard (USA) to supply within the Asean countries.



> project references

Fitters Group of companies has an excellent track records of designing and implementing of engineering projects especially in the area of fire protections.

Some of our pretigious projects include:

1. Impiana KL City Centre,
2. KL International Performing Art Centre Sentul Raya,
3. Government Complexes Putrajaya,
4. Federal Flour Mills, Pulau Indah
5. Lease Office Buildings, Pulau Indah &
6. Mewah Oil Sdn Bhd, Pulau Indah



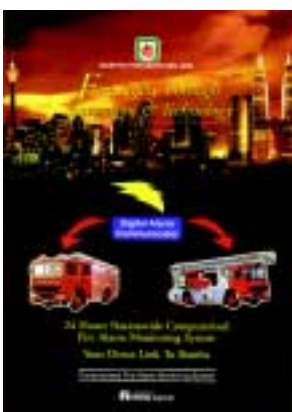
Low Cost Carrier Terminal

Fitters Engineering Services Sdn Bhd secured the new 35,290 square meters Low Cost Carrier Terminal in KLIA for its fire protection. It is located 20km away from the KLIA Main Terminal Building (MTB). Construction of the LCC Terminal was on a fast track basis beginning June 2005.

Fire Service Main Works at Port Klang Free Zone In Pulau Indah

KFZ is an integrated 1,000 acre international cargo distribution and consolidation centre situated on Pulau Indah managed by Port Klang Authority (PKA). PKFZ is designed to promote entreport trade and manufacturing industries involved in producing goods primarily for export.

24 Hours Nationwide computerized Fire Alarm Monitoring System



Master Pyroserve with a current subscribers base of 3,200 & growing is the market leader in the segment. 59 CMS stations have been commissioned & operational throughout Malaysia supported by 150 appointed authorized distributors.

Awarded MS ISO 9001:2000 in August 2003. MPS was the first company in the fire industry to be awarded this MS ISO certificate.

> financial and corporate calendar

financial year ended 31 december 2005

Announcement of Results

First quarter	19 May 2005
Second quarter	29 August 2005
Third quarter	29 November 2005
Fourth quarter	10 February 2006

Nineteenth Annual General Meeting

27 June 2005

Dividend	Financial year ended 2004	Financial year ended 2005	
	First And Final	First Interim	Second Interim
Notice of Book closure	1 June 2005	7 October 2005	13 February 2006
Entitlement date	1 July 2005	25 October 2005	2 March 2006
Payment date	1 August 2005	9 November 2005	16 March 2006

Corporate Exercise:

Proposed Special Issue of 3,401,000 ordinary Shares of RM1.00 each to comply with the Foreign Investment Committee ('FIC') requirement vide FIC letter dated 17 January 2000.	Received an extension of time from FIC to 30 June 2007
Securities Commission granted approval	30 June 2006

Extraordinary General Meeting:

27 June 2005

- Proposed Bonus Issue Of Up To 14,950,909 New Ordinary Shares Of RM1.00 Each In The Company ("Bonus Shares") On The Basis Of One (1) Bonus Share For Every Three (3) Existing Ordinary Shares Of RM1.00 Each Held In The Company ("Fitters Shares") After The Completion Of The Proposed Special Issue Of 3,401,000 New Ordinary Shares To Bumiputera Investors To Be Identified By The Company ("Proposed Bonus Issue")
- Proposed Renounceable Rights Issue Of Up To 29,901,818 Warrants At An Indicative Issue Price Of Rm0.05 Per Warrant On The Basis Of One (1) Warrant For Every Two (2) Existing Ordinary Shares Of Rm1.00 Each Held In The Company After The Completion Of The Proposed Bonus Issue ("Proposed Rights Issue Of Warrants")

Other major corporate announcements:

- Received Shareholder's Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature 27 June 2005
- Change of registered and correspondence address 11 January 2006

> corporate information

BOARD OF DIRECTORS

En. Mohammad Nizar Bin Idris**
Chairman

Dato' Wong Swee Yee
Managing Director

Tan Sri Datuk Paduka Dr. Hajjah Saleha
Binti Haji Mohamed Ali *

Mr. Wong Cheek Lung *

Mr. Kong Sin Seng **

En. Mohamad Jamil Bin Mohd Yusof**

En. Zahedi Bin Haji Mohd Zain
*Alternate Director to Tan Sri Datuk Paduka
Dr. Hajjah*

Saleha Binti Haji Mohamed Ali

Mr. Wong Swee Seong
Alternate Director to Mr. Wong Cheek Lung

* *Non-Independent and Non-Executive
Director*

** *Independent Non-Executive Director*

COMPANY SECRETARIES

Pn. Nuruluyun Binti Abdul Jabar
(MIA 9113)

Ms. Kung Whooi Ning
(MIA 8537)

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel.: 03 2721 2222
Fax : 03 2721 2530

HEAD OFFICE & REGISTERED OFFICE

No. 1 Block C Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur
Tel : 03 62767155
Fax: 03 62752780

Manufacturing & Trading

Contact Person :
Mr. Fong Kum Kuan
Tel : 03 61576199
Fax : 03 61576157

Contracting

Contact Person :
Mr. Tan Chin Hock
Tel. : 03 62767155
Fax : 03 62758712

Computerised Fire Alarm Monitoring System

Contact Person :
En. Anuar Yusof
Tel. : 03 62767155
Fax : 03 62758692

Maintenance Services

Contact Person :
Ms. Linda Chang Chuey Peng
Tel. : 03 62727189
Fax : 03 62729198

REGIONAL OFFICES

Northern:

66 Lintang Angsana
Bandar Baru Ayer Itam
11500 Pulau Pinang
Contact Person :
Mr. Tee Joo Seng
Tel. : 04 8290734
Fax : 04 8290731

Central:

13 &13A Jalan Dato' Haji Megat Khas,
Taman Bandaraya Utama
31400 Ipoh
Contact Person :
Mr. David Tiong
Tel.: 05 5477622
Fax : 05 5477623

Southern:

12 &12A Jalan Sagu 5
Taman Daya
81100 Johor Bahru
Contact Person :
Mr. Steven Yong
Tel. : 07 3559585
Fax : 07 3559610

Sarawak

Lot 286, 2nd Floor
Section 49 Westwood
Jalan Tabuan, 93100 Kuching
Contact Person :
Mr. George Lee
Tel. : 082 250221
Fax : 082 256221

Singapore

83 Genting Lane #06-01
Singapore 349568
Contact Person :
Mr. Pernod Sim
Tel. : 02 67441171
Fax : 02 67414173

AUDITORS

Ernst & Young
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

Am Bank Berhad
Alliance Bank Malaysia Berhad
Alliance Merchant Bank Berhad
Malayan Banking Berhad
Southern Bank Berhad
United Overseas Bank (M) Berhad

SOLICITORS

Manjit Singh Sachdev, Mohammad
Radzi & Partners
Nasir, Kenzin & Tan
Ong Ban Chai & Co.
Soon Gan Dion & Partners
Jin & Co.

WEBSITE

[http:// www.fittersgroup.com](http://www.fittersgroup.com)

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad
Stock Short Name : Fitters
Stock Code : 9318

> chairman's statement

Dear Shareholders

On behalf of my colleagues on the Board of Fitters Holdings Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2005.

FINANCIAL REVIEW

Fitters has performed well for 2005. I am pleased to report that revenue has recorded a 68% increase from RM85.5 million to RM143.3 million which came mainly from the contracting and engineering division. The Profit before Tax also increased by 34% to RM12.5 million against RM9.3 million and correspondingly Profit after Tax increased 31% from RM7.1 million to RM9.3 million. This was mainly due to higher revenue from the contracting and engineering division.

The Taxation for the Group is RM3.3 million compared to RM2.2 million in 2004 with the effective tax rate on the Group of 26.8%, marginally lower than the statutory tax but higher than the preceding year of 19.8% which was due to utilisation of unabsorbed tax losses of certain subsidiaries in the Group.

DIVIDEND

During the financial year, the Company declared and paid a total gross dividend of 10%. The first interim dividend of 4% gross was paid on 9 November 2005 and the second interim dividend of 6% gross was paid on 16 March 2006.

CORPORATE AND BUSINESS DEVELOPMENT

The Company proposed to issue 3,401,000 new ordinary shares to suitable Bumiputra investors to comply with the Foreign Investment Committee ("FIC") requirement, vide their letter dated 17 January 2000. The FIC has extended the completion date to 30 June 2007.

On 31 May 2004, and approved at a shareholders meeting on 9 December 2004, the Company acquired 502 acres of Land in Bertam Valley, Cameron Highland for RM30 million. The Company proposed an integrated agricultural development in following the Government's call for private sector involvement in the agricultural sector which has been announced as the third engine of growth for the economy. This is also in line with the Company's initiative to look at new business opportunities, a departure from its traditional core business. Full approvals for the project is expected to be obtained in financial year 2006.

As you are aware, the Company has on 18 May 2005 announced a proposed bonus issue of up to 14,950,909 new ordinary shares of RM1.00 each on the basis of one bonus share for every three existing shares of RM1.00 each held in the Company, after the issuance of the special bumiputra shares in compliance with the FIC requirement. Upon the completion of the proposed bonus issue, the Company proposed a renounceable rights issue of warrants at an indicative issue price of RM0.05 per warrant on the basis of one warrant for every two existing ordinary shares of RM1.00 each held in the Company.

The Company has on 15 May 2006 announced a revision to the proposal announced earlier on 18 May 2005. The proposed bonus issue has been revised to one bonus share of RM1.00 each for every two existing ordinary shares held. The Company is also embarking on a proposed share split involving the subdivision of one existing ordinary share of RM1.00 each into two ordinary shares of RM0.50 each. Thereafter the Company would be seeking a transfer of the entire issued and paid-up share capital of Fitters from the Second Board to the Main Board of Bursa Malaysia Securities Berhad. The proposed renounceable rights issue of warrants would be issued at a price to be determined later on the basis of one Warrant for every two existing ordinary shares held.

The Proposed Revised Bonus Issue and Proposed Share Split will enhance the liquidity and marketability of Fitters' shares arising from the increase in the number of shares that will encourage a wider spread of investors.

CORPORATE AND BUSINESS DEVELOPMENT (CONTD.)

The Proposed Revised Bonus Issue will increase the capital base of the Company to a level that will better reflect the Fitters Group's current scale of operations. The Proposed Revised Bonus Issue will also serve to reward shareholders for their continuous support to the Company by enabling them to have greater participation in the equity of the Company in terms of the number of shares held.

The Proposed Transfer to the Main Board is expected to enhance the Fitters Group's standing and attractiveness among investors and enhance the confidence of the Group's customers, shareholders and strengthen the Group's profile among its bankers and suppliers.

The Proposed Revised Rights Issue of Warrants will provide shareholders with the opportunity to further increase their equity participation in the Company during the tenure of the Warrants at a pre-determined price. Upon exercise of the Warrants, the Proposed Revised Rights Issue of Warrants will raise fresh equity capital for Fitters which would be utilised as working capital and/ or to retire bank borrowings.

ECONOMIC TRENDS AND DEVELOPMENT

For 2006, global economic growth is expected to remain firm at 4.3% (2004: 4.8%) while world trade is expected to expand by 7.4%. In 2005 the Malaysian economy expanded 5.3%. The economy has remained resilient with the private sector being the main driving force.

(source : Bank Negara Annual Report 2005 press release dated 22 March 2006).

FUTURE OUTLOOK

Fitters will continue to ride with the positive economic outlook and take advantage of the opportunities that will be created. With the 9th Malaysia Plan, the Company will continue to look at new opportunities whilst continuing to strengthen its core business activities in manufacturing, trading and services with a closer scrutiny of costs, availability of suitable and profitable contracts.

The outlook given by Bank Negara projected difficulties in the year for the construction industry. The performance of fire fighting and prevention industry has been linked to the performance of the construction industry, mainly construction of commercial and industrial buildings. In view of this, the Company has expanded its contracting operations to encompass a wider area under the ambit as a total engineering solutions provider.

The Board and Management are confident that the various measures and policies implemented by the Group will continue to improve its operations in the coming year.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to thank all the employees of the Group for their continuing dedication, commitment and contribution in this very competitive environment.

I would also wish to express the Board's appreciation to our shareholders for their confidence and commitment and to our customers, principals, suppliers, contractors, business associates, financiers and all the various Government Departments and Authorities for their continuing support and confidence in Fitters.

Finally, I would like to thank my fellow members of the Board for their continuous support in making this Company a success.

MOHAMMAD NIZAR BIN IDRIS

Chairman

Date: 15 May 2006

> profile of the board of directors

EN. MOHAMMAD NIZAR BIN IDRIS

64 years, Malaysian.

Bachelor of Law (Honours), AMP (Harvard). A Member of the Malaysian Bar.

Chairman. Independent, Non-Executive Director.

First appointed to the Board on 21 November 2000.

The Chairman of the Board, Nomination and Remuneration Committee.

He started his career in the Civil Service and the Judicial and Legal Service. Prior to joining the private sector, he was the Senior Federal Counsel responsible for tax and treasury matters. In 1976 he joined the Royal Dutch Shell Group. He worked in Malaysia, The Hague (Netherlands) and London. He was the first non-European to Head the Legal Division of Shell International Petroleum Co. Ltd in London which dealt with the Royal Dutch Shell Group's business, investments and joint ventures for the world. Before retiring from Shell he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of Shell Companies in Malaysia and the Chairman of Shell Chemicals. He retired in 1997.

He has no other Directorship in other public company and neither is there any family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

DATO' WONG SWEE YEE, DSSA

49 years, Malaysian.

Malaysian Certificate of Education. He is an Associate Member of Harvard Business School Alumni Club of Malaysia and a member of the Institute of Fire Engineers.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Managing Director. Executive, Non-Independent Director.

Chairman of the Executive Committee, member of the Audit Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee.

He has been in the fire safety and prevention industry since 1979. As the founder, he has been instrumental in building up Fitters Group. His entrepreneurial skills and foresight has led the Company to move into both upstream and downstream activities in the fire fighting industry. He has also contributed greatly to the fire safety industry by bringing into Malaysia state-of-the-art technology and he is instrumental in setting up a comprehensive network of distributorship rights for specialised fire fighting equipment and systems for Fitters.

He has no other Directorship in other public company. Mr. Wong Cheek Lung, his father, is also a member of the Board. Mr. Wong Swee Seong, the Alternate Director to Mr. Wong Cheek Lung, is his brother. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

profile of the board of directors

TAN SRI DATUK PADUKA DR. HAJJAH SALEHA BINTI HAJI MOHAMED ALI, PSM, DPMS, AMN, PJK, JP

83 years, Malaysian.

Diploma in Social Science & Economics from London School of Economics, University of London. She is a fellow of the Faculty of Building, England and Institute of Management Consultants Malaysia. She was awarded the Doctorate, Honoris Causa from the University of Southern Queensland, Australia in 1997.

First appointed to the Board on 26 January 1994.

Non-Independent and Non-Executive Director.

She served as a teacher between 1940 and 1942, 1945 and 1946. She also served as the state welfare officer from 1949 to 1952 for Selangor and 1952 to 1953 for Malacca. She has served in many public, social and welfare organisation including Selangor Legislative Council where she was a member from 1950 to 1952. She was with the Selangor Public Service Commission between 1960 and 1970 and is a member of the National Council of Religious Affairs Malaysia since 1974.

She is currently a member of the National Welfare Council, Malaysia and also president of the Spastic Children's Association of Selangor and Federal Territory. In addition she is currently the president of the Institute of Management Consultants, Malaysia; trustee of Sunway College Sdn Bhd; executive chairman of Help Institute; chairman of the Association of Promotion for the Higher Education in Malaysia (APHEM) and chairman of Sek Men Swasta Saleha, Genting Highland. She is also an advisor with the Asian Strategy and Leadership Institute, Malaysia (ASLI) and the president of Malaysian Centre Rehabilitation - MCR and committee member of the UN board.

She sits on the board of Leong Hup Holdings Berhad, Hirotaiko Holdings Berhad, Malaysia Land Development Co. Berhad and Lam Soon Berhad. En. Zahedi Bin Haji Mohd Zain, her alternate director, is her son. Save for recurrent related party transactions noted in the annual report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

She attended two of the Board meetings. One of the other Board meeting was attended by her alternate, En. Zahedi Bin Haji Mohd Zain.

MR. WONG CHEEK LUNG

83 years, Malaysian.

Attended Chinese school.

He was appointed to the Board since incorporation of the Company on 18 January 1986.

Non-Independent and Non-Executive Director.

He was in the Government Service for 28 years. He has been in the fire safety and prevention industry since 1979 when he first set up Fitters.

He has no other Directorship in other public company. He is the father of Dato' Wong Swee Yee and Mr. Wong Swee Seong, his Alternate Director. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

> profile of the board of directors

MR. KONG SIN SENG

50 years, Malaysian.

Holds a Bachelor of Accounting (Hons) from the University of Kent, England. He is a member of the Institute of Chartered Accountants in England & Wales.

First appointed to the Board on 22 December 2001.

Independent, Non-executive Director.

Chairman of the Audit Committee and Risk Management Committee and is a Member of the Nomination Committee and ESOS Option Committee.

He started his career as an articled clerk with Reeves & Neylan, Chartered Accountants in the United Kingdom from 1978 to 1982 and subsequently joint Price Waterhouse (now known as PriceWaterhouseCoopers) in 1983. He then joined Promet Berhad as Group Financial Executive in 1983 and United Detergent Industries as Financial Controller in 1986. In 1987 he was attached to Promet Petroleum Ltd in Jakarta and subsequently with the Dharmala Group, Indonesia in 1989 as Group Financial Controller. He subsequently became the Managing Director of Heavy Equipment Division and the Director of Financial Services Division. He joined FACB Berhad as the Chief Financial Officer in 1995 and in 1997 was the PA to the Chief Executive Officer of MBF Capital Berhad and as Senior Vice President in MBF Finance Berhad. Since 2000 he became the Chief Executive Officer of Goldwealth Capital Sdn Bhd.

He is also on the Board of Widetec Berhad since September 2004. He has no other Directorship in other public company. He has no family relationship with any director and/or substantial shareholder. There is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

EN. MOHAMAD JAMIL BIN MOHD YUSOF

63 years, Malaysian.

Bachelor of Science in Electrical Engineering from the University of Strathclyde and a Diploma in Radio Engineering from Technical College, Kuala Lumpur.

First appointed to the Board on 15 September 1997.

Independent Non-executive Director.

Member of the Audit Committee, Nomination Committee and Remuneration Committee.

He started his career with Radio TV Malaysia (RTM) as a Technical Assistant and later became a Regional Engineer and a Project Engineer. During his tenure with RTM from 1963 to 1974, he was involved in operations and maintenance of Radio/TV equipment and later in establishing new broadcasting stations. He then joined Chubb Malaysia Sdn Bhd as a Manager in Electronics Division. In 1982, he was appointed as Deputy Managing Director and subsequently became the Managing Director. In 1994, he joined G-Five Security Consultancy Sdn Bhd as its Managing Director.

He has no other Directorship in other public company. There is no family relationship with any director and/or substantial shareholder. He has no conflict of interest with the Company and there are no convictions for any offences within the last 10 years.

Attended all the four Board meetings.

EN. ZAHEDI BIN HAJI MOHD ZAIN

51 years, Malaysian.

Bachelor of Science Hons. (Applied Science) from Brighton Polytechnic, United Kingdom.

On 22 December 2001, he was appointed as the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohd Ali. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.

Member of the Executive Committee and Risk Management Committee and ESOS Option Committee.

He started his career as a production engineer with Petronas in 1981. In 1985 he joined Perusahaan Dapat Sdn Bhd (now known as Autoliv Hirotako Safety Sdn Bhd) as an Executive Director, a position which he still holds.

He is also a Director of Hirotako Holdings Berhad since 1994. He has no other Directorships in other public company. His mother, Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali is also a member of the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali, he has attended one of the Board meetings in her absence and two Board meetings in her presence.

MR. WONG SWEE SEONG

42 years, Malaysian.

Bachelor of Science in Business Administration in Material and Operation Management, and a Post Graduate in International Business from Portland State University, USA. He has an Executive MBA in Human Resource Development from MIM – Hull University United Kingdom. He is also a graduate of Harvard Business School Malaysia.

On 22 December 2001, he was appointed as Alternate Director to Mr. Wong Cheek Lung. He was previously a member of the Board of Directors from 26 January 1994 to 22 December 2001.

Senior Manager – Business Development

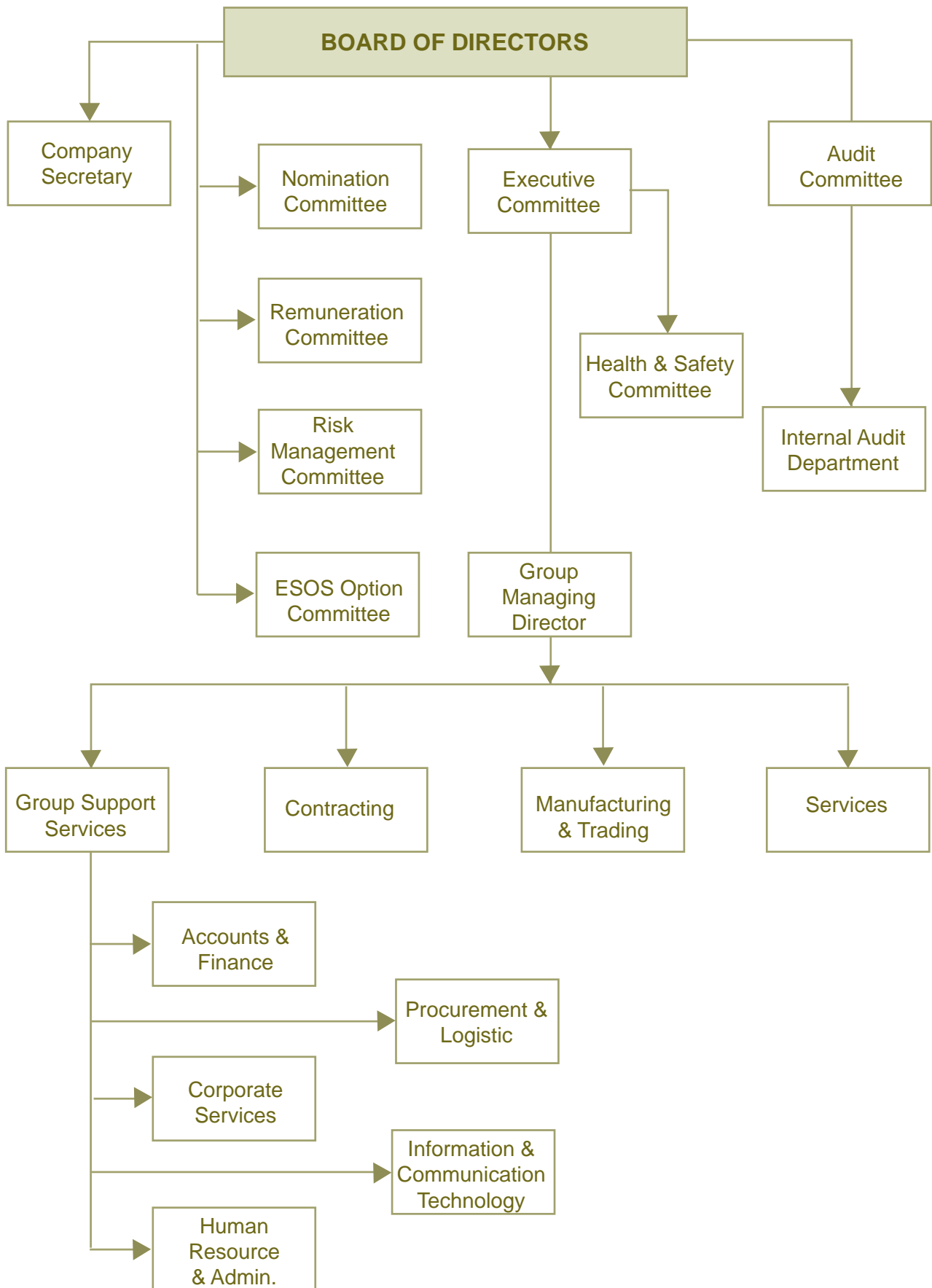
Secretary to the Remuneration Committee.

He has a vast experience in training and development of the marketing and project team. He had been previously involved in the implementation of policies and strategies within the Fitters Group.

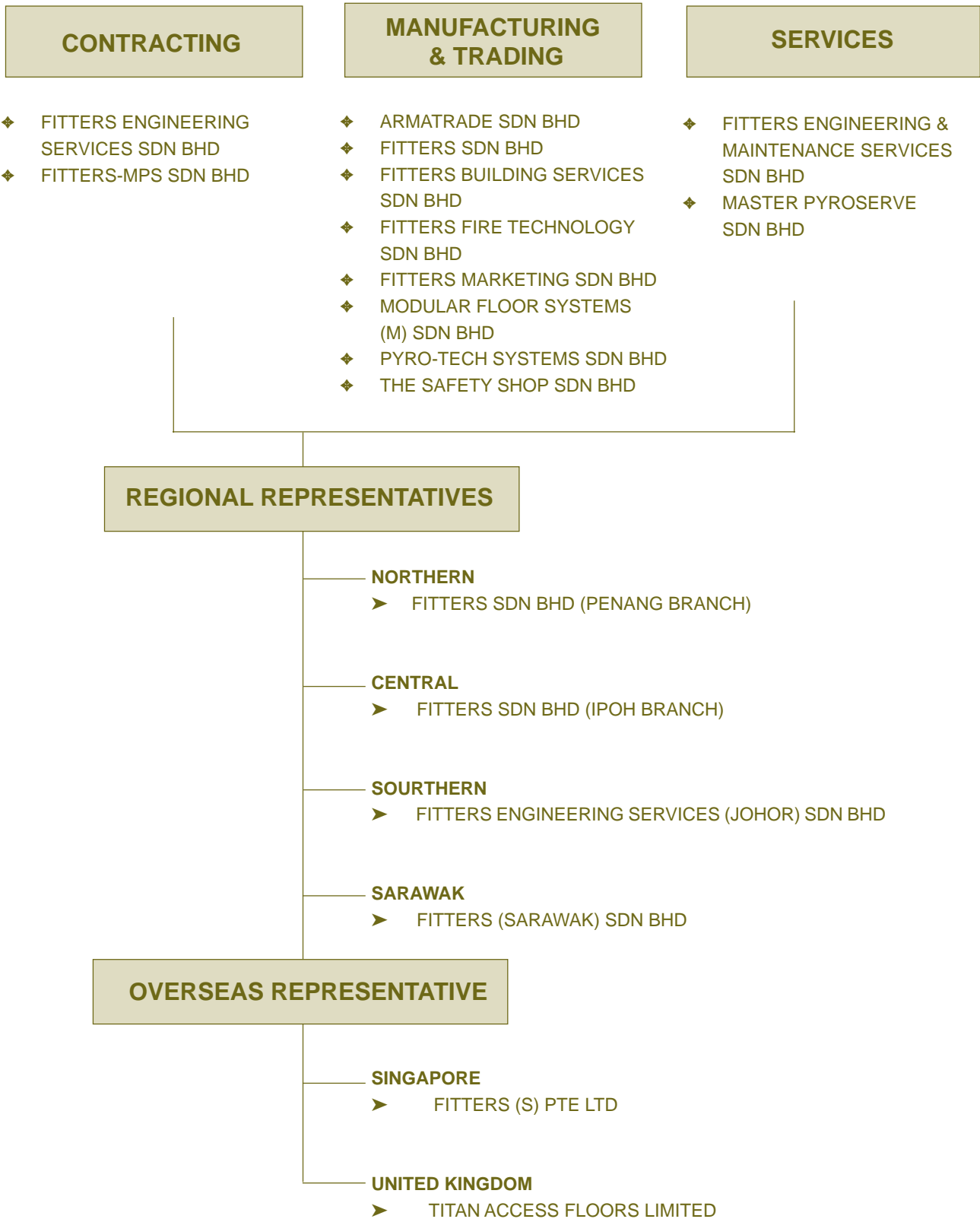
He has no other Directorship in other public company. His father, Mr. Wong Cheek Lung and his brother, Dato' Wong Swee Yee are on the Board. Save for recurrent related party transactions noted in the Annual Report, there is no conflict of interest with the Company. There are no convictions for any offences within the last 10 years.

As the Alternate Director to Mr. Wong Cheek Lung, he has attended two meetings in his presence.

> group organisation chart



> group operations



Note : Dormant companies are not listed above

> group financial highlights

As at 31 December 2005 and for the preceding 5 years

RM' 000	2000	2001	2002	2003	2004	2005
Revenue	50,830	81,448	89,669	115,463	85,528	148,637
Profit/(loss) before taxation	376	6,658	4,415	7,782	9,340	12,547
Taxation	8	(820)	(1,627)	(1,438)	(2,215)	(3,266)
Profit after taxation	384	5,838	2,789	6,344	7,125	9,281
Minority interests	(288)	101	87	(45)	(85)	(101)
Profit/(loss) for the financial year	96	5,939	2,876	6,299	7,040	9,180
Share Capital	19,964	25,122	37,684	41,452	41,452	41,452
Distributable Reserves	11,109	17,048	7,362	13,119	18,965	25,758
Non-Distributable Reserves	2,658	5,552	5,406	5,292	5,331	5,281
Shareholders' Fund	33,731	47,722	50,452	59,863	65,748	72,491
Fixed Assets	18,903	19,007	19,994	16,655	14,960	14,983
Investments	391	1,691	1,663	1,871	5,534	5,532
Goodwill	16,069	15,754	14,697	14,996	14,996	14,996
Development Property	158	170	172	172	2,003	2,129
Current Assets	50,445	61,358	65,780	65,445	89,244	103,268
Total Assets	69,897	82,226	87,608	84,143	111,741	140,908
Bank Borrowings	29,181	25,412	27,670	17,403	39,594	37,212
Net Assets	38,233	49,960	52,603	61,334	67,305	74,148
Weighted Average Share capital	19,964	25,122	37,684	39,624	41,452	41,452
Net Asset per share (sen)	191.51	198.87	139.59	154.79	162.37	178.88
Earnings per share (sen)	0.48	23.64	7.63	15.90	16.98	22.15

> group quarterly performance

	1 st Quarter 31-Mar-2005 RM'000	2 nd Quarter 30-Jun-2005 RM'000	3 rd Quarter 30-Sep-2005 RM'000	4 th Quarter 31-Dec-2005 RM'000	For the year 2005 RM'000
CONSOLIDATED INCOME STATEMENT					
Revenue	18,301	46,118	30,865	48,535	143,819
Cost Of Sales	(13,325)	(37,323)	(23,934)	(39,984)	(114,566)
Gross Profit	4,976	8,795	6,931	8,551	29,253
Other Operating Income :-					
- Other operating income	172	185	195	224	776
Operating Expenses	(3,998)	(4,389)	(4,336)	(4,139)	(16,862)
Profit From Operations	1,150	4,591	2,790	4,636	13,167
Finance cost	(282)	(266)	(247)	35	(760)
Profit Before Taxation	868	4,325	2,543	4,671	12,407
Taxation	(289)	(897)	(776)	(1,318)	(3,280)
Profit After Taxation	579	3,428	1,767	3,353	9,127
Minority Interests	2	4	(1)	(106)	(101)
Net Profit For The Period	581	3,432	1,766	3,247	9,026
Earnings per Share (sen)	1.40	8.28	4.26	7.83	21.77
CONSOLIDATED BALANCE SHEET					
Property, plant and equipment	15,396	15,117	14,986	14,983	
Development Property	2,004	2,004	2,004	2,129	
Investment Properties	1,367	1,367	1,520	1,461	
Long Term Investments	4,167	4,167	4,167	4,072	
Goodwill on consolidation	14,996	14,996	14,996	14,996	
Current Assets					
<i>Inventories</i>	11,133	11,400	10,682	10,554	
<i>Contract Work-in-progress</i>	17,071	21,629	14,182	15,373	
<i>Trade Receivables</i>	37,790	31,599	29,457	34,372	
<i>Other Receivables</i>	24,634	23,860	26,190	27,831	
<i>Tax Recoverable</i>	1,026	2,522	1,339	1,265	
<i>Deposits with Licensed Banks</i>	463	359	4,969	2,338	
<i>Cash and bank balances</i>	6,511	8,090	4,739	7,135	
	98,628	99,459	91,558	98,868	
Current Liabilities					
<i>Contract Work-in-progress</i>	16,484	14,195	6,799	5,221	
<i>Short Term Borrowings</i>	12,935	8,638	9,758	11,191	
<i>Trade Payables</i>	7,232	10,147	8,339	11,416	
<i>Other Payables</i>	3,980	4,310	4,103	6,167	
<i>Lease and Hire Purchase Creditors</i>	396	403	409	420	
<i>Proposed Dividend</i>				1,791	
<i>Provision for Taxation</i>	982	1,629	1,643	1,801	
	42,009	39,322	31,045	38,007	
Net Current Assets/(Liabilities)	56,619	60,137	60,513	60,861	
	94,549	97,788	98,186	98,502	

> group quarterly performance

	1 st Quarter 31-Mar-2005 RM'000	2 nd Quarter 30-Jun-2005 RM'000	3 rd Quarter 30-Sep-2005 RM'000	4 th Quarter 31-Dec-2005 RM'000
Shareholders' Funds:-				
Share Capital	41,452	41,452	41,452	41,452
Reserves				
<i>Share Premium</i>	3,206	3,206	3,206	3,206
<i>Revaluation Reserves</i>	653	653	653	653
<i>Capital Reserves</i>	1,360	1,360	1,360	1,360
<i>Retained Profit</i>	19,546	22,978	23,550	23,812
<i>Exchange Reserves</i>	84	(3)	10	62
	66,301	69,646	70,231	70,545
Minority Interests	1,555	1,551	1,552	1,658
Long Term Borrowings	25,191	25,185	25,179	25,173
Other Long Term Liabilities	910	807	703	592
Deferred Taxation	592	599	521	534
	94,549	97,788	98,186	98,502
Net Assets per Share (sen)	163.70	171.76	173.17	174.18

> statement on corporate governance

The Board of Directors ("Board") of Fitters Holdings Berhad ("Fitters" or "the Company") recognises the exercise of good corporate governance in conducting the affairs of Fitters with integrity, transparency and professionalism as a key component in fulfilling Fitters' Corporate Mission to provide the best solutions in the fire protection industry vis-à-vis, maximising shareholders' value.

The Board considers that it has complied throughout the financial year the Principles and Best Practices lay down by the Malaysian Code of Corporate Governance ("the Code"). The Board is hereby pleased to present how the Code have been applied and put in place during the financial year which ended on 31 December 2005.

1. THE BOARD OF DIRECTORS

1.1 Duties and Responsibilities

The Company recognises the importance of the Board's stewardship in defining strategies and policies in conducting its business, employee relations and social obligations. The concept of transparency, accountability and integrity forms the foundation to which the Board discharges its duties. The roles and functions of the Executive and Non-Executive Directors, have been brought to bear when consolidating their invaluable knowledge and experiences in various industries in making strategic corporate decision.

The Board has appropriately delegated specific task to six Board Committees, to focus on various issues. They are the Audit Committee, Executive Committee (EXCO), Nomination Committee, Remuneration Committee, Risk Management Committee and ESOS Option Committee. The Terms of Reference of these committees are set out on page 28 to page 34. These committees have wide ranging authority to examine particular issues and make recommendation to the Board who holds the ultimate responsibility.

The Board meets on regular basis on matters reserved specifically for its decision to ensure the overall strategic direction and control of the Group. These include matters such as dividend policy, major asset acquisitions and disposals, joint ventures and investments decisions, issue of new shares, related party transactions, financial performance and other important matters which fall into the purview of the Board.

The Board maintains a supervisory control over management through the guardianship of the Executive Committee who ensures implementation of standard operating procedures and financial limits on discretionary authority.

1.2 Board Balance

The Board has six members providing a balanced mix of one Executive, two Non-Independent Non-Executive and three Independent Non-Executive Directors. There is a clear segregation of responsibilities between the Chairman and the Managing Director to ensure a balance of power and authority. The Board is led by En. Mohammad Nizar Bin Idris as the Independent Non Executive Chairman. Dato' Wong Swee Yee, the Managing Director, leads the executive management of the Company. No one individual or small group of individual Directors dominate the Board's decisions. The composition of the Board fairly reflects the interest of the majority and minority shareholders. The Board has identified En. Mohamad Jamil Bin Mohd. Yusof as the Senior Independent Non-Executive Director to whom concerns may be conveyed in accordance with the requirement of the Code.

The Independent Directors are independent of management and free from any relationship or any transaction, which may interfere with their independent judgment. The Board complies with the Listing Requirements of paragraph 15.02 whereby at least one-third of the Board is independent.

The Board's wide range of experience in various fields collectively form a balanced mix of specific industry knowledge, business, commercial and financial experiences. The mixes of skills, expertise and attributes form the substance to which it discharges its duties. Their individual and collective roles are important to ensure that the strategies proposed by Management are fully discussed and examined by taking into account the long-term interest of not only the shareholders but also the employees, customers, suppliers and other relevant parties.

> statement on corporate governance

1. THE BOARD OF DIRECTORS (CONTD.)

1.3 Meetings

The Board met on a scheduled basis of four times a year for the financial year ended 31 December 2005, at the registered office, on 24 February 2005, 19 May 2005, 29 August 2005 and 29 November 2005. Details of attendance of these meetings are as follows: -

Directors	No. of Meetings Attended
En. Mohammad Nizar Bin Idris	4 / 4
Dato' Wong Swee Yee	4 / 4
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali (1)	2 / 4
Mr. Wong Cheek Lung	4 / 4
Mr. Kong Sin Seng	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	4 / 4

Notes:

(1) One of other Board meeting was attended by her Alternate, En. Zahedi Bin Haji Mohd Zain.

At the Board meetings, major investment decisions, business plans and directions of the Group were discussed. The financial and operational performance of the Group were also discussed and weighed against historical performance and the budget for the year. Internal control weaknesses and risk management issues were also highlighted and discussed by the Audit Committee's Chairman and the Risk Management Committee's Chairman. The Board was also briefed by the Remuneration Committee on major issues discussed and concluded.

The Board would receive documents on matters requiring its consideration in advance of each meeting. Proceedings of the meetings were minuted.

1.4 Supply of Information

The Board members have unrestricted access to timely and accurate information, necessary in the furtherance of their duties as a full board as well as in their individual capacity.

Prior to each Board meeting, every Director is given an agenda and a set of Board Papers for each agenda to be deliberated. The Board Papers include minutes of the previous meeting, quarterly financial results, issues requiring the Board's deliberation and approval and other ad-hoc reports. Minutes of the Executive Committee, Audit Committee and Nomination Committee are extended to the members of the Board at the conclusion of each meeting. The findings of the Risk Management Committee were extended to the Board.

1.5 Appointments to the Board

All Directors have access to the advice and services of the Joint Company Secretaries, the Internal Auditors and the External Auditors. In furtherance of their duties, as Directors, whenever independent professional advice is required, external independent expert may be engaged at the expense of the Company. However, no such advice was sought by any Director for the financial year 2005.

The appointment of new Directors is under the purview of the Nomination Committee which is responsible for making recommendations to the Board on suitable candidate for appointment.

The composition of the Committee, which consist of Independent Non-Executive Directors, are as follows: -

Chairman	En. Mohammad Nizar Bin Idris
Members	En. Mohamad Jamil Bin Mohd Yusof Mr. Kong Sin Seng
Secretary	Nuruluyun Binti Abdul Jabar Kung Whooi Ning

1. THE BOARD OF DIRECTORS (CONTD.)

During the financial year, the Nomination Committee met and deliberated on the composition and performance of the Board members. It was concluded that the calibre, experiences, qualifications and the present mix of Board members appears to be sufficiently adequate and capable in managing the Company and ensuring the Group's strategies are properly considered and implemented. No new appointments to the Board or to any Board Committees were recommended.

1.6 Re-election

In accordance with Article 83, of the Company's Articles of Association, one third of the Directors for the time being, or the number nearest to one third, shall retire from office and be eligible for re-election, at the Annual General Meeting provided always that all Directors shall retire from office once in at least three years. In the case of filling in casual vacancy, Article 90, provides that all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity at the Annual General Meeting after their appointment.

The Article 118, further provided that the Directors may from time to time appoint anyone or more of their body to be the Managing Director. Any such appointment shall be for a period of not exceeding three years subject to reappointment and on such terms, as the Directors think fit. And in Article 120, the Managing Director while he continues to hold the office is subject to retirement by rotation and be reckoned as a Director for the purpose of determining the rotation of retirement. At the 18th Annual General Meeting, the Managing Director was subject to rotational retirement under Article 83 of the Company's Articles of Association.

Section 129 (6) of the Companies Act, 1965, which requires that a separate resolution be passed to reappoint Directors who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. The resolution must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.

This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director standing for re-election and reappointment are furnished in this Annual Report.

1.7 Training

As an integral element in the process of appointing new Directors, there will be a period of orientation and education for the new Board members.

The Listing Requirements provided that, all first time Directors to a public company must attend the Mandatory Accreditation Programme ("MAP") within four months of their appointment. Upon successfully concluding the MAP, the Directors shall undergo the Continuing Education Programme ("CEP").

Having completed the MAP prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board continues to benefit from attending programmes and seminars accredited under Bursa Malaysia's CEP.

The Board acknowledges the amendments to the Listing Requirements of Bursa Securities via their letter dated 7 October 2004 which stated that from the year 2005 onwards, the board of directors of listed companies will assume the onus of determining or overseeing the training needs of their directors.

The Company acknowledges that continuous education is vital for the Directors to gain insight into the state of the economy, technological development, latest regulatory developments and management strategies in relation to the Group's core business.

All the Directors, except for Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali and Mr. Wong Cheek Lung; and Alternate Director Wong Swee Seong had completed the CEP. In addition, during the financial year under review, all the Directors, except for Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali had attended a briefing on International Financial Reporting Standard ("IFRS") presented by Messrs. Ernst & Young.

> statement on corporate governance

2. DIRECTORS' REMUNERATION

2.1 Remuneration Committee

The Company had on 22 December 2001 established a Remuneration Committee in line with the Code. The composition of the Committee is as follows:

Chairman	En. Mohammad Nizar Bin Idris	<i>Independent Non-Executive</i>
Members	Dato' Wong Swee Yee En. Mohamad Jamil Bin Mohd Yusof	<i>Executive Director</i> <i>Independent Non-Executive</i>
Secretary	Mr. Wong Swee Seong	

During the financial year, the Committee met to review and deliberate on the remuneration scheme. The Committee concluded that the levels of remuneration set for each individual Director is sufficient to attract and retain the Directors. The component parts of the remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Directors. The level of remuneration of Non-Executive Directors would reflect their experience and level of responsibilities undertaken.

2.2 Details of Directors' Remuneration

Pursuant to paragraph 9.25 of the Listing Requirements, summary of the remuneration of the Directors for the financial year ended 31 December 2005 are shown as Note 26 in the Notes to the Financial Statements on page 81.

3. SHAREHOLDERS

3.1 Dialogue between the Company and Investors

The Company recognises the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information of the Company's performance and major developments through:-

- (a) the Annual Report;
- (b) the various disclosures and announcements made to Bursa Malaysia Securities Berhad including the Quarterly Results and the Annual Results;
- (c) explanatory circulars on business requiring shareholders' approval; and
- (d) the Company's website www.fittersgroup.com

As part of the Company's continuous investor relation and communication, the Company held dialogues and briefed various research and investment analyst on the Group's strategy, performance and major development. However, any information that may be regarded as undisclosed material information about the Group were not given.

3.2 The Annual General Meeting

The Company's Annual General Meeting ("AGM") has been serving as a principal forum for dialogue with the shareholders. The Chairman and the Board encourage all shareholders to attend and participate at the AGM in order to know the latest developments and have a clear and complete picture pertaining to the Company's performance and position. This also provides an opportunity for shareholders to raise questions where the Directors are available to respond.

4. ACCOUNTABILITY AND AUDIT

4.1 Internal Control

The Company adopts a comprehensive, purpose driven management system, whereby the Company's mission is incorporated into its objectives which are supported by strategies, action plans, controls and monitoring systems encompassing internal controls and risk management.

The system of internal control is continuously being reviewed and improved in line with the changing business environment, industry practices and risk-rewards profiles. The Company has an Internal Audit Department (which reports directly to the Audit Committee) to conduct periodic reviews on compliance with internal control procedures and practices and to review the effectiveness of the system. The Statement on Internal Control is set out in page 2 which provides an overview of the state of internal controls within the Group.

4.2 Risk Management

The Risk Management Committee was formalised in 2002. Since then, the following has been carried out :-

- Risk Management Workgroups, comprising of key personnel from each department within the respective business was set up.
- A continuous series of workshops on risk management were conducted. The Workshops were held to raise the level of knowledge of risk management for the managers and to enhance their understanding of the risk, which would potentially affect the operations and the results of their respective operating units.
- A database of all risk and controls has been created and information filtered to produce a detail risk register by profiling the individual risk for each business units and areas of operations. Key risks to each unit's objectives and functions are aligned with the Group's objectives are identified and scored based on the likelihood of the risk occurring and the magnitude of impact.
- A consolidated risk profile of the Group and detailed action plans to address key risk areas were developed and presented to the Board.

4.3 Financial Reporting

The Board aims to present a balance and meaningful assessment of the Company's position and prospects to the shareholders' primarily through the annual financial statements, quarterly financial reporting as well as the Chairman's Statement on review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting. This applies to price-sensitive public reports and reports to regulators.

4.4 Relationship with the Auditors

The Company works closely with the external auditors and maintained a transparent relationship with them in seeking professional advice and ensuring compliance with applicable approved accounting standards and statutory requirements.

The Internal Auditors are independent with unrestricted access to information and rendered full cooperation by all levels of management in order to carry out their functions effectively. The Company is aware that the Internal Audit function forms an integral part of an effective system of corporate governance. Thus the external auditors and internal auditors' impartiality, integrity and objectivity are greatly respected and being reciprocated by their professionalism in conducting audits of the Company.

> audit committee report

The Board of Directors of Fitters Holdings Berhad is pleased to present the Audit Committee's report for the financial year ended 31 December 2005.

CONSTITUTION

The Audit Committee was formed in June 1994. The Terms of Reference of the Audit Committee is set out in pages 28 to 29.

COMPOSITION, MEMBERS AND MEETING

The current Audit Committee comprises of three members of the Board of which two are Independent, Non-Executive Directors. The Chairman of the Committee is a member of one of the professional accounting body as stipulated in Part II of the 1st Schedule of the Accountants Act, 1967.

During the financial year under review, four Audit Committee meetings were held. The attendance of each Committee member is tabulated below: -

Members		No. of Meetings Attended
Mr. Kong Sin Seng (Chairman)	Independent Non-Executive	4 / 4
Dato' Wong Swee Yee	Executive	4 / 4
En. Mohamad Jamil Bin Mohd Yusof	Independent Non-Executive	4 / 4

Members of the Senior Management team, the Internal Auditor and the External Auditors (Ernst & Young), whenever required, have been invited to attend the Audit Committee meetings.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, four meetings were convened to review and discuss the following: -

- i. The external auditors' scope of work and audit plans for the year, prior to the commencement of the audit;
- ii. The results of the audit, the audit report and the management letter including management's responses to the external auditors report;
- iii. The Audited Financial Report of the Company ;
- iv. The announcement of the unaudited financial results for all the quarters before recommending them for the Board's approval, upon being satisfied that the financial reporting standards and disclosure requirements by Bursa Malaysia Securities Berhad have been adhered to.
- v. Recurrent related party transactions entered into by the Group to ensure that they are conducted at arm's length and are on normal commercial terms consistent with the Group's usual business practices and policies and that such transactions are not detrimental to the interest of the minority shareholders.
- vi. The Internal Audit department's resource requirements, audit programme and plan for the financial year. In reviewing the Plan, the Audit Committee delved into the scope and coverage of the activities of the respective business unit of the Group and the basis of assessment and risk evaluation of the proposed areas of audit.
- vii. The internal audit reports highlighted the risk issues, recommendations and management's response. The actions taken to improve the system of internal control based on improved opportunities identified in the internal audit reports with management were also discussed.
- viii. The Statement of Corporate Governance and Internal Control statement for disclosure in the Annual Report.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The primary function of Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. Its role is to undertake systematic and independent review of the following: -

- i. The adequacy and integrity of the internal control system, in managing key risk areas, to provide reasonable assurance that the system continues to operate satisfactorily, effectively and in compliance with the Group's established policies.
- ii. Internal controls of each activity based on the risk profiles established under the risk management framework as identified by the respective head of operations.

For the financial year ended 31 December 2005, the Internal Audit Department carried out audits and follow-up audits on various operating units in the Group according to the Annual Audit Plan.

Internal audit reports incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited were issued to the Audit Committee and the Management of the respective operations. Improved measures were recommended to strengthen the controls and follow-up audits are being carried out to assess the status of implementation of the agreed audit recommendations by Management.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The scheme came into effect on 9 May 2001. At the Annual General Meeting on 27 June 2005, the ESOS was extended for a further period of five years, till 9 May 2011. Till date no options have been granted and exercised during the financial year 2005.

> director's responsibility statement

Pursuant to Paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are required by the Companies Act, 1965, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company at the end of the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgements and estimates that are reasonable and prudent;
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act, 1965. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

> statement on internal control

Pursuant to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad

RESPONSIBILITY

The Board of Directors acknowledges its responsibility for maintaining sound internal control procedures to safeguard shareholders' investment and the Group's assets. This includes reviewing the strategic direction, financial, operational and compliance controls, and risk management policies and procedures. However, there are limitations that are inherent in any system of internal controls and that such systems are designed to manage and control risks appropriately rather than to eliminate them. Accordingly, it should be noted that these systems could only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has put in place an ongoing risk management process for identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objectives.

GROUP RISK MANAGEMENT FRAMEWORK

Being an integral part of the Group's operations, management is entrusted with the responsibility for managing risks and internal controls associated with operations and ensuring compliance with the applicable laws and regulations. Management is responsible for creating a risk awareness culture and to build the necessary environment for effective risk management.

The Risk Management Committee closely monitors the risk management function and there are continuous plans to enhance the level of knowledge of risk management and understanding of risks affecting the Group among senior management and the Board.

RISK ASSESSMENT AND REPORTING SYSTEM

Risk rating and corrective actions are reviewed on a regular basis by the risk owners to identify and evaluate any emerging new risks, update the risk profiles and follow-up with the implementation of the proposed action plans. Periodically, all risks that are rated as "high" and "significant" together with their corrective measures will be summarised and compiled by the Group Internal Auditor for review by the Risk Management Committee and subsequent presentation to the Board.

KEY RISK CONTROL PROCESS

The Group has an extensive system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key processes are as follows :

- Organisation Structure designed to clearly delineate authorisation levels and proper segregation of duties.
- Board Delegated Committees. The Executive Committee ("EXCO") reviews and recommends high-level policies for the Group as well as monitors and review performance of its business units. The Risk Management Committee ("RMC"), comprising the senior management of the Group, undertakes to oversee the Group's risk management process as guided by its Risk Management Framework.
- Monthly Performance Review. The monthly EXCO meetings report on the performance and profitability of each business unit through the review of key performance indicators, budgets and management reports.
- Group Operating Procedures that laid down the objectives, scope, policies and operating procedures to be complied by the business units, which are regularly reviewed and updated. Certain companies have ISO 9001:2000 accreditation for their operational processes.
- Centralisation of Functions. Key functions such as accounts, tax, treasury, procurement of materials and human resource are controlled centrally to ensure compliance to approved procedures.
- Audits. Periodic reviews by the Group Internal Auditor, providing independent assurance on the effectiveness of the Group's system of internal control and advising management on areas for further improvement.
- Audit Committee ("AC"). AC meetings are held quarterly to deliberate findings and recommendations highlighted in the internal audit reports, review Group's quarterly financial statements and other issues that warrant AC's attentions.

The Board believes that the development of a sound system of internal controls is an ongoing process and continues to take appropriate action plans to improve the Group's system of internal control.

This Statement is made in accordance with the resolution of the Board of Directors passed on 16 May 2006.

> board committees - terms of reference

1. AUDIT COMMITTEE

OBJECTIVES

The primary objectives of the Audit Committee are:

- (a) to act as a committee of the Board; to assist in discharging the Board's responsibilities as they relate to the Company's management and internal controls, accounting policies and financial reporting;
- (b) to provide, by way of regular meetings, an additional line of communication between the Board and the auditors.

MEMBERSHIP

Appointment to the Audit Committee shall be by the Directors from among their number. The Committee shall number not fewer than three and shall comprise a majority of Directors who are Independent Directors and free from any relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of an Audit Committee.

No alternate Director shall be appointed as a member of the Audit Committee.

At least one member of the Audit Committee: -

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants he must have at least three years' working experience and :-
 - (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountant specified in Part II of the 1st Schedule of the Accountants Act 1967.

MEETINGS

Meetings shall be held not less than four times a year. The external auditors may request meetings if he considers that one is necessary to discuss matters which he believes should be brought to the attention of the Committee.

The external auditors shall appear before the Committee when required to do so. The external auditors shall have the right to appear and be heard at any meeting of the Committee.

The Company Secretaries shall be the Secretaries of the Committee.

In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be Independent Directors.

In the event of any vacancy in an Audit Committee resulting in the non-compliance of the membership composition of the Audit Committee, the Company must fill the vacancy within 3 months.

The term of office and performance of an Audit Committee and each of its members are subject to the Board of Directors' review at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within the terms of reference. It is authorised to seek information it requires from employees and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

1. AUDIT COMMITTEE (CONTD.)

RESPONSIBILITIES

The Audit Committee shall have the following responsibilities:

- (a) to review with external auditors :-
 - the audit plan,
 - their evaluation of the system of accounting controls,
 - the audit report on financial statements,
 - the assistance given by the Company's officers to the auditors;
- (b) to review the financial statement with management and the auditors prior to them being approved by the Board;
- (c) to review the effectiveness of management information and other systems of control within the Company;
- (d) to review procedures established by management for compliance with any regulatory or other external reporting requirements;
- (e) to review accounting policies adopted, any changes in accounting principles or practices, and the level of prudence applied in areas requiring judgement;
- (f) to review quarterly report, annual financial statements and press releases relating to financial matters of importance and to recommend to the Board on their release and adoption;
- (g) to confirm that management has placed no restriction on the scope of audit;
- (h) to recommend to the Board the appointment of external auditors and the audit fee thereof;
- (i) to perform such other functions as may be agreed to by the Audit Committee and the Board of Directors;
- (j) to review the internal audit programme, the processes and the reports and investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit;
- (k) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (l) any letter of resignation from the external auditors of the Company;
- (m) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment; and
- (n) to verify the allocation of options as being in compliance with the criteria pursuant to the ESOS, at the end of each financial year.

2. EXECUTIVE COMMITTEE ("EXCO")

OBJECTIVES

To be the principal decision making body for day-to-day operational matters that cannot be dealt with by the respective operational heads due to the significance and/or magnitude of the issue or transaction involved.

- Act as a counter check and balance for major operational decisions that require an independent and more informative evaluation on a corporate level.
- To act as a sieve for evaluation and consultation panel to facilitate prompt and effective decision making by the Board of Directors.
- Enable more reactive and faster response to operational issues.
- Provide interim approvals based on authority levels sanction by the Board of Directors to facilitate effective smooth running of operational units.

> board committees - terms of reference

2. EXECUTIVE COMMITTEE ("EXCO") (CONTD.)

OFFICE-BEARERS

Chairman	Dato' Wong Swee Yee
Members	En. Zahedi Bin Haji Mohd Zain Mr. Wong Swee Seong Mr. Fong Kum Kuan Ms. Chong Wei Wei
Secretary	Ms. Shin Yoke Fong

Ms. Kung Whooi Ning shall act as the Joint Secretary and will attend the EXCO Meeting in the absence of Ms. Shin Yoke Fong.

POWERS

Subject to the various regulatory requirements and Fitters' Discretionary Authority Policy:-

- To approve transactions value not exceeding RM1,000,000.00 in the ordinary course of business operations.
- To evaluate and formulate result-oriented solutions and recommendations to the Board of Directors.
- To implement and execute any other ad-hoc directives or policies as may be sanctioned by the Board of Directors from time to time.

RULES AND PROCEEDINGS

- Quorum for EXCO meeting shall be three. The quorum must include the EXCO member representing the operational division or subject matter being discussed.
- The Chairman of the EXCO shall chair all EXCO meetings at the designated date, time and place for the meeting.
- In the event that within ten minutes the Chairman is not available, the Vice-Chairman shall take the chair and conduct the EXCO meeting.
- All notices, agenda and relevant documents for EXCO meetings must be submitted and circulated by the Secretary to the EXCO at least seven working days prior to the date of the meeting.
- Emergency EXCO meeting at shorter notice may be conducted only with the consent of at least the majority of the EXCO members.
- Every EXCO member is entitled to cast one vote by way of a show of hands.
- In the event of a tie, the Chairman shall have a casting vote.
- The Chairman shall have the right to adjourn the meeting as he deems fit.
- The Secretary shall keep minutes of the proceedings of all EXCO meetings.
- Draft minutes of EXCO meetings are to be circulated to the EXCO members within four working days after each respective EXCO meeting. The Secretary shall be informed of any proposed amendments within three working days thereto.
- Updated draft minutes shall be presented at the next Exco meeting for adoption by the Chairman of the meeting.
- The minutes once adopted and signed by the Chairman of the meeting shall be deemed the official record of EXCO meetings.
- Copy of the approved EXCO minutes is to be extended to each member of the Board of Directors.

3. NOMINATION COMMITTEE

COMPOSITION

The Nomination Committee shall consist of not less than three members. All the members shall be non-executive Directors, the majority of whom are independent.

QUORUM

The quorum for each meeting shall be a majority of the present members.

CHAIRMAN

The members of the Nomination Committee shall elect a chairman from among their number.

MEETINGS

The meetings shall be held not less than once a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Nomination Committee.

Questions arising at any meeting of Nomination Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Nomination Committee.

The Company Secretaries shall be the secretaries of the Nomination Committee.

OBJECTIVES

The primary objectives of the Nomination Committee is to assist in discharging the Board's responsibilities:

- (a) Assessing the existing Directors' ability to contribute to the effective decision making of the Board.
- (b) Identifying, appointing and orientating new Directors;
- (c) Identifying the mix skills and experience and other qualities the Board requires for it to function completely and efficiently.

RESPONSIBILITIES

The Nomination Committee shall have the following responsibilities:

- (a) Recommend to the Board, candidates for all Directorships to be filled by the shareholders or the Board.
- (b) Consider in making its recommendations, candidates for Directorship proposed by the Managing Director and within the bounds of practicability, by any other senior executive or any Director or shareholder.
- (c) Recommend to the Board, Directors to fill seats on Board Committee.
- (d) Assess the effectiveness of the Board as a whole.
- (e) Assess the effectiveness of the committees of the Board.
- (f) Assess the contribution of each individual Director.
- (g) Review and recommend to the Board the required mix of skills and experience and other qualities the Board requires in order to function completely and efficiently.
- (h) Any other ad-hoc duties that may be required by the Board.

> board committees - terms of reference

3. NOMINATION COMMITTEE (CONTD.)

AUTHORITY

- (a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information.
- (b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

4. REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee shall consist of not less than three members, comprising of one Executive Director and two non-executive Directors.

QUORUM

The quorum for each meeting shall be a majority of the present members.

CHAIRMAN

The members of the Remuneration Committee shall elect a chairman from among their number who shall be a non-executive Director.

MEETINGS

The meetings shall be held not less than two times a year. A member may at any time and the secretary shall on the requisition of a Director summon a meeting of the Remuneration Committee.

Questions arising at any meeting of Remuneration Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.

The Director of Human Resources shall be the secretary of the Remuneration Committee.

OBJECTIVES

- (a) To assist the Board in discharging its responsibilities in ensuring that the Company's and the Group's Executive Directors and the senior management team are fairly rewarded for their individual contributions to the Company's and the Group's overall performance and the levels of remuneration is sufficient to attract and retain the best Executive Directors and senior managers to run the Company and the Group successfully.
- (b) To recommend to the Board on the policies and framework for the Company and the Group in relation to staff remuneration, rewards and benefits.
- (c) To oversee and review the scope and quality of human resource projects/programmes of the Company and the Group.

RESPONSIBILITIES

- (a) To recommend to the Board the remuneration of the Executive Directors and any other reward scheme to attract and retain the best Executive Directors needed to run the Company and the Group successfully.
- (b) To recommend to the Board the terms and employment of new Executive Directors.
- (c) To provide an objective and independent assessment of the benefits granted to Executive Directors, management and staff.

4. REMUNERATION COMMITTEE (CONTD.)

- (d) To conduct assessment of Executive Directors and to review the assessment of the senior management team to ensure that remuneration is directly related to performance.
- (e) To recommend to the Board the remuneration of the Chief Internal Auditor, Head of Risk Management and Compliance, any other special positions and members of the senior management team.
- (f) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of executive directors, management and staff.
- (g) To review the succession planning programme and leadership framework.
- (h) To review and assess the effectiveness of the Human Resource Division in supporting the organisation.
 - (i) To furnish a report to the Board of any findings of the Committee.
 - (j) To perform any other functions as defined by the Board.

AUTHORITY

- (a) The Committee is authorised by the Board to investigate any matter under its terms of reference, to obtain the resources which it needs and to have full and unrestricted access to information.
- (b) The Committee is authorised by the Board to seek appropriate professional advice as and when necessary or engage consultants at the Company's expense to aid the Committee in the discharge of its duties.

5. RISK MANAGEMENT COMMITTEE**OBJECTIVES**

Assist the Board to carry out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up a risk management framework for monitoring of risk on a regular basis.

DUTIES AND RESPONSIBILITIES

- Ensure that the risk policies and procedures of the Company are aligned to the business strategy and risk return directions of the Board.
- Ensure the Company is kept abreast of the current and changing risk profile of the Company through regular communications with management and staff.
- Act as a communication and guidance forum between the Board and the EXCO of the Company.
- Ensure, through the EXCO, that there is an adequate framework for the management of risk in the Company including policy development, organisational structure, resourcing, methodologies employed and reporting.
- Oversee the management of the total risk profile of the Company. This includes regular audit on adherence to policies and procedures set up by the Risk Management Committee.
- Provide a half yearly risk management report to the Board.

MEETINGS

Meetings are held half yearly or more frequently if required.

MEMBERSHIP

At least one independent non-executive director, members of the EXCO and Senior Management/Heads of Division.

The Secretary of the Committee is Mr. Lee Seng Kiang.

> board committees - terms of reference

6. EMPLOYEE SHARE OPTION SCHEME ("ESOS") COMMITTEE

The ESOS Option Committee was established to administer and implement Fitters Holdings Berhad's ESOS in accordance with the approved by-laws, to determine participation, eligibility, option offers, share allocations and to attend to such other matter as may be required.

The members of the ESOS Option Committee are as follows:-

Chairman	En. Zahedi Bin Haji Mohd Zain
Members	Dato' Wong Swee Yee Mr. Kong Sin Seng Mr. Wong Swee Seong
Secretary	Ms. Kung Whooi Ning

> additional compliance information

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS DURING THE FINANCIAL YEAR 2005

No proceeds were raised from any corporate proposals during the financial year 2005.

2. SHARE BUY-BACK

No share buy-back scheme was in place during the financial year 2005.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Fitters Holdings Berhad's Employees Share Option Scheme ("ESOS") came into effect on 9 May 2001 and was extended for a further five years to 9 May 2011. No options have been granted and exercised during the financial year 2005. The Company has not issued any warrants or convertible securities during the financial year.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

5. SANCTIONS AND / OR PENALTIES IMPOSED ON THE COMPANY & ITS SUBSIDIARIES, DIRECTORS OR MANAGEMENT BY THE RELEVANT AUTHORITIES

During the financial year, there were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant authorities.

6. NON-AUDIT FEES

During the financial year, the total non-audit fees paid to the external auditors of the Company was RM10,000.00.

7. VARIATION IN RESULTS

There were no variances of 10% or more between the results for the financial year 2005 and the unaudited results previously announced.

8. PROFIT GUARANTEE

There were no profit guarantees made or given in relation to the financial year 2005.

9. MATERIAL CONTRACTS AWARDED TO DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

There were no material contracts entered into by the Company and its subsidiaries involving Directors and/or substantial shareholders during the financial year nor any whose interest still subsist at the end of the financial year, as at 31 December 2005.

10. ANALYSIS OF SHAREHOLDING

The following analysis of shareholding is as at 10 May 2006, a date not earlier than six weeks from the date of the notice of the Annual General Meeting.

> additional compliance information

10. ANALYSIS OF SHAREHOLDING (CONTD.)

- (i) List of Substantial Shareholders as per the Register of Substantial Shareholders:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	(%)	No. Of Shares	(%)
Dato' Wong Swee Yee	15,990,552	38.58	-	-

- (ii) Directors' Shareholdings:

- (a) In the Company:

Name	Direct interest		Deemed interest	
	No. of shares	(%)	No. of shares	(%)
1 En. Mohammad Nizar Bin Idris	-	-	-	-
2 Dato' Wong Swee Yee	15,990,552	38.58	-	-
3 Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	-	-	37,500*	0.09
4 Mr. Wong Cheek Lung	1,668	0.00	-	-
5 Mr. Kong Sin Seng	-	-	-	-
6 En. Mohamad Jamil Bin Mohd Yusof	-	-	-	-
7 En. Zahedi Bin Haji Mohd Zain	956	0.00	37,500*	0.09
8 Mr. Wong Swee Seong	895,668	2.16	-	-

Note

* Deemed interest by virtue of his/her substantial shareholdings in Sijas Holdings Sdn Bhd and Saleha & Anak - Anak Holdings Sdn Bhd.

- (iii) Distribution schedule of Ordinary shares of RM1.00:

No. of Holders	Holdings	Total Holdings	%
3	Less than 100 shares	175	0.00
124	100 to 1,000 shares	81,493	0.20
797	1,001 to 10,000 shares	2,227,214	5.37
64	10,001 to 100,000 shares	1,913,162	4.62
27	100,001 to less than 5% of issues shares	21,239,132	51.23
3	5% and above of issued shares	15,990,552	38.58
1,018		41,451,728	100.00

- (iv) There is only one class of equity securities which is ordinary shares of RM1.00 each with voting rights of one vote per ordinary share. The total number of shareholders are 1,018.

- (v) List of Thirty (30) Largest Securities Account Holders:

Name	No. Of Shares	%
1 Wong Swee Yee	8,885,852	21.44
2 HDM Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Swee Yee</i>	4,104,700	9.90
3 Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Wong Swee Yee</i>	3,000,000	7.24
4 Tee Tiam Lee	2,063,300	4.98
5 Kong Hon Kong	1,996,300	4.82
6 Yap Ai Nee	1,830,600	4.42

10. ANALYSIS OF SHAREHOLDING (CONTD.)

(v) List of Thirty (30) Largest Securities Account Holders:

	Name	No. Of Shares	%
7	Leong Ai Shen	1,776,900	4.29
8	Kong Sum Mooi	1,698,200	4.10
9	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (Malaysia) Trustee Bhd For Amanah Saham Sarawak</i>	1,675,700	4.04
10	Leong Hoy Kum	1,463,699	3.53
11	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd For Employees Provident Fund</i>	1,049,600	2.53
12	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Beh Hang Kong</i>	1,018,700	2.46
13	Kwong Wai Yee	1,000,000	2.41
14	Goh Phaik Lynn	778,700	1.88
15	AMMB Nominees (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd For Lembaga Kumpulan Wang Kawasan Konsesi Hutan</i>	549,000	1.32
16	Lim Keong Huat	523,565	1.26
17	Wong Swee Seong	500,000	1.21
18	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Beh Hang Kong</i>	500,000	1.21
19	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Beh Hang Kong</i>	405,900	0.98
20	Wong Swee Seong	395,668	0.95
21	KAF Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lai Lan @ Loow Lai Lan</i>	362,600	0.87
22	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ong Aun Kung</i>	300,000	0.72
23	AMMB Nominees (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd For Sarawak Timber Industry Development Corporation</i>	277,500	0.67
24	Yon Yu Hon @ Hon Yew Hon	226,500	0.55
25	Ta Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yon Yu Hon @ Hon Yew Hon</i>	163,100	0.39
26	Yon Yu Hon @ Hon Yew Hon	151,800	0.37
27	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Deutsche Bank Ag Singapore PBD For Sea Crest Foundation</i>	150,000	0.36
28	Low Han Kee	145,800	0.35
29	Goh Hooi Yin	135,000	0.33
30	Cheah Hong Ming	101,000	0.24
		37,229,684	89.81

11. REVALUATION POLICY

Safe as disclosed in Note 3 (a) of the Notes to the Financial Statements on page 65, the Company does not have any other revaluation policy on landed properties.

> additional compliance information

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2005

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
1	Factory office 11,887.64 m ²	Lot 2221 Kg. Jaya Industrial Area 47000 Sungai Buluh Selangor Darul Ehsan	6,276,697	Freehold	11-4-1990	Office, Warehouse and factory	9
2	3 storey Office 1,779.20 m ²	No. 1 Jalan Tembaga SD 5/2 Bandar Sri Damansara 52200 Kuala Lumpur	2,634,522	Freehold	21-8-1991	Tenanted	12
3	2 Storey shop house 143.07 m ²	12 Jalan Sagu 5 Taman Daya 81100 Johor Bahru Johor Darul Takzim	204,924	Freehold	5-4-1993	Office	12
4	3 Storey Shop house 143.07 m ²	66 Lintang Angsana Bandar Baru Ayer Itam 11500 Pulau Pinang	431,755	Leasehold Expire on 2093	24-2-1995	Office	11
5	2 Storey Shop office 130.0 m ²	13 Jalan Dato' Haji Megat Khas Taman Bandaraya Utama 31400 Ipoh Perak Darul Ridzuan	241,126	Leasehold Expire on 2093	10-4-1996	Office	11
6	Office Suite 80.64 m ²	No.568-8-43 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	195,300	Freehold	17-11-1997	Vacant	6
7	Office Suite 56.39 m ²	No.568-8-28 Kompleks Mutiara Jalan Ipoh 51200 Kuala Lumpur	149,548	Freehold	9-5-2005	Vacant	6
8	Apartment 70.14 m ²	D-4-21 Block Rapis Pangsapuri Las Palmas Jalan Desa Ria Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	70,969	Freehold	10-12-1999	Vacant	6
9	Shop Office 73.02 m ²	8-2A Jalan Desa 9/3 Bandar Country Homes 48000 Rawang Selangor Darul Ehsan	61,308	Freehold	10-12-1999	Vacant	6
10	1 storey terrace house 121.0 m ²	No. 162 Lorong Aneka Taman Aneka 71250 Pasir Panjang Port Dickson	79,794	Freehold	6-10-2000	Vacant	3
11	2 storey town house 149.8 m ²	A21, Block 4B Parcel 2515-C HS(M) 805 PT No. 2515, Mukim Dengkil, Precinct 16 Putrajaya	322,688	Freehold	20-4-2001	Tenanted	2
12	Office 172.8 m ²	32-03(BK) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	190,440	Freehold	21-12-2001	Vacant	4
13	Office 163.4 m ²	32-03(FR) 3rd Floor Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	184,920	Freehold	21-12-2001	Vacant	4

additional compliance information

12. LIST OF PROPERTIES AS AT 31 DECEMBER 2005 (CONTD.)

	Description	Address	Net Book Value RM	Tenure	Date of last valuation / acquisition	Existing Use	Age Of Building (Year)
14	Office 336.22 m ²	32-01, Block 3 Taman Juara Jaya Merchant Square, Cheras Selangor Darul Ehsan	408,000	Freehold	29-01-2004	Vacant	2
15	Apartment 185.81m ²	D-18-6 East Lake Residence PT No. 9957, Lot 64411, Mukim Pekan Serdang, Daerahh Petaling Selangor	329,500	Leasehold Expire on 15-5-2100	26-03-2004	Under construction	-
16	Land 75,837m ²	HS(D) 3108, PT 10573 Mukim Bukit Payung, District of Marang, Terengganu	1,873,907	Freehold	31-05-2004 for mixed development	Land	-

13. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS'S MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Pursuant to Practice Note 12/2000 issued by the Bursa Malaysia Securities Berhad, the aggregate value of recurrent related party transactions made during the financial year in respect of the Shareholders' Mandate which was obtained on 27 June 2005, are set out below:

Nature of Transactions/ Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value ⁽⁷⁾		Aggregate value ⁽⁸⁾	
		RM'000	RM'000	RM'000	RM'000
Subcontract works ⁽¹⁾		Subcontract From	Subcontract To	Subcontract From	Subcontract To
FE Group, FBS Group, FSB Group	Pipefab FMPS KAE Wai Soon Engineering	- 100,000 3,000 -	2,000 - - 8,000	- 19,764 - -	- - - 2,209
Sales and Purchases of goods and services ⁽²⁾		Sell to	Purchase From	Sell to	Purchase From
Fitters, FE Group, FBS Group, FSB Group, ASB, FMKT, MPS, FSPL	FFT FMPS Pipefab Fsbah Fsbah KAE ⁽⁴⁾ Wai Soon Engineering Titan	- 1,500 500 2,000 2,000 40,000 50 2,000	7,000 100 - - - 5,000 - -	- 287 - 410 3,825 7 - -	360 360 - - - - - -
Royalty ⁽⁴⁾		Receivable	Payable	Receivable	Payable
FFT	AA (Asia)	-	500	-	125

> additional compliance information

13. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS'S MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 (CONTD.)

Nature of Transactions/ Fitters and its subsidiaries	Mandated Related Party	From previous AGM to this AGM			
		Estimated value ⁽⁷⁾		Aggregate value ⁽⁸⁾	
		RM'000	RM'000	RM'000	RM'000
Rental of office and warehouse ⁽⁶⁾		Rent To	Rent From	Rent To	Rent From
MPYD	FFT	80	-	34	-
PTS	Wai Soon	100	-	55	-
MPS	Engineering Fsabah	-	10	-	4
Provision of management support such as administration, information technology, human resources and training ⁽⁷⁾		Provided To	Provided From	Provided To	Provided From
FHB, FDC	FFT	80	-	-	-
	FMPS	30	200	-	92
	KAE	10	-	-	-
Total Estimated value		149,350	22,810	24,382	2,854

Notes:

- (1) Portions of certain contracts secured are subcontracted due to certain product expertise unique to that particular company inclusive of manpower and miscellaneous items which are used in the installation of fire fighting protection and prevention equipment and systems and in the manufacture of fire rated doors by the Related Party. In turn, in respect of the Fitters Group's expertise and project management in fire fighting, protection and prevention equipment and systems, contracts secured by the Related Party are subcontracted to the Fitters Group in their ordinary course of business. Transaction prices are determined based on market rates, which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.
- (2) Sales of finished goods of certain fire safety and protection equipment, fire rated doors and maintenance services are to meet the needs of the customers at various geographical locations.
- In addition, centralised purchasing for raw materials and parts or components of certain fire safety and protection equipment required in their normal course of business to optimise efficiency and to derive pricing economies.
- Transaction prices for sales and purchases are determined based on cost plus taking into consideration the nature, complexity and urgency required and it is not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.
- (3) Consultancy services for technical expertise and design in the manufacturing of specialty floor panels.
- (4) Royalty payment to AA (Asia) pursuant to a Royalty Agreement dated 12 January 2004 for the provision of technical knowledge for manufacturing of certain fire fighting equipment. The Royalty Agreement commenced on 31 August 2001 for 10 years and will expire on 30 August 2011.
- (5) KAE is Fitters Group's trading partner. Due to economies of scale and practicality, certain variety of equipment, materials and components were being carried by each thus resulting in synergistic trade for the Fitters Group without undue burden of overstocking.

13. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE OR TRADING NATURE CONDUCTED PURSUANT TO THE SHAREHOLDERS'S MANDATE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2005 (CONTD.)

Notes (Contd.):

(6) *The office and warehouse rented is located at Bangunan Fitters, which is registered under MPYD. A total of 4,500 square feet of warehouse space is rented out to FFT. The current rental rate per month ranges from RM0.53 per square foot for warehouse to RM1.30 per square foot for office per month, which are subject to periodic review. The tenancies are for a period of three years commencing from 31 December 2002.*

PTS sublet a portion of the warehouse, an area measuring approximately 9,450 square feet to Wai Soon Engineering at a rate of RM5,000 per month.

The rental rates are determined after taking into consideration the prevailing market rate, tenure, space and support services, which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

(7) *The training provided is mainly in respect of product knowledge, upgrade of technical aspects of the product and computer training. Transaction prices are generally determined based on cost plus taking into consideration the nature, complexity of the required training and it is not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.*

(8) *The estimated transaction values are based on prevailing rates/prices obtained from the Related Party which are at reasonable market-competitive prices based on the normal level of transactions entered into by the Fitters Group. The estimated amounts are further based on the assumptions that the current levels of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosures will be made in the 2004 Annual Report of the Company on the actual aggregate value of transactions contemplated pursuant to the Proposed Shareholders' Mandate.*

(8) *Aggregate value of sales/(purchases) are made up to 10 May 2005, being the latest practical date.*

(9) *Abbreviations used above*

AA (Asia)	Australian Aerosols (Asia) Pty Ltd
ASB	Armatrade Sdn Bhd
FBS	Fitters Building Services Sdn Bhd
FDC	Fitters dotCom Sdn Bhd
FE	Fitters Engineering Services Sdn Bhd
FFT	Fitters Fire Technology Sdn Bhd
FHB	Fitters Holdings Berhad
FMKT	Fitters Marketing Sdn Bhd
FMPS	Fitters-MPS Sdn Bhd
Fsabah	Fitters (Sabah) Sdn Bhd
FSB	Fitters Sdn Bhd
FSPL	Fitters (S) Pte Ltd
KAE	Kawalan Api Engineering Sdn Bhd
MFS	Modular Floor Systems (M) Sdn Bhd
MPS	Master Pyroserve Sdn Bhd
MPYD	Master Pyrodor Sdn Bhd
Pipefab	Pipefabricators Sdn Bhd
Wai Soon	Wai Soon Engineering Sdn Bhd

The above recurrent related party transactions of a revenue or trading in nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders.

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> directors' report

The directors have pleasure in presenting 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 activities of the Company are that of investment holding and the business of trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 5 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit after taxation	9,280,847	2,038,659
Minority interests	(100,532)	-
Profit for the year	9,180,315	2,038,659

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

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

DIVIDENDS

Dividends paid by the Company since the end of the previous financial year are as follows:

In respect of the financial year ended 31 December 2004 as dealt with in the directors' report of that year:

- Final dividend of 4% less tax at 28% amounting to RM1,193,810, declared on 27 June 2005 and paid on 1 August 2005

In respect of the current financial year:

- 1st interim dividend of 4% less tax at 28% amounting to RM1,193,810, declared on 29 August 2005 and paid on 9 November 2005
- 2nd interim dividend of 6% less tax at 28% amounting to RM1,790,715, declared on 10 February 2006 and paid on 16 March 2006

The 2nd interim dividends has not been accounted for in these financial statements as it was declared after the balance sheet date. It will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2006.

The directors do not recommend any payment of final dividend in respect of the current financial year.

> directors' report

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

En Mohammad Nizar bin Idris	<i>Chairman</i>
YBhg Dato' Wong Swee Yee	<i>Managing Director</i>
YBhg Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	<i>Non-Independent and Non-Executive Director</i>
Mr Wong Cheek Lung	<i>Non-Independent and Non-Executive Director</i>
En Mohamad Jamil bin Mohd Yusof	<i>Independent Non-Executive Director</i>
Mr Kong Sin Seng	<i>Independent Non-Executive Director</i>
En Zahedi bin Haji Mohd Zain (alternate director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali)	
Mr Wong Swee Seong (alternate director to Wong Cheek Lung)	

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of 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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 26 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 31 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Company	Number of Ordinary Shares of RM1 Each			
	1 January 2005	Bought	Sold	31 December 2005
Direct interest				
Dato' Wong Swee Yee	15,170,552	820,000	-	15,990,552
Wong Swee Seong	895,668	-	-	895,668
Wong Cheek Lung	1,668	-	-	1,668
Zahedi bin Haji Mohd Zain	956	-	-	956

DIRECTORS' INTERESTS (CONTD.)

Company	Number of Ordinary Shares of RM1 Each			
	1 January 2005	Bought	Sold	31 December 2005
Indirect interest				
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	37,500	-	-	37,500
Zahedi bin Haji Mohd Zain	37,500	-	-	37,500

By virtue of his interest in shares in the Company, Dato' Wong Swee Yee is also deemed interested in shares in all of the Company's subsidiaries to the extent the Company has an interest.

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

ISSUE OF SHARES

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each through the creation of 400,000,000 new ordinary shares of RM1 each.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") for eligible full time employees and executive directors of the Company and its subsidiaries was approved by shareholders at an Extraordinary General Meeting held on 27 November 2000 and the Securities Commission approved the Company's ESOS allocation list on 4 May 2001 which came into effect on 9 May 2001.

The ESOS was further extended for a period of five years up to 8 May 2011 and approved at the Annual General Meeting held on 27 June 2005.

The ESOS has yet to be implemented.

OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values 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.

> directors' report

OTHER STATUTORY INFORMATION (CONTD.)

- (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 amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of 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 of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors


YBHG DATO' WONG SWEE YEE


ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia
24 April 2006

> statement by directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **DATO' WONG SWEE YEE** and **ZAHEDI BIN HAJI MOHD ZAIN**, being two of the directors of **FITTERS HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 92 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors



YBHG DATO' WONG SWEE YEE



ZAHEDI BIN HAJI MOHD ZAIN

Kuala Lumpur, Malaysia
24 April 2006

> statutory declaration

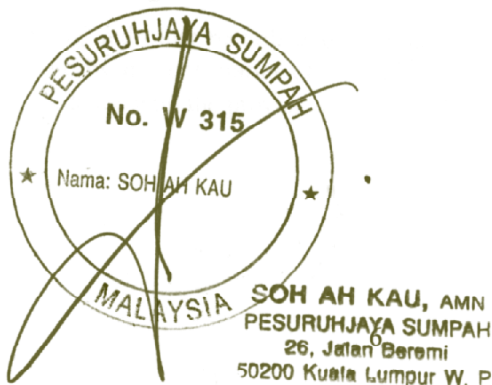
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **CHONG WEI WEI**, being the Officer primarily responsible for the financial management of **FITTERS HOLDINGS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 92 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.

Subscribed and solemnly declared by the)
abovenamed **CHONG WEI WEI** at)
Kuala Lumpur in the Federal) **CHONG WEI WEI**
Territory on 24 April 2006.)



Before me,



> report of the auditors

to the members of Fitters Holdings Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 49 to 92. 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 the 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 applicable Approved Standards on Auditing 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 the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the financial year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.



Ernst & Young
AF: 0039
Chartered Accountants



See Huey Beng
No. 1495/03/07 (J)
Partner

Kuala Lumpur, Malaysia
21 April 2006

> balance sheet

as at 31 december 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
NON-CURRENT ASSETS					
Property, plant and equipment	3	14,983,460	14,959,841	2,782,013	2,885,180
Investment properties	4	1,460,896	1,367,210	-	-
Investments in subsidiaries	5	-	-	30,943,482	31,223,896
Other investments	6	4,071,503	4,166,923	2,500,000	2,500,000
Land held for property development	7	2,129,038	2,003,556	-	-
Goodwill on consolidation	8	14,995,741	14,995,741	-	-
		37,640,638	37,493,271	36,225,495	36,609,076
CURRENT ASSETS					
Inventories	9	10,873,328	11,660,831	-	-
Due from customers on contracts	10	16,645,810	11,273,066	-	-
Trade receivables	11	39,746,127	36,255,210	-	1,459,559
Other receivables	12	25,180,525	24,654,095	651,901	1,497,710
Tax recoverable		1,315,149	1,831,861	174,374	1,282,004
Due from subsidiaries	13	-	-	36,948,618	34,862,097
Deposits with licensed banks	14	2,338,000	143,043	-	-
Cash and bank balances		7,169,384	3,425,836	110,395	7,334
		103,268,323	89,243,942	37,885,288	39,108,704
CURRENT LIABILITIES					
Due to customers on contracts	10	5,220,865	1,469,570	-	-
Trade payables	15	15,625,559	13,041,631	170,087	912,180
Other payables	16	6,330,085	4,365,802	519,778	527,135
Due to subsidiaries	13	-	-	834,271	1,131,277
Hire purchase and finance lease payables	17	424,804	286,341	-	-
Bank borrowings	18	11,027,589	13,592,878	-	132,580
Tax payable		1,819,683	396,306	-	-
		40,448,585	33,152,528	1,524,136	2,703,172
NET CURRENT ASSETS					
		62,819,738	56,091,414	36,361,152	36,405,532
		100,460,376	93,584,685	72,586,647	73,014,608
FINANCED BY:					
SHARE CAPITAL AND RESERVES					
Share capital	19	41,451,728	41,451,728	41,451,728	41,451,728
Reserves	20	31,038,838	24,296,336	6,014,355	6,363,316
Shareholders' equity		72,490,566	65,748,064	47,466,083	47,815,044
Minority interests		1,657,789	1,557,254	-	-
		74,148,355	67,305,318	47,466,083	47,815,044
NON-CURRENT LIABILITIES					
Hire purchase and finance lease payables	17	587,182	518,047	-	-
Bank borrowings	18	25,172,601	25,196,512	25,000,000	25,000,000
Deferred taxation	21	552,238	564,808	120,564	199,564
Non-current liabilities		26,312,021	26,279,367	25,120,564	25,199,564
		100,460,376	93,584,685	72,586,647	73,014,608

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

> income statements

for the year ended 31 december 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	22	143,331,513	85,527,841	3,066,000	2,585,584
Cost of sales	23	(113,857,790)	(58,438,131)	-	(912,180)
Gross profit		29,473,723	27,089,710	3,066,000	1,673,404
Other operating income	24	782,317	1,631,620	1,534,291	1,073,849
Distribution expenses		(2,222,219)	(2,789,314)	(68,061)	(74,953)
Administrative expenses		(14,644,786)	(15,359,685)	(1,949,883)	(1,859,417)
Profit from operations	25	13,389,035	10,572,331	2,582,347	812,883
Finance costs	27	(841,814)	(1,232,165)	(234,378)	(459,158)
Profit before taxation		12,547,221	9,340,166	2,347,969	353,725
Taxation	28	(3,266,374)	(2,215,023)	(309,310)	(283,211)
Profit after taxation		9,280,847	7,125,143	2,038,659	70,514
Minority interests		(100,532)	(85,312)	-	-
Profit for the year		9,180,315	7,039,831	2,038,659	70,514
Earnings per share	29	22.15 sen	16.98 sen		
Dividends per share	30			2.88 sen	2.88 sen

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

> statements of changes in equity

for the year ended 31 december 2005

Note	Share capital RM	<----- Non-distributable ----->			-----> Distributable		Total RM
		Share premium RM	Capital reserve RM	Revaluation reserve RM	Exchange reserve RM	Retained profits RM	
Group							
At 1 January 2004	41,451,728	3,206,022	1,360,010	653,458	72,150	13,119,003	59,862,371
Foreign exchange							
translation differences	-	-	-	-	39,672*	-	39,672
Profit for the year	-	-	-	-	-	7,039,831	7,039,831
Dividends	-	-	-	-	-	(1,193,810)	(1,193,810)
At 31 December 2004	41,451,728	3,206,022	1,360,010	653,458	111,822	18,965,024	65,748,064
Foreign exchange							
translation differences	-	-	-	-	(50,193)*	-	(50,193)
Profit for the year	-	-	-	-	-	9,180,315	9,180,315
Dividends	30	-	-	-	-	(2,387,620)	(2,387,620)
At 31 December 2005	41,451,728	3,206,022	1,360,010	653,458	61,629	25,757,719	72,490,566

* Net gain/(losses) not recognised in income statement

Note	Share capital RM	Non-distributable		Distributable		Total RM
		Share premium RM	Revaluation reserve RM	Retained profits RM		
Company						
At 1 January 2004		41,451,728	3,206,022	533,179	3,747,411	48,938,340
Profit for the year		-	-	-	70,514	70,514
Dividends		-	-	-	(1,193,810)	(1,193,810)
At 31 December 2004		41,451,728	3,206,022	533,179	2,624,115	47,815,044
Profit for the year		-	-	-	2,038,659	2,038,659
Dividends	30	-	-	-	(2,387,620)	(2,387,620)
At 31 December 2005		41,451,728	3,206,022	533,179	2,275,154	47,466,083

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

> cash flows statements

for the year ended 31 december 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	12,547,221	9,340,166	2,347,969	353,725
Adjustments for:				
Depreciation of property, plant and equipment	1,151,796	1,204,857	124,812	120,479
Depreciation of investment properties	58,914	-	-	-
Bad debts written off	58,110	4,664	-	-
Net unrealised loss/(gain) on foreign exchange	74,353	(185,198)	-	-
Interest expense	841,814	1,232,165	234,378	459,158
Interest income	(173,421)	(266,233)	(31,891)	(105,449)
Dividend income	-	(2,007)	(3,066,000)	(1,126,025)
Property, plant and equipment written off	17,080	143	-	-
Gain on disposal of property, plant and equipment	(21,637)	(10,133)	-	(3,803)
Gain on disposal of quoted shares	-	(194,158)	-	-
Provision for impairment in value of investments	95,420	-	226,414	223,002
Provision for doubtful debts	218,708	335,665	-	-
Write back of provision for doubtful debts	(528,369)	(380,736)	-	-
Impairment of property development expenditure	-	149,050	-	-
Operating profit/(loss) before working capital changes	14,339,989	11,228,245	(164,318)	(78,913)
Changes in working capital:				
Inventories	787,503	(1,553,641)	-	-
Due (to)/from customers on contracts	(1,621,449)	4,311,539	-	-
Receivables	(2,845,696)	(25,777,551)	2,305,368	(2,208,294)
Payables	4,473,861	(695,756)	(749,450)	622,551
Subsidiaries	-	-	682,473	(18,050,229)
Net cash generated from/(used in) operations	15,134,208	(12,487,164)	2,074,073	(19,714,885)
Interest paid	(2,039,212)	(1,515,119)	(234,378)	(459,158)
Income tax (paid)/refunded	(1,338,855)	(2,029,851)	719,320	(274,974)
Net cash generated from/(used in) operating activities	11,756,141	(16,032,134)	2,559,015	(20,449,017)

cash flows statements
for the year ended 31 december 2005 (contd.)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(626,227)	(503,996)	(21,645)	(56,360)
Proceeds from disposals of:				
- property, plant and equipment	26,000	62,011	-	5,049
- quoted shares	-	398,227	-	-
Investment in unquoted bonds	-	(2,500,000)	-	(2,500,000)
Purchase of land and related development expenditure	(784)	(1,935,788)	-	-
Interest received	173,421	266,233	31,891	105,449
Dividend received	-	2,007	-	-
Capital repayment from subsidiary	-	-	54,000	-
Net cash (used in)/generated from investing activities	(427,590)	(4,211,306)	64,246	(2,445,862)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of hire purchase obligations	(363,402)	(295,286)	-	-
Drawdown of term loans	-	25,000,000	-	25,000,000
Repayment of term loans	(348,911)	(672,409)	-	-
Revolving credits, trust receipts and bankers' acceptances	688,567	(429,519)	-	-
Dividends paid	(2,387,620)	(1,193,810)	(2,387,620)	(1,193,810)
Net cash (used in)/generated from financing activities	(2,411,366)	22,408,976	(2,387,620)	23,806,190

> cash flows statements

for the year ended 31 december 2005 (contd.)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Effects of exchange rate changes	(49,824)	-	-	-
Net increase in cash and cash equivalents	8,917,185	2,165,536	235,641	911,311
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(1,262,799)	(3,428,335)	(125,246)	(1,036,557)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	7,604,562	(1,262,799)	110,395	(125,246)
Cash and cash equivalents comprise the following:				
Deposits with licensed banks	2,338,000	143,043	-	-
Cash and bank balances	7,169,384	3,425,836	110,395	7,334
Bank overdrafts	(1,902,822)	(4,831,678)	-	(132,580)
	7,604,562	(1,262,799)	110,395	(125,246)
Acquisition of property, plant and equipment were by means of:				
Cash purchases	626,227	503,996	21,645	56,360
Finance lease arrangements	571,000	-	-	-
	1,197,227	503,996	21,645	56,360

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

> notes to the financial statements

- 31 december 2005

1. CORPORATE INFORMATION

The principal activities of the Company are that of investment holding and the business of trading of fire safety materials, equipment and fire prevention system. The principal activities of the subsidiaries are detailed in Note 5. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company is located at:

No 1, Block C
Jalan Dataran SD 1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur

The Group and the Company have 225 (2004: 248) and 15 (2004: 16) employees respectively at the end of financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of certain land and buildings included under property, plant and equipment.

These financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

> notes to the financial statements

- 31 december 2005 (contd.)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of consolidation (contd.)

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

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

(c) Goodwill

Goodwill, which is stated at cost less impairment losses, represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

(d) Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, modified to include revaluation of certain land and buildings, less accumulated depreciation and impairment losses.

Certain land and buildings of the Company have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of MASB 15: Property, plant and equipment, these assets continue to be stated at their 1994 valuation less accumulated depreciation and impairment losses.

Freehold land and asset in the course of construction are not depreciated. Depreciation on asset in the course of construction commences when the asset is ready for its intended use. Leasehold land is depreciated over the period of the respective leases which range from 50 to 99 years. 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	20%
Motor vehicles	20%
Tools and office equipment	10% - 33.33%
Furniture and fittings	10%
Renovations	10%

Upon the disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Investment properties

Investment properties consists of investments in land and buildings that are not substantially occupied for use by, or in the operations, of the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(g) Revenue recognition

Revenue is recognised when delivery has occurred or services have been rendered, the price is fixed or can be measured reliably and collectibility is reasonably assured. In addition, revenue from the following sources is recognised when the conditions attached are met:

(i) Contract revenue

Revenue from construction contracts is accounted for by the percentage of completion method as described Note 2(j).

(ii) Sale of goods

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

(iii) Revenue from services

Revenue from services rendered (including administrative services) is recognised net of discounts as and when the services are performed.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(vi) Rental income

Rental income is recognised ratably over the tenancy period unless collectibility is in doubt.

> notes to the financial statements

- 31 december 2005 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**(h) Inventories**

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. The cost of raw materials comprises costs of purchase. Cost of finished goods and work in progress comprise direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and estimated costs to complete the sale.

(i) Foreign currencies*(i) Foreign currency transaction*

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical costs 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 differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign subsidiaries are translated at year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date are as follows:

Foreign currency	2005	2004
	RM	RM
1 Singapore Dollar	2.27	2.31
1 Sterling Pound	6.52	7.28
1 United States Dollar	3.83	3.83
1 Euro	4.53	5.15
1 Australian Dollar	2.95	2.95

(j) Construction contracts

Where 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 method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Construction contracts (contd.)

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

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

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

(k) Land held for property development

Land held for property development consists of land where no 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.

Land held for property development is reclassified as property development costs 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.

(l) 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 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 period 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.

> notes to the financial statements

- 31 december 2005 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Hire purchase and finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating lease.

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

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease 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 leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

(n) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(o) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(p) Employee benefits

(i) Short term benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Employee benefits (contd.)

(ii) *Defined contribution plans*

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(q) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts 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 asset 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.

(r) Financial instruments

Financial instruments are recognised in the balance sheet when the Group becomes 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, 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 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.

(i) *Other non-current investments*

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) *Trade receivables*

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

> notes to the financial statements

- 31 december 2005 (contd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Financial instruments (contd.)

(iii) Trade payables

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

(iv) Interest bearing borrowings

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties, property, plant and equipment and construction contracts are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement as an expense in the period in which they are incurred.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Renovations RM	Capital work in progress RM	Total RM
Valuation/Cost								
At 1 January 2005	11,904,400	3,721,015	1,553,155	4,584,407	1,386,668	288,718	2,173,253	25,611,616
Additions	-	175,650	654,683	128,199	495	-	238,200	1,197,227
Written off	-	-	-	-	-	(170,809)	-	(170,809)
Disposals	-	-	(96,978)	(26,160)	-	-	-	(123,138)
Exchange differences	-	-	-	(1,645)	(657)	-	-	(2,302)
At 31 December 2005	11,904,400	3,896,665	2,110,860	4,684,801	1,386,506	117,909	2,411,453	26,512,594
Accumulated depreciation								
At 1 January 2005	1,708,523	2,523,218	1,011,303	4,044,345	1,148,467	215,919	-	10,651,775
Charge for the year	194,783	331,760	300,888	188,852	87,276	48,237	-	1,151,796
Written off	-	-	-	-	-	(153,729)	-	(153,729)
Disposals	-	-	(96,975)	(21,800)	-	-	-	(118,775)
Exchange differences	-	-	-	(1,290)	(643)	-	-	(1,933)
At 31 December 2005	1,903,306	2,854,978	1,215,216	4,210,107	1,235,100	110,427	-	11,529,134
Net book value								
At 31 December 2005	10,001,094	1,041,687	895,644	474,694	151,406	7,482	2,411,453	14,983,460
At 31 December 2004	10,195,877	1,197,797	541,852	540,062	238,201	72,799	2,173,253	14,959,841
Details at 1 January 2004								
Cost/valuation	12,875,950	3,666,526	1,622,488	4,420,682	1,377,035	288,718	1,942,453	26,193,852
Accumulated depreciation	1,543,758	2,114,241	824,656	3,826,551	1,058,603	171,297	-	9,539,106
Depreciation charge for 2004								
	194,105	410,936	245,157	221,264	88,773	44,622	-	1,204,857

> notes to the financial statements

- 31 december 2005 (contd.)

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Except for the land and buildings which are carried at valuation, all other assets of the Company are carried at cost. Analyses of cost and valuation for land and buildings are as follows:

GROUP	Leasehold land and bulding RM	Freehold land RM	Buildings RM	Total RM
31 December 2005				
- At cost	820,587	2,969	6,454,729	7,278,285
- At valuation	-	2,196,218	2,429,897	4,626,115
	820,587	2,199,187	8,884,626	11,904,400
Net book value	672,881	2,199,187	7,129,026	10,001,094
31 December 2004				
- At cost	820,587	2,969	6,454,729	7,278,285
- At valuation	-	2,196,218	2,429,897	4,626,115
	820,587	2,199,187	8,884,626	11,904,400
Net book value	689,293	2,199,187	7,307,397	10,195,877

Capital-in-progress comprises mainly cost of a machine, which was purchased in 1997. The machine has yet to be installed as at the balance sheet date, as the Group's initial intention to produce dry chemical powder using this machine did not materialise. The directors, have performed an impairment review on the carrying amount of the machine and concluded that there is no material impairment on the carrying amount of the machine.

COMPANY	Land and building RM	Plant and machinery RM	Motor vehicles RM	Tools and office equipment RM	Furniture and fittings RM	Total RM
Valuation/Cost						
At 1 January 2005	3,197,741	101,949	4,174	827,481	350,729	4,482,074
Additions	-	-	-	21,645	-	21,645
At 31 December 2005	3,197,741	101,949	4,174	849,126	350,729	4,503,719
Accumulated depreciation						
At 1 January 2005	514,621	101,945	3,965	704,456	271,907	1,596,894
Charge for the year	48,598	-	208	46,740	29,266	124,812
At 31 December 2005	563,219	101,945	4,173	751,196	301,173	1,721,706
Net book value						
At 31 December 2005	2,634,522	4	1	97,930	49,556	2,782,013
At 31 December 2004	2,683,120	4	209	123,025	78,822	2,885,180
Details at 1 January 2004						
Cost/valuation	3,197,741	101,949	9,674	777,277	350,729	4,437,370
Accumulated depreciation	466,023	101,945	7,347	669,722	241,788	1,486,825
Depreciation charge for 2004	48,598	-	1,385	40,377	30,119	120,479

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Except for the land and buildings which are carried at valuation, all other assets of the Company are carried at cost. Analyses of cost and valuation for land and buildings are as follows:

Company	Freehold land RM	Buildings RM	Total RM	Net book value RM
31 December 2005:				
At valuation	764,875	2,429,897	3,194,772	2,631,553
At cost	2,969	-	2,969	2,969
	767,844	2,429,897	3,197,741	2,634,522
31 December 2004:				
At valuation	764,875	2,429,897	3,194,772	2,680,151
At cost	2,969	-	2,969	2,969
	767,844	2,429,897	3,197,741	2,683,120

- (a) Had the revalued land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the net book value of these properties would have been as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Freehold land	1,878,000	1,878,000	618,535	618,535
Buildings	1,476,824	1,515,274	1,476,824	1,515,274
	3,354,824	3,393,274	2,095,359	2,133,809

The land and buildings of the Group and Company have not been revalued since they were first revalued in 1994. The directors have not adopted a policy of regular revaluations of these properties. As permitted under the transitional provisions of MASB 15: Property, plant and equipment, these properties continue to be stated at their 1994 valuation less accumulated depreciation.

- (b) Net book values of assets held under hire purchase and finance lease arrangements as at the balance sheet date are as follows:

	Group	
	2005 RM	2004 RM
Motor vehicles	863,023	485,487
Plant and machinery	185,237	344,814
	1,048,260	830,301

> notes to the financial statements

- 31 december 2005 (contd.)

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (c) As at balance sheet date, titles to certain land and building with net book value of RM601,277 (2004: RM601,277) have yet to be registered in the subsidiaries' name.

4. INVESTMENT PROPERTIES

	Group	
	2005 RM	2004 RM
Freehold buildings:		
At 1 January	1,396,550	-
- transfer from property, plant and equipment	-	971,550
- acquired by way of contra against debts owing	152,600	425,000
	1,549,150	1,396,550
Less: Accumulated depreciation	(88,254)	(29,340)
At 31 December	1,460,896	1,367,210
Depreciation charge for the year	58,914	-

Investment properties with and aggregate carrying amounts of RM332,688 (2004: RM346,550) are pledged as securities for bank borrowings obtained.

As at balance sheet date, titles to certain investment properties with net book value of RM1,460,896 (2004: RM1,367,210) have yet to be registered in the subsidiaries' name.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2005 RM	2004 RM
At cost:		
Unquoted investments	31,392,898	31,446,898
Less: Accumulated impairment losses	(449,416)	(223,002)
	30,943,482	31,223,896
Impairment loss charge for the year	226,414	223,002

During the current financial year, Pyrodor Sdn Bhd was liquidated. The liquidation of Pyrodor Sdn Bhd, which had ceased operations in prior years, has no material effect on the results and the financial position of the Group.

notes to the financial statements
- 31 december 2005 (contd.)

5. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Details of the subsidiaries are as follows:

Name of Company	Group Equity Interest		Principal Activities
	2005 %	2004 %	
Subsidiaries of the Company:			
Fitters Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment, manufacture and assembly of fire fighting, protection and prevention systems and equipment
Master Pyrodor Sdn Bhd	100	100	Property holdings
Pyrodor Sdn Bhd	-	100	Liquidated during the year
Fitters (S) Pte Ltd *	100	100	Trading and installation of fire safety materials and equipment
Fitters Engineering Sdn Bhd	100	100	Ceased operations
Fitters Engineering Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters Marketing Sdn Bhd	100	100	Marketing of fire resistant doors and general building materials
Securiton (M) Sdn Bhd	100	100	Ceased operations
Fitters Building Services Sdn Bhd	100	100	Design, manufacture, assemble, supply and installation of fire fighting, protection and prevention systems and equipment
Fitters dotCom Sdn Bhd	100	100	E-enable businesses and IT- related activities
Fitters-MPS Sdn Bhd	51	51	Design, installation and maintenance of fire protection systems
Master Pyroserve Sdn Bhd	100	100	Concession to install, operate and transfer the computerised fire alarm monitoring and communication systems for Jabatan Perkhidmatan Bomba Dan Penyelamat Malaysia
Armatrade Sdn Bhd	100	100	Installing and servicing of fire fighting systems and sales of automotive parts and equipment

> notes to the financial statements

- 31 december 2005 (contd.)

5. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Company	Group Equity Interest		Principal Activities
	2005 %	2004 %	
Subsidiaries of Fitters Sdn Bhd: Jagapi Sdn Bhd	70	70	Trading of fire fighting equipment and accessories
Fitters-BES JV Sdn Bhd	70	70	Liquidated during the year
Fitters Property Development Sdn Bhd	100	100	Property development
Fitters Manufacturing Sdn Bhd	100	100	Liquidated during the year
Fitters (Penang) Sdn Bhd	100	100	Liquidated during the year
Fitters (Ipoh) Sdn Bhd	100	100	Trading and installation of fire safety materials and equipment
Fitters (Sarawak) Sdn Bhd	100	100	Trading of fire safety materials and equipment
Cameron Fresh Farms Sdn Bhd	100	100	Currently inactive but entered into an agreement to acquire freehold land for purposes of development
The Safety Shop Sdn Bhd	100	100	Trading and marketing of safety apparatus and apparels
IT Vault Solutions Sdn Bhd	100	100	Provision of services to facilitate IT and computer set-up
Fitters Fire Technology Sdn Bhd	51	51	Manufacture and supply of fire fighting equipment and materials
Modular Floor Systems (M) Sdn Bhd	100	51	Manufacture and trading of raised access-flooring systems
Subsidiary of Fitters Building Services Sdn Bhd:			
Pyro-Tech Systems Sdn Bhd	100	100	Manufacture of fire rated doors including fire rated wooden doors with or without frames

notes to the financial statements
- 31 december 2005 (contd.)

5. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Company	Group Equity Interest		Principal Activities
	2005 %	2004 %	
Subsidiaries of Fitters Engineering Services Sdn Bhd:			
Fitters Engineering and Maintenance Services Sdn Bhd (formerly known as Fitters Maintenance Services Sdn Bhd)	100	100	Maintenance of all types of fire protection systems
Fitters Engineering Services (Johor) Sdn Bhd	100	100	Design, supply, installation, repair and maintenance of fire protection systems
Fimatic Engineering Services (S) Sdn. Bhd.	100	100	Liquidated during the year
Subsidiaries of Fitters -MPS Sdn Bhd:			
Pipefabricators Sdn Bhd	100	100	Mechanical engineering works contractors and fabricators
Fimatic-MPS (East Coast) Sdn Bhd	60	60	Design, installation and maintenance of fire protection systems in the East Coast of Peninsular Malaysia
Subsidiary of Modular Floor Systems (M) Sdn Bhd:			
Titan Access Floors Limited #	100	100	Trading of raised floor panels

Except for Fitters (S) Pte Ltd and Titan Access Floors Limited, which are incorporated in Republic of Singapore and United Kingdom respectively, all other subsidiaries are Incorporated in Malaysia.

**Audited by member firms of Ernst & Young Global*

#Audited by firms of auditors other than Ernst & Young

> notes to the financial statements

- 31 december 2005 (contd.)

6. OTHER INVESTMENTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At cost:				
Corporate membership in golf club	140,000	140,000	-	-
Unquoted bonds	2,500,000	2,500,000	2,500,000	2,500,000
Unquoted preference shares	1,300,000	1,300,000	-	-
Shares quoted in Malaysia	533	533	-	-
Loan stocks quoted in Malaysia	285,000	285,000	-	-
	4,225,533	4,225,533	2,500,000	2,500,000
Less: Accumulated impairment losses for loan stocks	(154,030)	(58,610)	-	-
	4,071,503	4,166,923	2,500,000	2,500,000
Market value of quoted shares and loan stocks	131,446	150,108	-	-

In the previous financial year, the Company subscribed to RM2,500,000 Subordinated Bond issued by Kerisma Berhad pursuant to a Primary Collateralised Loan Obligations Transaction in connection with the acceptance of an Unsecured Fixed Rate Term Loan facility. The salient terms of the Unsecured Fixed Rate Term Loan Facility are detailed in Note 18.

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Leasehold land RM	Development expenditure RM	Total RM
Group			
At cost:			
At 1 January 2004	-	171,799	171,799
Additions	1,873,907	106,900	1,980,807
Less: Accumulated impairment losses	-	(149,050)	(149,050)
At 31 December 2004	1,873,907	129,649	2,003,556
Additions	-	125,482	125,482
At 31 December 2005	1,873,907	255,131	2,129,038
Interest capitalised during the financial year			
- 31 December 2005	-	124,698	124,698
- 31 December 2004	-	45,019	45,019

During the financial year, a subsidiary entered into a Sale and Purchase Agreement to dispose of the leasehold land and related development expenditure for a cash consideration of RM2,061,297 as detailed in Note 34(iv). The disposal has not been completed as at balance sheet date.

notes to the financial statements
- 31 december 2005 (contd.)

8. GOODWILL ON CONSOLIDATION

	Group	
	2005 RM	2004 RM
At cost	14,995,741	14,995,741

9. INVENTORIES

	Group	
	2005 RM	2004 RM
At cost:		
Raw materials	6,931,845	7,069,785
Finished goods	3,941,483	4,591,046
	10,873,328	11,660,831

Inventories amounting to RM2,634,660 (2004: RM1,545,190) are slow moving. The directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business despite them being slow moving. Accordingly, no further provision has been made for slow moving inventories.

10. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2005 RM	2004 RM
Contract costs incurred to date	227,002,759	126,277,995
Add: Attributable profits	19,780,851	9,950,702
	246,783,610	136,228,697
Less : Progress billings	(235,358,665)	(126,425,201)
	11,424,945	9,803,496
Represented by:		
Due from customers on contracts	16,645,810	11,273,066
Due to customers on contracts	(5,220,865)	(1,469,570)
	11,424,945	9,803,496

Included in amount due from customers on contracts is an amount of RM2,997,652 (2004: RM2,997,652) due from a contractor (the "Main Contractor"), comprising costs incurred for a contract for which uncertainty exist over its recovery. The recovery of this amount is dependent on the successful claim by the Main Contractor against its customer who had previously awarded the contract (the "Customer") to the Main Contractor. The Main Contractor awarded a parcel of the contract to a subsidiary, Armatrade Sdn Bhd ("Armatrade"). Further details are disclosed below.

> notes to the financial statements

- 31 december 2005 (contd.)

10. DUE FROM/(TO) CUSTOMERS ON CONTRACTS (CONTD.)

On 8 April 1999, Armatrade made a claim against the Main Contractor for a sum of RM6,555,842 together with interest and costs for contract work performed. The Main Contractor counter-claimed against Armatrade for a sum of RM10,624,530 together with interest and costs for delays in works and unsatisfactory workmanship.

In another action which commenced on 1 September 1999, the Customer made a claim against the said Main Contractor for the sum of RM32,759,184 together with interest and costs. The Main Contractor counter-claimed, inter alia, for a sum of RM78,090,502 together with interest and costs.

On 23 November 2004, a Compromise Agreement ("Agreement") was signed between the Main Contractor and Armatrade. In the Agreement, the Main Contractor and Armatrade agreed to withdraw all the claims against each other. The recovery of the contract cost of RM2,997,652 is contingent upon on the successful counter-claim by the Main Contractor against the Customer.

The above case is still pending hearing of interlocutory applications at the High Court with the last hearing held on 21 April 2006. The High Court has fixed for the next hearing from 15 May 2006 to 19 May 2006. However, the directors, having considered all other available information, are of the opinion that all costs incurred on the contract can be recovered in due course as they are optimistic on the results of the case above. Accordingly, no provision for foreseeable loss for the contract has been made as at balance sheet date.

11. TRADE RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Trade receivables	37,986,371	38,862,661	-	1,459,559
Retention sums on contracts	6,145,896	3,178,399	-	-
	44,132,267	42,041,060	-	1,459,559
Less: Provision for doubtful debts	(4,386,140)	(5,785,850)	-	-
	39,746,127	36,255,210	-	1,459,559

Movements in provision for doubtful debts during the year are as follows:

	Group	
	2005 RM	2004 RM
Balance as at 1 January	5,785,850	5,844,907
Add: Current year provision	218,708	335,665
Less: Write back of provision	(528,369)	(380,736)
Write off	(1,090,049)	(13,986)
Balance as at 31 December	4,386,140	5,785,850

11. TRADE RECEIVABLES (CONTD.)

Included in trade receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM5,138,002 (2004: RM3,499,453), out of which, RM133,490 (2004: RM1,511,432) is due from a related party, Kawalan Api Engineering Sdn Bhd. Details of the related party transactions are disclosed in Note 31.

In assessing the extent of irrecoverable debts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Notwithstanding the overdue nature of these debts, the directors have assessed these debts as fully recoverable. Accordingly, no further provision has been made for doubtful recovery in respect of these debts.

The Group's normal trade credit term ranges from 30 days to 60 days. Other credit terms are assessed and approved on a case to case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

12. OTHER RECEIVABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposit paid for acquisition of land	17,935,636	15,862,935	-	-
Deposits and prepayment	6,114,149	332,847	261,837	33,831
Sundry receivables	1,130,740	8,458,313	390,064	1,463,879
	25,180,525	24,654,095	651,901	1,497,710

The deposits paid for acquisition of land include deposit paid, interest and incidentals incurred in an acquisition of certain freehold land as disclosed in Note 34(i). The completion of the agreement to acquire the freehold land is pending fulfillment of certain conditions precedent as stated in the agreement, including the payment of the final tranche of RM14,000,000. The interest incurred in the acquisition amounted to RM1,935,096 (2004: RM862,396).

As at balance sheet date, the acquisition of land is still pending for approval from the relevant authorities.

13. DUE FROM/(TO) SUBSIDIARIES

The amounts due from and to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

14. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group include amounts of RM38,000 (2004: RM53,043) which are pledged as securities for borrowing facilities granted to certain subsidiaries.

As at balance sheet date, these deposits bear a weighted average interest rate of 3.25% (2004: 3.25%) per annum with an average maturity of approximately 286 days (2004: 286 days).

> notes to the financial statements

- 31 december 2005 (contd.)

15. TRADE PAYABLES

The normal trade credit terms granted to the Group and to the Company range from 30 days to 60 days although it is customary for certain suppliers to extend credit terms to exceed 60 days but generally not more than 12 months.

16. OTHER PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sundry payables	3,179,581	863,078	15,850	36,936
Accruals	2,983,544	3,304,274	342,968	324,199
Refundable deposits	166,960	198,450	160,960	166,000
	6,330,085	4,365,802	519,778	527,135

Included in sundry payables are advances received of RM1,000,000 (2004: Nil) and RM412,259 (2004: Nil) for contract work and deposit received from the purchaser for the disposal of land as disclosed in Note 34(iv) respectively.

17. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2005 RM	2004 RM
Minimum lease payments:		
Not later than 1 year	462,979	339,481
Later than 1 year and not later than 2 years	288,790	335,071
Later than 2 years and not later than 5 years	345,987	219,096
	1,097,756	893,648
Less: Future finance charges	(85,770)	(89,260)
Present value of hire purchase and finance lease liabilities	1,011,986	804,388
Present value of hire purchase and finance lease liabilities:		
Not later than 1 year	424,804	286,341
Later than 1 year and not later than 2 years	263,147	307,792
Later than 2 years and not later than 5 years	324,035	210,255
	1,011,986	804,388
Analysed as:		
Due within 12 months	424,804	286,341
Due after 12 months	587,182	518,047
	1,011,986	804,388

The hire purchase and finance lease liabilities bore interest at rates ranging from 3.3% to 6.5% (2004: 3.3% to 6.5%) per annum during the financial year.

notes to the financial statements
- 31 december 2005 (contd.)

18. BANK BORROWINGS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Short term borrowings				
Secured:				
Term loans	21,739	21,739	-	-
Unsecured:				
Bank overdrafts	1,902,822	4,831,678	-	132,580
Revolving credits	1,000,000	-	-	-
Bankers' acceptances	8,103,028	8,414,461	-	-
Term loans	-	325,000	-	-
	11,005,850	13,571,139	-	132,580
	11,027,589	13,592,878	-	132,580
Long term borrowings				
Secured:				
Term loans	172,601	196,512	-	-
Unsecured:				
Fixed Rate Term Loan	25,000,000	25,000,000	25,000,000	25,000,000
	25,172,601	25,196,512	25,000,000	25,000,000
Total borrowings				
Bank overdrafts	1,902,822	4,831,678	-	132,580
Revolving credits	1,000,000	-	-	-
Bankers' acceptances	8,103,028	8,414,461	-	-
Term loans	194,340	543,251	-	-
Fixed Rate Term Loan	25,000,000	25,000,000	25,000,000	25,000,000
	36,200,190	38,789,390	25,000,000	25,132,580
Maturity of borrowings				
Within 1 year	11,027,589	13,592,878	-	132,580
More than 1 year and less than 2 years	21,739	21,739	-	-
More than 2 years and less than 5 years	25,065,218	25,043,478	25,000,000	25,000,000
5 years and more	85,644	131,295	-	-
	36,200,190	38,789,390	25,000,000	25,132,580

> notes to the financial statements

- 31 december 2005 (contd.)

18. BANK BORROWINGS (CONTD.)

The bank borrowings bore interests at the following range of rates during the financial year:

	Group/Company	
	2005 %	2004 %
Bank overdrafts	8.8	5.5 to 8.5
Revolving credits	4.9 to 5.0	4.9
Bankers' acceptances	2.9 to 3.8	2.9 to 3.3
Term loans	5.5 to 6.9	5.5 to 6.6
Fixed Rate Term Loan	6.5	6.5
Trust receipts	7.3 to 7.5	7.3 to 7.5

The secured term loan is secured by a first legal charge over the investment properties of a subsidiary as disclosed in Note 4 as well as a corporate guarantee provided by the Company.

The unsecured borrowings including the trust receipts which were undrawn at balance sheet date, are guaranteed by the Company and certain subsidiaries.

Salient Terms of the Unsecured Fixed Rate Term Loan

The Company entered into a Loan Facility Agreement with Alliance Merchant Bank Berhad ("Alliance Merchant") and Kerisma Berhad ("Kerisma") in respect of the acceptance of an Unsecured Fixed Rate Term Loan Facility (the "Loan Facility") extended by Alliance Merchant (the "Facility Agreement"). In accordance with the terms of the Facility Agreement, Alliance Merchant sold all rights, titles and interests relating to the Loan Facility to Kerisma. Kerisma in turn issued asset-back securities, namely Senior, Mezzanine and Subordinated Bonds, pursuant to a Primary Collateralised Loan Obligations Transaction ("CLO").

Alliance Merchant disbursed RM25 million of the Loan Facility to the Company with a tenure of five (5) years and the Company subscribed for Subordinated Bonds amounting to RM2.5 million issued by Kerisma pursuant to the CLO.

The Company is required to maintain a certain level of rating accorded by the Malaysian Rating Corporation Berhad. In the event that the rating falls below the prescribed level, it will trigger the prepayment clause stated in the Facility Agreement rendering the Loan Facility payable on demand.

19. SHARE CAPITAL

	Number of Ordinary			
	Shares of RM1 Each		Amounts	
	2005	2004	2005 RM	2004 RM
Authorised				
At 1 January	100,000,000	100,000,000	100,000,000	100,000,000
Created during the year	400,000,000	-	400,000,000	-
At 31 December	500,000,000	100,000,000	500,000,000	100,000,000
Issued and fully paid	41,451,728	41,451,728	41,451,728	41,451,728

19. SHARE CAPITAL (CONTD.)

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 comprising 500,000,000 ordinary shares of RM1 each through the creation of 400,000,000 new ordinary shares of RM1 each.

On 18 May 2005, the Company announced a proposed bonus issue of up to 14,950,909 new ordinary shares of RM1 each on the basis of one bonus share for every three existing ordinary shares of RM1 each held in the Company after the completion of the Proposed Special Issue of shares as disclosed in Note 34(iii). The Company also announced a proposed renounceable rights issue of up to 29,901,818 warrants at an indicative issue price of RM0.05 per warrant on the basis of one warrant for every two existing ordinary shares of RM1 each held in the Company after the completion of the proposed bonus issue.

20. RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Share premium	3,206,022	3,206,022	3,206,022	3,206,022
Capital reserve	1,360,010	1,360,010	-	-
Revaluation reserve	653,458	653,458	533,179	533,179
Foreign exchange reserve	61,629	111,822	-	-
Retained profits	25,757,719	18,965,024	2,275,154	2,624,115
	31,038,838	24,296,336	6,014,355	6,363,316

Apart from the retained profits, all other reserves of the Group and of the Company are non-distributable.

The Company has sufficient estimated tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at balance sheet date.

The nature and purpose of each category of reserve are as follows:

(a) Share premium

This represents premium arising from issues of shares, net of its related expenses.

(b) Capital reserve

This represents a reserve set aside for bonus issues made by subsidiaries.

(c) Revaluation reserve

Revaluation reserve represents the cumulative net change in fair value of land and buildings, net of deferred tax.

(d) Foreign exchange reserve

Foreign exchange reserve comprises all exchange differences arising from the translations of the financial statements of foreign subsidiaries.

> notes to the financial statements

- 31 december 2005 (contd.)

21. DEFERRED TAXATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At 1 January	564,808	469,398	199,564	199,564
Recognised in the income statement (Note 28)	(12,570)	95,410	(79,000)	-
At 31 December	552,238	564,808	120,564	199,564

The deferred tax liabilities as at balance sheet date represent liabilities arising from the excess of capital allowances claimed in advance of book depreciation.

The following components of deferred tax have not been recognised in respect of the following items:

	Group	
	2005 RM	2004 RM
Excess of capital allowance claimed in advance of book depreciation	(50,407)	(55,681)
Unused tax losses	694,790	1,600,011
Unabsorbed capital allowances	209,371	173,017
Other deductible temporary differences	-	(740,864)
	853,754	976,483
Net deferred tax benefits at 28%	239,051	273,415

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as the Group could not anticipate their realisation.

The unutilised tax losses and unabsorbed capital allowances of the Group are subject to the agreement with the Inland Revenue Board.

22. REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Revenue comprised the following:				
Sale of goods	52,253,975	52,907,499	-	1,459,559
Services rendered	7,944,141	12,246,264	-	-
Contract revenue	83,133,397	20,374,078	-	-
Dividend income				
- tax-exempt	-	-	-	143,975
- non tax-exempt	-	-	3,066,000	982,050
	143,331,513	85,527,841	3,066,000	2,585,584

notes to the financial statements
- 31 december 2005 (contd.)

23. COST OF SALES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cost of sales comprised the following:				
Cost of inventories sold	43,694,170	41,999,868	-	912,180
Contract costs	70,163,620	16,438,263	-	-
	113,857,790	58,438,131	-	912,180

24. OTHER OPERATING INCOME

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other operating income comprised the following:				
Rental income	564,000	567,900	504,000	504,000
Deposits forfeited	-	149,050	-	-
Interest income	173,421	266,233	31,891	105,449
Administrative charges received	-	-	998,400	464,400
Bad debts recovered	6,700	349,339	-	-
Gain on disposal of quoted investments	-	194,158	-	-
Dividend income	-	2,007	-	-
Others	38,196	102,933	-	-
	782,317	1,631,620	1,534,291	1,073,849

> notes to the financial statements

- 31 december 2005 (contd.)

25. PROFIT FROM OPERATIONS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
This is arrived at after charging/(crediting):				
Auditors' remuneration				
- current	119,919	138,600	24,000	24,000
- underprovision in prior years	-	18,577	-	9,000
Bad debts written off	58,110	4,664	-	-
Depreciation of property, plant and equipment	1,151,796	1,204,857	124,812	120,479
Depreciation of investment property	58,914	-	-	-
Directors' remuneration (Note 26)	1,431,982	1,404,702	515,200	472,980
Provision for doubtful debts	218,708	335,665	-	-
Write back of provision for doubtful debts	(528,369)	(380,736)	-	-
Provision for impairment in value of investments	95,420	-	226,414	223,002
Impairment of property development expenditure	-	149,050	-	-
Property, plant and equipment written off	17,080	143	-	-
Rent of buildings	131,593	145,006	-	-
Staff costs (excluding directors' remuneration)	7,816,663	8,493,330	868,361	737,907
Net foreign exchange (gains)/losses:				
- Realised	(25,182)	(185,198)	-	-
- Unrealised	99,535	-	-	-
Gain on disposal of property, plant and equipment	(21,637)	(10,133)	-	(3,803)
Staff costs include:				
Wages and salaries	6,543,588	7,285,669	595,133	582,133
Social security costs	71,930	72,035	6,331	5,783
Pension costs - defined contribution plans	767,695	821,583	66,001	65,536
Other staff related expenses	433,450	314,043	200,896	84,455
	7,816,663	8,493,330	868,361	737,907

26. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Directors of the Company				
Executive:				
- salaries and other emoluments	629,200	541,280	237,200	188,480
- benefits in kind	7,600	7,600	7,600	7,600
	636,800	548,880	244,800	196,080

notes to the financial statements
- 31 december 2005 (contd.)

26. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Directors of the Company (Contd.)				
Non-executive:				
- salaries and other emoluments	278,000	278,500	278,000	278,500
- fees	-	6,000	-	6,000
	278,000	284,500	278,000	284,500
Other directors				
Executive:				
- salaries and other emoluments	422,434	497,904	-	-
- fees	102,348	81,018	-	-
	524,782	578,922	-	-
Total	1,439,582	1,412,302	522,800	480,580
Analysis excluding benefits in kind:				
Total executive directors' remuneration	1,153,982	1,120,202	237,200	188,480
Total non-executive directors' remuneration	278,000	284,500	278,000	284,500
Total	1,431,982	1,404,702	515,200	472,980

The directors of the Company whose total remuneration during the year fell within the following bands is analysed as follows:

Range of remuneration earned during the financial year

Mohammad Nizar bin Idris	RM50,000 to RM100,000
Dato' Wong Swee Yee	RM600,000 to RM650,000
Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali	< RM50,000
Wong Cheek Lung	RM50,000 to RM100,000
Mohamad Jamil bin Mohd Yusof	< RM50,000
Kong Sin Seng	< RM50,000
Zahedi bin Haji Mohd Zain	RM50,000 to RM100,000

> notes to the financial statements

- 31 december 2005 (contd.)

27. FINANCE COSTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest on:				
- bankers' acceptances	166,406	163,254	-	-
- hire purchase and finance leases	72,012	81,044	-	-
- bank overdrafts	89,789	214,648	672	22,316
- revolving credits	44,912	42,743	-	-
- term loans	454,598	719,497	233,706	436,842
- trust receipts	14,097	10,979	-	-
	841,814	1,232,165	234,378	459,158

28. TAXATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Malaysian taxation based on results for the year:				
- current	3,396,243	1,870,018	861,000	283,211
- (over)/under provision in prior years	(117,299)	249,595	(472,690)	-
	3,278,944	2,119,613	388,310	283,211
Deferred tax (Note 21):				
- relating to origination and reversal of temporary differences	74,614	102,461	-	-
- over provision in prior years	(87,184)	(7,051)	(79,000)	-
	(12,570)	95,410	(79,000)	-
	3,266,374	2,215,023	309,310	283,211

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

28. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to 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
Profit before taxation	12,547,221	9,340,166	2,347,969	353,725
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	3,513,222	2,615,246	657,431	99,043
Effect of different tax rates in other countries	-	4,528	-	-
Income not subject to income tax	(360,280)	(710,347)	-	(40,313)
Expenses not deductible for tax purposes	352,279	393,072	200,395	204,757
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(117,762)	(366,176)	-	-
Deferred tax assets not recognised during the year	83,398	36,156	3,174	19,724
(Over)/under provision of taxation in prior years	(117,299)	249,595	(472,690)	-
Over provision of deferred tax in prior years	(87,184)	(7,051)	(79,000)	-
Tax expense for the year	3,266,374	2,215,023	309,310	283,211
Tax losses are analysed as follows:				
Tax savings recognised during the year arising from:				
utilisation of tax losses brought forward from previous years	73,293	329,772	-	-

Unabsorbed capital allowances are analysed as follows:

	Group	
	2005 RM	2004 RM
Tax savings recognised during the year arising from:		
utilisation of unabsorbed capital allowances brought forward from previous years	44,469	36,404

> notes to the financial statements

- 31 december 2005 (contd.)

29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2005	2004
Basic		
Profit for the year (RM)	9,180,315	7,039,831
Weighted average number of ordinary share in issue	41,451,728	41,451,728
Basic earnings per share (sen)	22.15	16.98

There are no dilutive potential ordinary share in issue as at balance sheet date.

30. DIVIDENDS

	Amount		Net dividends per share	
	2005 RM	2004 RM	2005 Sen	2004 Sen
Final dividend of 4%				
less 28% taxation	-	1,193,810	-	2.88
1st interim dividend of 4%				
less 28% taxation	1,193,810	-	2.88	-
2nd interim dividend of 6%				
less 28% taxation*	1,790,715	-	4.32	-

* This dividend was declared subsequent to balance sheet date and therefore will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2006.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2005 RM	2004 RM
Transactions with subsidiaries		
Administration income receivable	998,400	464,400

notes to the financial statements
- 31 december 2005 (contd.)

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Group	
	2005 RM	2004 RM
Transactions with related parties		
Kawalan Api Engineering Sdn Bhd		
- Contract fee receivable	-	(1,856,415)
- Sales	(5,350,465)	(3,413,037)
- EDP charges	-	(50)
- Amount due from	3,829,526	2,968,515
Fitters (Sabah) Sdn Bhd		
- Sales	(417,498)	(358,394)
- Rental receivables	(4,800)	-
- Amount due from	104,882	21,009
Wai Soon Engineering Sdn Bhd		
- Sales	(6,898)	(3,866)
- Contract fee payable	2,359,442	1,442,235
- Rental receivable	(60,000)	(60,000)
- Amount due (to)/from	(355,788)	161,633

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. There are no practical means available to identify the balances outstanding as at the balance sheet date with respect to the above transactions.

The related party relationships are as follows:

Related party	Relationship
Kawalan Api Engineering Sdn Bhd ("KAE")	Zabidi bin Haji Mohd Zain who is a director and major shareholder of KAE, is a person connected to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali, who is a director of Fitters Holdings Berhad. He is also a person connected to Zahedi bin Haji Mohd Zain, who is an alternate director to Tan Sri Datuk Paduka Dr Hajjah Saleha binti Haji Mohamed Ali.
Fitters (Sabah) Sdn Bhd	Dato' Wong Swee Yee who is a director and major shareholder of Fitters Holdings Berhad, is also a director and major shareholder of Fitters (Sabah) Sdn Bhd.
Wai Soon Engineering Sdn Bhd	Wong Swee Loy who is the brother of Dato' Wong Swee Yee and Wong Swee Seong, both are directors of Fitters Holdings Berhad, is also a director and major shareholder of Wai Soon Engineering Sdn. Bhd. Wong Swee Loy is also the son of Wong Cheek Lung who is a director of Fitters Holdings Berhad.

> notes to the financial statements

- 31 december 2005 (contd.)

32. CAPITAL COMMITMENT

	Group	
	2005 RM	2004 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	14,141,500	15,379,700

Included in the capital commitment is an amount of RM14,000,000 representing the balance of the total consideration of RM30 million payable in respect of a purchase of freehold land as disclosed in Note 34(i).

33. CONTINGENT LIABILITIES

	Company	
	2005 RM	2004 RM
Secured:		
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	240,660	240,660
Unsecured:		
Guarantees given to financial institutions in respect of facilities granted to subsidiaries	41,765,660	41,325,000
Guarantees given to corporations in respect of credit facilities granted to subsidiaries	20,960,000	10,950,000
	62,725,660	52,275,000
	62,966,320	52,515,660

34. SIGNIFICANT EVENTS

- (i) In prior financial year, a subsidiary entered into a Sale and Purchase Agreement to acquire a parcel of freehold land for a cash consideration of RM30,000,000. The land which measures approximately 502 acres, is held under Geran No.5668, Lot 451, Mukim of Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur. The acquisition has not been completed as at the end of the financial year.
- (ii) On 12 January 2004, the Company announced a proposed special issue of 3,401,000 new ordinary shares of RM1 each ("Special Issue Shares") to Bumiputera investors ("Proposed Special Issue"). The Special Issue Shares shall, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company except that they will not be entitled to any dividend that may be declared in respect of financial year ended 31 December 2003 as well as to any rights, allotments and/or any other distributions the entitlement of which is prior to the allotment of the Special Issue Shares.

34. SIGNIFICANT EVENTS (CONTD.)

The Proposed Special Issue is to comply with the Bumiputera equity condition imposed by the Foreign Investment Committee ("FIC") vide its letter dated 17 January 2000 (the "Condition") by 31 December 2000. In this respect, the FIC, vide its letter dated 17 February 2005, has granted an extension of time up to 31 December 2005 for the Company to comply with the Condition.

The FIC subsequently further granted an extension of time of up to 30 June 2007 for the Company to comply with the Condition vide its letter dated 10 March 2006.

- (iii) On 18 May 2005, the Company announced a proposed bonus issue of up to 14,950,999 new ordinary shares of RM1 each on the basis of one bonus share for every three existing ordinary shares of RM1 each held in the Company after the completion of the proposed Special Issue of shares as disclosed above and a proposed renounceable rights issue of up to 29,901,818 warrants at an indicative issue price of RM0.05 per warrant on the basis of one warrant for every two existing ordinary shares of RM1 each held in the Company after the completion of the proposed bonus issue and Proposed Special Issue.
- (iv) During the financial year, a subsidiary entered into a Sale and Purchase Agreement to dispose off a parcel of leasehold land for a cash consideration of RM2,061,297, which measures approximately 75,837 square meters held under HS(D) 3108, PT10573, Mukim Bukit Payung, District of Marang, Terengganu Darul Imam and RM412,259 was received from the purchaser as deposit. The disposal has not been completed as at balance sheet date.
- (v) During the financial year, a subsidiary entered into a Sale and Purchase Agreement to dispose of a parcel of freehold land and building held under GM117 Lot No.2221, Mukim of Batu, District of Kuala Lumpur, Negeri Selangor Darul Ehsan for a cash consideration of RM9,500,000. The disposal which would result in a gain to the Group of RM3,201,296 was completed in January 2006, and will be accounted for in the financial year ending 31 December 2006.

35. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short term commercial papers which yield better returns than cash at bank.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

> notes to the financial statements

- 31 december 2005 (contd.)

35. FINANCIAL INSTRUMENTS (CONTD.)**(c) Foreign exchange risk**

The Group operates internationally and is exposed to various currencies, mainly Singapore Dollar, United States Dollar, Sterling Pound, Australian Dollar and Euro. 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.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group companies	Net financial assets/(liabilities) held in non-functional currency					
	Ringgit Malaysia RM	United States Dollar RM	Australian Dollar RM	Sterling Pound RM	Euro RM	Total RM
At 31 December 2005:						
Ringgit Malaysia	-	800,391	28,869	1,018,120	(21,599)	1,825,781
Singapore Dollar	(644,808)	-	-	-	-	(644,808)
	(644,808)	800,391	28,869	1,018,120	(21,599)	1,180,973
At 31 December 2004:						
Ringgit Malaysia	-	187,387	-	(279,911)	(59,266)	(151,790)
Singapore Dollar	809,391	-	-	-	-	809,391
	809,391	187,387	-	(279,911)	(59,266)	657,601

(d) Liquidity risk

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 or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

35. FINANCIAL INSTRUMENTS (CONTD.)**(f) Fair values**

The net fair values of financial assets which are not carried at fair values on the balance sheet of the Group are presented as follows:

	Group	
	Carrying amount RM	Fair value RM
31 December 2005:		
Non-current investments		
Corporate membership in golf club	140,000	85,500
Quoted loan stocks	130,970	130,970
Quoted shares	533	476
31 December 2004:		
Non-current investments		
Corporate membership in golf club	140,000	85,500
Quoted loan stocks	226,390	148,630
Quoted shares	533	1,478

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, short term borrowings and contingent liabilities approximate their fair values due to the relatively short term nature of these financial statements.

It is not practical to determine the fair value of amounts due from/(to) subsidiaries, unquoted bonds and unquoted preference shares due to principally a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the directors do not anticipate the carrying amounts of amounts due from/(to) subsidiaries, unquoted bonds and unquoted preference shares recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of all other financial assets and liabilities of the Group and of the Company as at 31 December 2005 are not materially different from their carrying values.

36. SEGMENT INFORMATION**(a) Business segments**

The group is organised into three major business segments:

- (i) *Fire and safety products and services*
Manufacturing, trading, installation, supply and repair and maintenance of fire fighting equipment.
- (ii) *Automotive parts and equipment*
Assembly and sale of automotive parts and related products.

> notes to the financial statements

- 31 december 2005 (contd.)

36. SEGMENT INFORMATION (CONTD.)

	Fire and safety products and services RM	Automotive parts and equipment RM	Elimination RM	Consolidated RM
2005				
REVENUE AND EXPENSES				
Revenue				
External sales	142,336,725	994,788	-	143,331,513
Inter-segment sales	-	102,965	(102,965)	-
Total revenue	142,336,725	1,097,753	(102,965)	143,331,513
Results				
Segment results/profit from operations	13,415,126	2,205	(28,296)	13,389,035
Finance costs				(841,814)
Taxation				(3,266,374)
Profit after taxation				9,280,847
Minority interest				(100,532)
Net profit for the year				9,180,315
ASSETS AND LIABILITIES				
Segment assets	137,166,478	4,769,354	(1,026,871)	140,908,961
Segment liabilities	65,354,618	2,432,859	(1,026,871)	66,760,606
OTHER INFORMATION				
Capital expenditure	1,197,227	-	-	1,197,227
Depreciation	1,187,463	23,247	-	1,210,710
Non cash expenses	(77,165)	(2,972)	-	(80,137)

notes to the financial statements
- 31 december 2005 (contd.)

36. SEGMENT INFORMATION (CONTD.)

	Fire and safety products and services RM	Automotive parts and equipment RM	Elimination RM	Consolidated RM
2004				
REVENUE AND EXPENSES				
Revenue				
External sales	84,773,513	754,328	-	85,527,841
Inter-segment sales	-	299,122	(299,122)	-
Total revenue	84,773,513	1,053,450	(299,122)	85,527,841
Results				
Segment results/profit from operations	10,592,444	8,183	(28,296)	10,572,331
Finance costs				(1,232,165)
Taxation				(2,215,023)
Profit after taxation				7,125,143
Minority interest				(85,312)
Net profit for the year				7,039,831
ASSETS AND LIABILITIES				
Segment assets	123,740,569	4,091,922	(1,095,278)	126,737,213
Segment liabilities	58,771,378	1,755,795	(1,095,278)	59,431,895
OTHER INFORMATION				
Capital expenditure	503,996	-	-	503,996
Depreciation	1,157,997	46,860	-	1,204,857
Non cash expenses	127,786	(19,000)	-	108,786

> notes to the financial statements

- 31 december 2005 (contd.)

36. SEGMENT INFORMATION (CONTD.)**(b) Geographical segments**

The Group's operations are mainly in three geographical areas, Malaysia, Singapore and United Kingdom. Details are as follows:

	Malaysia RM	Singapore RM	United Kingdom RM	Consolidated RM
2005				
Total revenue from external customers	133,886,953	4,469,202	4,975,358	143,331,513
Segment assets	138,189,575	1,566,164	1,153,222	140,908,961
Capital expenditure	1,194,096	3,131	-	1,197,227
2004				
Total revenue from external customers	80,691,795	1,628,741	3,207,305	85,527,841
Segment assets	120,995,749	3,109,795	2,631,669	126,737,213
Capital expenditure	503,996	-	-	503,996

> notice of 20th annual general meeting

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of the Company will be held at No. 1 Block C Jalan Dataran SD1, Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on Thursday, 29 June 2006 at 11.30 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

Resolution No.

- | | | |
|----|--|---|
| 1. | To receive the Financial Statements for the year ended 31 December 2005 together with the Directors' and Auditors' Report thereon. | 1 |
| 2. | To re-elect En. Mohammad Nizar Bin Idris who is retiring pursuant to Article 83 of the Company's Articles of Association and being eligible has offered himself for re-election. | 2 |
| 3. | To re-appoint the following Directors who are retiring in accordance with Section 129 (2) of the Companies Act, 1965 :- | |
| | a) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali | 3 |
| | b) Mr. Wong Cheek Lung | 4 |
| 4. | To approve the payment of Directors' fees for the year ended 31 December 2005 | 5 |
| 5. | To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | 6 |

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions :-

a) Proposed Authority to Issue New Shares Pursuant to Section 132D of the Companies Act, 1965

7

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may at their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company at the time of issue, subject always to the approval of all relevant regulatory bodies being obtained for such allotments and issues."

(b) Proposed Renewal of Shareholders' Mandate For Fitters Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ('Proposed Shareholders' Mandate')

"**THAT** pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authority be and is hereby given to the Company and its subsidiaries ("Fitters Group") to enter into any of the category of Recurrent Related Party Transactions of a revenue or trading nature with :

- | | | |
|-----|---|----|
| i | Fitters-MPS Sdn Bhd | 8 |
| ii | Pipefabricators Sdn Bhd... .. | 9 |
| iii | Fitters Fire Technology Sdn Bhd..... | 10 |
| iv | Fitters (Sabah) Sdn Bhd | 11 |
| v | Kawalan Api Engineering Sdn Bhd | 12 |
| vi | Wai Soon Engineering Sdn Bhd | 13 |
| vii | Australian Aerosols (Asia) Pty Ltd..... | 14 |

> notice of 20th annual general meeting

SPECIAL BUSINESS (CONTD.)

as set out in section 2.5 of the Circular to the Shareholders dated 7 June 2006 which shall be considered and approved as separate mandates, provided that:-

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and on such terms that are not to the detriment of the minority shareholders of the Company;
- (b) disclosure is made in the annual report of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate during the financial year;

AND THAT such approval shall take effect from the passing of the ordinary resolution and will continue to be in force (unless revoked or varied by the Company in general meeting) until:-

- (a) the conclusion of the next AGM of the Company in 2007, at which time it will lapse, unless by a resolution passed at that meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to section 143 (2), of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors and the Secretaries of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

ANY OTHER BUSINESS

7. To transact any other ordinary 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
FITTEERS HOLDINGS BERHAD**

**NURULUYUN BINTI ABDUL JABAR (MIA 9113)
KUNG WHOOI NING (MIA 8537)**
Company Secretaries

Kuala Lumpur
7 June 2006

Notes :

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his / her stead.*
2. *A proxy may but need not be a member of the Company and the provision of Section 149(1) (b) of the Act shall not apply to the Company.*
3. *The instrument appointing a proxy must be deposited at the Company's Registered Office No. 1 Block C Jalan Dataran SD1, Dataran SD, PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.*
4. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.*
5. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6. *If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.*

A) Explanatory Note on Resolutions No. 3 & 4 :

The Ordinary Resolutions No. 3 and 4 are in accordance with Section 129 (6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Mr. Wong Cheek Lung and Tan Sri Datuk Paduka Dr. Hajjah Saleha binti Haji Mohamed Ali, who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. These resolutions must be passed by a majority of not less than three fourths of such members of the Company as being entitled to vote in person or, where proxies are allowed, by the proxy, at the Annual General Meeting of the Company.

B) Special Business**1. Explanatory Note on Resolution No. 7:**

The Ordinary Resolution No. 7, 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 10% of the issue capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

2. Explanatory Note on Resolutions No. 8 to 14:

The Ordinary Resolutions No. 8 to 14, if passed will give authority to the Company and its subsidiaries to enter into with specific classes of related parties and to give effect to specified recurrent related party transactions of a revenue or trading nature which are necessary for the Company and its subsidiaries' day-to-day operations. This authority will, unless revoked or varied by the Company in General Meeting will expire at the next Annual General Meeting. The detail explanatory is set out in the Circular to the Shareholders dated 7 June 2006 attached to the Annual Report.

> statement accompanying notice of annual general meeting

1. Directors who are standing for re-election and re-appointment at the 20th Annual General Meeting of the Company are as follows :-

(i) Mohammad Nizar Bin Idris	Resolution 2
(ii) Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	Resolution 3
(iii) Wong Cheek Lung	Resolution 4

The profile and shareholdings of the Directors who are standing for re-election and re-appointment are as follows :-

Name of Director	Director's Profile	Directors' Shareholdings
Mohammad Nizar Bin Idris	Page 10	Page 36
Tan Sri Datuk Paduka Dr. Hajjah Saleha Binti Haji Mohamed Ali	Page 11	Page 36
Wong Cheek Lung	Page 11	Page 36

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2005 are available on page 20 of the Annual Report.
3. Place, date and time of the 20th Annual General Meeting.

Date Of Meeting	Time Of Meeting	Place Of Meeting
29 June 2006	11.30 a.m	No. 1 Block C Jalan Dataran SD1 Dataran SD, PJU 9 Bandar Sri Damansara 52200 Kuala Lumpur



FITTERS

Fitters Holdings Berhad

(Company No : 149735-M)
(Incorporated in Malaysia)

PROXY FORM

I/We _____ NRIC No : _____
(Full name in Capital Letters)

of _____
(Address)

being a member/members of FITTERS HOLDINGS BERHAD hereby appoint _____

_____ NRIC No : _____
(Full Name)

of _____
(Address)

or failing him, _____ NRIC No : _____
(Full Name)

of _____
(Address)

as *my/*our proxy to vote for *me/*us on *my/*our behalf at the Annual General Meeting of FITTERS HOLDINGS BERHAD to be held at No. 1 Block C Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on 29 June 2006 at 11.30 a.m. and at any adjournment thereof.

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows :
(The next paragraph should be completed only when two proxies are appointed).

Number of shares held :

First Proxy (1)%

Second Proxy (2).....%

NO		FOR	AGAINST
1	RESOLUTION 1		
2	RESOLUTION 2		
3 (a)	RESOLUTION 3		
3 (b)	RESOLUTION 4		
4	RESOLUTION 5		
5	RESOLUTION 6		
6 (a)	RESOLUTION 7		

NO		FOR	AGAINST
6 (b)(i)	RESOLUTION 8		
6 (b)(ii)	RESOLUTION 9		
6 (b)(iii)	RESOLUTION 10		
6 (b)(iv)	RESOLUTION 11		
6 (b)(v)	RESOLUTION 12		
6 (b)(vi)	RESOLUTION 13		
6 (b)(vii)	RESOLUTION 14		

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

Dated this _____ day of _____ 2006

(Signature/Common Seal of Shareholder)

(*Delete if not applicable)

Notes :

- 1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy in his/her stead.
- 2) A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
- 3) The instrument appointing a proxy must be deposited at the Company's Registered Office at No. 1 Block C Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur, not less than forty eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- 4) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- 5) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 6) If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or of his attorney duly authorised in writing.

THE COMPANY SECRETARY
Fitters Holdings Berhad (149735-M)
No. 1 Block C Jalan Dataran SD1
Dataran SD, PJU 9
Bandar Sri Damansara
52200 Kuala Lumpur

AFFIX STAMP