8. FINANCIAL INFORMATION

8.1 Profit Record

The table below sets out a summary of the pro-forma audited consolidated results of the MTHB Group for the past five (5) financial years ended 31 December 2002 and the five (5) months ended 31 May 2003, and is provided for illustrative purposes based on the audited financial statements of MTHB and its subsidiary companies (excluding Kiara Emas), prepared on the assumption that the Group had been in existence throughout the period under review:-

	←Year Ended 31 December				→	5 Months Ended 31 May 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Turnover	16,278	20,091	35,806	31,997	24,250	15,731
Profit before interest, depreciation, taxation and amortisation	4,453	5,074	8,702	12,045	13,368	6,820
Interest income	3	-	15	-	-	-
Interest expense	(3,882)	(2,895)	(2,997)	(2,041)	(2,261)	(852)
Depreciation	(3,441)	(3,829)	(3,581)	(3,985)	(3,987)	(1,866)
Amortisation of goodwill	(11)	(11)	(11)	(11)	(11)	(5)
(Loss) / Profit before taxation	(2,878)	(1,661)	2,128	6,008	7,109	4,097
Taxation [a]	-	-	-	-	-	-
(Loss) / Profit after taxation	(2,878)	(1,661)	2,128	6,008	7,109	4,097
Number of Shares in issue during the year ('000)	84,002	84,002	84,002	84,002	84,002	84,002
Gross EPS (RM) [b]	(0.03)	(0.02)	0.03	0.07	0.08	[c] 0.12
Net EPS (RM) [b]	(0.05)	(0.03)	0.04	0.07	0.08	[c] 0.12

***Notes**:-*

The summarised pro-forma consolidated results of the MTHB Group were prepared for illustrative purposes only. MTHB was incorporated on 28 December 2001, hence only the results of MTHB for the period from 28 December 2001 to 31 December 2002 and for the five (5) months ended 31 May 2003 were consolidated with the results of the Stone World Group for the financial year ended 31 December 2002 and the five (5) months ended 31 May 2003 respectively.

There were no consolidated financial statements of the Stone World Group prior to the financial year ended 31 December 2000 as in the opinion of the Board of Directors of Stone World, the financial statements of Stone World's subsidiaries for the financial years ended 31 December 1998 and 1999 did not materially affect the financial statements of the Stone World Group.

The pro-forma consolidated results of the Stone World Group for the two (2) financial years ended 31 December 1998 and 1999, and the consolidated results of the Stone World Group for the three (3) financial years ended 31 December 2000 to 2002 and the five (5) months ended 31 May 2003, were prepared based on the audited financial statements of Stone World and its wholly owned subsidiary, Stone World Marketing Sdn Bhd, for the respective years/period, adjusted for deferred expenditure written off to the income statement as a result of the change in accounting policies in compliance with the Malaysian Accounting Standards Board (MASB) Standard No. 1. In the pro-forma consolidated results and the consolidated results, only the results of Stone World Marketing Sdn Bhd were consolidated with those of Stone World. The financial statements of the other subsidiaries of Stone World were not consolidated as in the opinion of the Board of Directors of Stone World, they did not materially affect the financial statements of the Stone World Group.

There were no minority interests, exceptional or extraordinary items in the financial years / period under review.

a *No provision for taxation had been made due to the utilisation of unabsorbed tax losses and unutilised reinvestment allowances brought forward from previous years.*

b *The gross and net EPS were calculated based on the (loss) / profit before taxation and net (loss) / profit after taxation of the pro-forma MTHB Group for the financial years / period respectively divided by the enlarged number of Shares of MTHB of 84,002,460 Shares before the conversion of the RCULS.*

c *Annualised*

8.2 Key Financial / Operating Ratios

The table below sets out key financial ratios which are provided for illustrative purposes based on the audited financial statements of MTHB and its subsidiary companies (excluding Kiara Emas), prepared on the assumption that the structure of the Group had been in existence throughout the period under review:-

Year Ended 31 December	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	5 Months Ended 31 May 2003 RM'000
Pre-tax profit margin (%)	(17.68)	(8.27)	5.94	18.78	29.32	26.04
Total bank borrowings	32,831	32,450	30,555	28,589	28,062	24,763
Interest expense	3,882	2,895	2,997	2,041	2,261	852
Interest cover (times)	0.26	0.43	1.71	3.94	4.14	5.81

8.3 Analysis and Commentary on Financial Information

(a) Revenue and Profitability

Financial Year Ended 31 December 1998

The turnover of the Stone World Group declined by RM16.73 million or 50.68% to RM16.28 million as compared to the previous year. Retail revenue decreased by RM9.41 million or 46.24% mainly due to extremely poor demand and recession in the property and construction industry. The Stone World Group recorded a decline of RM7.32 million or 57.81% in project sales as most of the large projects were completed in the previous year with most of the profit recognised in the same year. In view of these factors coupled with the increase in finance costs due to higher base lending rates as a result of the financial crisis, the Stone World Group recorded a loss of RM2.88 million for the financial year ended 31 December 1998.

Financial Year Ended 31 December 1999

The Stone World Group's turnover improved as compared to the financial year ended 31 December 1998, registering an increase of RM3.81 million or 23.42% to RM20.09 million. Retail sales recorded a slight increase of RM0.81 million or 7.40% to RM11.74 million as there was not much improvement in both local and foreign markets as the property and construction sectors had yet to recover to their pre-crisis level. Project sales increased significantly by RM3.00 million or 56.21% to RM8.35 million mainly due to significant contribution from the AIA project and the commencement of new projects. Despite the increase in total turnover, the Stone World Group recorded a loss of RM1.66 million due to a provision for foreseeable losses which amounted to RM1.73 million in respect of a project.

Financial Year Ended 31 December 2000

The Stone World Group's turnover improved further to RM35.81 million, or an increase of RM15.72 million or 78.22% over the previous financial year. This was mainly due to the contribution of RM24.29 million from the Kuala Lumpur Sentral Station project. The Stone World Group concentrated on projects as the revenue from projects was larger in terms of sales value as compared to retail sales. For the financial year ended 31 December 2000, the Stone World Group made an additional provision for foreseeable losses amounting to RM0.51 million in respect of a project. In line with the increase in total turnover, the Stone World Group recorded a profit after taxation of RM2.13 million.

Financial Year Ended 31 December 2001

The Stone World Group's turnover declined by RM3.81 million or 10.64% to RM32.00 million over the previous financial year. This was due to the decline in project revenue as most of the projects were completed in the previous year. In the financial year ended 31 December 2001, the Stone World Group had adopted a new marketing strategy whereby the focus was on retail sales, and this proved to be fruitful to the Stone World Group as retail sales increased by RM2.02 million or 17.76% as compared to the last financial year. However, the Stone World Group recorded a significantly higher profit before taxation which is almost three (3) times that of the financial year ended 31 December 2000, improving by RM3.88 million. This was mainly due to a write back of foreseeable losses of RM2.94 million. The sales of raw material at a high profit margin also contributed to the significantly higher profit.

Financial Year Ended 31 December 2002

The Group's turnover declined by RM7.75 million or 24.21% to RM24.25 million over the previous financial year. Consistent with the marketing strategy for the financial year ended 31 December 2001, the focus on retail sales had increased the contribution of retail sales to 70% of the total Group turnover. The decline in turnover was due to the deferment of the implementation of certain projects. Despite the reduction in turnover, the Group recorded a higher profit after tax of RM7.11 million. This was due to the higher margin contribution attributable to retail sales.

Five (5) Months Ended 31 May 2003

The Group recorded proportionately higher turnover and profit for the five (5) months ended 31 May 2003 as compared to the previous year. This was mainly due to the significant contribution from retail sales which made up 66.8% of the Group's turnover. In addition, the project revenue recognised for the five (5) months ended 31 May 2003 was proportionately higher when compared to the previous year, in line with the more advanced stage of completion of the projects.

(b) Segmental Analysis

The Group's revenue can be broken down into the following categories:-

	←Year Ended 31 December				→	5 Months Ended 31 May 2003
	1998	1999	2000	2001	2002	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retail sales						
- Domestic	6,510	6,809	2,160	9,093	15,922	8,655
- Export	4,424	4,934	9,223	4,312	897	1,855
	10,934	11,743	11,383	13,405	16,819	10,510
Project sales						
- Domestic	5,344	8,348	24,423	18,592	7,431	5,221
Total	16,278	20,091	35,806	31,997	24,250	15,731

The Group's turnover comprises retail and project sales of stone to domestic and foreign customers. Its products consist of tiles, slabs, kitchen and vanity tops and other value-added items made from dimensional stones such as marble, granite, travertine and limestone. Retail sales involve only the supply of dimension stone products, whereas project sales include the installation of the dimension stone products as well. Turnover from project sales was derived from domestic projects.

In the financial year ended 31 December 2000, retail sales to domestic customers decreased substantially as compared to the previous year but this reduction was offset by the significant increase in sales to foreign customers. This was mainly due to the increase in the supply of low and medium cost houses in the domestic market as demand continued to be focused on units priced at RM200,000 and below, whilst the demand for high-end houses declined. Project sales registered a significant increase of RM16.1 million or 192.6% mainly due to the contribution of the Kuala Lumpur Sentral Station project. For the financial year ended 31 December 2000, the Group concentrated on projects as the revenue from projects was larger in terms of sales value as compared to retail sales.

In the financial year ended 31 December 2001, the Group had adopted a new marketing strategy whereby the focus was on retail sales to local customers, and this proved to be fruitful to the Group as the contribution of retail sales to the Group's turnover increased as compared to the previous year. The significant increase in domestic retail sales from RM2.16 million to RM9.09 million, which constituted an increase of 321%, was mainly derived from the completion of the project for Club de Vegas. However, a decline in export retail sales was recorded as most of the projects had been completed in the previous year. In respect of project sales, the Group continued to secure new contracts such as Berjaya Times Square and the Commuter Rail Station at the Main Terminal Building of the Kuala Lumpur International Airport, although project revenue declined by RM5.8 million or 23.9% from the previous year.

Retail sales increased from RM13.40 million to RM16.82 million for the financial year ended 31 December 2002. This was consistent with the Group's strategy to focus on retail sales to local customers, which had substantially increased the contribution of retail sales to 70% of the total Group turnover for the financial year ended 31 December 2002. However, there was a marked decrease in the contribution of project revenue due to the deferment of the implementation of certain projects.

(c) **Trade Receivables and Ageing Analysis**

Based on the audited consolidated balance sheet of the Stone World Group as at 31 May 2003, the total trade receivables amounted to RM18.16 million. The credit period extended to the customers of the Stone World Group is six (6) months. The ageing analysis for the trade receivables is as follows:-

Ageing (Days)	0 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	> 180	Total
Amount (RM'000)	12,329	794	448	541	3,808	238	-	18,158
%	67.90	4.37	2.47	2.98	20.97	1.31	-	100.00

As at 31 May 2003, there were no trade receivables which exceeded the credit period of six (6) months.

(d) **Impact of Interest Expense on Operating Profits**

The impact of interest expense on the operating profits of the Group for the five (5) financial years ended 31 December 2002 and the five (5) months ended 31 May 2003 is as follows:-

	←——— Year Ended 31 December				———→	5 Months Ended 31 May 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Profit before interest and taxation	1,004	1,234	5,125	8,049	9,370	4,949
Less: Interest expense	(3,882)	(2,895)	(2,997)	(2,041)	(2,261)	(852)
(Loss)/Profit before taxation	(2,878)	(1,661)	2,128	6,008	7,109	4,097
Interest coverage ratio (times)	0.26	0.43	1.71	3.94	4.14	5.81

The interest coverage ratio for the period under review improved from 0.26 times to 5.81 times. The term loan interest rates of Stone World for the period under review ranged from 7.5% to 13.8% in line with the prevailing market interest rates.

8.4 Directors' Declaration on Financial Performance

Save as disclosed in Section 4 "Risk Factors" and Section 8 "Financial Information" of this Prospectus, the directors of MTHB are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

(a) Known trends, demands, commitments, events or uncertainties that have had, or that MTHB reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;

(b) Material capital expenditure commitments;

(c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and

(d) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

8.5 Working Capital, Borrowings, Contingent Liabilities and Material Capital Commitments

(a) Working Capital

The directors of the Company are of the opinion that after taking into consideration the cash flow position of the Group (excluding Kiara Emas) including the proceeds of the Special Issue and the Restricted Issue and banking facilities available, the Group will have adequate working capital to meet its requirements for the next twelve (12) months from the date of issue of this Prospectus.

(b) Borrowings

As at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the total borrowings of the Group (excluding Kiara Emas) amounted to approximately RM25.279 million, comprising the following:-

Interest-Bearing Borrowings	Repayable within 12 Months RM'000	Repayable after 12 Months RM'000
Hire purchase payables	82	177
Bank borrowings	16,020	9,000

The Group's bank borrowings are secured by the following:-

(i) A first and second legal charge over Stone World's leasehold land and factory buildings;

(ii) A first and second fixed and floating charge over Stone World's assets; and

(iii) A personal guarantee by a director of Stone World.

The directors of the Company confirm that the Group (excluding Kiara Emas) has not defaulted on payments of either interest and/or principal sums in respect of any outstanding borrowings throughout the financial year ended 31 December 2002 and the period ended 14 August 2003, being the latest practicable date prior to the printing of this Prospectus.

Save as disclosed above, the Group (excluding Kiara Emas) does not have any other capital outstanding or loan capital created but unissued or mortgages or charges outstanding on 14 August 2003.

(c) Contingent Liabilities

The contingent liabilities pertaining to Kiara Emas, as disclosed below, will not be assumed by the MTHB Group as the contingent liabilities of Kiara Emas will be fully settled pursuant to the Creditors' Scheme.

MTHB Group (excluding Kiara Emas)

Save as disclosed below, as at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of MTHB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position or business of the MTHB Group:-

Name of Company	Amount (RM)	Description
Stone World	48,554	Bank guarantee in favour of THG Construction Sdn Bhd for a performance bond.
Stone World	19,325	Bank guarantee in favour of Ketua Kanan Telekom Malaysia Berhad being telephone deposit.
Stone World	20,000	Bank guarantee in favour of Tenaga Nasional Berhad being guarantee of payment.
Stone World	100,000	Bank guarantee in favour of Ketua Pengarah Kastam Malaysia being guarantee for security of revenue in matters of safekeeping/moving/transferring duty goods as well as payment of customs tax, excise duty, sales tax, service tax, fines and any other claims which are required to be paid.
Stone World	115,085	Bank guarantee in favour of Ireka Engineering & Construction Sdn Bhd for supply and installation of granite works.
Stone World	220,000	Bank guarantee in favour of Tenaga Nasional Berhad being guarantee of payment.
Stone World	232,500	Bank guarantee (Amendment No. 001) in favour of EKD Construction Sdn Bhd for performance and completion of works as stated in Sub-Contract.
Stone World	515,886	Bank guarantee in favour of LKH Trading Sdn Bhd for supply and delivery of granite floor and wall tiles for the Berjaya Star City Mixed Development Project at Lots 145 and 339, Section 52, Jalan Imbi, Kuala Lumpur
Total	1,271,350	

***Note*:-**

The above-mentioned bank guarantees are necessary to facilitate the ordinary course of business of the Stone World Group.

Kiara Emas

Save as disclosed below, as at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of Kiara Emas are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of Kiara Emas:-

Name of Company	Amount (RM)	Description
Kiara Emas	8,000,000	Letter of Guarantee and Indemnity dated 15 May 1997 in favour of AmMerchant Bank as security for the Revolving Credit Facility granted to Hup Lee Coachbuilders Holdings Sdn Bhd (**"HLCHSB"**).
Kiara Emas	12,000,000	Letter of Guarantee and Indemnity dated 19 March 1998 in favour of AmMerchant Bank as security for the Domestic Recourse Factoring/Invoice Discounting Facility granted to HLCHSB.
Kiara Emas	9,000,000	Letter of Guarantee dated 14 February 1997 in favour of HLBB as security for the banking facilities granted to HLCHSB.
Kiara Emas	12,000,000	Letter of Guarantee dated 14 February 1997 given to HLBB as security for the banking facilities granted to Hup Lee Coachbuilders Sdn Bhd (**"HLCSB"**).
Kiara Emas	22,000,000	Letter of Guarantee dated 27 March 1998 given to HLBB in respect of banking facilities granted to HLCSB.
Kiara Emas	11,500,000	Corporate Guarantee dated 23 May 1997 in favour of Malayan Banking Berhad as security for the banking facilities granted to HLCSB.
Kiara Emas	14,000,000	Letter of Guarantee dated 20 October 1997 in favour of Public Bank Berhad as security for the banking facilities granted to HLCSB.
Total	88,500,000	**

Note:-

** *This amount will be fully settled pursuant to the Creditors' Scheme.*

The current directors of Kiara Emas do not have any personal knowledge of the events and transactions prior to their appointments, which have given rise to contingent liabilities affecting Kiara Emas and its former subsidiaries. As a consequence of the discovery of significant discrepancies in the accounting and other records of Kiara Emas and its former subsidiaries, which are also incomplete, the directors of Kiara Emas are unable to confirm, save as disclosed above and in Section 11.7 "Material Litigation and Contingent Liabilites", that all contingent liabilities have been disclosed and further that any such disclosure is accurate and complete.

On 22 April 2002, Kiara Emas and two (2) of its former subsidiaries, HLCSB and HLCHSB, had obtained restraining orders pursuant to Section 176 of the Companies Act, 1965 from the High Court of Malaya at Seremban for a period of six (6) months from 22 April 2002. On 10 October 2002 and 15 July 2003 respectively, the Court had granted two (2) extensions of the said restraining orders until 22 July 2004. During this period, no proceedings and no execution or other legal process may be commenced or continued with, and no distress may be levied against Kiara Emas, except by leave of the Court.

The above-mentioned contingent liabilities will be addressed through the Creditors' Scheme. Pursuant to the Creditors' Scheme, all corporate guarantees given by Kiara Emas for the benefit of its former subsidiaries shall be discharged and released upon the issuance of the RCULS to the Scheme Creditors and the payment of the accrued interest to the Bank Creditors.

(d) **Material Capital Commitments**

MTHB Group (excluding Kiara Emas)

As at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of MTHB are not aware of any capital commitments incurred or known to be incurred by the MTHB Group which may have a material impact on the financial position or business of the MTHB Group.

Kiara Emas

As at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of Kiara Emas are not aware of any capital commitments incurred or known to be incurred by Kiara Emas which may have a material impact on the financial position of Kiara Emas.

8.6 Directors' Commentary on Achievability of Profit Forecast

For the financial year ending 31 December 2003, the Stone World Group expects to achieve revenue of approximately RM40.504 million, with 48% from retail sales and the balance from project sales. This represents an increase in total turnover of 67% as compared to the audited results of the financial year ended 31 December 2002, mainly from expected substantial orders from tie-ups with developers of bungalow projects and residential properties to supply stoneworks for the construction of the properties.

The Acquisition was completed on 15 August 2003 pursuant to the terms of the conditional Sale and Purchase Agreement dated 17 January 2002. For the purpose of the consolidated profit forecasts of the MTHB Group and the Stone World Group for the financial year ending 31 December 2003, it is assumed that the Acquisition and the Mandatory Offer are simultaneously completed on 31 August 2003, as the Board is of the opinion that the financial effects of the timing differences arising from the completion of the Mandatory Offer are immaterial. Hence, the results of the Stone World Group have been consolidated with the results of MTHB from 1 September 2003 onwards, with four (4) months of the forecast results of the Stone World Group included in the MTHB Group for the financial year ending 31 December 2003.

The Board confirms that the profit forecasts of the MTHB Group and the Stone World Group for the financial year ending 31 December 2003 and the underlying bases and assumptions stated therein have been reviewed by the directors after due and careful enquiry, and that the directors, having taken into account the future prospects of the industry, the future plans of the MTHB Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecasts of the MTHB Group and the Stone World Group are achievable and that the underlying bases and assumptions are reasonable.

8.7 Consolidated Profit Forecasts of the MTHB Group and the Stone World Group for the Financial Year Ending 31 December 2003 together with the Principal Bases and Assumptions Thereto and the Reporting Accountants' Letter Thereon
(Prepared for inclusion in this Prospectus)

AnuarulAzizanChew

Anuarul Azizan Chew & Co (AF 0791)
Chartered Accountants

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25 August 2003

The Board of Directors
Major Team Holdings Berhad
2nd Floor, Union Commercial Centre
433 Jalan Temiang
70200 Seremban
Negeri Sembilan

Dear Sirs,

MAJOR TEAM HOLDINGS BERHAD ("MTHB")

CONSOLIDATED PROFIT FORECAST AFTER TAXATION FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003

We have reviewed the consolidated profit forecast of MTHB and its subsidiary companies ("Stone World Group") (Collectively known as "MTHB Group") for the year ending 31 December 2003 as set out in the accompanying appendix in accordance with the standard applicable to the review of forecasts. The forecast has been prepared for inclusion in the Prospectus dated 28 August 2003, in connection with the special issue of 13,000,000 new ordinary shares ("SI Share") of RM1.00 each at an issue price of RM1.00 per SI Share and restricted issue of 7,999,999 new ordinary shares ("RI Shares") at an issue price of RM1.00 per RI Share and the listing of and quotation for the entire issued and paid-up share capital of MTHB on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 December 2002. The Directors of the Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecasts, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which the management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

(i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying appendix, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and

(ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 December 2002.

Yours faithfully,

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

TEE GUAN PIAN
Approved Number: 1886/05/04 (J/PH)
Partner of Firm

MTHB GROUP

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003

Barring unforeseen circumstances and on the bases and assumptions set out below, the Board of Directors of the respective companies in the MTHB Group forecasts that the consolidated loss after taxation and the net EPS of the MTHB Group for the financial year ending 31 December 2003 after incorporating the effects of the Proposals are as follows:-

Profit Forecast of the MTHB Group	**Forecast 2003 RM'000**
Turnover	13,501
Consolidated profit before taxation and minority interest	506
Less: Taxation	(744)
Consolidated loss after taxation but before minority interest	(238) [a]
Less: Minority interest	-
Consolidated loss after taxation and minority interest	(238) [a]
Assuming No Conversion of RCULS	
No. of ordinary shares in issue ('000 Shares)	84,002 [b]
Basic loss per share (sen)	(0.28) [b]
Price earning multiple (times)	-
Assuming Full Conversion of RCULS	
No. of ordinary shares in issue ('000 Shares)	102,002 [c]
Diluted loss per share (sen)	(0.23) [c]
Price earning multiple (times)	-

Notes:

a *The consolidated loss after taxation for the financial year ending 31 December 2003 is based on the assumption that the Acquisition and the Mandatory Offer are simultaneously completed on 31 August 2003 as the Directors are of the opinion that the financial effects of the timing differences arising from the completion of the Mandatory Offer are immaterial. Therefore, the results of the Stone World Group have been consolidated with the results of the MTHB Group from 1 September 2003 onwards, that is with four (4) months of the profit forecast results of the Stone World Group included in the MTHB Group for the financial year ending 31 December 2003.*

b *The basic loss per share for the financial year ending 31 December 2003 has been calculated based on the consolidated loss after taxation and minority interest divided by the enlarged number of Shares of MTHB 84,002,460 Shares)* ***before*** *the conversion of the RCULS.*

c *The diluted loss per share for the financial year ending 31 December 2003 has been calculated based on the consolidated loss after taxation and minority interest divided by the enlarged number of Shares of MTHB of 102,002,460 Shares* ***after*** *the full conversion of the RCULS.*

STONE WORLD GROUP

The consolidated profit forecast of the Stone World Group for the financial year ending 31 December 2003 is set out below : -

	Profit Forecast 2003 RM'000
Turnover	40,504
Consolidated profit before taxation and minority interest	10,105
Less: Taxation	(2,233)
Consolidated profit after taxation but before minority interest	7,872
Less: Minority interest	-
Consolidated profit after taxation and minority interest	7,872
Weighted average number of ordinary shares of RM1.00 each in issue during the year ('000 Shares)	55,214
EPS (sen)	14.26

Note: For the financial year ending 31 December 2003, four (4) months results of the Stone World Group are included in the results of the MTHB Group as the Acquisition and the Mandatory Offer are assumed to be simultaneously completed on 31 August 2003.

Principal Bases and Assumptions

The principal bases and assumptions upon which the consolidated profit forecasts have been prepared, which are deemed to be reasonable, are set out below. Nevertheless, because of the subjective judgements and inherent uncertainties, certain assumptions, including interest and exchange rates, may differ significantly should the Malaysian and regional economic, political or market conditions change significantly from the date of this profit forecast.

1) There will be no significant changes in the principal activities, management structure, accounting and business policies adopted by the MTHB Group and the Stone World Group.

2) There will be no significant changes to the prevailing economic, political and market conditions in Malaysia and elsewhere that will have direct or indirect effects on the MTHB Group and the Stone World Group.

3) The recovery of the Malaysian economy will continue and this will have positive impact on the activities and performance of the MTHB Group and the Stone World Group. No material setback in the growth of the Malaysian economy which will adversely affect the operations of the MTHB Group and the Stone World Group.

4) There will be no material changes to present legislation or Government regulations, rates and bases of duties, levies and taxes which will adversely affect the MTHB Group's and the Stone World Group's activities or the markets in which it operates.

5) There will be no major industrial disputes or any abnormal circumstances which will adversely affect the MTHB Group's and the Stone World Group's operations, at the forecasted sales level or disrupt its planned operations, supplies or its customers.

6) Inflation rates, interest rates and exchange rates, including the pegged exchange rate of RM3.80 to USD1.00 will not change or fluctuate significantly from their present levels.

7) Existing financial facilities will remain available with no significant changes in their interest rates.

8) There will be no acquisition or disposal of property, plant and equipment and investments.

9) The sales and related costs forecasted were based on the forecast of the directors after taking into consideration the present market conditions of selling prices and related costs of the MTHB Group and the Stone World Group.

10) The sales and profit margin of the MTHB Group and the Stone World Group will be in line with forecasted levels of activities and will not vary significantly from the forecast.

Principal Bases and Assumptions (cont'd)

11) The forecasted sales volume and value will not be adversely affected by unforeseen or abnormal factors or extraordinary items.

12) Production will not be adversely affected by any abnormal circumstances or events.

13) There will be no major breakdown or disruption in the manufacturing facilities nor will there be any disruption of the sourcing of materials by the MTHB Group and the Stone World Group.

14) There will be no material fluctuation in manufacturing costs (including labour, cost of materials and other production overheads).

15) There will be no unexpected problems that may affect the MTHB Group's and the Stone World Group's various manufacturing schedules.

16) There will be no material changes in capital and revenue cost items including wages, material and other costs that will adversely affect the performance of the MTHB Group and the Stone World Group.

17) Where applicable, the forecasts are prepared on the assumption of the terms and conditions of the existing contracts and agreements.

18) There will be no material liabilities arising from unresolved litigation, if any, that will adversely affect the performance of the MTHB Group and the Stone World Group.

19) The tax liabilities will be at the prevailing tax rate and all unabsorbed losses, reinvestment allowance and capital allowances will be agreed and approved by the Inland Revenue Board.

8.8 Pro-forma Consolidated Balance Sheets of the MTHB Group as at 31 May 2003 together with the Reporting Accountants' Letter Thereon
(Prepared for inclusion in this Prospectus)

AnuarulAzizanChew

Anuarul Azizan Chew & Co (AF 0791)
Chartered Accountants

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25 August 2003

The Board of Directors
Major Team Holdings Berhad
2nd Floor, Union Commercial Centre
433 Jalan Temiang
70200 Seremban
Negeri Sembilan

Dear Sirs,

MAJOR TEAM HOLDINGS BERHAD ("MTHB")

PROFORMA CONSOLIDATED BALANCE SHEETS

We have reviewed the presentation of the proforma consolidated balance sheets of MTHB and its subsidiary companies ("Stone World Group") (Collectively known as "MTHB Group" or "the Group") as at 31 May 2003, together with the notes thereon, for which the directors of the respective companies are collectively and individually responsible. The proforma consolidated balance sheets have been prepared for inclusion in the Prospectus dated 28 August 2003, in connection with the special issue of 13,000,000 new ordinary shares ("SI Share") of RM1.00 each at an issue price of RM1.00 per SI Share and restricted issue of 7,999,999 new ordinary shares ("RI Shares") at an issue price of RM1.00 per RI Share and the listing of and quotation for the entire issued and paid-up share capital of MTHB on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE")

In our opinion, the proforma consolidated balance sheets and the accompanying notes which have been prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheets, and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully,

ANUARUL AZIZAN CHEW & CO	**TEE GUAN PIAN**
Firm Number: AF 0791	Approved Number: 1886/05/04 (J/PH)
Chartered Accountants	Partner of Firm

MTHB Group
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2003

The proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the consolidated net tangible assets ("NTA") of MTHB and also based on the assumptions that the following events had been effected on that date.

	Proforma I Existing	Proforma II After I and Shareholders' Scheme	Proforma III After II and Creditors' Scheme	Proforma IV After III and Acquisition	Proforma V After IV and Special issue	Proforma VI After V and Restricted Issue	Proforma VII After VI and Mandatory Offer	Proforma VIII After VII and Full Conversion of RCULS
	RM	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS EMPLOYED								
PROPERTY, PLANT AND EQUIPMENT	-	-	-	54,823	54,823	54,823	54,823	54,823
INVESTMENT IN SUBSIDIARY COMPANIES	-	-	-	53	53	53	53	53
GOODWILL ON CONSOLIDATION	-	6,796	6,796	6,796	6,796	6,796	6,796	6,796
CURRENT ASSETS								
Inventories	-	-	-	31,079	31,079	31,079	31,079	31,079
Trade Receivables	-	-	-	18,158	18,158	18,158	18,158	18,158
Amount owing by customers on contracts	-	-	-	1,395	1,395	1,395	1,395	1,395
Other receivables, deposits and prepayment	-	-	-	1,972	1,972	1,972	1,972	1,972
Amount owing by related companies	-	-	-	68	68	68	68	68
Cash and bank balances	2	-	-	75	13,075	21,075	14,279	14,279
	2	-	-	52,747	65,747	73,747	66,951	66,951
LESS: CURRENT LIABILITIES								
Trade payables	-	-	-	4,250	4,250	4,250	4,250	4,250
Amount owing to customers on contracts	-	-	-	1,600	1,600	1,600	1,600	1,600
Other payables and accruals	16,649	6,813	6,813	12,424	12,424	12,424	5,628	5,628
Amount owing to a director	-	-	-	50	50	50	50	50
Hire purchase payables	-	-	-	55	55	55	55	55
Bank Borrowings	-	-	-	15,569	15,569	15,569	15,569	15,569
	16,649	6,813	6,813	33,948	33,948	33,948	27,152	27,152
NET CURRENT (LIABILITIES)/ASSETS	(16,647)	(6,813)	(6,813)	18,799	31,799	39,799	39,799	39,799
	(16,647)	(17)	(17)	80,471	93,471	101,471	101,471	101,471
FINANCED BY								
SHARE CAPITAL	2	8,000	8,000	58,000	71,000	79,000	84,002	102,002
RESERVE ON CONSOLIDATION	-	-	-	14,862	14,862	14,862	16,346	16,346
ACCUMULATED LOSSES	(16,649)	(8,017)	(26,017)	(26,017)	(26,017)	(26,017)	(26,017)	(26,017)
	(16,647)	(17)	(18,017)	46,845	59,845	67,845	74,331	92,331
RCULS	-	-	18,000	18,000	18,000	18,000	18,000	-
Minority interest	-	-	-	6,486	6,486	6,486	-	-
Hire purchase payables	-	-	-	140	140	140	140	140
Bank borrowings	-	-	-	9,000	9,000	9,000	9,000	9,000
	(16,647)	(17)	(17)	80,471	93,471	101,471	101,471	101,471
NTA per share (RM)	(8,323.50)	(0.85)	(0.85)	0.69	0.75	0.77	0.80	0.84
Total borrowings	-	-	18,000	42,764	42,764	42,764	42,764	24,764
Gearing ratio (times)	-	-	(1.00)	0.91	0.71	0.63	0.58	0.27

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NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF THE MTHB GROUP

Basis of Preparation and Consolidation

1. The proforma consolidated balance sheets have been prepared using the acquisition method of accounting.

2. The proforma consolidated balance sheets are prepared for illustrative purposes only and are based on the combined balance sheets of the respective companies in the MTHB Group as at 31 May 2003 and also on the assumptions that the following transactions have been effected on that date.

3. The proforma consolidated balance sheets have been prepared on basis and accounting principles consistent with those previously adopted by the Stone World Group in the preparation of audited financial statements.

4. Pursuant to the Restructuring Scheme, MTHB will acquire the entire issued and paid up share capital of Kiara Emas Asia Industries Berhad ("Kiara Emas"). The proforma consolidated balance sheets have been prepared without including Kiara Emas as the company will eventually be disposed of or liquidated after the completion of the restructuring exercise. The non-consolidation of the financial statements of Kiara Emas is in compliance with MASB 11.

5. MTHB was incorporated on 28 December 2001 as private limited company.

Proforma I

Incorporation of new holding company namely MTHB (previously known as Major Team Holdings Sdn. Bhd.) to facilitate the restructuring of Kiara Emas.

Proforma II

Proforma II incorporates the Shareholders' Scheme of Kiara Emas whereby, Kiara Emas had entered into a scheme of arrangement with its shareholders and MTHB under Section 176 of the Companies Act, 1965. The shareholders of Kiara Emas will exchange five (5) ordinary shares of RM1.00 each in Kiara Emas for one (1) new ordinary share of RM1.00 each to be issued by MTHB. Upon the completion of the Shareholders' Scheme, the shareholders of Kiara Emas will receive 7,999,999 new ordinary shares of RM1.00 each in MTHB in exchange for the 39,999,999 ordinary shares of RM1.00 each in Kiara Emas previously held by them.

Proforma III

Proforma III incorporates the Creditors' Scheme whereby on 22 April 2002, Kiara Emas and two (2) of its subsidiaries, HLCSB and HLCHSB, had obtained restraining orders pursuant to Section 176 of the Companies Act, 1965 from the High Court of Malaya at Seremban for a period of six (6) months from 22 April 2002. On 10 October 2002, the High Court of Malaya at Seremban had granted an extension of the aforementioned restraining orders for a period of nine (9) months from 22 October 2002 to 22 July 2003. The High Court of Malaya at Seremban had on 15 July 2003 granted a further extension of the restraining orders for a period of twelve (12) months from 23 July 2003 to 22 July 2004.

Kiara Emas had entered into a scheme of arrangement with its Scheme Creditors and MTHB under Section 176 of the Companies Act, 1965. The Scheme Creditors comprise:-

(a) HLBB, Malayan Banking Berhad, AmMerchant Bank and Public Bank Berhad (collectively "Bank Creditors"); and

(b) The other creditors of Kiara Emas, classified as "Other Creditors and Accruals" in the annual report of Kiara Emas for the financial year ended 31 March 2001 ("Other Creditors").

The terms of the Creditors' Scheme are as follows:-

(a) Bank Creditors

   (i) The claims of the Bank Creditors will be determined on the basis of a cut-off date of 31 March 2001, being the date of the latest audited financial statements of Kiara Emas at the time of the announcement of the Proposals;

   (ii) The total amount owing to Bank Creditors as at 31 March 2001, net of assets charged, shall be settled in the following manner:-

      (A) 70% shall be waived; and

      (B) 30% shall be settled by the issuance of 2% 5-year RCULS by MTHB, on the basis of RM1.00 nominal value of RCULS for every RM1.00 of debt.

   (iii) 50% of the interest accruing on the total amount owing to the Bank Creditors as at 31 March 2001, for the period commencing on 1 April 2001 and ending on the date of issuance of the RCULS, inclusive of both dates, shall be payable by Kiara Emas in cash on the date of the issuance of the RCULS. The remaining 50% of the interest shall be waived; and

   (iv) All corporate guarantees given by Kiara Emas for the benefit of its subsidiaries shall be discharged and released upon the issuance of the RCULS and the payment of the accrued interest.

(b) Other Creditors

(i) The claims of the Other Creditors will be determined on the basis of a cut-off date of 31 March 2001, being the date of the latest audited financial statements of Kiara Emas at the time of the announcement of the Proposals;

(ii) The total amount owing to the Other Creditors as at 31 March 2001 shall be settled in the following manner:-

(A) 70% shall be waived; and

(B) 30% shall be settled by the issuance of 2% 5-year RCULS by MTHB, on the basis of RM1.00 nominal value of RCULS for every RM1.00 of debt.

(iii) The total amount owing to the Other Creditors as at 31 March 2001 is non-interest bearing. Other Creditors incurred after 31 March 2001 which are not included as part of the Creditors' Scheme will be paid in cash in the normal course of events.

(c) The RCULS shall not be rated by any rating agency, as they are to be issued pursuant to a debt conversion and do not constitute an offer or invitation to subscribe for or purchase the RCULS for the purpose of raising fresh proceeds.

(d) Upon the implementation of the Creditors' Scheme, all claims by the Scheme Creditors shall be deemed to have been fully satisfied and the Scheme Creditors shall have no further claims against Kiara Emas.

Proforma IV

Proforma IV incorporates the acquisition of Stone World. On 17 January 2002, Kiara Emas, Excellent Avenue and MTHB had entered into a conditional Sale and Purchase Agreement for the acquisition by MTHB of 90.91% of the issued and paid-up capital of Stone World comprising 50,192,602 ordinary shares of RM1.00 each from Excellent Avenue for a total consideration of RM50,000,000 to be satisfied by the issuance of 50,000,000 new ordinary shares of RM1.00 each in MTHB at an issue price of RM1.00 per share.

Proforma V

Proforma V incorporates the Special Issue of 13,000,000 new ordinary shares of RM1.00 each ("SI Shares"), for placement to selected Bumiputra/non-Bumiputra investors at an issue price of RM1.00 per SI Share.

The gross proceeds of the Special Issue and Restricted Issue amounting to RM20,999,999 shall be utilised to settle 50% of the accrued interest on the total amount owing to the Bank Creditors as at 31 March 2001, for the period commencing on 1 April 2001 and ending on the date of issuance of the RCULS (both dates inclusive) pursuant to the terms of the Creditors' Scheme and for working capital purposes of Stone World.

Proforma VI

Proforma VI incorporates the renounceable Restricted Issue of 7,999,999 new ordinary shares of RM1.00 each ("RI Shares") to the existing shareholders of Kiara Emas, on the basis of one (1) RI Share for each share held upon the completion of the Shareholders' Scheme, at an issue price of RM1.00 per RI Share.

The gross proceeds of the Special Issue and the Restricted Issue amounting to RM20,999,999 shall be utilised to settle 50% of the accrued interest on the total amount owing to the Bank Creditors as at 31 March 2001, for the period commencing on 1 April 2001 and ending on the date of issuance of the RCULS (both dates inclusive) pursuant to the terms of the Creditors' Scheme and for working capital purposes of Stone World.

Proforma VII

Proforma VII incorporates the Mandatory Offer.

As the shareholding of MTHB in Stone World exceeds 33% of Stone World's issued and paid-up capital following the completion of the Acquisition, MTHB is obliged to extend an unconditional mandatory offer to the two (2) remaining shareholders of Stone World, namely Mr. Teo Yong Sai and Mr. Wong Thiam Loy, to acquire from them the remaining 5,021,541 Shares in Stone World not already owned by MTHB **("Offer Shares").** The offer letter in respect of the Mandatory Offer will be dispatched to the offeree shareholders of Stone World within fourteen (14) days after 15 August 2003, being the completion date of the Acquisition.

On 7 July 2003, the SC had approved MTHB's application for an exemption from Section 9 of the Code, which requires the provision of a cash consideration in respect of the Mandatory Offer, on the basis that the offeree shareholders of Stone World had given written irrevocable undertakings that they would only accept a share consideration for the Mandatory Offer.

In view of the above, the consideration for the Mandatory Offer shall be satisfied through the issuance of new Shares in MTHB at an issue price of RM1.00 per Share on the basis of 0.9962 new MTHB Shares for each Offer Share. The price payable for each Offer Share, being RM0.9962, is similar to the price paid for Stone World Shares under the Acquisition. The consideration payable to each offeree shareholder of Stone World shall be rounded up to the nearest whole number of MTHB Shares.

Proforma VIII

Proforma VIII incorporates the full conversion of RCULS to paid-up share capital at a conversion ratio of RM1.00 nominal value of RCULS for one (1) new ordinary share of RM1.00 each in MTHB.