



Hip-Hop Street - a themed retail space located on the 5th floor of Berjaya Times Square.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Matrix International Berhad ("Matrix") for the financial year ended 30 April 2006.

FINANCIAL RESULTS

For the financial year ended 30 April 2006, the Group's revenue grew 78.6% to RM390.1 million from RM218.4 million in the previous year, while pre-tax loss reduced by 49.3% to RM3.6 million from RM7.1 million in the previous year.

The strong growth in revenue and lower pre-tax loss were attributed to the resumption of property sales at Berjaya Times Square Sdn Bhd ("BTSSB") upon completion of the tenant mix rationalisation exercise and the consolidation of the full 12 months' results of BTSSB in this financial year as compared to the previous financial year where the Group consolidated only 4 months' results of BTSSB.

In addition, gaming subsidiary, Natural Avenue Sdn Bhd ("NASB") recorded a revenue growth of 7% from higher sales attained as well as having an additional draw in the financial year reviewed. The higher increase of 25% in NASB's pre-tax profit was mainly attributed to a lower prize payout.

DIVIDENDS

The Board does not recommend the payment of dividends for the financial year ended 30 April 2006 (2005:3%).





Kenny Rogers Roasters' menu promotes a healthy eating lifestyle.



Spread over 380,000 sq. ft., Cosmo's World Theme Park is said to be the largest indoor, all weather, all ages, entertainment destination in the region.

CORPORATE DEVELOPMENTS

There were no significant corporate developments in the Company during the year under review.

REVIEW OF OPERATIONS

Property Investment and Development Division

Berjaya Times Square ("BTS") is Malaysia's largest inner-city shopping-cum-leisure mall. Opened almost 3 years ago, it has gone through robust improvements and a milestone of experiences.

Occupying a built-up area of almost 7.5 million square feet on a 10-acre piece of land, the complex comprises a 12-level shopping mall and two towers of 46 storeys each of service suites, making it an architectural masterpiece in its own right.

The shopping mall area which measures approximately 3.5 million square feet houses a departmental store, 1,000 retail outlets, an indoor theme park with 14 major rides, cafes, bistros, restaurants and fast food outlets, a 5-storey high screen at IMAX Theatre and a 9-screen Cineplex.

For the financial year under review, the BTSSB group of companies achieved a revenue of RM196.6 million and a pre-tax loss of RM23.4 million compared to RM118.9 million and RM47.3 million respectively in the previous corresponding year. The higher revenue and lower pre-tax loss were mainly attributable to higher sales generated from the sale of property and higher rentals achieved from the tenanted units in BTS. The occupancy rate of the mall increased to 72% as at June 2006, compared to 67% registered as at June 2005.

BTS also registered encouraging improvement in traffic, recording a 36% increase in car park records and a 23.5% increase in footfalls when compared to the previous financial year.

During the financial year, many international brands made their presence in BTS. International brands such as Lorenzo, Melandas, Empire, Liz Claiborne Accessories – the first store outside of America, TBJ – the first store to open outside of Korea, Adidas, Nike, Carlo Rino, Bossini, Elianto, The Bakers Moment, Uncle Lim's, Auntie Anne's and Sushi King opened outlets at BTS, bringing the total number of tenants to 694 as at 15 June 2006.

These new tenants joined the ranks of other notable brands such as MNG, Esprit, Timberland, Motivi, Oxbow, Levis & Dockers, G2000, U2, Mexx, Aldo, Sony VAIO - the largest VAIO outlet in South-East Asia, Sasa Cosmetic - largest cosmetic retail outlet in Malaysia, Samsung Plaza - the first concept store in Klang Valley, Cortina Watch, Tag Heuer, DOME, Secret Recipe, Baskin Robbins, Starbucks, Lazo Diamond and De Gems. In August 2006, Ampang Superbowl opened its largest ever bowling alley comprising 48 lanes here on the 5th floor of Berjaya Times Square.

In December 2005, the right turn from Jalan Hang Tuah to Berjaya Times Square junction was approved and this made it easier for patrons to gain entry to BTS.

The overhead pedestrian bridge linking the East Wing of BTS to the bus stop in front of Amoda Building was completed and opened to the public in June 2006. This marked another move by the management in its efforts to increase ease of access to the mall from the bustling Bukit Bintang shopping district.

BTS was chosen as the venue of choice for some mega events such as The World Cup Trophy Tour by Coca Cola where the original trophy was displayed at the IMAX Theatre. Another was the CIMB KL Malaysian Squash Open Championship where an indoor squash court was constructed at the Concourse enabling the public to watch the international competition.



The 10th Avenue Food Mall offers an array of local and international flavours.



OXBOW boutiques sell a wide range of active wear and accessories for men and women.

BTS was also the selected venue for several famous celebrities' 'Meet-the-Fan' sessions such as Andy Lau, Fish Leong, Taiwan group S.H.E. and 5566, Aaron Kwok, TVB artists - Eason Chen, Athena Chu, Malaysian Idol Daniel Lee, Superstar Champion Kelvin Tan and many more. Auditions for Star World's reality show 'Rock Star' Asia, 8TV's One in A Million, Malaysian Idol, Project Superstar, AXN Challenges and F1 car and bike display were also held at Berjaya Times Square.

Gaming Division

For the financial year ended 30 April 2006, NASB's revenue increased by 6.7% to RM193.6 million, whereas pre-tax profit increased by 25.4% to RM17.8 million, compared to the preceding year's revenue of RM181.4 million and pre-tax profit of RM14.2 million.

The higher increase in pre-tax profit of 25.4%, compared with 1.44% a year earlier, was mainly attributed to a lower prize payout during the year. Continuous promotion, improved customer service, better public relations and additional special draws were also contributing factors toward the company's significantly improved performance.

NASB has continued with its tradition of fulfilling its social responsibilities by continuing to host its year-end and Chinese New Year events of ang-pow and gifts presentation to deserving charitable organisations through-out the State of Sarawak.

TBJ's first outlet outside of Korea is located in Berjaya Times Square.



Berjaya Times Square was chosen to house Liz Claiborne's first ever outlet outside of America.



This Borders' superstore covers approximately 60,000 sq. ft. and carries over 200,000 titles.



GSC at Berjaya Times Square - The state-of-the-art cinema with the first Premier Class in Klang Valley.

FUTURE OUTLOOK

Economic growth for the current year is expected to remain satisfactory as the Government makes adjustments to absorb risks from high oil prices, inflationary pressures, geo-political tensions and security concerns. Domestic demand is forecasted to be sustained by higher household disposable income arising from firm commodity prices, improvements in the performance of the stock market and a stronger RM currency.

This backdrop is anticipated to lead to higher consumer expenditure that will be further driven by the intensification of promotional activities by both the public and private sector in preparation for Visit Malaysia Year 2007.

Recent shopping patterns of the middle class indicating a refinement in taste attributed to exposure from education and holidays abroad, and coupled with the rising influx of foreign tourist arrivals, has provided the impetus for both foreign and local brands to further seek retail space in BTS as the mall reaffirms its position as the choice shopping centre in Kuala Lumpur.

BTS being an integrated commercial and residential development will continue to focus on improving its customer service and catering to the current demand for shopping and entertainment under one roof as it gears towards providing shoppers with a unique shopping experience.

The gaming industry in Malaysia is highly regulated and growth in this industry is expected to be in tandem with GDP growth and higher purchasing power. The increasing crackdown on illegal number forecast operators by the authorities augurs well for the industry which views the illegal market as its main competitor. We are confident that the increasing popularity of NASB's products in the local market will enable it to achieve further market penetration, thereby tapping into a larger segment of the industry's revenue growth potential.

Barring unforeseen circumstances, the continued expansion of the Malaysian economy remaining broadly on track, business sentiments remaining high and resilient domestic demand, the Group's operating results are expected to show improvement for the forthcoming financial year ending April 2007.

APPRECIATION

On behalf of the Board, I would like to express my appreciation to the management, employees and agents for their commitment and contributions, and to our customers, retailers, shareholders, business associates, financiers and the government authorities for their co-operation and support.

CHAN KIEN SING

Chairman

23 August 2006