

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name / Designation	Address	Occupation	Nationality
Tham Foo Keong / <i>Executive Chairman and Group Managing Director</i>	No. 1, Jalan Baru 2 Taman Bukit Kajang Baru 43000 Kajang Selangor Darul Ehsan	Executive Chairman and Group Managing Director	Malaysian
Tham Foo Choon / <i>Deputy Group Managing Director</i>	No. 83, Taman Kajang Jaya 43000 Kajang Selangor Darul Ehsan	Deputy Group Managing Director	Malaysian
Loke Chee Kien / <i>Executive Director</i>	No. 56, Jalan U8/33 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Executive Director	Malaysian
Dr. Sivakumaran a/ Seenivasagam / <i>Executive Director</i>	No. 7, Lorong SS1/11A Sungai Way 47300 Petaling Jaya Selangor Darul Ehsan	Executive Director	Malaysian
Tajuddin bin Ismail / <i>Executive Director</i>	No. 7, Jalan 3/6C 43650 Bandar Baru Bangi Selangor Darul Ehsan	Executive Director	Malaysian
Ishak bin Said / <i>Non-Executive Director</i>	No. 23, Jalan Desa Ros 1 Taman Desa Ros 72400 Seremban Negeri Sembilan	Plantation Consultant	Malaysian
Tan Sri Datuk Arshad Bin Ayub / <i>Independent Non-Executive Director</i>	No. 25, Jalan Permata 7/1 40000 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Dr. Zainol bin Md. Eusof / <i>Independent Non-Executive Director</i>	No. 1, Jalan Kenanga SD 9/9A, Bandar Sri Damansara 52200 Kuala Lumpur	Company Director	Malaysian
Dr. Shaikh Awadz bin Shaikh Abdullah/ <i>Independent Non-Executive Director</i>	No. 1, Jalan 2/4H 43650 Bandar Baru Bangi Selangor Darul Ehsan	Associate Professor	Malaysian

1. CORPORATE DIRECTORY (CONT'D)**AUDIT COMMITTEE**

Name	Designation	Directorship
Dr. Zainol bin Md. Eusof	Chairman	Independent Non-Executive Director
Dr. Shaikh Awadz bin Shaikh Abdullah	Member	Independent Non-Executive Director
Loke Chee Kien	Member	Executive Director

COMPANY SECRETARIES

- : Tai Yit Chan (MAICSA 7009143)
888 Happy Garden
Jalan Kuchai Lama
58200 Kuala Lumpur
- Saw Bee Lean (MAICSA 0793472)
91 Jalan SS22/39
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE

- : Level 7, Setia 1
15 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03 – 2095 7188

**HEAD OFFICE /
MANAGEMENT OFFICE**

- : Nos. 21 and 23, Jalan Seksyen 3/7
Taman Kajang Utama
43000 Kajang
Selangor Darul Ehsan
Tel: 03 – 8736 8777
E-mail: loke@gim777.com
Website: www.greenyield.com.my

**REGISTRARS AND
TRANSFER OFFICE**

- : Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 - 2721 2364

**AUDITORS AND
REPORTING ACCOUNTANTS**

- : KPMG
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03 – 2095 3388

1. CORPORATE DIRECTORY (CONT'D)

- SOLICITORS FOR THE LISTING EXERCISE** : Jeff Leong, Poon & Wong
Advocates and Solicitors
A-11-3A, Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03 – 2166 3225
- VALUERS** : Khong & Jaafar Sdn. Bhd.
57-1 Jalan Telawi Tiga
Bangsar Baru
59100 Kuala Lumpur
Tel: 03 – 2282 9699
- PRINCIPAL BANKERS** : Malayan Banking Berhad
28-30 Jalan Tukang
43000 Kajang
Selangor Darul Ehsan
Tel.: 03 – 8736 1386 / 8736 1387 / 8736 3725
- : Public Bank Berhad
10 & 11, Jalan Raja Haroun
43000 Kajang
Selangor Darul Ehsan
Tel.: 03 – 8736 8891 / 8736 8894
- ADVISER, SPONSOR AND MANAGING UNDERWRITER** : AmMerchant Bank Berhad
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel.: 03 – 2078 2633 / 44 / 55
- SOLE PLACEMENT AGENT** : Alliance Investment Bank Berhad
(formerly known as Alliance Merchant Bank Berhad)
Level 19, Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 – 2692 7788
- UNDERWRITERS** : AmMerchant Bank Berhad
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel.: 03 – 2078 2633 / 44 / 55
- AmSecurities Sdn. Bhd.
15th Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel.: 03 – 2078 2788

1. CORPORATE DIRECTORY (CONT'D)

Alliance Investment Bank Berhad
(formerly known as Alliance Merchant Bank Berhad)
Level 19, Menara Multi-Purpose
Capital Square
8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 – 2692 7788

ISSUING HOUSE : Malaysian Issuing House Sdn. Bhd.
Level 27, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel.: 03 – 2693 2075

LISTING SOUGHT : Bursa Securities MESDAQ Market

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2. INFORMATION SUMMARY

THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GREENYIELD GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, included elsewhere in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Group. Prospective investors are cautioned that such statements are only predictions and that actual results or events when materialised may differ materially from those disclosed in this Prospectus. Therefore, in evaluating such statements, prospective investors should carefully consider the various factors identified in this Prospectus, including the matters set forth under the heading "Risk Factors".

2.1 History, Principal Activities and Group Structure

Greenyield was incorporated in Malaysia on 7 June 2002 under the Companies Act, 1965 as a private limited company with the name of Greenyield Sdn. Bhd. It was subsequently converted to a public limited company on 6 January 2003. It is principally an investment holding company. The Company has four (4) wholly owned subsidiaries: Gimflow, GTSSB, GISB and RCP. The details of the subsidiaries of Greenyield are as follows:-

Name of Company	Date and Place of Incorporation	Issued and Paid-Up Capital (RM)	Effective Equity Interest (%)	Principal Activities
Gimflow	09.02.1993 Malaysia	650,000	100	Marketing and distribution of agricultural related systems and products.
GTSSB	06.08.1990 Malaysia	200,000	100	Marketing and distribution of agricultural related systems and products.
GISB	20.05.1988 Malaysia	1,108,512	100	Manufacture and marketing of agricultural systems and products, and plastic-related and wood-related products.
RCP	13.06.1997 Malaysia	50,000	100	Trading of agricultural/plantation tools and provision of technical and consultancy services.

The Group's principal activities are primarily focused on the development, manufacture and marketing of agricultural products and services based on agro-technology. The Group positions itself as an agricultural yield enhancement specialist providing solutions on operational viability and growth enhancement technologies to plantations and smallholdings using methods which are cost-effective and efficient. The Group is also engaged in the manufacturing and marketing of plastic-related and wood-related products.

The Greenyield Group was founded by the Tham family, who have been involved in the rubber industry for three (3) generations. Currently, the principal immediate members of the Tham family who are involved in the Greenyield Group are the four (4) brothers i.e. Mr. Tham Foo Keong, Mr. Tham Foo Choon, Mr. Tham Chong Sing and Mr. Tham Fau Sin.

2. INFORMATION SUMMARY (CONT'D)

The core product of the Group is the RRIMFLOW system, a method of latex extraction that increases the yield of rubber trees as compared to that obtained by conventional methods of tapping. The method involves a combination of intermittent gassing of the laticiferous tissues of rubber trees with ethylene gas, and upward or downward tapping on short cuts. The frequency of tapping is once every three (3) or four (4) days. The RRIMFLOW system has won a Silver Medal at the International Exhibition on Inventions and Innovations held in Geneva, Switzerland in 1999 and a Silver Medal in the Inventions Category at the International Invention, Innovation, Industrial Design and Technology Exhibition in 1998. The patent for the RRIMFLOW system is owned by the board of the RRIM.

GTSSB was appointed by the RRIM vide an agreement dated 16 September 1997 to manufacture, assemble and supply the RRIMFLOW system to end-users according to the quality standards and specifications set forth by the RRIM. Pursuant to this agreement, GTSSB was required to pay royalty to the RRIM based on the annual sales quantity achieved. For further information on the agreement, please refer to Section 6.7 "Market Outlook" of this Prospectus.

The said agreement has since been superseded by a Technology Licensing Agreement entered into between Gimflow and RIMCORP on 8 October 2003 for a period of seven (7) years, which is renewable by mutual agreement, pursuant to which Gimflow was granted the rights to use the MRB's know-how to manufacture and produce the RRIMFLOW system in Malaysia and to use, sell or otherwise distribute the RRIMFLOW system in Malaysia and overseas. RIMCORP had also, vide a letter dated 8 October 2003, given an undertaking that it shall not, during the term of the Technology Licensing Agreement, grant a similar licence to other parties for so long as Gimflow is not in breach of any of the terms and conditions of the Technology Licensing Agreement.

Apart from the RRIMFLOW system, the Group also manufactures and markets ethephon under the brand name Ethephon Plus, the active ingredient of which breaks down within rubber bark tissues through a process of hydrolysis to release ethylene, a plant growth regulator which is also naturally present in most plants. Ethylene in turn induces yield stimulation through increased latex flow in rubber trees. It is also known to have effects on other plants which include enhanced flowering and fruit formation in fruit trees, an increase in sugar content in treated sugarcane plants and increased cotton production in treated cotton plants.

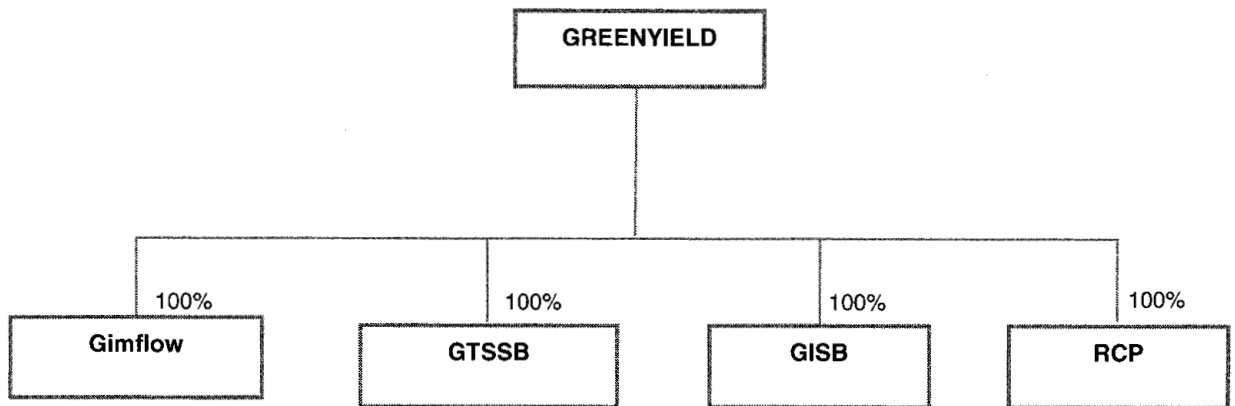
Apart from the above two (2) core products, the Group is also a manufacturer and distributor of agricultural chemicals such as the Wound Healing Compound, which is formulated to heal wounds caused by bad tapping on young rubber trees and all wounds caused by pollarding of branches in ornamental or wayside trees, and Plantone, which induces flowering and the fruit ripening process in pineapple plants.

GTSSB and the MRB have jointly formulated a fertiliser with the commercial name "Greenyield", which is specially formulated for rubber trees undergoing liquid or gaseous stimulation. The Group and the MRB are currently in negotiations to enter into an agreement to commercialise the product. The good relationship between the Group and the MRB started in 1997 when GTSSB was appointed to manufacture, assemble and supply gadgets used in the RRIMFLOW system for sale to the rubber industry. The synergistic collaboration by both parties has given rise to a win-win situation of continuous progress in agro-technological development.

The Group is also involved in the design, manufacturing and marketing of rubber tapping utensils and plastic and wood related products. These products range from latex cups to plastic kitchenware and wooden baby cots (play pens).

2. INFORMATION SUMMARY (CONT'D)

Below is a graphical presentation of the Group structure:-



Further information on the above companies is disclosed in Section 6 "Business Overview" and Section 9 "Information on the Greenyfield Group" of this Prospectus.

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2. INFORMATION SUMMARY (CONT'D)**2.2 Ownership and Management**

Based on the Register of Members of Greenfield as at 15 August 2006, being the latest practicable date prior to the printing of this Prospectus, the direct and indirect interests of the substantial shareholders, directors and Promoters in the issued share capital of the Company are as follows:-

Name	Nationality / Place of Incorporation	Before Issue		After Issue		After Full Exercise of ESOS ^h	
		Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
GHSB ^a	Malaysia	83,390,920	-	83,390,920	-	83,390,920	-
Tham Foo Keong ^{abc}	Malaysian	5,851,580	83,390,920	5,851,580	83,390,920	6,851,580	83,390,920
Tham Foo Choon ^{abc}	Malaysian	5,851,580	83,390,920	5,851,580	83,390,920	6,851,580	83,390,920
Tham Chong Sing ^c	Malaysian	4,734,510	83,390,920	4,734,510	83,390,920	5,084,510	83,390,920
Tham Fau Sin ^c	Malaysian	4,734,510	83,390,920	4,734,510	83,390,920	5,084,510	83,390,920
Twong Yoke Peng ^d	Malaysian	9,531,280	-	9,531,280	-	9,681,280	-
Yap Kim Lian ^e	Malaysian	7,340,610	-	7,340,610	-	7,340,610	-
Loke Chee Kien ^b	Malaysian	-	-	9,20,000	-	1,020,000	-
Dr. Sivakumaran a/ Seenivasagam ^b	Malaysian	745,710	-	9,765,710	-	1,765,710	-
Tajuddin bin Ismail ^b	Malaysian	-	-	9,20,000	-	1,020,000	-
Ishak bin Said ^b	Malaysian	-	-	9,20,000	-	1,270,000	-
Tan Sri Datuk Arshad bin Ayub ^b	Malaysian	-	-	9,20,000	-	1,270,000	-
Dr. Zainol bin Md. Eusof ^b	Malaysian	-	-	9,20,000	-	1,270,000	-
Dr. Shaikh Awadz bin Shaikh Abdullah ^b	Malaysian	-	-	9,20,000	-	1,270,000	-

2. INFORMATION SUMMARY (CONT'D)**Notes:-**

- a Promoters of Greenyield*
- b Directors of Greenyield*
- c Brothers*
- d Spouse of Tham Foo Keong*
- e Spouse of Loke Chee Kien*
- f Deemed substantial interests via their substantial shareholdings in GHSB*
- g Based on their respective allocations in respect of the 4,000,000 Shares made available for application by the eligible directors and employees of the Greenyield Group, and other persons who have contributed to the success of the Greenyield Group.*
- h The ESOS will only be implemented i.e. the Options under the ESOS will only be offered to the eligible directors and employees of the Group just prior to the Company's listing on the MESDAQ Market.*

i Based on their respective indicative ESOS allocations as follows:-

	Indicative No. of ESOS Options
<i>Tham Foo Keong</i>	1,000,000
<i>Tham Foo Choon</i>	1,000,000
<i>Tham Chong Sing</i>	350,000
<i>Tham Fau Sin</i>	350,000
<i>Twong Yoke Peng</i>	150,000
<i>Loke Chee Kien</i>	1,000,000
<i>Dr. Sivakumaran a/l Seenivasagam</i>	1,000,000
<i>Tajuddin bin Ismail</i>	1,000,000
<i>Ishak bin Said</i>	250,000
<i>Tan Sri Datuk Arshad bin Ayub</i>	250,000
<i>Dr. Zainol bin Md. Eusof</i>	250,000
<i>Dr. Shaikh Awadz bin Shaikh Abdullah</i>	250,000

A description of the Promoters, substantial shareholders, directors, and key management and technical personnel, and their direct and indirect shareholdings in the Company, is disclosed in Section 7 "Shareholders, Directors, Key Management and Technical Personnel" of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.3 Products and Services

The Group currently provides the following products and services:-

2.3.1 Plantation Advisory and Management Services

As a total plantation solutions and technical support services provider, the Group renders technical consultancy services on all aspects of rubber cultivation with emphasis on increasing the yield productivity and profitability of rubber plantations and rubber land schemes. This will enable the Group to build on its customer base with its broad range of products and services and further strengthen the Group's position. Thus, being a total solutions provider has a two-pronged effect, i.e. being able to sustain closer relationships with the Group's existing customers and also being able to generate new business leads.

2.3.2 RRIMFLOW System

Pursuant to the rights granted under the Technology Licensing Agreement, the Group manufactures the RRIMFLOW system in Malaysia and sells and distributes the RRIMFLOW system in Malaysia and overseas.

The RRIMFLOW system is a method of latex extraction that increases the yield of rubber trees as compared to that obtained by conventional methods of tapping. The method involves a combination of intermittent gassing of the laticiferous tissues of rubber trees with ethylene gas, and upward or downward tapping on short cuts. The frequency of tapping is once every three (3) or four (4) days.

The use of the RRIMFLOW system enables tree productivity (grams/tree/tapping), tapper productivity (kg/task) and land productivity (kg/hectare/year) to increase substantially besides overcoming the problem of scarcity of skilled tappers in the rubber industry, as well as reducing the need for skill in tapping. It also enhances the income of tappers/smallholders significantly. The RRIMFLOW system is designed to ensure that trees can withstand stimulation over the long term without adverse effects. The stimulant, ethylene gas, is naturally present in rubber bark tissues and is synthesised in response to various physiological factors.

2.3.3 Ethephon Plus

The Greenfield Group has developed a premium ethephon product, called Ethephon Plus, the active ingredient of which breaks down within rubber bark tissues through a process of hydrolysis to release ethylene, a plant growth regulator which is also naturally present in most plants. Ethylene in turn induces yield stimulation through increased latex flow in rubber trees. It is also known to have effects on other plants which include enhanced flowering and fruit formation in fruit trees, an increase in sugar content in treated sugarcane plants and increased cotton production in treated cotton plants.

2.3.4 Agricultural Chemicals

The Group produces a variety of agricultural chemicals such as the Wound Healing Compound and Plantone. Wound Healing Compound is formulated to heal wounds caused by bad tapping on young rubber trees and all wounds caused by pollarding of branches in ornamental or wayside trees whilst Plantone helps to induce flowering and the fruit ripening process in pineapple plants.

2. INFORMATION SUMMARY (CONT'D)

2.3.5 GreenPlus Plant Nutrient

The Group has developed GreenPlus, a liquid foliar nutrient specially formulated to promote plant growth at the vegetative stage. It contains the essential macronutrients, micronutrients, amino acids and a growth promoter needed for enhancing the growth rate and vigour of several types of plants and plantation crops for early yields.

2.3.6 Plastic and Wood Products

Apart from agricultural systems and products, the Group through GISB designs and manufactures plastic-related and wood-related products for the export market. These products range from plastic kitchenware, such as picnic sets, cups, plates, cutleries to wooden baby cots (play pens) and are exported to countries such as the USA, Sweden and the UK. The emergence of China as a low cost producer has caused GISB to streamline its product range and focus on the development, manufacture and marketing of agricultural system/products and services based on agro-technology. Thus, the contribution from plastic-related and wood-related products to the Group's business operations has diminished in recent years.

Although the contribution from plastic-related and wood-related products may have become less significant, the management continues to uphold the quality system of GISB's manufacturing processes. On 17 February 2003, GISB was awarded the prestigious and internationally recognised ISO 9001:2000 certification by BM TRADA Certification Ltd, a certification body in the UK that certified the quality system of GISB's plastic injection plant as having met the requirements for the award.

In addition, the Group has developed the following products which it plans to commercialise:-

2.3.7 Instant Fixing Applicator

The applicator originally developed by the Group for the RRIMFLOW system (see Section 2.4.1 "Technology and Intellectual Property" below) has been further modified to facilitate instant fixing on the bark of the rubber tree. In the RRIMFLOW system, the applicator is fixed on the bark by using a water reactive glue. The modified applicator is pre-coated along its flanges with a compatible and pliable adhesive sealant and protected by silicon paper to be removed prior to fixing on the bark. The pre-coated applicator, after stripping off the silicon paper, is pressed with gentle pressure against the bark at the pre-determined position for fixing, and then secured on the bark by stapling along the flanges.

2.3.8 Greenyield Fertiliser

GTSSB and the MRB have jointly formulated a new fertiliser under the brand name "Greenyield" for rubber trees undergoing stimulation. This fertiliser is specially formulated to provide adequate plant nutrients in order to sustain high latex yield and to maintain the vigour of the stimulated trees. It has a balanced formulation to suit different kinds of stimulation i.e. liquid stimulation using Ethephon Plus or gaseous stimulation using the RRIMFLOW system. The Group and the MRB are currently in negotiations to enter into an agreement to commercialise the "Greenyield" fertiliser.

2.3.9 Agricultural Chemicals

Apart from the above, the Group also plans to commercialise agricultural chemicals such as Frumone and Plantone-R. Frumone is specially formulated with specific plant growth regulators to induce flowering and enhance fruit hold on mango trees. Plantone-R is a rooting hormone formulation for induction of rooting in rubber budded stumps, cuttings of timber species and ornamental trees.

2. INFORMATION SUMMARY (CONT'D)

2.4 Technology, Intellectual Property and Licences

2.4.1 Technology and Intellectual Property

As a result of its development efforts, the Group has been granted a Certificate for Utility Innovation for the RRIMFLOW applicator on 31 March 2004 by the Intellectual Property Corporation of Malaysia, which expires on 31 March 2009. The said certificate can be renewed for a maximum of two (2) further periods of five (5) years each. The applicator is one of the main components used in the RRIMFLOW system, as leakage caused by poor applicator design could result in the loss of ethylene gas during periods of intermittent gassing.

Further R&D efforts have resulted in the Group filing a patent application in Malaysia on 10 May 2005 (application no.: PI 20052077) for an invention relating to an improved method of maximising the number of tappings per month or per year by the appropriate placement of short cuts on the tapping panel in combination with an improved version of the RRIMFLOW applicator (i.e. the Instant Fixing Applicator). Corresponding patent applications have been filed in China, Vietnam, Thailand and Indonesia, which are other rubber producing countries.

The Group has also applied for a patent in Malaysia related to an invention entitled "Moulded Thermoplastic Resin Articles with Travertine-Like Appearance" under Application No. PI 20062521 filed on 1 June 2006. This patent application relates to the material the Group has developed for the manufacture of its "Artstone" plant pots, which exhibits a travertine-like appearance. Priority claims are available for filing in other countries.

The Group has registered the following trademarks:-

Trademark Owner	Trademark Name	Class	Purpose
GISB	GIM 777	8	Branding
GISB	GIM 777	28	Branding
GTSSB	GREENYIELD	20	Branding
GTSSB	GREENYIELD	21	Branding
RCP	PLANTONE	1	Branding
RCP	PLANTONE-R	1	Branding
RCP	FRUMONE	1	Branding

The Group has also applied for the registration of the following trademarks:-

Trademark Owner	Trademark Name	Class	Purpose
GISB	GIM 777	31	Branding
GTSSB	GREENYIELD	31	Branding
GTSSB	GREENYIELD	1	Branding
GTSSB	E-PHON PLUS	1	Branding
Gimflow	GIMFLOW	1	Branding
GTSSB	GREENPLUS	1	Branding
RCP	ETHEPHON PLUS	1	Branding

2.4.2 Licensed Intellectual Property

The Group has formed a strategic alliance with RIMCORP pursuant to the Technology Licensing Agreement, whereby Gimflow was granted the rights to use the MRB's know-how (as defined therein) to manufacture and produce the RRIMFLOW system in Malaysia, and to use, sell and distribute the RRIMFLOW system in Malaysia and overseas for a period of seven (7) years. The board of the RRIM is the owner of the intellectual property rights to the MRB's know-how, and in consideration for the said rights, Gimflow has to pay RIMCORP royalty of seven (7) sen for each set of the RRIMFLOW system sold, for all original and replacement sales, and a royalty of four (4) sen for each applicator sold where the applicator is not sold as part of a set. The Technology Licensing Agreement is renewable on a mutually agreeable basis, subject to a renegotiated rate of royalty. RIMCORP had vide a letter dated 8 October 2003 also given an undertaking that it shall not, during the term of the Technology Licensing Agreement, grant a similar licence to other parties for so long as Gimflow is not in

2. INFORMATION SUMMARY (CONT'D)

breach of any of the terms and conditions of the Technology Licensing Agreement.

2.5 R&D Capabilities

The Group's R&D initiatives are housed under GTSSB. Dr. Sivakumaran a/l Seenivasagam and Dr. Mohamed Yusoff Mohd Noor are the Director of R&D and the Head of the Group's R&D division respectively. They are assisted by a team of five (5) Malaysian staff with relevant experience and qualifications in the agriculture sector.

The Group currently conducts its R&D activities internally and through collaboration with third parties. As part of the Group's plans, the R&D work will also be done through the acquisition of other research centres and/or projects in the future. The Group has a dedicated team of experienced researchers conducting its in-house R&D activities. In addition, the Group also has cross-sectional R&D assistance from employees of its other divisions such as production and marketing, as the Group has a number of employees with a strong agricultural research background. The Group's management team, and production and marketing staff will also work closely with the R&D department to further develop products/systems and services, and explore new areas of technology.

The Group has established a R&D Evaluation and Monitoring Committee ("**RDEMC**"). The RDEMC's overall responsibility is to evaluate and advise on the feasibility and commercial viability of the R&D projects proposed by the R&D department, and to monitor the progress and development of the R&D projects undertaken. The focus of the RDEMC is also to add value to and improve the R&D effectiveness.

Please see Section 6.11 "R&D" of this Prospectus for further information.

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2. INFORMATION SUMMARY (CONT'D)

2.6 Pro-forma Historical Financial Information

The table below sets out a summary of the pro-forma consolidated financial information of the Group for the three (3) financial years ended 31 July 2003 to 2005 and the audited consolidated financial information of the Group for the eight (8) months ended 31 March 2006. The pro-forma consolidated financial information is provided for illustrative purposes only and on the assumption that the Group's current structure had been in existence throughout the financial years / period under review.

	<-----Year Ended 31 July ----->			Eight (8) Months
	2003	2004	2005	Ended 31 March 2006
	RM'000	RM'000	RM'000	RM'000
Revenue	14,339	13,180	14,802	8,280
Gross profit	6,354	6,118	7,519	3,582
Profit before directors' remuneration and other emoluments, R&D expense, interest, depreciation, amortisation and taxation	4,773	5,073	5,809	2,061
Directors' remuneration and other emoluments	(610)	(753)	(729)	(496)
R&D expense	(139)	(144)	(321)	(255)
EBIDTA – earnings before interest, depreciation, amortisation and taxation	4,024	4,176	4,759	1,310
Depreciation	(672)	(692)	(712)	(494)
Amortisation	(28)	(29)	(29)	(21)
Interest expense	(290)	(272)	(238)	(150)
Interest income	12	20	7	2
PBT	3,046	3,203	3,787	647
Tax expense	(888)	(937)	(1,107)	(263)
PAT	2,158	2,266	2,680	384
Gross profit margin (%)	44.3	46.4	50.8	43.3
PBT margin (%)	21.2	24.3	25.6	7.8
PAT margin (%)	15.0	17.2	18.1	4.6
Effective tax rate (%)	29.2	29.3	29.2	40.6
Total borrowings (RM'000)	4,520	3,704	3,070	2,794
Gearing (times)	0.48	0.32	0.21	0.17
Interest cover (times)	11.5	12.7	16.9	5.3
No. of Shares assumed in issue ('000) ⁽⁵⁾	122,740	122,740	122,740	122,740
Basic net EPS (sen)	1.76	1.85	2.18	0.31

2. INFORMATION SUMMARY (CONT'D)

	←-----Year Ended 31 July -----→			Eight (8) Months Ended 31 March 2006
	2003	2004	2005	
	RM'000	RM'000	RM'000	RM'000
No. of Shares assumed in issue upon listing ('000) ⁽⁶⁾	165,000	165,000	165,000	165,000
Basic net EPS (sen)	1.31	1.37	1.62	0.23
No. of Shares in issue upon listing and full exercise of ESOS ('000) ⁽⁷⁾	180,000	180,000	180,000	180,000
Basic net EPS (sen)	1.20	1.26	1.49	0.21

Notes:-

- (1) *The Group's pro-forma consolidated financial results were prepared based on the audited consolidated financial statements for the financial year ended 31 July 2005 after making relevant adjustments deemed necessary under the circumstances, the details of which are as set out below.*
- (2) *The Group's pro-forma consolidated financial results for the financial years ended 31 July 2003 and 2004 are prepared for illustrative purposes only and on the assumption that the acquisitions of GISB, Gimflow, GTSSB and RCP (wholly owned subsidiaries of Greenyield) were completed on 1 August 2002. The actual date of completion of the acquisitions of GISB, Gimflow, GTSSB and RCP was 11 March 2005.*
- (3) *The fair value adjustment of land and building which took place in March 2005 is presumed to have occurred prior to the financial year ended 31 December 2003. Accordingly, the annual amortisation of the revalued land and building has been incorporated into the pro-forma consolidated financial results for the years ended 31 July 2003 and 2004.*
- (4) *There are no extraordinary items, exceptional items and minority interests for the financial years/period under review.*
- (5) *Based on the existing issued and paid-up capital of 122,740,000 Shares as at the date of this Prospectus.*
- (6) *Based on the issued and paid-up capital of 165,000,000 Shares immediately after the completion of the Issue.*
- (7) *Based on the enlarged issued and paid-up capital of 180,000,000 Shares immediately after the completion of the Issue and assuming the total number of Shares to be issued pursuant to the ESOS is 15,000,000 Shares.*

Adjustments to the Pro-forma Consolidated Income Statement

Adjustments have been made to include the full year results of the subsidiaries of Greenyield, which were acquired in March 2005, in the pro-forma consolidated financial results for the year ended 31 July 2005, and to incorporate the amortisation of the revalued leasehold land and building in the pro-forma consolidated financial results for the years ended 31 July 2003 and 2004. The effect of the adjustments to the consolidated income statement for the financial year ended 31 July 2005 is as follows:-

Financial Year Ended 31 July 2005	As per Audited Consolidated Income Statement RM'000	Pro-forma RM'000
Revenue	8,303	14,802
Gross profit	4,998	7,519
PBT	4,548	3,787
PAT	3,782	2,680

2. INFORMATION SUMMARY (CONT'D)

No adjustments were made to the audited consolidated results of Greenyield for the eight (8) months ended 31 March 2006.

There were no audit qualifications in the years / period under review.

Further details on the pro-forma consolidated financial information of the Group is set out in Sections 5.1 to 5.4 of this Prospectus. The Accountants' Report is set out in Section 5.16 of this Prospectus.

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2. INFORMATION SUMMARY (CONT'D)**2.7 Pro-forma Consolidated Balance Sheets**

The following table presents the Greenyard Group's Pro-forma Consolidated Balance Sheets which have been prepared for illustrative purposes only, based on the audited consolidated balance sheet as at 31 March 2006, to show the effects of the Issue and the ESOS and the use of the proceeds arising from the Issue, on the assumption that the Issue was completed and all the Options were exercised on 31 March 2006.

	Audited Consolidated Balance Sheet at 31.3.2006 RM'000	Pro-forma Consolidated Balance Sheet after Stage 1 RM'000	Pro-forma Consolidated Balance Sheet after Stage 2 RM'000
Property, plant and equipment	12,271	14,421	14,421
Development expenditure	-	1,500	1,500
Intangible assets	22	22	22
Current assets			
Inventories	2,857	2,857	2,857
Trade and other receivables	8,584	8,584	8,584
Cash and cash equivalents	857	3,080	6,230
	12,298	14,521	17,671
Current liabilities			
Trade and other payables	4,197	4,197	4,197
Borrowings	1,461	822	822
	5,658	5,019	5,019
Net current assets	6,640	9,502	12,652
	18,933	25,445	28,595
Financed by:			
Capital and reserves			
Share capital	12,274	16,500	18,000
Share premium	-	3,147	4,797
Reserves	4,145	4,145	4,145
	16,419	23,792	26,942
Long term and deferred liabilities			
Borrowings	1,333	472	472
Deferred tax liabilities	1,181	1,181	1,181
	18,933	25,445	28,595
NTA per Share (RM)	0.13	0.14	0.15
No. of Shares in issue ('000)	122,740	165,000	180,000

2. INFORMATION SUMMARY (CONT'D)

Notes:-

The pro-forma consolidated balance sheets of the Greenyield Group are based on the audited financial statements of Greenyield and its subsidiaries as at 31 March 2006. The accounting policies, basis and assumptions used in the preparation of the pro-forma consolidated balance sheets are consistent with those previously adopted by the Greenyield Group in the preparation of its audited financial statements.

The pro-forma consolidated balance sheets are prepared for illustrative purposes only and incorporate the Issue and ESOS as though they were effected on 31 March 2006.

(a) *Pro-forma 1 – After the Issue and utilisation of proceeds*

The details of the Issue are set out in Section 3 "Details of the Issue" of this Prospectus.

(b) *Pro-forma 2 – After Pro-forma 1 and ESOS*

The details of the ESOS are set out in Section 9.5.2 "ESOS" of this Prospectus.

Based on the enlarged issued and paid-up capital of 165,000,000 Shares immediately after the completion of the Issue, the total number of Shares to be issued pursuant to the ESOS is 15,000,000 Shares. As Greenyield is implementing the ESOS in conjunction with its initial public offering, an exercise price of RM0.21 per Share is assumed for the 15,000,000 Shares.

2.8 Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Company and its subsidiary companies and this offering. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's and the Group's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Section 4 "Risk Factors" of this Prospectus, and also include those discussed throughout this Prospectus.

The key risk factors that may affect the Group's future profitability are not limited to financial risks, market risks and industry risks. Risk factors include the following:-

- (a) Industry risks;
- (b) Economic, political and regulatory conditions;
- (c) Operating risks;
- (d) Seasonality of sales;
- (e) Collection of trade receivables;
- (f) Gearing and debt servicing capability and restrictive covenants under borrowing facility agreement;
- (g) Dependence on licence agreement;
- (h) Key product;
- (i) Pre-requisites to achieving optimum yield from the RRIMFLOW system;
- (j) Market acceptance of new products;
- (k) Competition;
- (l) Major customers;
- (m) Reliance on major relationships;
- (n) Dependence on key personnel;
- (o) Management of growth;
- (p) Rapid technological changes;
- (q) Protection of intellectual property rights;
- (r) Foreign exchange risk;
- (s) Future capital injection;
- (t) Expansion into overseas markets;
- (u) Litigation risk;
- (v) Insurance coverage on assets and operations;
- (w) Acquisitions and joint ventures;
- (x) Controlling shareholders;
- (y) Forward-looking statements;
- (z) No prior market for Greenyield shares and possible volatility of share price; and

2. INFORMATION SUMMARY (CONT'D)

(aa) Failure or delay in the listing of Greenyfield

Details of the aforementioned risks are provided in Section 4 "Risk Factors" of this Prospectus.

If you are unsure about any of the information contained in Section 4 "Risk Factors" of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2.9 Prospects and Outlook

Despite the risks associated with the Group as summarised above, the prospects and business of the Group are encouraging in view of various positive factors.

Based on the existing rubber plantations around the world, the supply of rubber is unlikely to increase substantially to meet the growing demand if traditional methods of rubber tapping are applied. The RRIMFLOW system is able to provide the solution based on its track record which proves that it can boost the production of natural rubber significantly without any major side-effects whilst enhancing the productive lifespan of rubber trees.

As stated in the MRB's website www.lgm.gov.my/nrstat/T3.htm, in 2005 the MRB estimated that estates made up approximately 114,600 hectares or 9.2% of the total area planted with natural rubber in Malaysia, whilst smallholdings made up an estimated 1.135 million hectares or 90.8%. The Group is of the view that the yield per hectare of smallholdings is generally lower than that of estates due to the shortage of funds and human resources to manage the smallholdings. For this reason, the Group believes that organised and managed smallholdings are the ideal areas to adopt the RRIMFLOW system in order to achieve yield optimisation.

Although estates represented only approximately 9.2% of the total planted area of natural rubber in Malaysia in 2005, the Group equally targets rubber estates as prospective users of the RRIMFLOW system. In the same year, rubber estates produced approximately 65,290 tonnes or 5.8% of the total natural rubber production in Malaysia. Although rubber trees planted in estates have declined significantly over the last decade from approximately 255,700 hectares in 1995 to approximately 114,600 hectares in 2005, the management of the Group believes that there are considerable numbers of rubber trees planted in the estates in Malaysia that could potentially be exploited by using the RRIMFLOW system. (Source of statistics: www.lgm.gov.my/nrstat/T4A.htm and www.lgm.gov.my/nrstat/T3.html)

Malaysia, which is currently the third largest rubber producer in the world (Source: *Bank Negara Malaysia Annual Report 2005*), is unlikely to increase its rubber hectareage in the short to medium term due to the scarcity of suitable land. Indonesia, which is also one of the world's largest rubber producers, is addressing issues such as the shortage of skilled manpower and capital. With the help of the RRIMFLOW system, these problems can be overcome. As a result, the Group sees the potential for an increasing global demand for the RRIMFLOW system.

The growing concern of low latex production of rubber trees around the world has led to export demand for the RRIMFLOW system. The technological developments in rubber yield enhancement such as the RRIMFLOW system occur at an opportune time as the global demand for natural rubber rises with a consequent increase in rubber prices. With a huge automobile market opening up in China, international car manufacturers are making large investments in car manufacturing in anticipation of robust demand. The expanding aircraft industry and increasing passenger traffic in China have also created a demand for natural rubber, which is an important component used in aircraft tyres. Demand for rubber goods such as rubber gloves remains positive, with demand coming from the healthcare industry, particularly in combating the spread of diseases since the outbreak of the Severe Acute Respiratory Syndrome ("SARS") and avian influenza in Asia.

2. INFORMATION SUMMARY (CONT'D)

To capitalise on the opportunities within the rubber sector, the Group positions itself as a “one-stop” agricultural solutions provider that provides solutions on operational viability and growth enhancement technologies which are cost-effective and efficient. With the RRIMFLOW system, the Group is well equipped to assist the upstream rubber sector in sustaining as well as increasing the supply of natural rubber. The market acceptance of the RRIMFLOW system is seen through the gradual increase in its export sales to countries such as Indonesia and Thailand.

The Group is also poised to compete effectively amidst the growing rubber sector, backed by its long term relationships with government and research agencies such as the MRB, FELDA and FELCRA, who are the Group’s customers.

In addition to the RRIMFLOW system, the Group offers a range of other agricultural products such as Ethephon Plus, Wound Healing Compound, Plantone and GreenPlus Plant Nutrient that possess different properties to meet the various needs of plantations and smallholdings. Moving ahead, the Group plans to commercialise new products such as the Greenyield Fertiliser, Frumone and Plantone-R to widen its scope of product offerings. Through its R&D initiatives, the Group continues to create new products and enhancements to its existing products to strengthen its position as an agricultural yield enhancement specialist and a “one-stop” agricultural solutions provider.

2.10 Principal Statistics Relating to the Issue

The following statistics relating to the Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

(a) Share Capital

Authorised share capital	RM
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
Issued and fully paid-up share capital	
122,740,000 ordinary shares of RM0.10 each	12,274,000
To be issued pursuant to the Issue	
42,260,000 ordinary shares of RM0.10 each	<u>4,226,000</u>
Enlarged capital upon listing	
165,000,000 ordinary shares of RM0.10 each	16,500,000
To be issued pursuant to full exercise of ESOS Options ^a	
15,000,000 ordinary shares of RM0.10 each	1,500,000
Enlarged capital upon full exercise of ESOS Options	
180,000,000 ordinary shares of RM0.10 each	<u>18,000,000</u>
Issue Price per ordinary share of RM0.10 each	RM0.21
Market capitalisation based on the Issue Price of RM0.21 per ordinary share of RM0.10 each	RM34,650,000

Note:-

- ^a The ESOS will only be implemented i.e. the Options under the ESOS will only be offered to the eligible directors and employees of the Group just prior to the Company’s listing on the MESDAQ Market.

The Issue shall be by way of private placement and public offering to members of the Malaysian public.

2. INFORMATION SUMMARY (CONT'D)

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

(b) Pro-forma NAV and NTA

Pro-forma NAV based on the Pro-forma Consolidated Balance Sheet as at 31 March 2006:-

Pro-forma NAV upon listing (RM'000)	23,792
Pro-forma NAV per Share upon listing (sen)	14.42

Pro-forma NTA based on the Pro-forma Consolidated Balance Sheet as at 31 March 2006:-

Pro-forma NTA upon listing (RM'000)	23,770
Pro-forma NTA per Share upon listing (sen)	14.41

(c) Consolidated Profit Forecasts

Financial Year Ended / Ending 31 July	Forecast 2006 RM'000	Forecast 2007 RM'000
Revenue	20,244	23,681
Consolidated PBT	5,060	6,326
Tax expense	(1,417)	(1,771)
Consolidated PAT before minority interest	3,643	4,555
Minority interest	-	-
Consolidated PAT after minority interest	3,643	4,555
Number of Shares in issue ('000) ^a	122,740	165,000
Weighted average number of Shares in issue ('000)	122,740	161,478
Net EPS based on weighted average number of Shares (sen)	2.97	2.82
Net PE Multiple based on Issue Price of RM0.21 per Share (times)	7.07	7.45

Note:-

^a The ESOS has no dilutive effect on the net EPS as the fair value of the Shares (the Issue Price) equates the exercise price of the Options.

Please refer to Sections 5.11 to 5.14 of this Prospectus for further information on the consolidated profit forecasts of the Group and the Reporting Accountants' letter thereon.

2. INFORMATION SUMMARY (CONT'D)

(d) Dividend Forecast

The Board intends to pursue a dividend policy in line with the Group's profitability which would allow shareholders to participate in the Group's profits while at the same time leaving sufficient reserves for the Group's future growth.

However, the Board is of the opinion that it would be more beneficial for the Group to conserve any excess cash flow for its expansion and accordingly, the Board does not intend to declare any dividend for the financial year ended 31 July 2006 and the financial year ending 31 July 2007.

2.11 Proceeds of Issue and Proposed Utilisation

Based on an Issue Price of RM0.21 per Share, the Company expects the gross proceeds of the Issue of RM8.875 million to accrue to the Company. This amount is expected to be utilised in the following manner:-

Purpose	Note	RM'000
R&D	a	1,500
Capital expenditure	b	1,850
Setting up of marketing and technical support service centres in Malaysia	c	300
Repayment of borrowings	d	1,500
Working capital		2,223
Estimated listing expenses	e	1,502
		8,875

Notes:-

- a *The Group's R&D activities will be undertaken through the proposed acquisition of approximately 30 acres of land planted with mature rubber trees to be used as field laboratories for R&D on the LITS and other yield enhancement technologies, and the proposed acquisition of another approximately 20 acres of land for the setting up of a nursery to conduct R&D on fertilisers, growth promoters and chemicals for young plants.*
- b *Relates to the proposed acquisition of approximately one (1) acre of industrial land, the proposed construction of a factory on the land, and the proposed acquisition of plant and machinery for the manufacture of RRIMFLOW gadgets, agricultural chemicals and other plastic components.*
- c *The Group plans to set up two (2) regional marketing and technical support service centres in Malaysia.*
- d *The Group proposes to repay approximately RM1.5 million of bank overdraft and term loan taken by GISB from the following bank:-*

Lender	Type of Facility	Outstanding Balance as at 31.07.2006 RM'000
Malayan Banking Berhad	Bank Overdraft	441
Malayan Banking Berhad	Term Loan	1,267

- e *The expected net proceeds of the Issue, after deducting the estimated listing expenses, amount to RM7.373 million.*

2. INFORMATION SUMMARY (CONT'D)

The Group plans to utilise the proceeds from the Issue for the repayment of bank borrowings and disbursement of listing expenses within 12 months from the date of listing. Save for the foregoing, the remaining proceeds from the Issue will be utilised within 24 months from the date of listing.

2.12 Working Capital, Material Litigation, Capital Commitments, Borrowings and Contingent Liabilities

2.12.1 Working Capital

The directors of the Company are of the opinion that after taking into consideration the cash flow position of the Group including the proceeds of the 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.

2.12.2 Material Litigation

As at 15 August 2006, being the latest practicable date prior to the printing of this Prospectus, the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may materially affect the financial position or business of the Group, and the directors of Greenyard do not know of any proceedings pending or threatened or any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Group.

2.12.3 Capital Commitments

As at 15 August 2006, being the latest practicable date prior to the printing of this Prospectus, the directors of Greenyard are not aware of any capital commitments which may materially affect the financial position or business of the Group.

2.12.4 Borrowings

As at 31 July 2006, being the latest practicable date prior to the printing of this Prospectus, the total borrowings of the Group amounted to approximately RM2.30 million, comprising the following:-

Interest-Bearing Borrowings	Repayable within 12 Months RM'000	Repayable after 12 Months RM'000
Bank overdraft	441	-
Hire purchase liabilities	77	156
Term loan	668	751
Post-shipment loan	210	-

Save and except for the hire purchase liabilities, the Group's bank borrowings are secured by the following:-

- (a) By a first party first legal charge of RM3.0 million over the factories and land at Olak Lempit Furniture Village held under H.S. (M) 5725, Lot PT 4055, Mukim Tanjung Dua Belas, Tempat Olak Lempit, Daerah Kuala Langat, Selangor Darul Ehsan;
- (b) By a first party second legal charge of RM1.2 million over the factories and land at Olak Lempit Furniture Village held under H.S. (M) 5725, Lot PT 4055, Mukim Tanjung Dua Belas, Tempat Olak Lempit, Daerah Kuala Langat, Selangor Darul Ehsan;

2. INFORMATION SUMMARY (CONT'D)

- (c) A first party first legal charge of RM655,388 over all the two (2) units of four (4)-storey shop offices held under Geran 80929 and 80930, Lot 37811 and 37810, Seksyen 10, Bandar Kajang, Daerah Ulu Langat, Selangor Darul Ehsan; and
- (d) Joint and several guarantees by all the directors of GISB and GTSSB.

The directors of the Company confirm that the Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the financial year ended 31 July 2006 and the period ended 15 August 2006, being the latest practicable date prior to the printing of this Prospectus.

Save as disclosed above, the Group does not have any other capital outstanding or loan capital created but unissued or mortgages or charges outstanding on that date.

2.12.5 Contingent Liabilities

As at 15 August 2006, being the latest practicable date prior to the printing of this Prospectus, the Group does not have any contingent liabilities.

Kindly refer to Section 5.10 "Working Capital, Material Litigation, Capital Commitments, Borrowings and Contingent Liabilities" of this Prospectus for further information.

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