

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.2.5 Cash flow statements

	← For the year ended 31 July →			8 months ended
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before taxation	610	196	396	(70)
Adjustments for:				
Depreciation	108	128	126	80
Interest income	(10)	(13)	-	-
Interest expense	21	17	6	1
Gain on disposal of plant and equipment	(53)	(50)	(52)	-
Plant and equipment written off	-	-	4	-
Operating profit before working capital changes	676	278	480	11
Changes in working capital:				
Inventories	378	174	25	(77)
Trade and other receivables	1,931	(1,228)	(2,130)	1,267
Trade and other payables	(1,159)	212	1,788	(1,140)
Cash generated from / (used in) operations	1,826	(564)	163	61
Trade marks paid	(2)	-	-	-
Income taxes (paid)/refunded	(494)	(301)	(164)	42
<b>Net cash generated from/(used in) operating activities</b>	1,330	(865)	(1)	103
<b>Cash flows from investing activities</b>				
Proceeds from disposal of plant and equipment	310	176	119	56
Purchase of plant and equipment	(589)	(307)	(43)	(35)
Interest received	8	13	-	-
<b>Net cash (used in)/generated from investing activities</b>	(271)	(118)	76	21
<b>Cash flows from financing activities</b>				
Repayment of hire purchase	(139)	(115)	(80)	(26)
Interest paid	(21)	(17)	(6)	(1)
<b>Net cash used in financing activities</b>	(160)	(132)	(86)	(27)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	899	(1,115)	(11)	97
<b>Cash and cash equivalents at beginning of year/ period</b>	290	1,189	74	63
<b>Cash and cash equivalents at end of year/period</b>	1,189	74	63	160
<b>Cash and cash equivalents comprise:-</b>				
Cash and bank balances	885	74	63	160
Fixed deposits with licensed banks	304	-	-	-
	1,189	74	63	160

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.3 Gim Triple Seven Sdn Bhd

We set out below the summarised results of Gim Triple Seven Sdn Bhd for the financial years ended 31 July 2003 to 2005 and eight months financial period ended 31 March 2006.

	Note	← For the year ended 31 July →			8 months
		2003	2004	2005	ended
		RM'000	RM'000	RM'000	31.3.2006
					RM'000
Revenue		6,601	7,094	7,503	5,074
Cost of sales		(3,814)	(3,947)	(3,962)	(2,658)
Gross profit		2,787	3,147	3,541	2,416
Distribution costs		(115)	(67)	(76)	(442)
Administrative expenses		(340)	(546)	(609)	(762)
Other operating income		7	69	10	-
Other operating expenses		-	-	-	(20)
Operating profit		2,339	2,603	2,866	1,192
Interest expense		(47)	(65)	(51)	(37)
Interest income		-	5	4	-
Profit before taxation		2,292	2,543	2,819	1,155
Tax expense		(647)	(673)	(848)	(309)
Net profit for the year/period		1,645	1,870	1,971	846
Effective tax rate (%)	6.3.1	28.23	26.46	30.08	26.75
Gross margin		42.22	44.36	47.19	47.62
Pre-tax profit margin		34.72	35.85	37.57	22.76
NTA per ordinary share (RM)		25.67	34.99	44.86	49.08
Current ratio (times)		2.90	3.73	2.39	3.36
Gearing ratio (times)		0.16	0.11	0.06	0.05
Interest coverage ratio (times)		49.77	40.05	56.20	32.22
Gross dividend rate*		-	-	-	-
After tax return on shareholders' funds (%)		32.00	26.67	21.94	12.91**
Weighted average number of ordinary shares ('000)		200	200	200	200
Earnings per share (RM)	6.3.2				
-Gross		11.46	12.72	14.10	8.66**
-Net		8.23	9.35	9.86	6.35**

\* GTSSB has not paid or declared any dividends since its incorporation.

\*\* Annualised

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**5. FINANCIAL INFORMATION (CONT'D)**

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**Notes to summary of results**

**6.3.1 Effective tax rate**

The effective tax rate in 2004 and 2006 was lower than the statutory tax rate mainly due to the overprovision of prior year tax expense. The higher effective tax rate in 2005 is mainly due to expenses disallowed for tax purposes and an underprovision of prior year tax expense.

**6.3.2 Earnings per share**

The basic gross and net earnings per share are calculated based on the profit before and after taxation attributable over the weighted average number of ordinary shares outstanding during the year/period.

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.3.1 Summarised balance sheets

We set out below the summarised balance sheets of Gim Triple Seven Sdn Bhd as at 31 July 2003 to 2005 and 31 March 2006.

	Note	←	As at 31 July		→
		2003	2004	2005	31.3.2006
		RM'000	RM'000	RM'000	RM'000
<b>Property, plant and equipment</b>	6.3.1.1	2,555	2,932	2,802	2,831
<b>Intangible assets-trademarks</b>		7	13	11	12
<b>Long term receivables</b>	6.3.1.2	-	-	2,100	2,100
<b>Current assets</b>					
Inventories	6.3.1.3	564	261	455	373
Trade and other receivables	6.3.1.4	3,751	5,618	7,096	6,477
Tax recoverable		-	-	-	273
Cash and cash equivalents	6.3.1.5	647	445	208	550
		4,962	6,324	7,759	7,673
<b>Current liabilities</b>					
Trade and other payables	6.3.1.6	1,119	1,323	3,002	2,189
Borrowings	6.3.1.7	212	297	168	94
Taxation		381	75	82	-
		1,712	1,695	3,252	2,283
<b>Net current assets</b>					
		3,250	4,629	4,507	5,390
		5,812	7,574	9,420	10,333
<b>Represented by:</b>					
Share capital		200	200	200	200
Retained profits		4,941	6,811	8,782	9,628
<b>Shareholders' funds</b>		5,141	7,011	8,982	9,828
<b>Long term and deferred liabilities</b>					
Borrowings	6.3.1.7	589	488	339	381
Deferred tax liabilities	6.3.1.8	82	75	99	124
		5,812	7,574	9,420	10,333

**5. FINANCIAL INFORMATION (CONT'D)****Notes to summarised balance sheets****6.3.1.1 Property, plant and equipment**

	←	As at 31 July		→
	2003	2004	2005	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Freehold land and building	1,372	1,402	1,402	1,402
Plant and machinery	11	58	75	69
Motor vehicles	522	816	727	801
Furniture and fittings	117	133	123	115
Office equipment	95	100	89	83
Office renovation	438	423	386	361
	2,555	2,932	2,802	2,831

**6.3.1.2 Long term receivables**

Long term receivables from a related company is non-trade in nature, unsecured, interest free and is not expected to be repaid within the next 12 months.

**6.3.1.3 Inventories**

	←	As at 31 July		→
	2003	2004	2005	31.3.2006
	RM'000	RM'000	RM'000	RM'000
At cost:				
Agricultural products	564	261	455	373

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.3.1.4 Trade and other receivables

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Trade receivables	1,419	1,830	3,591	2,275
Other receivables, deposits and prepayments	60	218	600	385
Ultimate holding company	-	-	-	123
Holding company	15	54	99	220
Related companies	2,257	3,516	2,806	3,474
	3,751	5,618	7,096	6,477

	Credit period	← As at 31 March 2006 →						Total RM'000
		← Within credit period →			← Exceeded credit period →			
		0 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	3 – 6 months RM'000	6 – 12 months RM'000	> 12 months RM'000	
Trade receivables	90 days	1,205	185	50	225	584	26	2,275
% of trade receivables		52.97	8.13	2.20	9.89	25.67	1.14	100.00

### 6.3.1.5 Cash and cash equivalents

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Deposits placed with a licensed bank	82	104	129	129
Cash and bank balances	565	341	79	421
	647	445	208	550

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.3.1.6 Trade and other payables

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Trade payables	389	630	929	460
Other payables and accrued expenses	123	54	128	138
Related companies	607	639	1,945	1,591
	1,119	1,323	3,002	2,189

	Credit period	← As at 31 March 2006 →						Total RM'000
		← Within credit period →			← Exceeded credit period →			
		0 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	3 – 6 months RM'000	6-12 months RM'000	> 12 months RM'000	
Trade payables	90 days	196	88	99	71	6	-	460
% of trade payables		42.61	19.13	21.52	15.43	1.31	-	100.00

### 6.3.1.7 Borrowings

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Current</b>				
Term loan -secured	50	56	60	61
Hire purchase liabilities	162	241	108	33
	212	297	168	94
<b>Non-current</b>				
Term loan -secured	450	393	339	291
Hire purchase liabilities	139	95	-	90
	589	488	339	381

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**5. FINANCIAL INFORMATION (CONT'D)**


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**6.3.1.8 Deferred tax liabilities**

	←	As at 31 July		→	
	2003	2004	2005		31.3.2006
	RM'000	RM'000	RM'000		RM'000
<b>Property, plant and equipment</b>					
At 1 August	35	82	75		99
(Credited)/charged to income statement	47	(7)	24		25
At 31 July/31 March	82	75	99		124

**6.3.2 Statements of changes in equity**

	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>At 1 August 2002</b>	200	3,296	3,496
Net profit for the year	-	1,645	1,645
<b>At 31 July 2003 / 1 August 2003</b>	200	4,941	5,141
Net profit for the year	-	1,870	1,870
<b>At 31 July 2004 / 1 August 2004</b>	200	6,811	7,011
Net profit for the year	-	1,971	1,971
<b>At 31 July 2005 / 1 August 2005</b>	200	8,782	8,982
Net profit for the period	-	846	846
<b>At 31 March 2006</b>	200	9,628	9,828



## 5. FINANCIAL INFORMATION (CONT'D)



### 6.3.3 Cash flow statements

	← For the year ended 31 July →			8 months ended
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	2,292	2,543	2,819	1,155
Adjustments for:				
Depreciation	32	126	158	115
Interest expense	47	65	51	37
Interest income	-	(5)	(4)	-
Gain on disposal of motor vehicle	-	(61)	-	-
Operating profit before working capital changes	2,371	2,668	3,024	1,307
Changes in working capital:				
Inventories	10	302	(193)	82
Trade and other receivables	(414)	(1,866)	(3,579)	619
Trade and other payables	(61)	204	1,679	(813)
Cash generated from operations	1,906	1,308	931	1,195
Trade marks paid	(6)	(7)	-	-
Income taxes paid	(649)	(986)	(817)	(637)
<b>Net cash generated from operating activities</b>	1,251	315	114	558
<b>Cash flows from investing activities</b>				
Increase in pledged deposits placed with a licensed bank	-	-	(129)	-
Purchase of property, plant and equipment	(833)	(252)	(27)	(19)
Interest received	-	5	4	-
Proceed from disposal of property, plant and equipment	-	61	-	-
<b>Net cash used in investing activities</b>	(833)	(186)	(152)	(19)
<b>Cash flows from financing activities</b>				
Repayment of term loan	(68)	(51)	(49)	(47)
Repayment of hire purchase liabilities	-	(215)	(228)	(113)
Interest paid	(47)	(65)	(51)	(37)
<b>Net cash used in financing activities</b>	(115)	(331)	(328)	(197)
<b>Net increase/(decrease) in cash and cash equivalents</b>	303	(202)	(366)	342
<b>Cash and cash equivalents at beginning of year/ period</b>	344	647	445	79
<b>Cash and cash equivalents at end of year/period</b>	647	445	79	421
<b>Cash and cash equivalents comprise:-</b>				
Cash and bank balances	566	341	79	421
Fixed deposits with a licensed bank	81	104	129	129
	647	445	208	550
Less: Deposits pledged	-	-	(129)	(129)
	647	445	79	421

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.4 RCP Technologies Sdn. Bhd.

We set out below the summarised results of RCP Technologies Sdn Bhd for the financial years ended 31 July 2003 to 2005 and eight months financial period ended 31 March 2006.

	Note	← For the year ended 31 July →			8 months
		2003	2004	2005	ended
		RM'000	RM'000	RM'000	31.3.2006 RM'000
Revenue		862	942	1,459	1,187
Cost of sales		(458)	(549)	(788)	(762)
Gross profit		404	393	671	425
Distribution costs		-	-	-	(18)
Administrative expenses		(237)	(255)	(422)	(284)
Operating profit		167	138	249	123
Interest expense		-	-	(6)	(5)
Profit before taxation		167	138	243	118
Tax expense		(47)	(28)	(50)	(18)
Net profit for the year/period		120	110	193	100
Effective tax rate (%)	6.4.1	28.14	20.28	20.58	15.25
Gross margin		46.87	41.72	46.00	35.80
Pre-tax profit margin		19.37	14.65	16.66	9.94
NTA per ordinary share (RM)		7.06	9.28	13.14	15.14
Current ratio (times)		2.33	3.56	2.25	2.74
Gearing ratio (times)		-	-	0.18	0.14
Interest coverage ratio (times)		-	-	41.50	24.60
Gross dividend rate*		-	-	-	-
After tax return on shareholders' funds (%)		33.43	23.45	29.15	19.69**
Weighted average number of ordinary shares in issue ('000)		50	50	50	50
Earnings per share (RM)	6.4.2				
-Gross		3.34	2.76	4.86	3.54**
-Net		2.40	2.20	3.86	3.00**

\* RCP has not paid or declared any dividends since its incorporation.

\*\* Annualised

## 5. FINANCIAL INFORMATION (CONT'D)



### Notes to summary of results

#### 6.4.1 Effective tax rate

The effective tax rate in 2006 was lower than the statutory tax rate mainly due to the overprovision of prior year tax expense.

#### 6.4.2 Earnings per share

The basic gross and net earnings per share are calculated based on the profit before and after taxation attributable over the weighted average number of ordinary shares outstanding during the year/period.

#### 6.4.3 Summarised balance sheets

We set out below the summarised balance sheets of RCP Technologies Sdn Bhd as at 31 July 2003 to 2005 and 31 March 2006.

	Note	As at 31 July			
		2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Property, plant and equipment</b>	6.4.3.1	10	23	178	171
<b>Intangible assets – trade marks</b>		6	5	5	5
<b>Current assets</b>					
Inventories	6.4.3.2	132	158	229	220
Trade and other receivables	6.4.3.3	416	450	810	711
Tax recoverable		-	-	6	60
Cash and cash equivalents		52	8	2	59
		600	616	1,047	1,050
<b>Current liabilities</b>					
Trade and other payables	6.4.3.4	188	169	438	355
Hire purchase liability	6.4.3.5	-	-	26	28
Taxation		69	4	1	-
		257	173	465	383
<b>Net current assets</b>		343	443	582	667
		359	471	765	843
<b>Represented by:</b>					
Share capital		50	50	50	50
Retained profits		309	419	612	712
<b>Shareholders' funds</b>		359	469	662	762
<b>Long term and deferred liabilities</b>					
Hire purchase liability	6.4.3.5	-	-	96	77
Deferred tax liabilities	6.4.3.6	-	2	7	4
		359	471	765	843

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**5. FINANCIAL INFORMATION (CONT'D)**


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**Notes to summarised balance sheets**
**6.4.3.1 Property, plant and equipment**

	←	As at 31 July		→	
	2003	2004	2005		31.3.2006
	RM'000	RM'000	RM'000		RM'000
Machinery and equipment	1	1	10		13
Furniture and fittings	2	5	5		3
Office equipment	7	17	15		18
Motor vehicle	-	-	148		137
	10	23	178		171

**6.4.3.2 Inventories**

	←	As at 31 July		→	
	2003	2004	2005		31.3.2006
	RM'000	RM'000	RM'000		RM'000
Packaging materials	32	33	120		117
Finished goods	100	125	109		109
Less: Allowance for obsolete inventories	-	-	-		(6)
	132	158	229		220

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.4.3.3 Trade and other receivables

	As at 31 July			
	← 2003 RM'000	2004 RM'000	2005 RM'000	→ 31.3.2006 RM'000
Trade receivables	69	43	28	29
Less: Allowance for doubtful debts	-	-	(27)	(28)
	69	43	1	1
Other receivables, deposits and prepayments	20	16	15	7
Related companies	327	391	794	703
	416	450	810	711

		As at 31 March 2006						
		← Within credit period →			← Exceeded credit period →			Total RM'000
		0 – 30 days	31 – 60 days	61 – 90 days	3 – 6 months	6 – 12 months	> 12 months	
Credit period	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade receivables	90 days	1	-	-	-	-	-	1
% of trade receivables		100.00	-	-	-	-	-	100.00

### 6.4.3.4 Trade and other payables

	As at 31 July			
	← 2003 RM'000	2004 RM'000	2005 RM'000	→ 31.3.2006 RM'000
Trade payables	161	118	377	265
Other payables and accrued expenses	21	18	18	14
Holding company	-	-	1	1
Related companies	6	33	42	75
	188	169	438	355

		As at 31 March 2006						
		← Within credit period →			← Exceeded credit period →			Total RM'000
		0 – 30 days	31 – 60 days	61 – 90 days	3 – 6 months	6-12 months	> 12 months	
Credit period	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade payables	90 days	46	30	109	72	8	-	265
% of trade payables		17.36	11.32	41.13	27.17	3.02	-	100.00

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.4.3.5 Borrowings

	← As at 31 July →			31.3.2006
	2003	2004	2005	
	RM'000	RM'000	RM'000	RM'000
Hire purchase liability:				
Current	-	-	26	28
Non-current	-	-	96	77
	-	-	122	105

### 6.4.3.6 Deferred tax liabilities

	← As at 31 July →			31.3.2006
	2003	2004	2005	
	RM'000	RM'000	RM'000	RM'000
<b>Property, plant and equipment</b>				
At 1 August	-	-	2	7
(Credited)/charged to income statement	-	2	5	(3)
At 31 July/31 March	-	2	7	4

### 6.4.4 Statements of changes in equity

	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>At 1 August 2002</b>	50	189	239
Net profit for the year	-	120	120
<b>At 31 July 2003 / 1 August 2003</b>	50	309	359
Net profit for the year	-	110	110
<b>At 31 July 2004 / 1 August 2004</b>	50	419	469
Net profit for the year	-	193	193
<b>At 31 July 2005 / 1 August 2005</b>	50	612	662
Net profit for the period	-	100	100
<b>At 31 March 2006</b>	50	712	762

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**5. FINANCIAL INFORMATION (CONT'D)**


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**6.4.4 Cash flow statements**

	←	As at 31 July		→	8 months ended
	2003	2004	2005		31.3.2006
	RM'000	RM'000	RM'000		RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation	167	138	243		118
Adjustments for:					
Depreciation	1	2	16		13
Interest expense	-	-	6		5
Operating profit before working capital changes	168	140	265		136
Changes in working capital:					
Inventories	(53)	(26)	(71)		9
Trade and other receivables	(23)	(35)	(354)		99
Trade and other payables	(24)	(19)	269		(83)
Cash generated from operations	68	60	109		161
Trade marks paid	(4)	-	-		-
Income taxes paid	(22)	(90)	(62)		(75)
<b>Net cash (used in)/generated from operating activities</b>	42	(30)	47		86
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(4)	(14)	(29)		(7)
<b>Net cash used in investing activities</b>	(4)	(14)	(29)		(7)
<b>Cash flows from financing activities</b>					
Repayment of hire purchase liability	-	-	(18)		(17)
Interest paid	-	-	(6)		(5)
<b>Net cash used in financing activities</b>	-	-	(24)		(22)
<b>Net increase/(decrease) in cash and cash equivalents</b>	38	(44)	(6)		57
<b>Cash and cash equivalents at beginning of year/period</b>	14	52	8		2
<b>Cash and cash equivalents at end of year/period</b>	52	8	2		59

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.5 Greenyard Industries (M) Sdn Bhd

We set out below the summarised results of Greenyard Industries (M) Sdn Bhd for the financial years ended 31 July 2003 to 2005 and eight months financial period ended 31 March 2006.

	Note	← For the year ended 31 July →			8 months
		2003	2004	2005	ended
		RM'000	RM'000	RM'000	31.3.2006 RM'000
Revenue		5,464	3,659	5,880	2,233
Cost of sales		(4,430)	(3,104)	(4,781)	(2,282)
Gross profit/(loss)		1,034	555	1,099	(49)
Distribution costs		(402)	(119)	(87)	(68)
Administrative expenses		(433)	(350)	(488)	(301)
Other operating income		35	471	19	2
Operating profit/(loss)		234	557	543	(416)
Interest expense		(222)	(191)	(175)	(107)
Profit/(loss) before taxation		12	366	368	(523)
Tax expense		-	(203)	(144)	36
Net profit/(loss) for the year/period		12	163	224	(487)
Effective tax rate (%)	6.5.1	-	55.46	39.13	(6.88)
Gross margin		18.92	15.17	18.69	-
Pre-tax profit margin		0.22	10.00	6.26	-
NTA per ordinary share (RM)		1.39	1.54	1.74	1.30
Current ratio (times)		0.41	0.52	1.09	0.85
Gearing ratio (times)		2.27	1.65	2.59	3.30
Interest coverage ratio (times)		1.05	2.92	3.10	-
Gross dividend rate*		-	-	-	-
After tax return on shareholders' funds (%)		0.78	9.61	11.61	(50.66)**
Weighted average number of ordinary shares in issue ('000)		1,100	1,100	1,109	1,109
Earnings/(loss) per share (sen)	6.5.2				
-Gross		0.01	0.33	0.33	(0.71)**
-Net		0.01	0.15	0.20	(0.66)**

\* GISB has not paid or declared any dividends during the relevant years/period under review.

\*\* Annualised



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**5. FINANCIAL INFORMATION (CONT'D)**

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**Notes to summary of results**

**6.5.1 Effective tax rate**

There was no tax expense in 2003 due to the utilisation of unabsorbed capital allowances. The higher effective tax rate in 2004 and 2005 was mainly due to underprovision in prior years. In 2006, there was a writeback of tax expense overprovided for in prior years.

**6.5.2 Earnings per share**

The basic gross and net earnings per share are calculated based on the profit before and after taxation attributable over the weighted average number of ordinary shares outstanding during the year/period.

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.5.3 Summarised balance sheets

We set out below the summarised balance sheets of Greenfield Industries (M) Sdn Bhd as at 31 July 2003 to 2005 and 31 March 2006.

	Note	As at 31 July			
		2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Property, plant and equipment</b>	6.5.3.1	6,789	6,019	5,596	6,070
<b>Intangible assets-trade marks</b>		4	4	4	4
<b>Current assets</b>					
Inventories	6.5.3.2	1,462	1,261	1,774	2,022
Trade and other receivables	6.5.3.3	539	1,324	3,464	2,644
Cash and cash equivalents	6.5.3.4	76	78	81	88
		<u>2,077</u>	<u>2,663</u>	<u>5,319</u>	<u>4,754</u>
<b>Current liabilities</b>					
Trade and other payables	6.5.3.5	3,850	3,986	3,641	4,273
Borrowings	6.5.3.6	1,182	1,133	1,237	1,304
Hire purchase liabilities		-	-	-	23
		<u>5,032</u>	<u>5,119</u>	<u>4,878</u>	<u>5,600</u>
<b>Net current (liabilities) /assets</b>		<u>(2,955)</u>	<u>(2,456)</u>	<u>441</u>	<u>(846)</u>
		<u>3,838</u>	<u>3,567</u>	<u>6,041</u>	<u>5,228</u>
<b>Represented by:</b>					
Share capital		1,100	1,100	1,109	1,109
Retained profits		433	596	820	333
<b>Shareholders' funds</b>		<u>1,533</u>	<u>1,696</u>	<u>1,929</u>	<u>1,442</u>
<b>Long term and deferred liabilities</b>					
Borrowings	6.5.3.6	2,305	1,668	3,764	3,461
Hire purchase liabilities		-	-	-	13
Deferred tax liabilities	6.5.3.7	-	203	348	312
		<u>3,838</u>	<u>3,567</u>	<u>6,041</u>	<u>5,228</u>

## 5. FINANCIAL INFORMATION (CONT'D)



### Notes to summarised balance sheets

#### 6.5.3.1 Property, plant and equipment

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Leasehold land	824	815	806	800
Leasehold buildings	3,503	3,459	3,397	3,348
Factory	347	-	-	-
Office furniture and fittings	27	23	19	17
Plant and machinery	1,369	1,076	824	1,254
Air conditioners	30	27	23	20
Motor vehicles	18	12	7	3
Computer	37	33	24	62
Factory furniture, fittings and equipment	632	568	490	561
Renovation	2	6	6	5
	6,789	6,019	5,596	6,070

#### 6.5.3.2 Inventories

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
At cost:				
Raw materials	563	530	1,026	1,023
Work-in-progress	675	581	585	650
Finished goods	224	150	163	349
	1,462	1,261	1,774	2,022

	← As at 31 July →			
	2003	2004	2005	31.3.2006
Inventories turnover period (days)	120	148	125	213*

\* Annualised

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.5.3.3 Trade and other receivables

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Trade receivables	63	1,011	1,463	1,620
Other receivables, deposits and prepayments	58	146	101	279
Related companies	418	167	1,900	745
	539	1,324	3,464	2,644

		← As at 31 March 2006 →						Total RM'000
		← Within credit period →			← Exceeded credit period →			
		Credit period	0 – 30 days	31 – 60 days	61 – 90 days	3 – 6 months	6 – 12 months	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	90 days	350	98	102	35	-	1,035	1,620
% of trade receivables		21.60	6.05	6.30	2.16	-	63.89	100.00

### 6.5.3.4 Cash and cash equivalents

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Deposits with licensed banks	74	75	78	86
Cash and bank balances	2	3	3	2
	76	78	81	88

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.5.3.5 Trade and other payables

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Trade payables	987	605	2,043	1,687
Other payables and accrued expenses	564	722	872	842
Holding company	-	10	-	3
Related companies	1,211	2,075	149	1,166
Amount due to directors	1,088	574	577	575
	3,850	3,986	3,641	4,273

		← As at 31 March 2006 →						
		← Within credit period →			← Exceeded credit period →			
		0 – 30 days	31 – 60 days	61 – 90 days	3 – 6 months	6-12 months	> 12 months	Total
Credit period	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade payables	90 days	292	174	297	344	486	94	1,687
% of trade payables		17.31	10.31	17.61	20.39	28.81	5.57	100.00

### 6.5.3.6 Borrowings

	← As at 31 July →			
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Current</b>				
Term loan -secured	443	481	607	577
Bank overdrafts -secured	511	490	497	432
Bills payables	228	162	133	295
	1,182	1,133	1,237	1,304
<b>Non-current</b>				
Term loan -secured	2,305	1,668	1,164	861
Related company - unsecured	-	-	2,600	2,600
	2,305	1,668	3,764	3,461

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.5.3.7 Deferred tax liabilities

	← As at 31 July →			31.3.2006
	2003	2004	2005	
	RM'000	RM'000	RM'000	RM'000
<b>Property, plant and equipment</b>				
At 1 August	-	-	203	348
(Credited)/charged to income statement	-	203	145	(36)
At 31 July	-	203	348	312

### 6.5.4 Statements of changes in equity

	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>At 1 August 2002</b>	1,100	421	1,521
Net profit for the year	-	12	12
<b>At 31 July 2003 / 1 August 2003</b>	1,100	433	1,533
Net profit for the year	-	163	163
<b>At 31 July 2004 / 1 August 2004</b>	1,100	596	1,696
Issues of shares	9	-	9
Net profit for the year	-	224	224
<b>At 31 July 2005 / 1 August 2005</b>	1,109	820	1,929
Net loss for the period	-	(487)	(487)
<b>At 31 March 2006</b>	1,109	333	1,442

## 5. FINANCIAL INFORMATION (CONT'D)



### 6.5.5 Cash flow statements

	← For the year ended 31 July →			8 months ended
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	12	366	368	(523)
Adjustments for:				
Amortisation of trade marks	-	-	-	3
Depreciation	503	409	385	267
(Gain)/Loss on disposal of property, plant and equipment	(29)	(61)	11	(10)
Interest expense	222	191	175	107
Interest received	(2)	(2)	(2)	(2)
Operating profit/(loss) before working capital changes	706	903	937	(158)
Changes in working capital:				
Inventories	109	201	(513)	(248)
Trade and other receivables	(123)	(785)	(2,139)	820
Trade and other payables	(191)	567	2,254	632
Cash generated from operations	501	886	539	1,046
Trade marks paid	(4)	-	-	-
Income taxes paid	(2)	-	-	-
Interest paid	(46)	(44)	(55)	(39)
<b>Net cash generated from operating activities</b>	449	842	484	1,007
<b>Cash flows from investing activities</b>				
Increase in pledged deposits placed with licensed banks	(73)	(2)	(2)	-
Purchase of property, plant and equipment	(208)	(28)	(51)	(734)
Proceeds from sale of property, plant and equipment	140	19	77	46
Interest received	2	2	2	2
Renewal of trademarks	-	-	-	(3)
<b>Net cash (used in)/ generated from investing activities</b>	(139)	(9)	26	(689)
<b>Cash flows from financing activities</b>				
Repayment of hire purchase liabilities	-	-	-	(9)
Proceeds for issue of shares	-	-	9	-
(Repayment of)/Proceeds from term loans and other borrowings	(131)	(664)	(406)	(177)
Interest paid	(176)	(147)	(120)	(68)
<b>Net cash used in financing activities</b>	(307)	(811)	(517)	(254)

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**5. FINANCIAL INFORMATION (CONT'D)**


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**6.5.5 Cash flow statements (continued)**

	← For the year ended 31 July →			8 months ended
	2003 RM'000	2004 RM'000	2005 RM'000	31.3.2006 RM'000
Net increase/ (decrease) in cash and cash equivalents	3	22	(7)	64
Cash and cash equivalents at beginning of year/period	(512)	(509)	(487)	(494)
Cash and cash equivalents at end of year/period	(509)	(487)	(494)	(430)
<b>Cash and cash equivalents comprise:-</b>				
Cash and bank balances	2	3	3	2
Deposits with licensed banks	74	75	78	86
Bank overdrafts	(511)	(490)	(497)	(432)
	(435)	(412)	(416)	(344)
Less: Deposits pledged	(74)	(75)	(78)	(86)
	(509)	(487)	(494)	(430)



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**5. FINANCIAL INFORMATION (CONT'D)**

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**7. Summary of significant accounting policies**

The significant accounting policies adopted by Greenyield and its subsidiaries are as follows:

**(a) Basis of accounting**

The financial statements of Greenyield and its subsidiaries are prepared in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

**(b) Basis of consolidation**

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group's financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

**(c) Property, plant and equipment**

Freehold land is stated at cost less impairment loss if any. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any.

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement. Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

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**5. FINANCIAL INFORMATION (CONT'D)**


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**7. Summary of significant accounting policies (continued)**
**(c) Property, plant and equipment (continued)**
***Depreciation***

Freehold land is not amortised. Leasehold land is amortised in equal installments over the remaining lease period of 82 years while the buildings are depreciated on a straight-line basis over the shorter of 50 years or leasehold period.

The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Plant and machinery	8%
Motor vehicles	10%
Computer	8%
Renovation	8%
Furniture and fittings, office equipment air-conditioner, empty cylinders and electrical installation	8%

**(d) Intangible asset**
***Goodwill***

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than 10 years.

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill, not exceeding the fair values of non-monetary assets acquired is recognised in the income statement over the weighted average useful life of those assets that are depreciable / amortisable. Negative goodwill in excess of the fair values on the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of the negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

***Trade mark***

Trade marks are stated at cost less accumulated amortisation and are amortised on a straight line basis over a period of twenty years.

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**5. FINANCIAL INFORMATION (CONT'D)**

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**7. Summary of significant accounting policies (continued)****(e) Inventories**

Inventories are stated at the lower of cost and net realisable value and are determined on a first-in-first-out basis (FIFO) and include all direct expenditure incurred in bringing the inventories to their present location and condition.

**(f) Trade and other receivables**

Trade and other receivables are stated at cost less allowance for doubtful debts.

**(g) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with licensed banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**(h) Impairment**

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

**(i) Liabilities**

Borrowings and trade and other payables are stated at cost.

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**5. FINANCIAL INFORMATION (CONT'D)**

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**7. Summary of significant accounting policies (continued)****(j) Assets acquired under hire purchase agreements***Hire purchases*

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

**(k) Income tax**

Tax on the profit or loss for the period/year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the period/ year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**(l) Employee benefits***i) Short term employee benefits*

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

*ii) Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

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**5. FINANCIAL INFORMATION (CONT'D)**


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**7. Summary of significant accounting policies (continued)**
**(m) Foreign currency**

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

	31 July 2003	31 July 2004	31 July 2005	31 March 2006
	RM	RM	RM	RM
1USD	3.80	3.80	3.80	3.70
1HK\$	0.49	0.49	0.49	N/A
1EURO	4.31	4.58	4.58	4.56
1SEK	0.47	0.51	0.51	N/A

**(o) Revenue**
***i) Goods sold***

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

***ii) Interest income***

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

**(p) Financing costs**

All interest and other costs incurred in connection with borrowings are expensed as incurred.

The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

**8. Restatement to the audited financial statements**

No restatement has been made to the audited financial statements of Greenfield and its subsidiaries in the preparation of this report.

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**5. FINANCIAL INFORMATION (CONT'D)**

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**9. Subsequent events**

There were no significant events between the date of the last financial statements used in the preparation of the report and the date of this report which will affect materially the contents of this report.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'KPMG', with a short horizontal line underneath.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Foong Mun Kong', with a long horizontal line underneath.

**Foong Mun Kong**  
Partner  
Approval Number: 2613/12/06(J)