



TEJARI TECHNOLOGIES BERHAD

(Company No. 679361-D)

Tel No: 04-3972828 Fax No: 04-3985393 Email: sales@tejari.com.my

**CONDENSED CONSOLIDATED INCOME STATEMENT**

**For the 3rd Quarter Ended 31 August 2007**

**The results have not been audited**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.08.2007 RM'000	Preceding Year Corresponding Quarter Ended 31.08.2006* RM'000	Current Year-to-date Ended 31.08.2007 RM'000	Preceding Year-to-date Ended 31.08.2006* RM'000
Revenue	6,389	N/A	16,147	N/A
Cost of sales	(2,998)	N/A	(8,846)	N/A
<b>Gross profit</b>	3,391	N/A	7,301	N/A
Other operating income	268	N/A	482	N/A
Research and development cost	(157)	N/A	(378)	N/A
Distribution costs	(57)	N/A	(126)	N/A
Administrative expenses	(1,785)	N/A	(4,299)	N/A
Profit from operation	1,660	N/A	2,980	N/A
Finance costs	(52)	N/A	(115)	N/A
<b>Profit before taxation</b>	1,608	N/A	2,865	N/A
Taxation	(11)	N/A	(140)	N/A
<b>Profit attributable to equity holders of the Company</b>	1,597	N/A	2,725	N/A

**Earnings per share (sen):-**

Basic earnings per share (sen)	0.98	N/A	1.68	N/A
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

\* There are no comparative consolidated figures for the preceding year's corresponding quarter as this is the Group's first 3<sup>rd</sup> Quarter reporting.

N/A- Not Applicable

**The condensed consolidated income statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.**



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**CONDENSED CONSOLIDATED BALANCE SHEET**

**As at 31 August 2007**

	<b>(Unaudited)</b> <b>As at 31.08.2007</b> <b>RM'000</b>	<b>(Audited)</b> <b>As at 30.11.2006</b> <b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	7,314	3,870
Other investments	120	120
	<u>7,434</u>	<u>3,990</u>
<b>Current assets</b>		
Inventories	8,404	7,374
Receivables, deposits and prepayments	9,972	8,173
Tax Recoverable	215	158
Cash and cash equivalents	8,553	445
	<u>27,144</u>	<u>16,150</u>
<b>Current liabilities</b>		
Payables and accruals	3,140	2,213
Hire purchase payables	337	347
Bank borrowings	507	1,032
Taxation	4	19
	<u>3,988</u>	<u>3,611</u>
<b>Net current assets</b>	23,156	12,539
	<u>30,590</u>	<u>16,529</u>
<b>Equity</b>		
Share capital	16,300	12,300
Share premium	5,886	-
Reserve on consolidation	-	2,298
Retained profits	6,136	1,113
<b>Total equity</b>	<u>28,322</u>	<u>15,711</u>
<b>Non-current liabilities</b>		
Hire purchase payables	464	583
Term loan	1,789	220
Deferred taxation	15	15
	<u>2,268</u>	<u>818</u>
	<u>30,590</u>	<u>16,529</u>
<b>Net assets per share attributable to ordinary equity holders of the Company(RM)</b>	#0.17	0.13

# Net assets per ordinary share is calculated based on issued and paid up capital of 163,000,000 shares

**The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 30 November 2006 which can be found in its Prospectus dated 16 February 2007, and the accompanying explanatory notes attached to the interim financial statements.**



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the 3<sup>rd</sup> Quarter Ended 31 August 2007**

	← Attributable to equity holders of the Company →				Total Equity
	Share capital RM'000	Share premium RM'000	Non-distributable Reserve on consolidation RM'000	Distributable Retained profits RM'000	
<b>At 1 December 2005</b>	*	-	-	78	78
Issuance of shares	12,300	-	-	-	12,300
Gain not recognized in income statement: Reserve arising from acquisition of subsidiary companies	-	-	2,298	-	2,298
Net profit for the year	-	-	-	1,035	1,035
<b>At 30 November 2006</b>	12,300	-	2,298	1,113	15,711
<b>At 1 December 2006</b>	12,300	-	2,298	1,113	15,711
Net profit for the financial period	-	-	-	2,725	2,725
Public issues of shares	4,000	7,200	-	-	11,200
Listing expenses	-	(1,314)	-	-	(1,314)
Transfer reserve on consolidation to retained profits	-	-	(2,298)	2,298	-
<b>At 31 August 2007</b>	16,300	5,886	-	6,136	28,322

\* Represent RM2.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 November 2006 which can be found in its Prospectus dated 16 February 2007, and the accompanying explanatory notes attached to the interim financial statements.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**For the 3<sup>rd</sup> Quarter Ended 31 August 2007**

	Quarter Ended	
	31.08.2007	31.08.2006*
	RM'000	RM'000
<b>Cash flow from operating activities</b>		
Profit before taxation	2,865	N/A
Adjustments for:-		
Allowance for doubtful debt no longer required	(223)	N/A
Bad debt written off	54	
Depreciation	588	N/A
Gain on disposal of property, plant and equipment	(35)	N/A
Property, plant and equipment written off	2	N/A
Interest expense	115	N/A
Interest income	(121)	N/A
Operating profit before working capital changes	3,245	N/A
Inventories	(1,030)	N/A
Receivables, deposits and prepayments	(1,630)	N/A
Payables and accruals	927	N/A
	1,512	N/A
Interest paid	(115)	N/A
Tax paid	(212)	N/A
Interest received	121	N/A
Net cash flows from operating activities	1,306	N/A
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	35	N/A
Purchase of property, plant and equipment (Note a)	(3,934)	N/A
Net cash flow used in investing activities	(3,899)	N/A
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	11,200	N/A
Listing expenses	(1,314)	N/A
Proceeds from term loan	2,100	N/A
Repayment of term loans	(223)	N/A
Net repayment of bankers acceptances	(423)	N/A
Repayment of hire purchase payables	(229)	N/A
Net cash flow from financing activities	11,111	N/A
<b>Net increase in cash and cash equivalents</b>	8,518	N/A
Cash and cash equivalents at beginning of the financial period	35	N/A
Cash and cash equivalents at end of the financial period (Note b)	8,553	N/A



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**For the 3<sup>rd</sup> Quarter Ended 31 August 2007**

	Quarter Ended	
	31.08.2007	31.08.2006*
	RM'000	RM'000
(a) Purchase of property, plant and equipment:		
-financed by hire purchase arrangement	100	N/A
-financed by cash	3,934	N/A
Additions during the financial period	<u>4,034</u>	<u>N/A</u>
(b) Cash and cash equivalents at the end of the financial Period comprise the following:-		
-fixed deposits with licensed banks	5,097	N/A
-short-term deposits	2,700	N/A
-cash and bank balances	756	N/A
	<u>8,553</u>	<u>N/A</u>

\* There are no comparative consolidated figures for the preceding year's corresponding quarter as this is the Group's first 3<sup>rd</sup> Quarter reporting.

N/A- Not Applicable

**The condensed consolidated cash flow statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.**

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**Part A – Explanatory Notes Pursuant to Financial Reporting Standard (FRS ) 134- Interim Financial Reporting**

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**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with audited financial statements of the Group for the financial year ended **30 November 2006** which can be found in its Prospectus dated 16 February 2007 and the explanatory notes attached to the interim financial statements which provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group.

The significant accounting policies and methods of computation adopted by the Company and its subsidiaries in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended **30 November 2006** except for the adoption of the new/revised Financial Reporting Standard (“FRS”) as outlined in note 2.

**2. Changes in Accounting Policies**

The MASB has issued a number of new and revised FRS. The following are new/revised FRS adopted by the Company for the financial year beginning **1 December 2006**

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosure
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of FRS 2, 101, 102, 108, 110, 116, 121, 124, 127, 132, 133, 136, 138 does not have significant financial impact on the Group in the current quarter under review. The principal effect of the changes in accounting policies resulting from the adoption of FRS 3 is stated below:

**2.1 FRS 3: Business Combinations**

Pursuant to FRS 3, any excess of the Group’s interest in the net fair value of acquirees’ identifiable assets, liabilities, and contingent liabilities over cost of acquisitions (previously referred to as “negative goodwill”), after reassessment, is recognized immediately in the income statement. Prior to **1 December 2006**, the Group reflected the negative goodwill as reserve on consolidation. In accordance with the transitional provisions of FRS 3, the Group has transferred the reserve on consolidation of **RM2,298,111** as at **1 December 2006** to retained earnings.

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**Part A – Explanatory Notes Pursuant to Financial Reporting Standard (FRS ) 134- Interim Financial Reporting (Continued)**

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**3. Auditor’s Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements of the Company and its subsidiaries for the financial year ended **30 November 2006** was not subject to any qualification.

**4. Seasonal or Cyclical factors**

There were no major seasonal or cyclical factors affecting the results of the Group for the current quarter under review.

**5. Unusual Items due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review except as disclosed in Note 2.1

**6. Material Changes in Estimates**

There were no changes in estimates of amounts which have a material effect in the current quarter results under review.

**7. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and other repayments of debt and equity securities during current quarter.

**8. Dividends Paid**

No dividend has been paid during the current quarter.

**9. Segmental Information**

No segmental analysis is prepared as the business of the Group is principally carried out in Malaysia and operates within one business segment i.e. the provision of electro hydraulic automation system & solution and its related products and services.

**10. Valuation of Property, Plant and Equipment**

As at **31 August 2007**, the Group did not have any revalued assets.

**11. Changes in Composition of the Group**

There was no change in the composition of the Group during the current quarter under review.

**12. Contingent Assets or Liabilities**

Contingent liabilities of the Group are as follows:

	<b>As at 31.08.07 RM’000</b>	<b>As at 30.11.06 RM’000</b>
Corporate guarantee extended to a financial institution for banking facility granted to a subsidiary company	5,468	Nil



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**Part A – Explanatory Notes Pursuant to Financial Reporting Standard (FRS) 134- Interim Financial Reporting (Continued)**

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**13. Capital Commitment**

As at 31.08.07

**RM'000**

Contracted but not provided for  
– Property, plant & equipment

2,641

**14. Material Events Subsequent to the End of the Interim Reporting Period**

There are no material events subsequent to the end of the current quarter under review.



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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Continued)**

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**15. Review of Performance**

For the current quarter ended 31 August 2007, the Group recorded a profit after taxation (“PAT”) and revenue of RM1.597 million and RM6.389 million respectively. Similarly, for the financial period ended 31 August 2007, the Group recorded a PAT of RM2.725 million on the back of a revenue of RM16.147 million.

The Group’s performance was mainly attributable to the electro hydraulic automation activities which contributed approximately 64% and 61% of the total Group revenue for the current quarter and financial period ended 31 August 2007 respectively.

**16. Variation of Results against Preceding Quarter**

The Group generated revenue of RM 6.389 million in the current quarter under review. This represents an increase of approximately RM349,000 or 5.8% from the revenue of RM6.04 million recorded in the preceding quarter.

For the current quarter under review, the Group recorded a higher profit before taxation of RM1.608 million as compared to a profit before taxation of RM1.017million for the immediate preceding quarter. The increase of RM591,000 was mainly contributed by the higher gross profit margin of 53% recorded in the current quarter, as compared to 40% in the preceding quarter.

**17. Commentary on Prospects**

Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group’s ability in achieving satisfactory performance for the financial year ending **30 November 2007**.

The Group will continue to focus on the palm oil and construction industries and also seek opportunities to penetrate into overseas markets. The Group also expects the utilization of the proceeds from the listing exercise to contribute positively to the Group’s performance for the financial year ending **30 November 2007**.

**18. Actual Profit against Profit Forecast**

The variance between the actual and forecast profit after taxation will only be reported in the final quarter of the financial year ending **30 November 2007**.

The Group did not issue any profit guarantee.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Continued)**

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**19. Income Tax Expense**

	Current Quarter ended		Cumulative Quarter ended	
	31.08.2007	31.08.2006	31.08.2007	31.08.2006
	RM'000	RM'000	RM'000	RM'000
Current tax	11	N/A	140	N/A
Deferred tax	0	N/A	0	N/A
Total income tax expenses	11	N/A	140	N/A

The effective tax rate of the Group for the current quarter under review of approximately 26% lower than the statutory tax rate of 27% mainly due to the following:-

- a) The Company has been granted Multimedia Super Corridor (“MSC”) status by the government on 25 July 2005. One of the financial incentives awarded to the Company under the MSC status is Pioneer Status in which the statutory income is exempted from tax for a period of five years. Extension for a further period of five years will be subject to the approval of Multimedia Development Corporation;
- b) TTB’s wholly-owned subsidiary, Tejari Sdn. Bhd. has been granted Pioneer Status by the Ministry of International Trade and Industry in which the statutory income is exempted from tax for a period of five years from 1 June 2005; and
- c) The enactment of the 20% income tax rate on first chargeable income of RM500,000 in relation to the subsidiary companies.

**20. Sales of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties for the current quarter and financial period ended **31 August 2007**.

**21. Quoted Securities**

There was no purchase or disposal of quoted securities for the current quarter ended **31 August 2007**. The Group did not hold any investments in quoted securities as at **31 August 2007**.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Continued)**

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**22. Corporate Proposals****(a) Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at **29 Oct 2007**.

**(b) Status of utilization of proceeds from Public Issue**

The gross proceeds from the Public Issue of RM11,200,000 have been/ will be utilized in the following manner:-

Purpose	Proposed Utilization RM'000	Actual Utilization	Intended timeframe for utilization	Deviation		Remark
		As at 31 Aug 2007 RM'000		RM'000	(%)	
Expansion of factory building	2,650	449	18 months from listing	-	-	
Research & Development expenditure	1,240	293	36 months from listing	-	-	
Repayment of bank borrowings	1,300	1,300	6 month from listing	-	-	See * below
Purchase of machinery and equipment	1,860	357	24 month from listing	-	-	
Sales and marketing expenditure	1,000	410	12 month from listing	-	-	
Working capital	1,800	1,620	24 month from listing	36	2	See # below
Estimated listing expenses	1,350	1,314	6 month from listing	(36)	2.7	See # below
Total	<u>11,200</u>	<u>5,743</u>				

\*Total repayment of bank borrowing was RM1.366 million. The additional repayment of RM66,000 was from Group's internally generated fund.

#The unused portion of listing expenses is allocated to working capital

Date of listing is **9 March 2007**

**23. Borrowings and Debt Securities**

	Denominated in local currency As at 31 August 2007 RM'000
<u>Secured</u>	
Short term	844
Long term	2,253
Total	<u>3,097</u>

The Group does not have any foreign borrowings and debt securities as at the date of this announcement.



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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Continued)**

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**24. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this announcement.

**25. Changes in Material Litigation**

Neither the Company nor any of its subsidiary companies were engaged in any litigation or arbitration, either as plaintiff or defendant, which had a material effect on the financial position of the Company or any of its subsidiaries and the Board of Directors was not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries as at the date of this announcement.

**26. Dividend Declared**

No dividend has been declared during the current quarter.

**27. Earnings per Share**

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Current Quarter		Cumulative Quarters	
	31.08.2007 RM'000	30.08.2006 RM'000	31.08.2007 RM'000	30.08.2006 RM'000
Profit for the period	1,597	N/A	2,725	N/A
Weighted average number of ordinary shares of RM0.10 in issue ('000)	163,000	N/A	161,832	N/A
Basic earnings per share (sen)	0.98	N/A	1.68	N/A

Diluted earnings per share were not computed as the Company did not have any convertible financial instruments as at **31 August 2007**.

**28. Authorisation for Issue**

These unaudited interim financial statements were authorised for release by the Company in accordance with a resolution of the Directors on **29 October 2007**.