
12. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

Shamsir Jasani Grant Thornton 

Chartered Accountants

Date: 30 November 2007

The Board of Directors
Winsun Technologies Berhad
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs,

**WINSUN TECHNOLOGIES BERHAD ("WINSUN") AND ITS SUBSIDIARY COMPANIES
("WINSUN GROUP" OR "THE GROUP")
ACCOUNTANTS' REPORT**

1. INTRODUCTION

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of WINSUN on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") which includes the following:-

(i) Public Issue

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in WINSUN ("WINSUN Share") at an issue price of RM0.85 per WINSUN Share.

The Shares shall be allocated to prospective investors in the following manner:-

(a) Malaysian Public

3,000,000 of the Public Issue Shares representing 3% of the enlarged issued and paid-up capital will be made available for application by the Malaysian Public.

(b) Eligible Directors and employees

2,000,000 of the Public Issue Shares representing 2% of the enlarged issued and paid-up share capital will be reserved for application by the eligible Directors and employees.

(c) Private placement

25,000,000 of the Public Issue Shares representing 25% of the enlarged issued and paid-up share capital will be made available for application by way of private placement to identified investors.

Shamsir Jasani Grant Thornton (AF:0737)

Level 11, Faber Imperial Court
Jalan Sultan Ismail, P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T (603) 2692 4022
F (603) 2691 5229
E sjgt@gt.com.my
W www.gt.com.my

Member of Grant Thornton International

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **1. INTRODUCTION (CONT'D)****(ii) Bonus Issue**

Bonus Issue of 200,000,000 new ordinary shares of RM0.10 each in WINSUN at par to the shareholders of WINSUN on the basis of two (2) new ordinary shares of RM0.10 each in WINSUN for every one (1) WINSUN Share held after Public Issue; and

(iii) Listing and Quotation on the MESDAQ Market of Bursa Securities

In conjunction with the Flotation Exercise, WINSUN will seek the admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of WINSUN comprising 300,000,000 WINSUN Shares on the Official List of the MESDAQ Market of Bursa Securities.

2. GENERAL INFORMATION**2.1 Background**

WINSUN was incorporated on 21 March 2007 and domiciled in Malaysia under the Companies Act, 1965 as a private limited liability company under the name of Winsun Technologies Sdn. Bhd.. Subsequently, it was converted to a public company on 5 October 2007.

2.1.1 Flotation Exercise

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of WINSUN, the WINSUN Group undertook the Flotation Exercise that was approved by the Securities Commission ("SC") on 9 October 2007. The Flotation Exercise involves the following:-

(i) Acquisitions

- (a) Acquisition of the entire registered and paid-up capital of Shanghai Winco Electrical Co., Ltd. ("WINCO") comprising registered and paid-up capital of USD1,000,000 representing 100% equity interest in WINCO for a total purchase consideration of RM6,999,997 to be wholly satisfied through the issuance of 6,999,997 new ordinary shares of RM1.00 in WINSUN; and
- (b) Acquisition of the entire registered and paid-up capital of Shanghai Winner Electrical Co., Ltd. ("WINNER") comprising registered and paid-up capital of USD600,000 representing 100% equity interest in WINNER for a total purchase consideration of RM1 to be wholly satisfied through the issuance of 1 new ordinary share of RM1.00 in WINSUN.

The above Acquisitions were completed on 25 October 2007.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **2. GENERAL INFORMATION (CONT'D)****2.1.1 Flotation Exercise (cont'd)****(ii) Share Split**

Share Split to subdivide the existing par value of ordinary shares of WINSUN from RM1.00 per share to RM0.10 per WINSUN Share after the above Acquisitions.

The above Share Split was completed on 26 October 2007.

(iii) Public Issue

Public Issue of 30,000,000 new WINSUN Shares at an issue price of RM 0.85 per WINSUN Share.

The Shares shall be allocated to prospective investors in the following manner:-

(a) Malaysian Public

3,000,000 of the Public Issue Shares representing 3% of the enlarged issued and paid-up capital will be made available for application by the Malaysian Public.

(b) Eligible Directors and employees

2,000,000 of the Public Issue Shares representing 2% of the enlarged issued and paid-up share capital will be reserved for application by the eligible Directors and employees.

(c) Private placement

25,000,000 of the Public Issue Shares representing 25% of the enlarged issued and paid-up share capital will be made available for application by way of private placement to identified investors.

(iv) Bonus Issue

Bonus Issue of 200,000,000 new ordinary shares of RM0.10 each in WINSUN at par to the shareholders of WINSUN on the basis of two (2) new ordinary shares of RM0.10 each in WINSUN for every one (1) WINSUN Share held after Acquisitions, Share Split and Public Issue.

(v) Listing and Quotation on the MESDAQ Market of Bursa Securities

In conjunction with the Flotation Exercise, WINSUN will seek the admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of WINSUN comprising 300,000,000 WINSUN Shares on the Official List of the MESDAQ Market of Bursa Securities.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

2. GENERAL INFORMATION (CONT'D)

2.1.1 Flotation Exercise (cont'd)

(v) Listing and Quotation on the MESDAQ Market of Bursa Securities (cont'd)

The gross proceeds arising from the Public Issue amounting to RM25,500,000 are expected to be fully utilised for the core business of WINSUN Group in the following manner:-

	RM'000
Research and development	6,900
Capital expenditure	2,300
Repayment of borrowings	2,300
Working capital	9,200
Business development	2,300
Listing expenses	2,500
	25,500

The listing expenses are estimated at RM2,500,000 and will be set off against the share premium account.

2.2 Share capital

The changes in the Company's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of shares	Par value (RM)	Cumulative total (RM)
21 March 2007	100,000	1.00	100,000
25 October 2007	99,900,000	1.00	100,000,000
26 October 2007	1,000,000,000	0.10	100,000,000

The changes in the Company's issued and fully paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of shares	Par value (RM)	Consideration	Cumulative total (RM)
21 March 2007	2	1.00	Subscribers' shares	2
25 October 2007	6,999,998	1.00	Acquisition of subsidiary companies	7,000,000
26 October 2007	70,000,000	0.10	Subdivide from RM1.00 per share to RM0.10 per share	7,000,000

12. ACCOUNTANTS' REPORT (Cont'd)Shamsir Jasani Grant Thornton **2. GENERAL INFORMATION (CONT'D)****2.3 Principal activity**

The Company's principal activities are investment holding and research and development.

The subsidiary companies are as follows:-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
WINCO	100%	Solution provider and system designer of sophisticated and high- end automation systems.	26 December 2003 The People's Republic of China
WINNER	100%	Solution provider and system designer for automation systems.	8 August 1994 The People's Republic of China

WINSUN, WINNER and WINCO are collectively referred to as "WINSUN Group".

2.4 Share capital history of subsidiary companies**(i) WINCO****Registered and paid-up capital**

The registered and paid-up capital at its incorporation date was made up of USD200,000. The registered and paid-up capital was increased to USD430,000 on 2 June 2006 and subsequently increased to USD1,000,000 on 23 May 2007.

(ii) WINNER**Registered and paid-up capital**

The registered and paid-up capital at its incorporation date was made up of USD600,000 and there were no subsequent changes in the registered and paid-up capital.

3. FINANCIAL STATEMENTS AND AUDITORS**A. WINSUN**

The financial statements of WINSUN for the financial period under review which was audited by us were reported without any audit qualifications.

B. WINCO

The financial statements of WINCO for the relevant financial period/years under review which were audited by us were reported without any audit qualifications.

C. WINNER

The financial statements of WINNER for the relevant financial period/years under review which were audited by us were reported without any audit qualifications.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **4. CONVERSION RATE**

In the preparation of our report, we have converted all figures stated in Renminbi ("RMB") to Ringgit Malaysia ("RM"). The applied rate of exchange for the financial years 31 December 2004 to 31 December 2006 is RMB1: RM0.4499 and the applied rate of exchange for the financial period ended 30 June 2007 is RMB1: RM0.4526.

5. ACCOUNTING POLICIES AND STANDARDS**5.1 Basis of Preparation of The Financial Statements**

The financial statements of the Group have been prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

5.2 Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Foreign currency risk

The Group is not exposed to foreign currency risk in its normal operations in view that all its local operating activities are transacted in local currency, Renminbi (RMB). For that matter, the Company is only exposed to foreign currency risk in case of capital and profit repatriation or payment of dividend from its subsidiary companies to the Company.

(b) Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

(c) Liquidity and cash flow risks

The Group actively manages its operating cash flows to suit the debt maturity profile so as to ensure that all commitment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash equivalents to meet its working capital requirements.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.2 Financial Risk Management Policies (cont'd)****(d) Credit risk**

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. An internal credit review is conducted if the credit risk is material.

(e) Market risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels. The Group does not face significant risk arising from changes in debt and equity prices.

5.3 Significant Accounting Policies**(a) Accounting convention**

The financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the other significant accounting policies.

The functional currency of the Group is Renminbi and is presented in Ringgit Malaysia.

(b) Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(b) Significant Accounting Estimates and Judgements (cont'd)****Key sources of estimation uncertainty (cont'd)****Income taxes**

The Group is exposed to income taxes in different jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their useful life. Management estimated the useful life of these assets to be within 5 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

Development costs

The Group carried out impairment test based on a variety estimation including the value-in-use of Cash Generating Unit ("CGU") to which the development costs are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(c) Basis of consolidation (cont'd)**

Acquisition of subsidiary companies is accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised or unimpaired balance of goodwill on acquisition and exchange differences.

(d) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Research and development cost are expensed in the period in which they are incurred except when the cost incurred on development project are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits.

Development cost initially recognised as an expense is not recognised as an asset in subsequent periods.

Capitalised development cost is amortised on a systematic basis over their expected useful lives which is 3 years and assessed for impairment whenever there is an indication that the development cost may be impaired.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)
5.3 Significant Accounting Policies (cont'd)
(d) Research and development costs (cont'd)

The amortisation period and the amortisation method for the development cost with a finite useful life are reviewed at least at each financial year end.

The amortisation expense on development cost with finite useful life is recognised in the income statement in the expenses category.

(e) Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimate useful lives as follows:-

	Rate	Residual value
Plant and machineries	10%-20%	10%
Motor vehicles	20%	10%
Office equipment	20%	10%
Renovation	20%	-
Computer's software	20%	-

Fully depreciated plant and machineries, motor vehicles and office equipment are retained in the financial statements at net book value of 10% of the cost until they are no longer in use.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(e) Property, plant and equipment (cont'd)**

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the financial year in which the asset is derecognised.

(f) Subsidiary companies

A subsidiary company is a company in which the Company or the Group either directly or indirectly owns a power to govern its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate specific allowance has been made by Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using the weighted average method.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(h) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An allowance is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

Retention sum are amounts of progress billings which are not paid until the satisfaction of conditions specified in the contract for the payment of such amounts or until defects have been rectified.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(i) Amount due from/to customers on contract**

Amount due from/(to) customers on contract is the net amount of cost incurred for contract-in-progress plus attributable profit less progress billings and anticipated losses, if any. Contract costs incurred to date include:-

- (i) Costs directly related to the contract;
- (ii) Costs attributable to contract activity in general and can be allocated to the contract; and
- (iii) Other costs specifically chargeable to the contract under the terms of the contract.

Attributable profit represents the net amount of total contract sum less the total contract costs.

Progress billings represent the certified work done billed to the customers.

(j) Deferred tax liabilities and assets

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Payables

Payables are stated at cost which is fair value of the consideration to be paid in the future for goods and services received.

(m) Provision

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(n) Revenue recognition

Revenue on contract works is recognised based on the percentage of completion method in cases when the outcome of the contract can be reliably estimated.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract cost is recognised as an expense in the period in which they are incurred.

'Percentage of completion' is determined by reference to the proportion of actual total costs incurred at the balance sheet date to the total estimated contract costs. Provision is made for all foreseeable losses.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

(p) Foreign currency transactions and balances

Transactions in foreign currencies are recorded in Renminbi at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(p) Foreign currency transactions and balances (cont'd)**

Gains and losses from conversion of short term assets and liabilities, whether realised or unrealised, are included in the income statement as they arise.

Financial statements of foreign consolidated subsidiary companies are translated at year-end exchange rates with respect to the assets and liabilities. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in the income statement as a component of the gain or loss on disposal.

All other foreign exchange differences are taken to the income statement in the financial year in which they arise.

(q) Impairment of assets

In assessing value in use, the 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. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the income statement immediately.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the income statement.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(r) Employee benefits****(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period 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 the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(s) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, borrowings, receivables and payables. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(t) Segmental results

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangible assets and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. The majority of the segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include tax recoverable and deferred income taxes.

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **5. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****5.3 Significant Accounting Policies (cont'd)****(u) Intersegment transfers**

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length transactions. These transfers are eliminated on consolidation.

(v) Translation to Ringgit Malaysia

The financial statements of subsidiary companies are stated in Renminbi, the functional currency of the subsidiary companies. The translation of Renminbi amounts into Ringgit Malaysia amounts uses approximate rate of exchange as at 30 June 2007 and 31 December 2006 for the financial period ended 30 June 2007 and financial year ended 31 December 2004 to 2006 respectively. Such translated financial statements have been prepared solely for use by the Group management and should not be considered relevant for any other purpose.

The translation into Ringgit Malaysia should not be construed as representations that the Renminbi amounts could be converted into Ringgit Malaysia at these or any other rates of exchange.

(w) Statutory reserves**Statutory common reserve**

Statutory common reserve represents 10% of the China statutory profit after tax during the current financial year less accumulated loss in prior year, if any. This reserve can be used to make up any loss incurred or to increase share capital.

Statutory public welfare reserve

Statutory public welfare reserve is ranging from 1% to 10% of the China statutory profit after tax during the current financial year less accumulated loss in prior, if any. The full amount of each financial year allocation will be realised to other payables.

Statutory development reserve

Statutory development reserve represents 10% of the China statutory profit after tax during the current financial year less accumulated loss in prior year, if any. This reserve can be used to make up any loss incurred or to increase share capital.

12. ACCOUNTANTS' REPORT (Cont'd)Shamsir Jasani Grant Thornton **6. HISTORICAL FINANCIAL INFORMATION****(a) Summarised income statements****(i) WINSUN**

The following table sets out the summary of the financial results prepared based on the audited financial statements of WINSUN for the financial period ended 30 June 2007:-

Period ended	30/6/2007 RM
Revenue	-
Gross profit	-
Loss before amortisation, depreciation, interest and taxation	(3,480)
Amortisation	-
Depreciation	-
Interest expenses	-
Loss before taxation but after amortisation, depreciation and interest ("LBT")	(3,480)
Taxation	-
Loss after taxation ("LAT")	(3,480)
Gross profit margin (%)	-
PBT margin (%)	-
PAT margin (%)	-
Effective tax rate (%)	-
Weighted average number of ordinary shares issued	2
Gross loss per share ("LPS") (sen) #	(348,000)*
Net LPS (sen) #	(348,000)*

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(a) Summarised income statements (cont'd)

(i) WINSUN (cont'd)

Notes:-

- (i) There were no extraordinary or exceptional items in the financial period under review.
 - (ii) There were no accounting policies which are peculiar to WINSUN due to the nature of business or industry it is involved in and that would affect the determination of WINSUN income or financial position.
 - (iii) No revenue was generated during the financial period.
- * Annualised
- # Based on weighted average number of ordinary shares issued during the financial period.

12. ACCOUNTANTS' REPORT (Cont'd)Shamsir Jasani Grant Thornton **6. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(a) Summarised income statements (cont'd)****(ii) WINNER**

The following table sets out the summary of the financial results prepared based on the audited financial statements of WINNER for the past three (3) financial years ended 31 December 2004 to 2006 and the financial period ended 30 June 2007:-

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Revenue	24,235,053	26,341,312	22,284,336	9,743,828
Gross profit	2,020,760	2,195,182	1,251,147	1,800,763
Profit/(Loss) before amortisation, depreciation, interest and taxation	143,055	1,056,251	(521,188)	345,864
Amortisation	-	-	-	-
Depreciation	(143,641)	(166,056)	(156,941)	(69,944)
Interest expenses	(11,282)	(73,867)	(38,790)	(3,707)
(Loss)/Profit before taxation but after amortisation, depreciation and interest ["(LBT)"/"PBT"]	(11,868)	816,328	(716,919)	272,213
Taxation	(52,692)	(29,407)	(42,206)	(71,741)
(Loss)/Profit after taxation ["(LAT)"/"PAT"]	(64,560)	786,921	(759,125)	200,472
Gross profit margin (%)	8.34	8.33	5.61	18.48
(LBT)/PBT margin (%)	(0.05)	3.10	(3.22)	2.79
(LAT)/PAT margin (%)	(0.27)	2.99	(3.41)	2.06
Effective tax rate (%)	(443.98)	3.60	(5.89)	26.35
Weighted average number of ordinary shares issued @	5,013,425	5,013,425	5,013,425	5,013,425
Gross (loss)/earnings per share ["(LPS)"/"EPS"] (sen)# @	(0.24)	16.28	(14.30)	10.86*
Net (LPS)/EPS (sen)# @	(1.29)	15.70	(15.14)	8.00*

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(a) Summarised income statements (cont'd)

(ii) WINNER (cont'd)

Notes:-

- (i) There were no extraordinary or exceptional items in all the financial years/period under review.
- (ii) There were no accounting policies which are peculiar to WINNER due to the nature of business or industry it is involved in and that would affect the determination of WINNER's income or financial position.

* Annualised

Based on weighted average number of ordinary shares issued during the financial years/period.

@ Assumed on RMB1 per share

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(a) Summarised income statements (cont'd)

(iii) WINCO

The following table sets out the summary of the financial results prepared based on the audited financial statements of WINCO for the financial period ended 31 December 2004, financial years ended 31 December 2005 and 31 December 2006 and for the financial period ended 30 June 2007:-

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Revenue	199,810	15,990,232	28,472,947	23,308,981
Gross profit	22,156	1,185,002	3,336,189	3,235,978
(Loss)/Profit before amortisation, depreciation, interest and taxation	(73,515)	1,223,414	3,749,894	3,171,673
Amortisation	-	-	-	(56,926)
Depreciation	(36)	(24,326)	(39,363)	(69,169)
Interest expenses	-	-	-	(12,140)
(Loss)/Profit before taxation but after amortisation, depreciation and interest ["(LBT)"/"PBT"]	(73,551)	1,199,088	3,710,531	3,033,438
Taxation	-	-	-	(204,233)
(Loss)/Profit after taxation ["(LAT)"/"PAT"]	(73,551)	1,199,088	3,710,531	2,829,205
Gross profit margin (%)	11.09	7.41	11.72	13.88
(LBT)/PBT margin (%)	(36.81)	7.50	13.03	13.01
(LAT)/PAT margin (%)	(36.81)	7.50	13.03	12.14
Effective tax rate (%)	-	-	-	6.73
Weighted average number of ordinary shares issued @	1,655,350	1,655,350	2,704,370	6,179,592
Gross (loss)/earnings per share ["(LPS)"/"EPS"] (sen) # @	(4.44)*	72.44	137.21	98.18*
Net (LPS)/EPS (sen) # @	(4.44)*	72.44	137.21	91.57*

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(a) Summarised income statements (cont'd)

(iii) WINCO (cont'd)

Notes:-

- (i) There were no extraordinary or exceptional items in all the financial periods/years under review.
- (ii) There were no accounting policies which are peculiar to WINCO due to the nature of business or industry it is involved in and that would affect the determination of WINCO's income or financial position.

* Annualised

Based on weighted average number of ordinary shares issued during the financial years/period.

@ Assumed on RMB1 per share

(b) Summarised balance sheets

(i) WINSUN

The following table sets out the summary of balance sheet prepared based on the audited financial statements of WINSUN for the financial period ended 30 June 2007:-

Period ended	Note	30/6/2007 RM
Share capital		2
Accumulated loss		(3,480)
Shareholders' deficit		(3,478)
Current assets	(i)	36,587
Current liability	(ii)	40,065
Net current liability		(3,478)
		(3,478)
Net tangible liability ("NTL")		(3,478)
NTL per share (RM)		(173,900)

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton **6. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised balance sheets (cont'd)****(i) WINSUN (CONT'D)**

Notes:-

(i) Current assets

Period ended	30/6/2007 RM
Other receivable	21,593
Cash and bank balances	14,994
	<u>36,587</u>

(ii) Current liability

Period ended	30/6/2007 RM
Amount due to a Director	<u>40,065</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(ii) WINNER

The following table sets out the summary of balance sheets prepared based on the audited financial statements of WINNER for the past three (3) financial years ended 31 December 2004 to 2006 and the financial period ended 30 June 2007:-

Year/Period ended	Note	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Share capital		2,255,540	2,255,540	2,255,540	2,255,540
Reserves		203,024	212,122	217,113	256,780
Accumulated loss		(4,012,590)	(3,239,315)	(4,005,928)	(3,878,758)
Shareholders' equity		(1,554,026)	(771,653)	(1,533,275)	(1,366,438)
Borrowing	(i)	-	269,940	-	-
		(1,554,026)	(501,713)	(1,533,275)	(1,366,438)
Property, plant and equipment	(ii)	436,534	407,105	417,578	360,265
Current assets	(iii)	5,399,729	9,014,536	5,597,996	7,739,997
Current liabilities	(vi)	7,390,289	9,923,354	7,548,849	9,466,700
Net current liabilities		(1,990,560)	(908,818)	(1,950,853)	(1,726,703)
		(1,554,026)	(501,713)	(1,533,275)	(1,366,438)
Net tangible liabilities ("NTL")		(1,554,026)	(771,653)	(1,533,275)	(1,366,438)
NTL per share (RM) @		(0.31)	(0.15)	(0.31)	(0.27)

@ Assumed on RMB1.00 per share

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(ii) WINNER (CONT'D)

Notes:-

(i) Borrowings

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
<u>Current</u>				
Secured:-				
Term loan	1,124,750	449,900	269,940	-
<u>Non-current</u>				
Secured:-				
Term loan	-	269,940	-	-

The term loan was obtained by way of personal guarantee from the Directors and secured by the fixed deposit.

The repayment term of the term loan is by quarterly basis.

(ii) Property, plant and equipment

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Net carrying amount				
Machinery and equipment	7,902	21,150	17,191	15,711
Motor vehicles	165,370	101,185	69,135	60,904
Office equipment	141,388	148,073	104,804	95,925
Computer software	36,308	26,426	16,664	11,943
Renovation	85,566	110,271	209,784	175,782
	436,534	407,105	417,578	360,265

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(ii) WINNER (CONT'D)

Notes (cont'd):-

(iii) Current assets

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Inventories	563,018	318,887	415,485	503,479
Trade receivables	2,086,293	3,916,372	2,337,724	3,021,574
Other receivables	631,378	2,388,279	1,356,016	1,838,232
Amount due from customers on contract	1,292,645	1,206,797	272,530	2,133,621
Cash and bank balances	826,395	1,184,201	1,216,241	243,091
	<u>5,399,729</u>	<u>9,014,536</u>	<u>5,597,996</u>	<u>7,739,997</u>

Details disclosure on inventories are as below:-

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Raw materials	1,399,561	395,879	476,274	806,030
Consumables	859	-	-	-
Finished goods	107,388	206,307	279,094	402,937
	<u>1,507,808</u>	<u>602,186</u>	<u>755,368</u>	<u>1,208,967</u>
Less: Allowance for slow moving inventories	<u>(944,790)</u>	<u>(283,299)</u>	<u>(339,883)</u>	<u>(705,488)</u>
	<u>563,018</u>	<u>318,887</u>	<u>415,485</u>	<u>503,479</u>
Cost of sales	<u>22,214,293</u>	<u>24,146,130</u>	<u>21,033,189</u>	<u>7,943,065</u>
Inventories' turnover period (month) #	<u>0.26</u>	<u>0.22</u>	<u>0.21</u>	<u>0.35*</u>

Based on average inventories balances

* Annualised

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(iii) WINNER (CONT'D)

Notes (cont'd):-

(iii) Current assets (cont'd)

Details disclosure on trade receivables are as follows:-

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Trade receivables	3,076,688	4,910,326	2,500,194	3,835,417
Less: Allowance for doubtful debts	(1,162,684)	(1,342,458)	(1,323,163)	(1,764,288)
Total	1,914,004	3,567,868	1,177,031	2,071,129
Retention sum	181,062	386,858	1,199,047	994,520
Less: Allowance for doubtful debts	(8,773)	(38,354)	(38,354)	(44,075)
Total	172,289	348,504	1,160,693	950,445
Total net trade receivables	2,086,293	3,916,372	2,337,724	3,021,574
Trade receivables' turnover period (month) #	0.99	1.37	1.68	1.72*

Based on average trade receivables' balances

* Annualised

Ageing analysis of trade receivables as at 30 June 2007.

No. of days	Within credit period		Exceeding credit period of 60 days				Total RM
	0-30 days	31-60 days	61-90 days	91-180 days	181-270 days	More than 270 days	
Trade receivables	1,074,963	184,267	275,382	466,365	107,545	1,726,895	3,835,417
Less: Allowance for doubtful debts	-	-	-	-	(98,493)	(1,665,795)	(1,764,288)
	1,074,963	184,267	275,382	466,365	9,052	61,100	2,071,129
Retention sum	926,683	7,468	9,052	7,242	-	44,075	994,520
Less: Allowance for doubtful debts	-	-	-	-	-	(44,075)	(44,075)
	926,683	7,468	9,052	7,242	-	-	950,445
% of trade receivables	52	9	13	23	-	3	100
% of retention sum	97	1	1	1	-	-	100

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(ii) WINNER (CONT'D)

Notes (cont'd):-

(iv) Current liabilities

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Trade payables	2,470,015	1,085,517	656,704	313,949
Other payables	3,444,532	3,988,312	1,618,898	5,444,667
Amount due to a Director	111,953	114,780	-	-
Amount due to a company in which Director has interest	186,950	4,282,729	4,989,493	3,640,277
Term loan	1,124,750	449,900	269,940	-
Tax payable	52,089	2,116	13,814	67,807
	<u>7,390,289</u>	<u>9,923,354</u>	<u>7,548,849</u>	<u>9,466,700</u>

The amount due to a director and a company in which Director has interest, WINCO are unsecured, bear no interest and have no fixed term of repayment.

Details disclosure on the term loan is set out in Section 6 (b) (ii) (i).

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Trade payables	2,470,015	1,085,517	656,704	313,949
Cost of sales	22,214,293	24,146,130	21,033,189	7,943,065
Trade payables' turnover period (month) #	1.40	0.88	0.50	0.37*

Based on average trade payables' balances

* Annualised

Ageing analysis of trade payables as at 30 June 2007.

No. of days	Within credit period		Exceeding credit period of 60 days				Total RM
	0-30 days	31-60 days	61-90 days	91-180 days	181- 270 days	More than 270 days	
Trade payables	33,009	5,680	64,356	42,269	16,294	153,341	313,949
% of trade payables	11	2	20	13	5	49	100

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(iii) WINCO

The following table sets out the summary of balance sheets prepared based on the audited financial statements of WINCO for the financial period ended 31 December 2004 and financial years ended 31 December 2005 and 31 December 2006 and the financial period ended 30 June 2007:-

Period/Year ended	Note	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Share capital		744,742	744,742	1,572,931	3,560,811
Reserves		-	93,209	316,368	595,153
(Accumulated loss)/Unappropriated profit		(73,551)	1,023,007	3,657,395	4,225,945
Shareholders' equity		671,191	1,860,958	5,546,694	8,381,909
Development costs		-	-	339,517	383,895
Property, plant and equipment	(i)	2,322	182,242	686,280	654,490
Current assets	(ii)	788,451	8,077,675	12,120,204	12,172,059
Current liabilities	(iii)	119,582	6,398,959	7,599,307	4,828,535
Net current assets		668,869	1,678,716	4,520,897	7,343,524
		671,191	1,860,958	5,546,694	8,381,909
Net tangible assets ("NTA")		671,191	1,860,958	5,207,177	7,998,014
NTA per share (RM) @		0.41	1.12	1.49	1.01

@ Assumed on RMB1.00 per share

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(iii) WINCO (CONT'D)

Notes:-

(i) Property, plant and equipment

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Net carrying amount				
Plant and machinery	-	4,600	526,061	489,645
Motor vehicles	-	103,241	81,757	71,441
Office equipment	2,322	13,664	29,197	50,887
Renovation	-	60,737	49,265	42,517
	2,322	182,242	686,280	654,490

(ii) Current assets

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Inventories	60,294	37	173,679	405,545
Trade receivables	10,258	252,811	686,879	1,186,829
Other receivables	217,542	2,834,850	3,516,782	704,156
Amount due from customers on contract	33,178	403,791	2,355,122	5,863,357
Amount due from a company in which Director has interest	186,950	4,282,729	4,989,493	3,640,277
Tax recoverable	-	308	308	-
Cash and bank balances	280,229	303,149	397,941	371,895
	788,451	8,077,675	12,120,204	12,172,059

The amount due from a company in which director has interest, WINNER are unsecured, bear no interest and have no fixed term of repayment.

Details disclosure on inventories are as below:-

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Raw material	60,294	37	173,679	405,545
Cost of sales	177,654	14,805,230	25,136,758	20,073,003
Inventories' turnover period (month) #	2.04*	0.02	0.04	0.09*

Based on average inventories balances

* Annualised

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(iii) WINCO (CONT'D)

Notes (cont'd):-

(ii) Current assets (cont'd)

Details disclosure on trade receivables are as follows:-

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Trade receivables	10,258	252,811	90,888	973,685
Less: Allowance for doubtful debts	-	-	-	(2,927)
Total	10,258	252,811	90,888	970,758
Retention sum	-	-	595,991	216,071
Total net trade receivables	10,258	252,811	686,879	1,186,829
Trade receivables' turnover period (month) #	0.31*	0.10	0.20	0.24*

Based on average trade receivables balances

* Annualised

Ageing analysis of trade receivables as at 30 June 2007.

No. of days	Within credit period		Exceeding credit period of 60 days				Total RM
	0-30 days	31-60 days	61-90 days	91-180 days	181- 270 days	More than 270 days	
Trade receivable	766,371	43,298	17,199	143,890	664	2,263	973,685
Less: Allowance for doubtful debt	-	-	-	-	(664)	(2,263)	(2,927)
Total	766,371	43,298	17,199	143,890	-	-	970,758
Retention sum	-	-	-	-	-	216,071	216,071
Total	766,371	43,298	17,199	143,890	-	216,071	1,186,829
% of trade receivables	79	4	2	15	-	-	100
% of retention sum	-	-	-	-	-	100	100

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised balance sheets (cont'd)

(iii) WINCO (CONT'D)

Notes (cont'd):-

(iii) Current liabilities

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Trade payables	-	3,046,622	887,787	1,547,486
Other payables	75,830	3,306,785	6,709,720	2,226,238
Amount due to a Director	43,752	45,552	1,800	-
Tax payable	-	-	-	203,923
Term loan	-	-	-	850,888
	<u>119,582</u>	<u>6,398,959</u>	<u>7,599,307</u>	<u>4,828,535</u>

The amount due to a director is unsecured, bear no interest and has no fixed term of repayment.

Details disclosure on trade payables are as follows:-

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
Trade payables	-	3,046,622	887,787	1,547,486
Cost of sales	<u>177,654</u>	<u>14,805,230</u>	<u>25,136,758</u>	<u>20,073,003</u>
Trade payables' turnover period (month) #	- *	1.23	0.94	0.36*

Based on average trade payables balances

* Annualised

Ageing analysis of trade payables as at 30 June 2007.

No. of days	Within credit period		Exceeding credit period of 60 days				Total RM
	0-30 days	31-60 days	61-90 days	91-180 days	181- 270 days	More than 270 days	
Trade payables	907,497	202,146	109,612	328,231	-	-	1,547,486
% of trade payables	59	13	7	21	-	-	100

12. ACCOUNTANTS' REPORT (Cont'd)Shamsir Jasani Grant Thornton **6. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Cash flow statements****(i) WINSUN**

The following sets out the summary of cash flows prepared based on the audited financial statements of WINSUN for the financial period ended 30 June 2007:-

Period ended	30/6/2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation/Operating loss before working capital changes	(3,480)
Changes in working capital:-	
Receivable	(21,593)
Director	40,065
Net cash generated from operating activities	<u>14,992</u>
CASH FLOW FROM FINANCING ACTIVITY	
Proceeds from issuance of shares	<u>2</u>
Net cash generated from financing activity	<u>2</u>
CASH AND CASH EQUIVALENTS	
Net changes/Carried forward	<u>14,994</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Cash flow statements (cont'd)

(ii) WINNER

The following sets out the summary of cash flows prepared based on the audited financial statements of WINNER for the past three (3) financial years ended 31 December 2004 to 2006 and the financial period ended 30 June 2007:-

Year/Period ended	Note	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(11,868)	816,328	(716,919)	272,213
Adjustments for:-					
Allowance for slow moving inventories		-	123,370	56,584	365,605
Depreciation		143,641	166,056	156,941	69,944
Interest expenses		11,282	73,867	38,790	3,707
Interest income		(5,632)	(5,498)	(4,902)	(1,680)
Property, plant and equipment written off		-	3,192	12,628	-
Allowance for doubtful debts		177,798	209,355	-	588,400
Allowance for slow moving inventories no longer required		-	(784,861)	-	-
Allowance for doubtful debts no longer required		-	-	(19,295)	(94,190)
Operating profit/(loss) before working capital changes		315,221	601,809	(476,173)	1,203,999
Inventories		(149,333)	905,622	(153,182)	(451,104)
Director		164,196	2,827	(114,780)	-
Payables		(1,188,335)	(845,266)	(2,800,724)	3,444,923
Customer on contracts		(15,357)	85,848	934,267	(1,859,455)
Related company		186,950	4,095,779	706,764	(1,379,160)
Receivables		(540,198)	(3,796,335)	2,630,206	(1,638,109)
Cash (used in)/generated from operations		(1,226,856)	1,050,284	726,378	(678,906)
Tax refund		7,126	-	-	-
Tax paid		(603)	(79,380)	(30,508)	(3,707)
Interest paid		-	(73,867)	(38,790)	1,680
Interest received		5,632	5,498	4,902	(17,831)
Net cash (used in)/generated from operating activities		(1,214,701)	902,535	661,982	(698,764)

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Cash flow statements (cont'd)

(ii) WINNER (cont'd)

Year/Period ended	Note	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
CASH FLOWS FROM INVESTING ACTIVITY					
Purchase of property, plant and equipment		(106,168)	(139,819)	(180,042)	(10,125)
Net cash used in investing activity		(106,168)	(139,819)	(180,042)	(10,125)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loan		-	(404,910)	(449,900)	(271,560)
Drawdown of term loan		1,124,750	-	-	-
Net cash generated from/ (used in) financing activities		1,124,750	(404,910)	(449,900)	(271,560)
CASH AND CASH EQUIVALENTS					
Net (decrease)/increase		(196,119)	357,806	32,040	(980,449)
Effect of exchange rate changes		-	-	-	7,299
Brought forward		1,022,514	826,395	1,184,201	1,216,241
Carried forward	A	826,395	1,184,201	1,216,241	243,091

NOTE TO THE CASH FLOW STATEMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:-

Year/Period ended	31/12/2004 RM	31/1/2005 RM	31/12/2006 RM	30/6/2007 RM
Cash and bank balances	826,395	1,139,211	1,081,069	243,091
Fixed deposit with a licensed bank	-	44,990	135,172	-
	826,395	1,184,201	1,216,241	243,091

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Cash flow statements (cont'd)

(iii) WINCO

The following table sets out the summary of cash flows prepared based on the audited financial statements of WINCO for the financial period ended 31 December 2004 and the financial years ended 31 December 2005 and 31 December 2006 and for the financial period ended 30 June 2007:-

Period/Year ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/ Profit before taxation	(73,551)	1,199,088	3,710,531	3,033,438
Adjustments for:-				
Allowance for doubtful debt	-	-	-	2,927
Amortisation	-	-	-	56,926
Depreciation	36	24,326	39,363	69,169
Interest expenses	-	-	-	12,140
Interest income	(842)	(1,499)	(3,641)	(1,623)
Operating (loss)/profit before working capital changes	(74,357)	1,221,915	3,746,253	3,172,977
Changes in working capital:-				
Development costs	-	-	(339,517)	(99,267)
Inventories	(60,294)	60,257	(173,642)	(230,824)
Director	43,752	1,800	(43,752)	(1,800)
Payables	75,830	6,268,256	1,219,305	(3,896,656)
Customers on contract	(33,178)	(370,613)	(1,951,331)	(3,494,101)
Receivables	(227,800)	(2,859,861)	(1,116,000)	2,334,966
Related company	(186,950)	(4,095,779)	(706,764)	1,379,160
Cash (used in)/generated from operations	(462,997)	255,975	634,552	(835,545)
Tax paid	-	(308)	-	-
Interest paid	-	-	-	(12,140)
Interest received	842	1,499	3,641	1,623
Net cash (used in)/generated from operating activities	(462,155)	227,166	638,193	(846,062)

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Cash flow statements (cont'd)

(iii) WINCO (cont'd)

Year/Period ended	31/12/2004 RM	31/12/2005 RM	31/12/2006 RM	30/6/2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from issuance of new shares	744,742	-	-	-
Purchase of property, plant and equipment	(2,358)	(204,246)	(543,401)	(33,260)
Net cash generated from/(used in) investing activities	742,384	(204,246)	(543,401)	(33,260)
CASH FLOW FROM FINANCING ACTIVITY				
Proceeds from drawdown of term loan	-	-	-	850,888
Net cash generated from financing activity	-	-	-	850,888
CASH AND CASH EQUIVALENTS				
Net increase/(decrease)	280,229	22,920	94,792	(28,434)
Effect exchange rate changes	-	-	-	2,388
Brought forward	-	280,229	303,149	397,941
Carried forward	280,229	303,149	397,941	371,895

(d) Statements of changes in equity

(i) WINSUN Group

The following table sets out the summary of changes in equity prepared based on the audited financial statements of WINSUN for the financial period ended 30 June 2007.

	<u>Share capital</u> RM	Distributable ←————→ Accumulated	<u>Total</u> RM
		<u>loss</u> RM	
At 21 March 2007 (date of incorporation)	2	-	2
Net loss for the financial period	-	(3,480)	(3,480)
At 30 June 2007	2	(3,480)	(3,478)

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Statements of changes in equity (cont'd)

(ii) WINNER

The following table sets out the summary of changes in equity prepared based on the audited financial statements of WINNER for the past three (3) financial years ended 31 December 2004 to 2006 and the financial period ended 30 June 2007:-

	Non-distributable			Distributable		Total RM
	Share capital RM	Capital reserve RM	Exchange fluctuation reserve RM	Statutory reserves RM	Accumulated loss RM	
At 1 January 2004	2,255,540	115,426	-	76,766	(3,931,782)	(1,484,050)
Transfer to statutory reserve	-	-	-	16,248	(16,248)	-
Realisation of statutory reserve	-	-	-	(5,416)	-	(5,416)
Net loss for the financial year	-	-	-	-	(64,560)	(64,560)
At 31 December 2004	2,255,540	115,426	-	87,598	(4,012,590)	(1,554,026)
Transfer to statutory reserve	-	-	-	13,646	(13,646)	-
Realisation of statutory reserve	-	-	-	(4,548)	-	(4,548)
Net loss for the financial year	-	-	-	-	786,921	786,921
At 31 December 2005	2,255,540	115,426	-	96,696	(3,239,315)	(771,653)

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Statements of changes in equity (cont'd)

(ii) WINNER (CONT'D)

	Share capital RM	Non-distributable			Distributable		Total RM
		Capital reserve RM	Exchange fluctuation reserve RM	Statutory reserves RM	Accumulated loss RM		
Transfer to statutory reserve	-	-	-	7,488	(7,488)	-	
Realisation of statutory reserve	-	-	-	(2,497)	-	(2,497)	
Net loss for the financial year	-	-	-	-	(759,125)	(759,125)	
At 31 December 2006	2,255,540	115,426	-	101,687	(4,005,928)	(1,533,275)	
Transfer to statutory reserve	-	-	-	73,302	(73,302)	-	
Realisation of statutory reserve	-	-	-	(24,434)	-	(24,434)	
Currency translation difference	-	-	(9,201)	-	-	(9,201)	
Net loss for the financial year	-	-	-	-	200,472	200,472	
At 30 June 2007	2,255,540	115,426	(9,201)	150,555	(3,878,758)	(1,366,438)	

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Statements of changes in equity (cont'd)

(iii) WINCO

The following table sets out the summary of changes in equity prepared based on the audited financial statements of WINCO for the financial period ended 31 December 2004 and financial years ended 31 December 2005 and 31 December 2006 and the financial period ended 30 June 2007:-

	Share capital RM	Non-distributable		Distributable	Total RM
		Exchange fluctuation reserve RM	Statutory reserves RM	(Accumulated loss)/ Unappropriated profit RM	
At 26 December 2003 (date of incorporation)	744,742	-	-	-	744,742
Net loss for the financial period	-	-	-	(73,551)	(73,551)
At 31 December 2004	744,742	-	-	(73,551)	671,191
Transfer to statutory reserve	-	-	102,530	(102,530)	-
Realisation of statutory reserve	-	-	(9,321)	-	(9,321)
Net profit for the financial year	-	-	-	1,199,088	1,199,088
At 31 December 2005	744,742	-	93,209	1,023,007	1,860,958
Issuance of new share capital	828,189	-	-	(828,189)	-
Transfer to statutory reserve	-	-	247,954	(247,954)	-
Realisation of statutory reserve	-	-	(24,795)	-	(24,795)
Net profit for the financial year	-	-	-	3,710,531	3,710,531
Realisation of statutory reserve	1,572,931	-	316,368	3,657,395	5,546,694

12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

6. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Statements of changes in equity (cont'd)


(iii) WINCO (CONT'D)

	Share capital RM	Non-distributable		Distributable	Total RM
		Exchange fluctuation reserve RM	Statutory reserves RM	(Accumulated loss)/ Unappropriated profit RM	
Issuance of new share capital	1,987,880	-	-	(1,987,880)	-
Transfer to statutory reserve	-	-	272,775	(272,775)	-
Realisation of statutory reserve	-	-	(27,278)	-	(27,278)
Net profit for the financial period	-	-	-	2,829,205	2,829,205
Currency translation difference	-	33,288	-	-	33,288
At 30 June 2007	<u>3,560,811</u>	<u>33,288</u>	<u>561,865</u>	<u>4,225,945</u>	<u>8,381,909</u>

7. SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

There were no significant events subsequent to the balance sheet date other than the approval obtained from the SC, completion of the acquisitions and share split as mentioned in section 2.1.1.

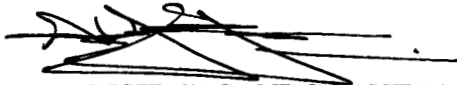
12. ACCOUNTANTS' REPORT (Cont'd)

Shamsir Jasani Grant Thornton 

8. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 30 June 2007.

Yours faithfully,



SHAMSIR JASANI GRANT THORNTON
Firm Number: AF 0737
Chartered Accountants



DATO' N.K. JASANI
Approval Number: 708/03/08 (J/PH)
Partner of the Firm