9.0 ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

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DATE : 19 JAN 2004

The Board of Directors
G.A. Blue International Bhd.
51-8-B Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Malaysia

Lady and Gentlemen,

1. INTRODUCTION

This report has been prepared by JB Lau & Associates, an approved company auditor, for the inclusion in the Prospectus to be dated 31 JAN 2004 in connection with the public issue of 18,000,000 new ordinary shares of RM0.50 each in G.A. Blue International Bhd. (hereinafter referred to as "GA Blue" or "Company") at an issue price of RM0.75 per ordinary share of RM0.50 each and the listing of and quotation for its entire enlarged issued and paid-up share capital of 100,000,000 ordinary shares of RM0.50 each on the Second Board of Malaysia Securities Exchange Berhad ("MSEB").

2. FLOTATION SCHEME

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of GA Blue on the Second Board of MSEB, the Company undertook the following flotation scheme which was approved by the Foreign Investment Committee ("FIC"), Ministry of International Trade and Industry ("MITI") and the Securities Commission ("SC") on the dates set out below :

Authority	Date of approval
FIC	18 November 2002
MITI	29 November 2002
SC	9 May 2003, 14 August 2003 and 3 November 2003

(i) Acquisition of the entire issued and paid-up share capital of G.A. Blue Corporation Sdn. Bhd. ("GBC"); comprising 2,200,000 ordinary shares of RM1.00 each for a total consideration of RM42,306,986 satisfied by the issuance of 40,999,998 new GA Blue ordinary shares of RM1.00 each at an issue price of approximately RM1.03 per ordinary share,

The purchase consideration of RM42,306,986 was arrived at based on the audited consolidated net tangible assets ("NTA") of GBC as at 31 July 2002.

(ii) Acquisition of the following subsidiary companies upon completion of the acquisition of GBC as mentioned in (i) above for cash consideration as follows :

Company		Equity interest acquired %	Issued and paid-up share capital acquired	Cash consideration RM
Twin Access Sdn. Bhd.	("Twin Access")	100	100,000	6,723,292
Topchamp Corporation Sdn. Bhd.	("Topchamp")	100	100,000	1,610,324
Evatech Sdn. Bhd.	("Evatech")	100	100,000	3,598,724
Uni Jeans Care Sdn. Bhd.	("Uni Jeans")	100	200,000	2,878,295
All Denim Sdn. Bhd.	("All Denim")	100	100,000	613,466
Delison Sdn. Bhd.	("Delison")	100	250,000	250,383
Lensan Sdn. Bhd.	("Lensan")	100	2	2
LKH Footwear Sdn. Bhd.	("LKH")	60	300,000	300,593
Starix Collection Sdn. Bhd.	("Starix")	51	25,500	23,544
				15,998,623

The purchase consideration was arrived at based on the audited net tangible assets ("NTA") of the respective subsidiary companies as at 31 July 2002 except for Evatech where the purchase consideration was based on the proforma consolidated NTA as at 31 July 2002 and Lensan where the purchase consideration was based on its issued and paid share capital as it had a negative shareholders' funds as at 31 July 2002.

The abovementioned under Section 2(i) and (ii) shall hereinafter be collectively referred to as "the Acquisitions".

(iii) A split of the par value of ordinary shares of GA Blue from RM1.00 to RM0.50 each per ordinary share, which would increase the enlarged share capital from 41,000,000 ordinary shares of RM1.00 each to 82,000,0000 ordinary shares of RM0.50 each ("Share Split"), and

(iv) A public issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share ("Public Issue").

3. GENERAL INFORMATION

3.1 Background

GA Blue was incorporated in Malaysia under the Companies Act, 1965 on 31 January 2002 as a public limited company.

The principal activity of the Company is that of investment holding.

3.2 Share Capital

At the date of incorporation, the authorised share capital of the Company was RM100,000 comprising 100,000 ordinary shares of RM1.00 each and its issued and paid-up share capital was RM2.00 comprising 2 ordinary shares of RM1.00 each.

Its authorised share capital was increased to RM100,000,000 on 30 November 2003 by the creation of an additional 99,900,000 ordinary shares of RM1.00 each.

The par value of RM1.00 was subdivided into RM0.50 pursuant to members' circular resolution dated 2 December 2003.

The changes in the Company's issued and fully paid-up share capital are summarised below :

Date of Allotment	Consideration	No. of ordinary shares of RM1.00 * / RM0.50 each allotted	Cumulative issued and paid-up share capital RM
31 January 2002	Subscribers' shares of RM1 each	* 2	2
30 November 2003	Allotment in consideration for the acquisition of 100% equity in GBC	* 40,999,998	41,000,000
2 December 2003	Subdivision of RM1.00 into RM0.50	82,000,000	41,000,000

3.3 Subsidiary Companies

The details of the subsidiary companies of GA Blue are as follows :

Name of company	Date / Place of incorporation	Issued and paid-up share capital as at 31 July 2003 RM	Equity interest %	Principal activities
Held by GA Blue				
GBC	23 November 1992 Malaysia	RM2,200,000	100	Manufacturing and marketing of jeanswear and its related products

Name of company	Date / Place of incorporation	Issued and paid-up share capital as at 31 July 2003	Equity interest	Principal activities
		RM	%	
Twin Access	26 August 1998 Malaysia	RM100,000	100	Marketing, distribution and retailing of jeanswear and other fashion apparels
Topchamp	19 August 1994 Malaysia	RM100,000	100	Marketing of jeans wear and its related products
Evatech	24 December 1998 Malaysia	RM100,000	100	Manufacture and sale of garments and apparels
Uni Jeans	12 August 1996 Malaysia	RM200,000	100	Provision of services relating to specialised treatment and finishing process of jeanswear
All Denim	22 September 1997 Malaysia	RM100,000	100	Distribution and retailing of jeanswear, footwear and other accessories
Delison	2 April 2002 Malaysia	RM250,000	100	Distribution of haversacks, pouch bags and traveling bags
Lensan	13 May 2002 Malaysia	RM2	100	Marketing and distributing of fashion watches and eyewear
LKH	29 May 2002 Malaysia	RM500,000	60	Supply of apparels and footwear
Starix	14 June 2002 Malaysia	RM50,000	51	Marketing and distributing of high fashion wear

Name of company	Date / Place of incorporation	Issued and paid-up share capital as at 31 July 2003	Equity interest	Principal activities
		RM	%	
Held by Evatech				
Lu Fa Industrial (M) Sdn. Bhd. ("Lu Fa")	8 February 1990 Malaysia	RM2	100	Property investment
Quangcin Sdn. Bhd. ("Quangcin")	6 April 1988 Malaysia	RM2	100	Property investment

3.4 Basis of Accounting and Accounting Policies

This report is prepared based on the audited financial statements which have been prepared in accordance with applicable approved accounting standards issued by the Malaysian Accounting Standards Board and is presented on a basis consistent with the accounting policies normally adopted by GA Blue and its subsidiary companies ("GA Blue Group" or "Group").

3.5 Financial Statements and Auditors

We have been the auditors of GA Blue Group except for LKH for the financial years/periods under review. LKH is audited by another firm of auditors, Messrs Lim Su Chong & Co..

The financial statements of all the companies within the Group for all the financial years under review have been reported without any audit qualification and modification.

4. DIVIDENDS

Save as disclosed below, no dividends have been paid or declared by the GA Blue Group for the financial years/period under review.

Year ended 31 July	Issued and paid-up capital	Dividend rate (tax exempt)	Type of dividend	Amount of dividend paid	
	RM	%		RM	
GBC					
2003	2,200,000	70	Interim	1,540,000	*
2003	2,200,000	70	Interim	1,540,000	#

* Declared on 1 November 2003 and paid on 5 November 2003
# Declared on 7 November 2003 and paid on 15 November 2003

5. SUMMARISED INCOME STATEMENTS

5.1 PROFORMA GROUP INCOME STATEMENTS

The summarised proforma consolidated results of the GA Blue Group for the past five (5) financial years ended 31 July 2003 have been prepared based on the audited financial statements of the companies in the GA Blue Group, for illustrative purposes after making such adjustments that we considered necessary and assuming that the GA Blue Group had been in existence throughout the financial years under review.

	Year ended 31 July				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	23,285	34,545	33,779	39,467	43,306
Earnings before interest, depreciation, taxation and amortisation	6,251	10,610	10,545	11,819	11,564
Interest	(701)	(559)	(238)	(347)	(416)
Depreciation	(407)	(456)	(538)	(1,148)	(1,199)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
Share of profits and losses of associated corporations and joint ventures	-	-	-	-	-
Profit before taxation	5,143	9,595	9,769	10,324	9,949
Taxation	(72)	(1,709)	(2,704)	(2,526)	(2,308)
Profit from ordinary activities	5,071	7,886	7,065	7,798	7,641
Extraordinary items	-	-	-	-	-
Minority interests	-	-	-	1	(6)
Pre-acquisition loss	-	-	17	-	-
Net profit	5,071	7,886	7,082	7,799	7,635
No. of ordinary shares assumed to be in issue ('000) *	82,000	82,000	82,000	82,000	82,000
Gross earnings per share (sen)	6.27	11.70	11.91	12.59	12.13
Net earnings per share (sen)	6.18	9.62	8.64	9.51	9.31

NOTES :

* The assumed issued and paid-up share capital of 82,000,000 ordinary shares of RM0.50 each is based on the issued and paid-up share capital of GA Blue after the acquisition of GBC and Share Split but prior to the Public Issue.

(i) The Proforma Group for the financial year ended 31 July 1999 comprise of GBC and Uni Jeans only.

For the financial year ended 31 July 2000, the Proforma Group comprise of GBC and its subsidiary companies, namely Twin Access, Evatech, Uni Jeans and All Denim.

For the financial year ended 31 July 2001, the Proforma Group comprise of GBC and its subsidiary companies, namely Twin Access, Evatech, Uni Jeans, All Denim, Lu Fa and Quangcin.

For the financial years ended 31 July 2002 and 31 July 2003, the Proforma Group comprise of GBC and its subsidiary companies, namely Twin Access, Evatech, Uni Jeans, All Denim, Lu Fa, Quangcin, Topchamp, Delison, LKH, Lensan and Starix.

(ii) The Proforma Group Income Statements have been prepared based on accounting policies consistent with those currently adopted in the preparation of the audited financial statements of the GA Blue Group.

(iii) All significant inter-company transactions have been eliminated from the Group results.

(v) Revenue for the financial year ended 31 July 1999 decreased by 19.58% to RM23.29 million mainly due to the impact of the delayed effect of the financial crisis which started in 1997.

Profit before taxation for the financial year ended 31 July 1999 increased by 127.77% to RM5.07 million due to the increased gross profit margin, reduction in selling expenses and finance cost. Selling expenses reduced due to cost cutting measures as a result of the financial crisis. Finance cost reduced due to lower bank borrowings and lower interest rates.

(vi) Revenue for the financial year ended 31 July 2000 increased by 48.36% to RM34.55 million mainly due to the contribution of Twin Access, Evatech and All Denim.

Profit before taxation for the financial year ended 31 July 2000 increased by 86.56% to RM9.60 million mainly due to the profit contribution of Twin Access, Evatech and All Denim.

(vii) Revenue for the financial year ended 31 July 2001 decreased slightly by 2.22% to RM33.80 million as Uni Jeans temporarily ceased operations for 3 months from February to April 2001 due to the negotiation for a new tenancy agreement. In May 2001, Uni Jeans resumed operations at a lower rental charge.

Profit before taxation for the financial year ended 31 July 2001 increased by 1.81% to RM9.77 million due to decrease in operating expenses.

(viii) Revenue for the financial year ended 31 July 2002 increased by 16.84% to RM39.47 million due to the introduction of footwear by All Denim and the revenue contribution from Topchamp, Delison and LKH.

Accordingly, profit before taxation for the financial year ended 31 July 2002 increased by 5.68% to RM10.32 million.

(ix) Revenue for the financial year ended 31 July 2003 increased by 9.73% to RM43.31 million due to the full year contribution of the newly acquired subsidiary companies in the previous financial year and this mitigated the negative consequences arising from the Severe Acute Respiratory Syndrome ("SARS") epidemic in the first half of 2003.

Profit before taxation for the financial year ended 31 July 2003 reduced by 3.63% to RM9.95 million despite the increase in revenue due to provisions for doubtful debts amounting to RM1.16 million made during the financial year and the lower profit contributions from the subsidiaries contributing to the increase in revenue.

(x) Taxation charge for the financial year ended 31 July 1999 represents an under provision in prior year. There was no current taxation charge as it was a tax waiver year.

The disproportionate tax charge for the financial year ended 31 July 2000 is due to the overlapping of the tax waiver year for Twin Access and Evatech which had their financial year end on 31 December 1999 then.

The effective tax rate for the financial year ended 31 July 2001 approximates the statutory income tax rate.

The effective tax rate for the financial years ended 31 July 2002 and 31 July 2003 represents a rate lower than the statutory income tax rate due to its eligibility for reinvestment allowance claim.

The audited taxation figures have been adjusted to account for the effects on the retrospective adoption of MASB 25 as disclosed below in note xiii. The effect of the adjustments to the audited taxation expense is as follows :

Reconciliation of taxation

	Year ended 31 July				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
As previously disclosed	(72)	(1,709)	(2,704)	(2,537)	(2,308)
Adjustment *	-	-	-	11	-
As restated	(72)	(1,709)	(2,704)	(2,526)	(2,308)

* Adjustment for effect of MASB 25

(xi) There were no exceptional or extraordinary items for the financial years under review.

(xii) The gross earning per share is calculated based on the profit before taxation and on the assumed number of ordinary shares issued in issue after the Acquisitions and Share Split.

(xiii) The net earning per share is calculated based on the net profit and on the assumed number of ordinary shares issued in issue after the Acquisitions and Share Split.

(xiv) During the financial year ended 31 July 2003, the Group adopted MASB 25 – Income Taxes, where deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation. The Group has also commenced recognition of deferred tax effects on revalued assets although the Group has no firm commitment to dispose of these assets in the foreseeable future. The change in the abovementioned accounting policy has been applied retrospectively and comparative figures have been restated.

Save as disclosed above, there has been no other change in the Group's accounting policies, which might materially affect its income and financial position for the financial years under review.

9.0 ACCOUNTANTS' REPORT *(Cont'd)*

5.2 We set out below the audited results of the companies in the GA Blue Group for the relevant period/years under review :

GA BLUE

	31.1.2002 to 31.7.2002 (6 months) RM	1.8.2002 to 31.7.2003 (12 months) RM
Revenue	-	-
Loss before interest, depreciation, taxation and amortisation	(5,335)	(2,418)
Interest expense	-	-
Depreciation	-	-
Amortisation	-	
Exceptional items	-	-
Loss before taxation	(5,335)	(2,418)
Taxation	-	
Loss from ordinary activities	(5,335)	(2,418)
Extraordinary items	-	-
Net loss	(5,335)	(2,418)
No. of ordinary shares in issue	2	2
Gross loss per share (RM)	(2,668)	(1,209)
Net loss per share (RM)	(2,668)	(1,209)

NOTES :

(i) GA Blue has not commenced operations as at 31 July 2003. The loss incurred for the financial period ended 31 July 2002 is in respect of preliminary and pre-operating expenses and the loss incurred for the financial year ended 31 July 2003 represents the pre-operating expenses.

(ii) There was no taxation charge for the financial period/year ended 31 July 2002 and 31 July 2003 as the company had no chargeable income.

(iii) There were no exceptional or extraordinary items for the financial period/year under review.

(iv) The gross loss per share is calculated based on the loss before taxation and on the number of ordinary shares in issue at the end of each of the above financial period/year.

(v) The net loss per share is calculated based on the net loss and on the number of ordinary shares in issue at the end of each of the above financial period/year.

(vi) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/year under review.

GBC

	Year ended 31 July				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	20,737	19,372	24,722	21,750	21,820
Earnings before interest, depreciation, taxation and amortisation	5,583	4,824	6,154	5,484	5,772
Interest	(691)	(260)	(200)	(142)	(137)
Depreciation	(343)	(362)	(364)	(451)	(307)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
Profit before taxation	4,549	4,202	5,590	4,891	5,328
Taxation	13	(1,236)	(1,602)	(1,406)	(1,339)
Profit from ordinary activities	4,562	2,966	3,988	3,485	3,989
Extraordinary items	-	-	-	-	-
Net profit	4,562	2,966	3,988	3,485	3,989
Weighted average no. of ordinary shares in issue ('000)	1,000	1,381	2,000	2,083	2,200
Gross earnings per share (RM)	4.55	3.04	2.80	2.35	2.42
Net earnings per share (RM)	4.56	2.15	1.99	1.67	1.81

NOTES :

(i) Revenue for the financial year ended 31 July 1999 decreased by 20.85% to RM20.74 million mainly due to the impact of the delayed effect of the financial crisis which started in 1997.

Profit before taxation for the financial year ended 31 July 1999 increased by 123.98% to RM4.55 million due to the increased gross profit margin, reduction in selling expenses and finance cost. Selling expenses reduced due to cost cutting measures as a result of the financial crisis. Finance cost reduced due to lower bank borrowings and lower interest rates.

(ii) Revenue for the financial year ended 31 July 2000 decreased by 6.58% to RM19.37 million mainly due to cautious consumer spending extended from the previous financial year.

Profit before taxation for the financial year ended 31 July 2000 decreased by 7.63% to RM4.20 million due to an increase in administration expenses brought about by bad debts and allowance for doubtful debts.

(iii) Revenue for the financial year ended 31 July 2001 increased by 27.62% to RM24.72 million arising from more aggressive advertising.

Profit before taxation for the financial year ended 31 July 2001 increased by 33.03% to RM5.59 million due to the increase in revenue for the year and a decrease in operating expenses.

(iv) Revenue for the financial year ended 31 July 2002 decreased by 12.02% to RM21.75 million was due to a decrease in consumer demand following the September terrorist attack in the USA.

Profit before taxation for the financial year ended 31 July 2002 decreased by 12.50% to RM4.89 million due to lower revenue and higher operating expenses as compared to the previous financial year.

(v) Revenue for the financial year ended 31 July 2003 increased marginally by 0.32% to RM21.82 million due to the negative consequences of the SARS epidemic had on the consumer market.

Profit before taxation for the financial year ended 31 July 2003 increased by 8.93% to RM5.33 million due to lower raw material cost in the form of higher suppler discounts obtained.

(vi) Taxation charge for the financial year ended 31 July 1999 represents an under provision in prior year. There was no current taxation charge as it was a tax waiver year.

The disproportionate tax charge for the financial year ended 31 July 2000 is due to certain expenses being disallowed as deduction for tax purposes.

The effective tax rate for the financial years ended 31 July 2001 and 31 July 2002 approximates the statutory income tax rate.

The effective tax rate for the financial year ended 31 July 2003 represents a rate lower than statutory income tax rate due to an over provision of tax in the prior year.

(vii) There were no exceptional or extraordinary items for the financial years under review.

(viii) The gross earnings per share is calculated based on the profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial years.

(ix) The net earnings per share is calculated based on the net profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial years.

(x) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial years under review.

TWIN ACCESS

	26.8.1998 to 31.12.1999 (16 months) RM'000	1.1.2000 to 31.7.2000 (7 months) RM'000	Year ended 31 July 2001 (12 months) RM'000	2002 RM'000	2003 RM'000
Revenue	14,230	3,618	8,457	10,366	10,062
Earnings before interest, depreciation, taxation and amortisation	3,277	768	2,570	1,884	1,858
Interest	(193)	(64)	(2)	(11)	(4)
Depreciation	(8)	(22)	(54)	(186)	(254)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	
Profit before taxation	3,076	682	2,514	1,687	1,600
Taxation	-	(203)	(706)	(429)	(564)
Profit from ordinary activities	3,076	479	1,808	1,258	1,036
Extraordinary items	-	-	-	-	-
Net profit	3,076	479	1,808	1,258	1,036
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100	100
Gross earnings per share (RM)	30.76	6.82	25.14	16.87	16.00
Net earnings per share (RM)	30.76	4.79	18.08	12.58	10.36

NOTES :

(i) Twin Access recorded revenue of RM14.23 million and profit before taxation of RM3.08 million during its initial period of operations for the 16 months period ended 31 December 1999 after acquiring the established brand "Lois".

(ii) Revenue for the 7 months financial period ended 31 July 2000 on an annualised basis decreased by 56.41% to RM3.62 million due to the off season period. Twin Access commenced operations on 1 January 1999.

(iii) Revenue for the financial year ended 31 July 2001 on an annualised basis increased by 36.40% to RM8.46 million. The increase was due to capturing the sales for the festive season of Christmas, Hari Raya and Chinese New Year, and an increase in selling prices.

Accordingly, profit before taxation for the financial year ended 31 July 2001 increased to RM2.51 million.

(iv) Revenue for the financial year ended 31 July 2002 increased by 22.57% to RM10.37 million due to the increase in the sales of ladies wear. However, profit before taxation decreased to RM1.69 million due to higher administrative and selling expenses.

(v) Revenue for the financial year ended 31 July 2003 decreased by 2.93% to RM10.06 million due to the negative consequences of the SARS epidemic had on the consumer market and the closure of two ladies wear outlets. Profit before taxation decreased by 5.16% to RM1.60 million due to the decrease in revenue and higher allowance for doubtful debts.

(vi) There was no taxation charge for the financial period ended 31 December 1999 as it was a tax waiver year.

The disproportionate tax charge for the financial period ended 31 July 2000 is due to certain expenses being disallowed as deduction for tax purposes.

The effective tax rate for the financial years ended 31 July 2001 and 31 July 2002 approximates the statutory income tax rate.

The effective tax rate for the financial year ended 31 July 2003 represents a rate higher than statutory income tax rate due to under provision of tax in the prior year.

(viii) There were no exceptional or extraordinary items for the financial period/years under review.

(ix) The gross earnings per share is calculated based on the profit before taxation and on the weighed average number of ordinary shares in issue at the end of each of the above financial period/years.

(x) The net earnings per share is calculated based on the net profit and on the weighed average number of ordinary shares in issue at the end of each of the above financial period/years.

(xi) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/years under review.

9.0 ACCOUNTANTS' REPORT *(Cont'd)*

TOPCHAMP

	------- Year ended 31 December------ 1999	2000	1.1.2001 To 31.7.2001	------- Year ended 31 July------ 31.7.2002	31.7.2003
	--- (12 months) ----		(7 months)	---- (12 months) ----	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	8,116	5,120	1,649	3,983	3,236
Earnings before interest, depreciation, taxation and amortisation	689	204	186	889	430
Interest	(5)	(5)	(3)	(2)	-
Depreciation	(21)	(22)	(15)	(32)	(41)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
Profit before taxation	663	177	168	855	389
Taxation	1	(47)	(47)	(192)	(119)
Profit from ordinary activities	664	130	121	663	270
Extraordinary items	-	-	-	-	-
Net profit	664	130	121	663	270
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100	100
Gross earnings per share (RM)	6.63	1.77	1.68	8.55	3.89
Net earnings per share (RM)	6.64	1.30	1.21	6.63	2.70

NOTES :

(i) Revenue for the financial year ended 31 December 1999 increased by 70.97% to RM8.12 million. due to inventory clearance as a result of a new logo being introduced for "Mustang". The inventories bearing the old logo were phased out by giving discounts and sales packages.

Profit before taxation for the financial year ended 31 December 1999 increased by 550.00% to RM0.66 million due to higher profit margin as a result of the introduction of new stocks with better margin.

(ii) Revenue for the financial year ended 31 December 2000 decreased by 36.91% to RM5.12 million due to the normalizing of sales as the previous financial year was exceptional due to the inventory clearance.

Profit before taxation for the financial year ended 31 December 2000 decreased to RM0.18 million due to higher allowance for doubtful debts.

(iii) Revenue for the 7 months financial period ended 31 July 2001 on an annualised basis decreased by 44.78% to RM1.65 million due to the off season period.

However, profit before taxation for the financial period ended 31 July 2001 on an annualised basis increased by 62.71% to RM0.17 million due to increased sales of new styles with higher margins.

(iv) Revenue for the financial year ended 31 July 2002 increased by 40.90% to RM3.99 million. The increase was due to the capturing of sales for the year end festivities for 2001. Accordingly, profit before taxation for the financial year ended 31 July 2002 increased to RM0.86 million which included RM0.20 million from the sale of trademark

(v) Revenue for the financial year ended 31 July 2003 decreased by 18.75% to RM3.24 million due to slower demand for the Mustang brand resulting from the negative consequences of the SARS epidemic had on the consumer market.

Profit before taxation reduced by 54.50% to RM0.39 million due to the decrease in revenue, higher allowance for doubtful debts and there was no income from the sale of trademark in the financial year as compared to the previous financial year.

(vi) Taxation charge for the financial year ended 31 December 1999 represents an over provision in prior year. There was no current taxation charge as it was a tax waiver year.

The disproportionate tax charge for the financial year ended 31 2000 is due to the availability of unabsorbed capital allowances brought forward to set off against the tax adjusted income for the year.

The effective tax rate for the financial period ended 31 July 2001 approximates the statutory income tax rate.

The effective tax rate for the financial year ended 31 July 2002 represents a rate lower than the statutory income tax rate due to the sale of trademark which is tax exempted.

The effective tax rate for the financial year ended 31 July 2003 represents a rate higher than statutory income tax rate due to under provision of tax in the prior year.

(vii) There were no exceptional or extraordinary items for the financial period/years under review.

(viii) The gross earnings per share is calculated based on the profit before taxation and on the number of ordinary shares in issue at the end of each of the above financial period/years.

(ix) The net earnings per share is calculated based on the net profit and on the number of ordinary shares in issue at the end of each of the above financial period/years.

(x) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/years under review.

EVATECH

	24.12.1998 to 31.12.1999 (12 months) RM'000	1.1.2000 to 31.7.2000 (7 months) RM'000	Year ended 31 July 2001 (12 months) RM'000	Year ended 31 July 2002 (12 months) RM'000	Year ended 31 July 2003 (12 months) RM'000
Revenue	3,152	2,107	4,737	7,594	7,874
Earnings before interest, depreciation, taxation and amortisation	814	328	1,146	2,068	2,085
Interest	-	-	-	(128)	(173)
Depreciation	(1)	(5)	(69)	(212)	(247)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
Profit before taxation	813	323	1,077	1,728	1,665
Taxation	-	(92)	(216)	(272)	137)
Profit from ordinary activities	813	231	861	1,456	1,528
Extraordinary items	-	-	-	-	-
Net profit	813	231	861	1,456	1,528
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100	100
Gross earnings per share (RM)	8.13	3.23	10.77	17.28	16.65
Net earnings per share (RM)	8.13	2.31	8.61	14.56	15.28

NOTES :

(i) The financial period ended 31 December 1999 was Evatech's first period of operations and it recorded revenue of RM3.15 million and profit before taxation of RM0.80 million.

(ii) The annualized revenue for the financial period ended 31 July 2000 decreased by 14.05% to RM2.11 million. The drop was due to the off season in the 7 months financial period under review. Evatech commenced operations on 1 April 1999.

Accordingly, pretax profit on an annualised basis decreased by 31.90% to RM0.32 million.

(iii) Revenue for the financial year ended 31 July 2001 increased by 31.15% on an annualised basis to RM4.74 million due to increased orders and the change in billing basis from that of workmanship to ex-factory price.

As a result, pretax profit increased to RM1.08 million.

(iv) Revenue for the financial year ended 31 July 2002 increased by 60.31% to RM7.59 million. The increase was due to the increase in orders from the Group and third parties and an increase in selling price.

Accordingly, pretax profit increased to RM1.73 million.

(v) Revenue for the financial year ended 31 July 2003 increased marginally by 3.69% to RM7.87 million due to higher sales to the Group.

Profit before taxation decreased by 3.65% to RM1.67 million despite the increase in revenue due to higher depreciation and interest expense.

(vi) There was no taxation charge for the financial period ended 31 December 1999 as it was a tax waiver year.

The effective tax rate for the financial period ended 31 July 2000 approximates the statutory income tax rate.

The effective tax rate for the financial years ended 31 July 2001, 31 July 2002 and 31 July 2003 represents a rate lower than the statutory income tax rate due to its eligibility for reinvestment allowance claim.

(vii) There were no exceptional or extraordinary items for the financial period/years under review.

(viii) The gross earnings per share is calculated based on the profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/years.

(ix) The net earnings per share is calculated based on the net profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/years.

(x) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/years under review.

UNI JEANS

	Year ended 31 July				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	3,835	4,335	3,681	3,461	2,425
Earnings before interest, depreciation, taxation and amortisation	726	765	952	1,351	968
Interest	(68)	(89)	(36)	(62)	(62)
Depreciation	(64)	(58)	(43)	(197)	(218)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
Profit before taxation	594	618	873	1,092	688
Taxation	(85)	(178)	(273)	(198)	(77)
Profit from ordinary activities	509	440	600	894	611
Extraordinary items	-	-	-	-	-
Net profit	509	440	600	894	611
Weighted average no. of ordinary shares in issue ('000)	200	200	200	200	200
Gross earnings per share (RM)	2.97	3.09	4.37	5.46	3.44
Net earnings per share (RM)	2.55	2.20	3.00	4.47	3.06

NOTES :

(i) Revenue for the financial year ended 31 July 1999 increased by 23.35% to RM3.84 million as Twin Access was added to its customer list.

Pretax profit for the financial year ended 31 July 1999 increased to RM0.59 million due to the increase in gross profit margin as a result of lower production cost arising from economy of scale.

(ii) Revenue for the financial year ended 31 July 2000 increased by 13.04% to RM4.34 million due mainly to the increased orders from the Group.

However, pretax profit marginally increased to RM0.62 million due to allowance for doubtful debts.

(iii) Revenue for the financial year ended 31 July 2001 decreased by 15.09% to RM3.68 million as Uni Jeans temporarily ceased operations for 3 months from February to April 2001 due to the negotiation for a new tenancy agreement. In May 2001, Uni Jeans resumed operations at a lower rental charge.

Pretax profit for the financial year ended 31 July 2001 increased by 41.26% to RM0.87 million due to better gross profit margin and a decrease in finance costs.

(iv) Revenue for the financial year ended 31 July 2002 decreased by 5.98% to RM3.46 million due to the disruption in production resulting from the relocation to the new factory premise in Bayan Lepas during the financial year.

However, pretax profit for the financial year ended 31 July 2002 increased by 25.09% to RM1.09 million due to the increase in gross profit margin as Uni Jeans now sourced its raw material requirements directly from the principals which resulted in lower cost and the savings on rental of premises as Uni Jeans now has its own factory

(v) Revenue for the financial year ended 31 July 2003 decreased by 29.93% to RM2.43 million due to the negative consequences of the SARS epidemic had on the consumer market.

Accordingly, profit before tax decreased by 37.00% to RM0.69 million.

(vi) Taxation charge for the financial year ended 31 July 1999 represents deferred tax and an under provision in prior year. There was no current taxation charge as it was a tax waiver year.

The effective tax rate for the financial year ended 31 July 2000 approximates the statutory income tax rate.

The disproportionate tax charge for the financial year ended 31 July 2001 is due to certain expenses being disallowed as deduction for tax purposes.

The effective tax rate for the financial years ended 31 July 2002 and 31 July 2003 represents a rate lower than the statutory income tax rate due to its eligibility for reinvestment allowance claim.

(v) There were no exceptional or extraordinary items for the financial years under review.

(vi) The gross earnings per share is calculated based on the profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial years.

(vii) The net earnings per share is calculated based on the net profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial years.

(viii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial years under review.

ALL DENIM

	1.1.1999 to 31.12.1999 (12 months) RM'000	1.1.2000 To 31.7.2000 (7 months) RM'000	Year ended 31 July (12 months) 2001 RM'000	2002 RM'000	2003 RM'000
Revenue	-	575	2,298	2,825	3,110
Earnings/(Loss) before interest, depreciation, taxation and amortisation	(2)	1	271	468	245
Interest	-	-	-	-	-
Depreciation	-	-	(8)	(12)	(13)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
(Loss)/Profit before taxation	(2)	1	263	456	232
Taxation	-	-	(75)	(129)	(59)
(Loss)/Profit from ordinary activities	(2)	1	188	327	173
Extraordinary items	-	-	-	-	-
Net (loss)/profit	(2)	1	188	327	173
Weighted average no. of ordinary shares in issue ('000)	100	100	100	100	100
Gross (loss)/earnings per share (RM)	(0.02)	0.01	2.63	4.56	2.32
Net (loss)/earnings per share (RM)	(0.02)	0.01	1.88	3.27	1.73

NOTES :

(i) All Denim was dormant for the financial year ended 31 December 1999.

(ii) The 7 months financial period ended 31 July 2000 was the first period of operations.

(iii) Revenue for the financial year ended 31 July 2001 on an annualised basis increased by 133.13% to RM2.30 million due to the favourable impact from its full year of operations. Accordingly, pretax profit increased to RM0.26 million.

(iv) Revenue for the financial year ended 31 July 2002 increased by 22.93% to RM2.83 million due to the introduction of footwear as a new product and an increase in the number of retail outlets. Pretax profit increased by 23.28% to RM0.46 million due to the increase in gross profit margin as the footwear yielded a better profit margin as compared to the other products sold

(v) Revenue for the financial year ended 31 July 2003 increased by 10.09% to RM3.11 million due to higher footwear sales and higher sales arising from the opening of two new retail outlets.

However, profit before taxation decreased by 49.12% to RM0.23 million despite the increase in revenue due to additional overheads incurred on their new retail outlets and higher allowance for doubtful debts.

(vi) There was no taxation charge for the financial year ended 31 December 1999 as the Company has no tax adjusted income.

The disproportionate tax charge for the financial period ended 31 July 2000 is due to the availability of capital allowances used to set off against the tax adjusted income for the period.

The effective tax rate for the financial years ended 31 July 2001 and 31 July 2002 approximates the statutory income tax rate.

The effective tax rate for the financial year ended 31 July 2003represents a rate lower than the statutory income tax rate due to an over provision of tax in prior year and the reduced tax rate on chargeable income for the first RM0.1 million.

(vii) There were no exceptional or extraordinary items for the financial periods/years under review.

(viii) The gross (loss)/earnings per share is calculated based on the (loss)/profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial periods/years.

(ix) The net (loss)/earnings per share is calculated based on the net (loss)/profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial periods/years.

(x) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial periods/years under review.

DELISON

	2.4.2002 to 31.7.2002 (4 months) RM'000	1.8.2002 to 31.7.2003 (12 months) RM'000
Revenue	264	2,324
Earnings before interest, depreciation, taxation and amortisation	3	114
Interest expense	-	(20)
Depreciation	(3)	(11)
Amortisation	-	
Exceptional items	-	
Profit before taxation	*	83
Taxation	-	(21)
Profit from ordinary activities	*	62
Extraordinary items	-	-
Net profit	*	62
Weighted average no. of ordinary shares in issue ('000)	250	250
Gross earnings per share (sen)	0.15	33.20
Net earnings per share (sen)	0.15	24.80

* Represents RM383

NOTES :

(i) Delison commenced operations on 16 May 2002.

(ii) Annualised revenue for the financial year ended 31 July 2003 increased by 83.40% to RM2.32 million as it was in its full year of operations. Accordingly, profit before taxation increased by 44,368.25% to RM0.08 million.

(iii) There was no taxation charge for the financial period ended 31 July 2002 as the Company had no tax adjusted income.

The effective tax rate for the financial year ended 31 July 2003 represents a rate lower than the statutory income tax rate due to the reduced tax rate on chargeable income for the first RM0.1 million.

(iv) There were no exceptional or extraordinary items for the financial period/year under review.

(v) The gross earnings per share is calculated based on the profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vi) The net earnings per share is calculated based on the net profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/year under review.

LENSAN

	13.5.2002 to 31.7.2002 (2.5 months) RM'000	**1.8.2002 to 31.7.2003 (12 months) RM'000**
Revenue	-	1,174
Loss before interest, depreciation, taxation and amortisation	(4)	(12)
Interest expense	-	(6)
Depreciation	-	(14)
Amortisation	-	-
Exceptional items	-	-
Loss before taxation	(4)	(35)
Taxation	-	12
Loss from ordinary activities	(4)	(23)
Extraordinary items	-	-
Net loss	(4)	(23)
Weighted average no. of ordinary shares in issue	2	2
Gross loss per share (RM)	(2,000)	(17,500)
Net loss per share (RM)	(2,000)	(11,500)

NOTES :

(i) As at 31 July 2002, Lensan had not commenced operations.

(ii) Lensan commenced operation on 30 December 2002 and recorded revenue for the financial year ended 31 July 2003 of RM1.17 million. However, the company recorded a loss before taxation of RM0.03 million due to high overheads for its first year of operations.

(iii) There was no taxation charge for the financial period ended 31 July 2002 as the company had no chargeable income.

There was no taxation charge for the financial year ended 31 July 2003 as the company had no tax adjusted income, however the company recognized deferred taxation asset in respect of their unabsorbed capital allowances and tax loss.

(iv) There were no exceptional or extraordinary items for the financial period/year under review.

(v) The gross loss per share is calculated based on the loss before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vi) The net loss per share is calculated based on the net loss and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/year under review.

LKH

	29.5.2002 to 31.7.2002 (2 months) RM'000	1.8.2002 to 31.7.2003 (12 months) RM'000
Revenue	225	2,351
Earnings before interest, depreciation, taxation and amortisation	9	64
Interest expense	(2)	(15)
Depreciation	(6)	(44)
Amortisation	-	-
Exceptional items	-	-
Profit before taxation	1	5
Taxation	-	(2)
Profit from ordinary activities	1	3
Extraordinary items	-	-
Net profit	1	3
Weighted average no. of ordinary shares in issue ('000)	500	500
Gross earnings per share (sen)	0.20	1.00
Net earnings per share (sen)	0.20	0.60

NOTES :

(i) LKH commenced operations on 29 May 2002.

(ii) Annualised revenue for the financial year ended 31 July 2003 increased by 74.15% to RM2.35 million as it was in its full year of operations. Accordingly, the company recorded profit before taxation of RM5,000.

(iii) There was no taxation charge for the financial period ended 31 July 2002 as the Company has no tax adjusted income.

The effective tax rate for the financial year ended 31 July 2003 represents a rate higher than the statutory income tax rate due to certain expenses not deducible for tax purposes.

(iv) There were no exceptional or extraordinary items for the financial period/year under review.

(v) The gross earnings per share is calculated based on the profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vi) The net earnings per share is calculated based on the net profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/year under review.

STARIX

	14.6.2002 to 31.7.2002 (1.5 months) RM'000	1.8.2002 to 31.7.2003 (12 months) RM'000
Revenue	-	483
(Loss)/Earnings before interest, depreciation, taxation and amortisation	(4)	11
Interest expense	-	-
Depreciation	-	-
Amortisation	-	-
Exceptional items	-	-
(Loss)/Profit before taxation	(4)	11
Taxation	-	(2)
(Loss)/Profit from ordinary activities	(4)	9
Extraordinary items	-	-
Net (loss)/profit	(4)	9
Weighted average no. of ordinary shares in issue ('000)	50	50
Gross (loss)/earnings per share (sen)	(8.00)	22.00
Net (loss)/earnings per share (sen)	(8.00)	18.00

NOTES :

(i) As at 31 July 2002, Starix had not commenced operation.

(ii) Starix commenced operations on 31 December 2002 and recorded revenue for the financial year ended 31 July 2003 of RM0.48 million and profit before taxation of RM0.01 million

(iii) There was no taxation charge for the financial period ended 31 July 2002 as the company had no chargeable income.

The effective tax rate for the financial year ended 31 July 2003 represents a rate lower than the statutory income tax rate due to the reduced tax rate on chargeable income for the first RM0.1 million.

(iv) There were no exceptional or extraordinary items for the financial period/year under review.

(v) The gross loss/earnings per share is calculated based on the loss/profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vi) The net loss/earnings per share is calculated based on the net loss/profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial period/year.

(vii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial period/year under review.

LU FA

	------- Year ended 31 January ------ 2000 --- (12 months) --- RM'000	2001 RM'000	1.2.2001 to 31.7.2001 (6 months) RM'000	------- Year ended 31 July ------ 2002 ---- (12 months) ---- RM'000	2003 RM'000
Revenue	-	-	-	-	-
Loss before interest, depreciation, taxation and amortisation	(9)	(33)	(12)	(8)	(2)
Interest	(10)	(3)	-	-	-
Depreciation	-	-	-	-	-
Amortisation	-	-	-	-	-
Exceptional items	-	-	497	-	-
(Loss)/Profit before taxation	(19)	(36)	485	(8)	(2)
Taxation	-	-	-	-	-
(Loss)/Profit from ordinary activities	(19)	(36)	485	(8)	(2)
Extraordinary items	-	-	-	-	-
Net (loss)/profit	(19)	(36)	485	(8)	(2)
Weighted average no. of ordinary shares in issue	2	2	2	2	2
Gross (loss)/earnings per share (RM'000)	(9.50)	(18.00)	242.50	(4.00)	(1.00)
Net (loss)/earnings per share (RM'000)	(9.50)	(18.00)	242.50	(4.00)	(1.00)

NOTES :

(i) For the financial year ended 31 January 2000 to 31 January 2001, Lu Fa was not part of the Group. Lu Fa became a subsidiary company of GBC in the financial year ended 31 July 2001.

(ii) The profit before taxation for the financial period ended 31 July 2001 was due to an exceptional credit of RM0.47 million representing debts forgiven by the creditors of Lu Fa.

(iii) For the financial years ended 31 July 2002 and 31 July 2003, the losses were due to administrative expenses.

(iv) There was no taxation charge for the above financial years/period under review as the company had no chargeable/tax adjusted income.

(v) There were no exceptional or extraordinary items for the financial periods/years under review other than the exceptional credit in the financial period ended 31 July 2001 representing debts forgiven by the creditors of Lu Fa.

(vi) The gross (loss)/earnings per share is calculated based on the (loss)/profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial periods/years.

(vii) The net (loss)/earnings per share is calculated based on the net (loss)/profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial periods/years.

(viii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial periods/years under review.

QUANGCIN

	------- Year ended 30 June ------		1.7.2000 to	------- Year ended 31 July ------	
	1999	2000	31.7.2001	2002	2003
	---- (12 months) ----		(13 months)	---- (12 months) ----	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-	-
Loss before interest, depreciation, taxation and amortisation	(6)	(8)	(10)	(7)	(2)
Interest	-	-	-	-	-
Depreciation	-	-	-	-	-
Amortisation	-	-	-	-	-
Exceptional items	-	-	357	-	-
(Loss)/Profit before taxation	(6)	(8)	347	(7)	(2)
Taxation	-	-	-	-	-
(Loss)/Profit from ordinary activities	(6)	(8)	347	(7)	(2)
Extraordinary items	-	-	-	-	-
Net (loss)/profit	(6)	(8)	347	(7)	(2)
Weighted average no. of ordinary shares in issue	2	2	2	2	2
Gross (loss)/earnings per share (RM'000)	(3.00)	(4.00)	173.50	(3.50)	(1.00)
Net (loss)/earnings per share (RM'000)	(3.00)	(4.00)	173.50	(3.50)	(1.00)

NOTES :

(i) For the financial year ended 30 June 1998 to 30 June 2000, Quangcin was not part of the Group. Quangcin became a subsidiary company of GBC in the financial year ended 31 July 2001.

(ii) The annualized profit before taxation for the financial period ended 31 July 2001 was due to an exceptional credit of RM0.36 million representing debts forgiven by the creditors of Quangcin.

(iii) For the financial years ended 31 July 2002 and 31 July 2003, the losses were due to administrative expenses.

(iv) There was no taxation charge for the above financial years/period under review as the company had no chargeable/tax adjusted income.

(v) There were no exceptional or extraordinary items for the financial periods/years under review other than the exceptional credit in the financial period ended 31 July 2001 representing debts forgiven by the creditors of Quangcin.

(vi) The gross (loss)/earnings per share is calculated based on the (loss)/profit before taxation and on the weighted average number of ordinary shares in issue at the end of each of the above financial periods/years.

(vii) The net (loss)/earnings per share is calculated based on the net (loss)/profit and on the weighted average number of ordinary shares in issue at the end of each of the above financial periods/years.

(viii) There has been no change in the company's accounting policies, which might materially affect its income and financial position for the financial periods/years under review.

6. SUMMARISED BALANCE SHEETS

6.1 PROFORMA CONSOLIDATED BALANCE SHEETS

As the acquisition of the subsidiary companies was only completed after 31 July 2003, it is therefore impracticable to present proforma consolidated balance sheets of the GA Blue Group throughout the years under review. Accordingly, proforma consolidated balance sheets of the GA Blue Group has only been presented in respect of 31 July 2003 based on the latest audited statement of assets and liabilities as at 31 July 2003 as shown in Section 7 of this Report. In addition, balances due from/to companies within the GA Blue Group are disclosed in Section 6.2 of this Report.

6.2 The summarised audited balance sheets of GA Blue and its subsidiary companies based on their respective audited financial statements as at the end of the financial periods/years under review are as follows :

GA BLUE

	-------- As at 31 July -------	
	2002 RM	2003 RM
Current assets	2	2
Current liabilities	(5,335)	(7,753)
Net current liabilities	(5,333)	(7,751)
Financed by :		
Share capital	2	2
Loss	(5,335)	(7,753)
	(5,333)	(7,751)
Net tangible liabilities per share (RM)	(2,668)	(3,876)

GBC

	As at 31 July				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	2,192	2,131	2,322	2,191	2,172
Investment in subsidiary companies	400	500	500	1,902	1,902
Quoted investment	-	-	27	-	-
Current assets	18,776	21,734	26,333	31,408	31,500
Current liabilities	10,393	4,971	5,842	6,511	2,590
Net current assets	8,383	16,763	20,491	24,897	28,910
	10,975	19,394	23,340	28,990	32,984
Financed by :					
Share capital	1,000	2,000	2,000	2,200	2,200
Share premium	-	5,100	5,100	7,026	7,026
Retained profits	9,179	12,145	16,132	19,617	23,606
Shareholders' funds	10,179	19,245	23,232	28,843	32,832
Deferred taxation	72	91	108	147	152
Long term liabilities	724	58	-	-	-
	10,975	19,394	23,340	28,990	32,984
Net tangible assets per share (RM)	10.18	9.62	11.62	13.11	14.92

The balances due from/(to) the related companies of GBC after the Acquisitions are as follows :

Due from/(to) :					
Twin Access	1,567	370	(1,551)	5,472	4,074
Topchamp	-	-	-	3,469	3,111
Evatech	(152)	851	4,763	1,503	2,755
Uni Jeans	2,292	1,189	1,326	(1,296)	(1,518)
All Denim	-	(180)	677	1,157	1,544
Delison	-	-	-	30	938
Lensan	-	-	-	2	1,772
LKH	-	-	-	-	162
Starix	-	-	-	-	300
Lu Fa	-	-	-	-	-
Quangcin	-	-	-	-	-

TWIN ACCESS

	As at 31.12.1999 RM'000	---- As at 31 July ---- 2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	147	215	293	1,328	1,317
Current assets	10,992	7,876	10,234	13,034	11,279
Current liabilities	7,963	4,419	5,036	7,521	4,669
Net current assets	3,029	3,457	5,198	5,513	6,610
	3,176	3,672	5,491	6,841	7,927
Financed by :					
Share capital	100	100	100	100	100
Retained profits	3,076	3,555	5,364	6,623	7,659
Shareholders' funds	3,176	3,655	5,464	6,723	7,759
Deferred taxation	-	17	27	118	168
	3,176	3,672	5,491	6,841	7,927
Net tangible assets per share (RM)	31.76	36.55	54.64	67.23	77.59

The balances due from/(to) the related companies of Twin Access after the Acquisitions are as follows :

Due from/(to) :					
GBC	(4,061)	(370)	1,551	(5,472)	(4,074)
Topchamp	-	-	-	280	475
Evatech	(810)	(925)	-	935	234
Uni Jeans	(1,494)	(1,221)	(1,936)	99	(441)
All Denim	-	163	138	336	594
Delison	-	-	-	-	18
Lensan	-	-	-	-	-
LKH	-	-	-	-	106
Starix	-	-	-	-	4
Lu Fa	-	-	-	-	-
Quangcin	-	-	-	-	-

TOPCHAMP

	----- As at 31 December -----		------------ As At 31 July -----------		
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	88	110	113	148	187
Current assets	7,904	7,654	5,977	6,687	5,541
Current liabilities	7,281	6,938	5,139	5,210	3,829
Net current assets	623	716	838	1,477	1,712
	711	826	951	1,625	1,899
Financed by :					
Share capital	100	100	100	100	100
Retained profits	597	726	847	1,510	1,781
Shareholders' funds	697	826	947	1,610	1,881
Deferred taxation	-	-	4	15	18
Long term liabilities	14	-	-	-	-
	711	826	951	1,625	1,899
Net tangible assets per share (RM)	6.97	8.26	9.47	16.10	18.81

The balances due from/(to) the related companies of Topchamp after the Acquisitions are as follows :

Due from/(to) :				
GBC	-	-	(3,469)	(3,111)
Twin Access	-	-	(280)	(475)
Evatech	-	-	636	110
Uni Jeans	-	-	34	420
All Denim	-	-	(78)	594
Delison	-	-	-	18
Lensan	-	-	-	-
LKH	-	-	-	12
Starix	-	-	-	1
Lu Fa	-	-	-	-
Quangcin	-	-	-	-

EVATECH

	As at 31.12.1999 RM'000	As at 31 July 2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	12	513	3,465	5,357	5,358
Investment in subsidiary companies	-	-	2,192	2,192	2,192
Current assets	1,576	2,636	1,846	2,623	2,897
Current liabilities	676	1,960	5,428	5,155	4,086
Net current assets/(liabilities)	900	676	(3,582)	(2,532)	(1,189)
	912	1,189	2,075	5,017	6,361
Financed by :					
Share capital	100	100	100	100	100
Retained profits	812	1,043	1,903	3,359	4,888
Shareholders' funds	912	1,143	2,003	3,459	4,988
Deferred taxation	-	46	72	249	297
Long term liabilities	-	-	-	1,309	1,076
	912	1,189	2,075	5,017	6,361
Net tangible assets per share (RM)	9.12	11.43	20.03	34.59	49.88

The balances due from/(to) the related companies of Evatech after the Acquisitions are as follows :

Due from/(to) :					
GBC	-	(851)	(4,763)	(1,503)	(2,755)
Twin Access	810	925	-	(935)	(234)
Topchamp	-	-	-	(636)	(110)
Uni Jeans	-	-	-	(122)	233
All Denim	-	1	(93)	(307)	(399)
Delison	-	-	-	-	-
Lensan	-	-	-	-	-
LKH	-	-	-	-	-
Starix	-	-	-	-	11
Lu Fa	-	-	-	7	7
Quangcin	-	-	-	7	7

UNI JEANS

	As at 31 July				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	2,611	2,579	119	3,049	3,005
Current assets	2,266	1,940	4,466	2,084	2,358
Current liabilities	3,868	3,079	2,586	1,487	1,180
Net current (liabilities)/assets	(1,602)	(1,139)	1,880	597	1,178
	1,009	1,440	1,999	3,646	4,183
Financed by :					
Share capital	200	200	200	200	200
Retained profits	744	1,184	1,784	2,678	3,290
Shareholders' funds	944	1,384	1,984	2,878	3,490
Deferred taxation	48	53	15	167	204
Long term liabilities	17	3	-	601	489
	1,009	1,440	1,999	3,646	4,183
Net tangible assets per share (RM)	4.72	6.92	9.92	14.39	17.45

The balances due from/(to) the related companies of Uni Jeans after the Acquisitions are as follows :

Due from/(to) :					
GBC	(2,292)	(1,189)	(1,326)	1,296	1,518
Twin Access	638	1,222	1,936	(99)	441
Topchamp	-	-	-	(34)	(420)
Evatech	-	-	-	122	(233)
All Denim	-	11	156	(18)	106
Delison	-	-	-	-	-
Lensan	-	-	-	-	-
LKH	-	-	-	-	-
Starix	-	-	-	-	-
Lu Fa	-	-	-	-	-
Quangcin	-	-	-	-	-

ALL DENIM

	As at 31.12.1999 RM'000	As at 31 July 2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	-	3	43	70	57
Current assets	96	438	1,294	2,258	2,922
Current liabilities	1	343	1,048	1,709	2,188
Net current assets	95	95	246	549	734
Expenditure carried forward	2	-	-	-	-
	97	98	289	619	791
Financed by :					
Share capital	100	100	100	100	100
(Accumulated losses)/ Retained profits	(3)	(2)	186	513	686
Shareholders' funds	97	98	286	613	786
Deferred taxation	-	-	3	6	5
	97	98	289	619	791
Net tangible assets per share (RM)	0.97	0.98	2.86	6.13	7.86

The balances due from/(to) the related companies of All Denim after the Acquisitions are as follows :

Due from/(to) :					
GBC	-	180	(677)	(1,157)	(1,544)
Twin Access	-	(163)	(138)	(336)	(594)
Topchamp	-	-	-	78	139
Evatech	-	(1)	93	307	399
Uni Jeans	-	(11)	(156)	18	106
Delison	-	-	-	-	-
Lensan	-	-	-	-	-
LKH	-	-	-	178	624
Starix	-	-	-	-	-
Lu Fa	-	-	-	-	-
Quangcin	-	-	-	-	-

DELISON

	As at 31 July 2002 RM'000	As at 31 July 2003 RM'000
Property, plant and equipment	62	55
Current assets	496	2,026
Current liabilities	308	1,761
Net current assets	188	265
	250	320
Financed by :		
Share capital	250	250
Retained profits	*	63
Shareholders' funds	250	313
Deferred taxation	-	7
	250	320
Net tangible assets per share (RM)	1.00	1.25

* Represents RM383

The balances due from/(to) the related companies of Delison after the Acquisitions are as follows :

	2002	2003
Due from/(to) :		
GBC	-	(938)
Twin Access	-	(18)
Topchamp	-	-
Evatech	-	-
Uni Jeans	-	-
All Denim	-	-
Lensan	-	-
LKH	-	-
Starix	-	-
Lu Fa	-	-
Quangcin	-	-

LENSAN

	------- As at 31 July --------	
	2002	2003
	RM'000	RM'000
Property, plant and equipment	-	97
Deferred taxation asset	-	12
Current assets	*	1,861
Current liabilities	4	1,997
Net current liabilities	(4)	(136)
	(4)	(27)
Financed by :		
Share capital	*	*
Accumulated losses	(4)	(27)
	(4)	(27)
Net tangible liabilities per share (RM)	(2,000)	(13,500)

* Represents RM2

The balances due from/(to) the related companies of Lensan after the Acquisitions are as follows :

Due from/(to) :		
GBC	-	(1,772)
Twin Access	-	-
Topchamp	-	-
Evatech	-	-
Uni Jeans	-	-
All Denim	-	-
Delison	-	-
LKH	-	-
Starix	-	-
Lu Fa	-	-
Quangcin	-	-

LKH

	As at 31 July 2002 RM'000	As at 31 July 2003 RM'000
Property, plant and equipment	174	210
Current assets	840	1,454
Current liabilities	425	1,045
Net current assets	415	409
	589	619
Financed by :		
Share capital	500	500
Retained profits	1	4
Shareholders' funds	501	504
Deferred taxation	-	*
Long term liabilities	88	115
	589	619
Net tangible assets per share (RM)	1.00	1.01

* Represents RM277

The balances due from/(to) the related companies of LKH after the Acquisitions are as follows :

	2002	2003
Due from/(to) :		
GBC	-	(162)
Twin Access	-	106
Topchamp	-	12
Evatech	-	-
Uni Jeans	-	-
All Denim	(178)	624
Delison	-	-
Lensan	-	-
Starix	-	-
Lu Fa	-	-
Quangcin	-	-

STARIX

	------- As at 31 July -------	
	2002	2003
	RM'000	RM'000
Current assets	50	624
Current liabilities	(4)	(569)
Net current assets	46	55
Financed by :		
Share capital	50	50
(Loss)/Retained profit	(4)	5
	46	55
Net tangible assets per share (RM)	0.92	1.10

The balances due from/(to) the related companies of Starix after the Acquisitions are as follows :

Due from/(to) :		
GBC	-	(300)
Twin Access	-	(4)
Topchamp	-	(1)
Evatech	-	(11)
Uni Jeans	-	-
All Denim	-	-
Delison	-	-
Lensan	-	-
LKH	-	-
Lu Fa	-	-
Quangcin	-	-

LU FA

	-- As at 31 January --		---------- As at 31 July ----------		
	2000	2001	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Investment properties	648	650	1,150	1,150	1,150
Current assets	3	-	-	-	-
Current liabilities	759	886	2	10	12
Net current liabilities	(756)	(886)	(2)	(10)	(12)
Expenditure carried forward	2	-	-	-	-
	(106)	(236)	1,148	1,140	1,138
Financed by :					
Share capital	*	*	*	*	*
Asset revaluation reserve	-	-	898	898	898
(Accumulated losses)/ Retained profits	(199)	(236)	250	242	240
Shareholders' funds	(199)	(236)	1,148	1,140	1,138
Long term liability	93	-	-	-	-
	(106)	(236)	1,148	1,140	1,138
Net tangible (liabilities)/assets per share (RM)	(99,500)	(118,000)	574,000	570,000	569,000

* Represents RM2

The balances due from/(to) the related companies of Lu Fa after the Acquisitions are as follows :

Due from/(to) :					
GBC	-	-	-	-	-
Twin Access	-	-	-	-	-
Topchamp	-	-	-	-	-
Evatech	-	-	-	(7)	(7)
Uni Jeans	-	-	-	-	-
All Denim	-	-	-	-	-
Delison	-	-	-	-	-
Lensan	-	-	-	-	-
LKH	-	-	-	-	-
Starix	-	-	-	-	-
Quangcin	-	-	-	-	-

QUANGCIN

	--- As at 30 June ---		------------ As at 31 July ------------		
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	294	294	-	-	-
Investment property	-	-	1,200	1,200	1,200
Current assets	235	235	-	-	-
Current liabilities	629	637	2	9	11
Net current liabilities	(394)	(402)	(2)	(9)	(11)
	(100)	(108)	1,198	1,191	1,189
Financed by :					
Share capital	*	*	*	*	*
Asset revaluation reserve	-	-	959	959	959
(Accumulated losses)/ Retained profits	(100)	(108)	239	232	230
	(100)	(108)	1,198	1,191	1,189
Net tangible (liabilities)/assets per share (RM)	(50,000)	(54,000)	599,000	595,500	594,500

* Represents RM2

The balances due from/(to) the related companies of Quangcin after the Acquisitions are as follows :

Due from/(to) :					
GBC	-	-	-	-	-
Twin Access	-	-	-	-	-
Topchamp	-	-	-	-	-
Evatech	-	-	-	(7)	(7)
Uni Jeans	-	-	-	-	-
All Denim	-	-	-	-	-
Delison	-	-	-	-	-
Lensan	-	-	-	-	-
LKH	-	-	-	-	-
Starix	-	-	-	-	-
Lu Fa	-	-	-	-	-

7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of GA Blue and the Proforma GA Blue Group are provided for illustrative purposes only and are prepared based on the audited financial statements of the companies in the GA Blue Group as at 31 July 2003 after taking into account adjustments appropriate for the purposes of the statement of assets and liabilities and on the assumption that the flotation scheme as mentioned in Section 2 was effected on 31 July 2003.

	Note	Audited GA Blue as at 31.7.2003 RM'000	---- PROFORMA GROUP ---- After the Acquisitions and Share Split RM'000	After the Acquisitions, Share Split, Public Issue and utilisation of Proceeds RM'000
Property, plant and equipment	8.3	-	14,790	14,790
Deferred taxation asset	8.4	-	12	12
Current assets				
Inventories	8.5	-	14,327	14,327
Trade debtors	8.6	-	23,289	23,289
Other debtors, deposits and prepayments		-	2,608	2,608
Tax recoverable			480	480
Fixed deposit with a licensed bank	8.7	-	5	5
Cash and bank balances	8.8	*	1,573	10,376
		*	42,282	51,085
Current liabilities				
Trade creditors		-	679	679
Other creditors and accruals		8	796	796
Amount due to a shareholder	8.9	-	197	197
Bank borrowings	8.10	-	2,689	811
Dividend payable		-	3,080	3,080
Provision for taxation		-	279	279
		8	7,720	5,842
Net current (liabilities)/assets		(8)	34,562	45,243
		(8)	49,364	60,045
Financed by :				
Share capital	8.11	*	41,000	50,000
Share premium	8.12	-	1,307	4,507
Reserve on consolidation		-	4,049	4,049
Accumulated losses		(8)	(8)	(8)
Shareholders' funds		(8)	46,348	58,548
Minority interest		-	229	229
Deferred taxation liability	8.13	-	1,106	1,106
Long term liabilities	8.14	-	1,681	162
		(8)	49,364	60,045
Net tangible (liabilities)/assets (RM)		(4,000.00)	0.57	0.59

* Represents RM2

8. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

8.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards issued by the in Malaysian Accounting Standards Board.

8.2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in the previous financial years except for the adoption of the following accounting standards for the first time during the financial year :

i. MASB 22 – Segment Reporting
ii. MASB 23 – Impairment of Assets
iii. MASB 24 – Financial Instruments
iv. MASB 25 – Income Taxes

(a) **Basis of Accounting**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) **Basis of Consolidation**

The financial statements of the Group include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference of the cost of acquisition over the fair value of the Group's share of the subsidiary companies' identifiable net assets at the date of acquisition is reflected either as goodwill or reserve on consolidation, as appropriate. Goodwill on consolidation is not amortised. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary companies to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree company. Separate disclosure is made of minority interest.

(c) **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation except for short leasehold land which is stated at valuation less subsequent amortisation.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the asset revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment are depreciated over their estimated useful lives on the straight line method at the following annual rates :

Short leasehold land	Amortised over the lease period of 48 years
Buildings and freehold shoplots	2%
Long leasehold commercial lots	Amortised over the lease period of 99 years
Renovation	2%
Machinery and factory equipment	10%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

Short leasehold land refers to land with remaining lease period of less than 50 years determined as at balance sheet date.

Freehold land is not amortised as it has an infinite life.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

(d) **Investments in Subsidiary Companies**

Investment in subsidiary companies which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's financial statements.

On disposal of investment in subsidiary companies, the difference between net disposal proceeds and their carrying amount is charged or credited to the income statement.

(e) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost in the case of work-in-progress and finished goods include materials, direct labour and attributable production overhead. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost is determined on the weighted average basis.

(f) **Debtors**

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

(g) **Creditors**

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

(h) **Provisions for Liabilities**

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(i) **Hire Purchase**

Property, plant and equipment financed under hire purchase are capitalised in the financial statements and are depreciated in accordance with the accounting policy as set out in (c) above. Outstanding obligations due under hire purchase after deducting finance costs are included as liabilities in the financial statements. The finance costs are charged to the income statement over the period of the respective agreements using the straight line method.

(j) **Revenue Recognition**

Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue arising from the provision of services is recognised on the dates the services are rendered and completed.

(k) **Foreign Currency Translations**

Assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the rates of exchange approximately ruling on that date. Transactions in foreign currencies during the year have been translated into Ringgit Malaysia at the rates of exchange approximately ruling on the transaction dates. Gains or losses on foreign exchange are included in the income statement.

The closing rates of exchange used in the preparation of the financial statements are as follows :

	2003
	RM
US Dollar	**3.8250**
Hong Kong Dollar	**0.4925**

(l) **Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(m) **Taxation**

Taxation on the results for the year comprises current and deferred taxation. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred taxation is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized. Deferred taxation is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred taxation is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred taxation 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 to equity, or when it arises from a business combination that is an acquisition, in which case the deferred taxation is included in the resulting goodwill or reserve on consolidation.

In the previous financial years, deferred taxation was recognised for timing differences except where there is reasonable evidence that the tax effects of such deferrals will continue in the foreseeable future.

(n) **Cash and Cash Equivalents**

Cash comprises cash in hand and balances with banks (including bank overdrafts) while cash equivalents comprise short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group and the Company have become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of the financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and/or the Company have a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

8.3. PROPERTY, PLANT AND EQUIPMENT

	PROFORMA GROUP		
	Cost / Valuation RM'000	Accumulated depreciation RM'000	Net book value RM'000
At valuation			
Short leasehold land	2,350	98	2,252
At cost			
Buildings	5,949	228	5,721
Freehold shoplots	180	18	162
Long leasehold commercial lot	601	-	601
Renovation	44	4	40
Machinery and factory equipment	2,793	672	2,121
Furniture, fittings and office equipment	3,726	1,041	2,685
Motor vehicles	1,739	531	1,208
	17,382	2,592	14,790

PROFORMA GROUP

The short leasehold land is stated at Directors' valuation based on the Report dated 15 March 2001 prepared by independent qualified valuers on the open market basis.

The historical cost of the short leasehold land at valuation is as follows:

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Short leasehold land	493	20	473

The net book value of property, plant and equipment pledged to financial institution for banking facilities granted to the Group are as follows:

	RM'000
Short leasehold land	2,252
Buildings	5,721
	7,973

8.4 DEFERRED TAXATION ASSET

	PROFORMA GROUP RM'000
Arising from the acquisition of subsidiary companies	12

The temporary differences on which deferred taxation has been provided for are in respect of the excess of taxation capital allowances over depreciation on property, plant and equipment, unabsorbed tax loss and capital allowances of a subsidiary company at current tax rate.

8.5 INVENTORIES

	PROFORMA GROUP RM'000
Raw materials	1,597
Work-in-progress	714
Finished goods	7,412
Trading goods	4,473
Consumables	131
	14,327

8.6 TRADE DEBTORS

	PROFORMA GROUP RM'000
Total amount	25,061
Allowance for doubtful debts	(1,772)
	23,289

8.7 FIXED DEPOSIT WITH A LICENSED BANK

PROFORMA GROUP

The fixed deposit is pledged to a licensed bank for banker's guarantee facility granted to a subsidiary company.

The weighted average effective interest rate of fixed deposit at balance sheet date is 3.70%.

8.8 CASH AND BANK BALANCES

	PROFORMA GROUP RM'000
Balance as at 31 July 2003	*
Arising from the acquisition of subsidiary companies	1,573
Proceeds from Public Issue	13,500
Repayment of bank borrowing	(3,397) **
Payment of listing expenses	(1,300)
After Acquisitions, Share Split, Public Issue and utilization of proceeds	10,376

* Represents RM2

** For the purpose of illustrating the proforma statement of assets and liabilities, only RM3.397 million was shown utilized as repayment of bank borrowings as the balance of RM2.132 million was drawn down subsequent to the financial year ended 31 July 2003.

8.9 AMOUNT DUE TO A SHAREHOLDER

PROFORMA GROUP

This represents an amount due to Mr. Wong Kum Khow, a shareholder of a subsidiary company and is non-trade related, unsecured, interest free and has no fixed terms of repayment.

8.10 BANK BORROWINGS

	-------- PROFORMA GROUP ---------		
	After the Acquisitions and Share Split RM'000	Repayment RM'000	After the Acquisitions, Share Split, Public Issue and utilisation of Proceeds RM'000
Bankers acceptance	2,000	(1,538)	462
Bank overdrafts	349	-	349
Term loans (Note 8.14)	340	(340)	-
	2,689	(1,878)	811

The bank borrowings are secured against :

(i) Negative pledge over all the present and future assets of a subsidiary company;
(ii) Facilities agreement for RM3,000,000 plus interest thereon;
(iii) Third party legal charge over the properties of its subsidiary companies for RM2,200,000; and
(iv) Joint and several guarantee of certain directors of a subsidiary company.

The weighted average effective interest rates of bankers acceptance, bank overdrafts and term loans at balance sheet date is 3.10% to 4.85%, 7.90% and 6.00% to 7.65% respectively.

RM1.88 million of the proceeds from the public issue is utilised to reduce the short term portion of term loan and bankers acceptances.

8.11 SHARE CAPITAL

	COMPANY RM'000	PROFORMA GROUP RM'000
Authorised :		
Ordinary shares of RM1.00/RM0.50 each	100	50,000

	COMPANY RM'000	PROFORMA GROUP RM'000
Issued and fully paid : Ordinary shares of RM1.00/RM0.50 each		
As at 31 July 2003	#	*
Issued as consideration for the acquisition of 100% equity of GBC	-	41,000
	-	
Public issue	-	9,000
	#	50,000

\# Represents 2 ordinary shares of RM1.00 each
* Represents 4 ordinary shares of RM0.50 each

8.12 SHARE PREMIUM

	PROFORMA GROUP RM'000
Share premium from :	
Issue of shares at a premium of approximately RM0.03 per share for the acquisition of GBC	1,307
Public Issue of 18,000,000 ordinary shares of RM0.50 each at a premium of RM0.25 per share	4,500
Less : Estimated listing expenses	(1,300)
	4,507

8.13 DEFERRED TAXATION LIABILITY

	PROFORMA GROUP RM'000
Arising from the acquisition of subsidiary companies	1,106

8.14 LONG TERM LIABILITIES

	PROFORMA GROUP		
	After the Acquisitions and Share Split RM'000	Repayment RM'000	After the Acquisitions, Share Split, Public Issue and utilisation of Proceeds RM'000
Term loans			
Total amount repayable			
Within the next twelve months	340	(340)	-
More than one year and less than 5 years	1,486	(1,486)	-
More than 5 years	33	(33)	-
	1,859	(1,859)	-
Repayable within the next twelve months included under bank borrowings (Note 8.10)	(340)	340	-
	1,519	(1,519)	-
Hire purchase creditors			
Total amount payable	387	-	387
Interest in suspense	(35)	-	(35)
Net amount payable	352	-	352
Payable within the next twelve months included under other creditors and accruals	(190)	-	(190)
Payable within a period after one year and less than 5 years	162	-	162
	1,681	(1,519)	162

The term loans are repayable by 96 equal monthly instalments.

Details of the securities and interest rate for the term loans are shown in Note 8.10.

The weighted average effective interest rate of hire purchase loans at balance sheet date is 6.70% to 6.90%.

RM1.52 million of the proceeds from the public issue is utilised to reduce the long term portion of term loan included in long term liabilities.

8.15 NUMBER OF EMPLOYEES

PROFORMA GROUP

The number of employees excluding directors at balance sheet date is 231.

8.16 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate resources are available for the development of the Group's business whilst managing its credit, interest rate, foreign currency exposure and liquidity risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associates to business partners with high creditworthiness. Trade debtors are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

Interest rate risk

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a current low interest rate environment and achieve a certain level of protection against interest rate hikes.

Foreign currency risk

The Group incurs foreign currency risk on purchases that are denominated in currency other than Ringgit Malaysia. The currency giving rise to this is primarily the Hong Kong Dollar and US Dollar.

The Group does not hedge its foreign currency risk as the Ringgit Malaysia has been pegged to the US Dollar at 3.80. Therefore exposure to foreign currency risk is minimised.

The amount included in trade creditors for the Group at balance sheet date denominated in Hong Kong Dollar is **HKD391,681**.

Liquidity risk

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

Fair Values

The carrying amounts of financial assets and financial liabilities of the Group as at the balance sheet approximate their fair values.

8.17 NET TANGIBLE ASSETS PER ORDINARY SHARE

Based on the proforma statement of assets and liabilities of the Proforma GA Blue Group as at 31 July 2003, the net tangible assets per share after the Acquisitions, Share Split and Public Issue is calculated as follows :

	PROFORMA GROUP
Net tangible assets (RM'000)	**58,548**
Total number of ordinary shares of RM0.50 each in issue ('000)	**100,000**
Net tangible assets per ordinary share of RM0.50 each (RM)	**0.59**

9. CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow of GA Blue and the Proforma GA Blue Group are provided for illustrative purposes only and are prepared based on the audited financial statements of the companies in the GA Blue Group as at 31 July 2003 and on the assumption that the flotation scheme as mentioned in Section 2 was effected on 31 July 2003.

		Audited	----- PROFORMA GROUP -----	
		GA Blue as at 31.7.2003 RM'000	After the Acquisitions and Share Split RM'000	After the Acquisitions, Share Split, Public Issue and utilisation of Proceeds RM'000
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation	(3)	9,949	9,949
	Pre-acquisition profit of subsidiary companies	-	(9,952)	(9,952)
	Operating loss before working capital changes	(3)	(3)	(3)
	Creditors	3	3	3
	Net cash movement operating activities	-	-	-
	CASH FLOWS FROM INVESTING ACTIVITIES			
**	Acquisition of subsidiary companies, net of cash acquired	-	1,224	1,224
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Payment of listing expenses	-	-	(1,300)
	Proceeds from issuance of share capital	*	*	*
	Proceeds from public issue at premium	-	-	13,500
	Repayment of bank borrowings	-	-	(3,397)
	Net cash from financing activities	-	-	8,803
	NET INCREASE IN CASH AND CASH EQUIVALENTS	-	1,224	10,027
	CASH AND CASH EQUIVALENTS AT BEGINNING	-	-	-
	CASH AND CASH EQUIVALENTS AT END	*	2,279	10,027
	Represented by :			
	Cash and bank balances	-	1,573	10,376
	Bank overdrafts	*	(349)	(349)
		*	1,224	10,027

* Represents RM2

	Audited	----- PROFORMA GROUP -----	
	GA Blue as at 31.7.2003 RM'000	After the Acquisitions and Share Split RM'000	After the Acquisitions, Share Split, Public Issue and utilisation of Proceeds RM'000
** Acquisition of subsidiary companies, net of cash acquired			
Property, plant and equipment	-	14,790	14,790
Inventories	-	14,327	14,327
Debtors	-	25,897	25,897
Tax recoverable	-	480	480
Creditors	-	(4,906)	(4,906)
Fixed deposits	-	5	5
Cash and bank balances	-	1,573	1,573
Bank borrowings	-	(4,208)	(4,208)
Provision for taxation	-	(279)	(279)
Minority interest	-	(229)	(229)
Deferred taxation	-	(1,094)	(1,094)
Share of net assets acquired	-	46,356	46,356
Reserve on consolidation	-	(4,049)	(4,049)
Purchase consideration	-	42,307	42,307
Less : Consideration satisfied by shares	-	(42,307)	(42,307)
Less : Cash and cash equivalents acquired	-	1,224	1,224
Cash flow on acquisition of subsidiary companies	-	1,224	1,224

10. EVENTS SUBSEQUENT TO BALANCE SHEET DATE OF 31 JULY 2003

Other than the completion of the Acquisitions of subsidiary companies by GA Blue as referred to in Section 2(i) and (ii), the following events have arisen subsequent to the balance sheet date which requires disclosure in this Report as follows :

i. On 23 August 2003, a subsidiary company entered into a sale and purchase agreement to acquire a piece of leasehold land and shop lot amounting to RM1,63 million, and

ii. GBC paid two interim tax exempt dividends of 70% each amounting to RM3.08 million.

11. FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 July 2003.

Yours faithfully,

JB LAU & ASSOCIATES
NO. AF : 0042
CHARTERED ACCOUNTANTS

JOHN LAU TIANG HUA
NO. 1107/03/04 (J)