

8.0 FINANCIAL INFORMATION

8.1 Proforma Consolidated Income Statements

The following table is a summary of the proforma consolidated income statements of the GA Blue Group for the last five (5) financial years ended 31 July 2003 prepared based on the assumption that the current structure of the Group has been in existence since 1 August 1998. The proforma consolidated income statements of the GA Blue Group are prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report.

Financial Year Ended 31 July	Proforma Group				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	23,285	34,545	33,779	39,467	43,306
EBITDA	6,251	10,610	10,545	11,819	11,564
Interest expense	(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	-	-	-	-	-
PBT	(A) 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 interest	-	-	-	1	(6)
Pre-acquisition loss	-	-	17	-	-
Net profit	(B) 5,071	7,886	7,082	7,799	7,635
No. of shares in issue ('000)	(C) 82,000	82,000	82,000	82,000	82,000
Gross EPS (sen)	(A)/(C) 6.27	11.70	11.91	12.59	12.13
Net EPS (sen) (ii)	(B)/(C) 6.18	9.62	8.64	9.51	9.31

Notes:-

- (i) *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 GBC Acquisition and Share Split but prior to the Public Issue.*
- (ii) *The Net EPS was calculated based on the proforma net profit on the issued and paid-up share capital of 82,000,000 shares.*

8.0 FINANCIAL INFORMATION (Cont'd)

- (iii) *The Proforma Group for the financial year ended 31 July 1999 comprises GBC and Uni Jeans only.*

For the financial year ended 31 July 2000, the Proforma Group comprises 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 comprises 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 comprises GBC and its subsidiary companies, namely Twin Access, Evatech, Uni Jeans, All Denim, Lu Fa, Quangcin, Topchamp, Delison, LKH, Lensan and Starix.

- (iv) *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.*

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

- (vi) *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.

- (vii) *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.

- (viii) *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.

- (ix) *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.

- (x) *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 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.

8.0 FINANCIAL INFORMATION (Cont'd)

- (xi) *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 effective tax rate for the financial year ended 31 July 2001 approximates the statutory income tax rate.

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 2002 and 2003 represents a rate lower than the statutory income tax rate due to its eligibility for reinvestment allowance claim.

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

8.2 Analysis on Revenue, Profits, Trade Debtors and Inventories**8.2.1 Analysis of Revenue by Company ***

	←-----Financial Year Ended 31 July----->				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
GA Blue	-	-	-	-	-
GBC	20,737	19,372	24,722	21,750	21,820
All Denim	-	575	2,298	2,825	3,110
Delison	-	-	-	264	2,324
Evatech	-	2,107	4,737	7,594	7,874
Lensan	-	-	-	-	1,174
Topchamp	-	-	-	3,983	3,236
Twin Access	-	3,618	8,457	10,366	10,062
Uni Jeans	3,835	4,335	3,681	3,461	2,425
LKH	-	-	-	225	2,351
Starix	-	-	-	-	483
Lu Fa	-	-	-	-	-
Quangcin	-	-	-	-	-
Consolidation Adjustments	(1,287)	4,538	(10,116)	(11,001)	(11,553)
Total	23,285	34,545	33,779	39,467	43,306

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8.0 FINANCIAL INFORMATION (Cont'd)**8.2.2 Analysis of PAT by Company ***

	←-----Financial Year Ended 31 July----->				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
GA Blue	-	-	-	(5)	(2)
GBC	4,562	2,966	3,988	3,485	3,989
All Denim	-	1	188	327	173
Delison	-	-	-	-	62
Evatech	-	231	861	1,456	1,528
Lensan	-	-	-	(4)	(23)
Topchamp	-	-	-	663	270
Twin Access	-	479	1,808	1,258	1,036
Uni Jeans	509	440	600	894	611
LKH	-	-	-	1	3
Starix	-	-	-	(4)	9
Lu Fa	-	-	485	(8)	(2)
Quangcin	-	-	347	(7)	(2)
Consolidation Adjustments	-	3,769	(1,212)	(258)	(11)
Total	5,071	7,886	7,065	7,798	7,641

Note:-

* Based on proforma consolidated income statements which assumed, amongst others, that financial statements of subsidiary companies are included in the GA Blue Group from the date of acquisitions of the respective subsidiary companies.

8.2.3 Analysis of Revenue by Products and Services

	←-----Financial Year Ended 31 July----->				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Jeans	17,635	26,372	26,809	27,826	29,652
Footwear	-	102	2,000	1,900	4,084
Other Products	3,804	6,544	3,267	9,389	9,469
- Accessories	2,059	3,478	1,494	4,163	4,112
- Lady wears	-	-	198	2,565	2,830
- Tops	1,638	2,527	1,179	2,148	2,035
- Pants	107	539	396	513	492
Specialised Treatment & Finishing Services	1,846	1,231	1,421	193	27
Apparel Manufacturing Services	-	296	282	159	74
Total	23,285	34,545	33,779	39,467	43,306

8.0 FINANCIAL INFORMATION (Cont'd)**8.2.4 Analysis of PBT/PAT by Products and Services**

	←-----Financial Year Ended 31 July----->				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Jeans	3,783	6,800	6,984	5,056	6,854
Footwear	-	21	400	254	195
Other Products	766	1,055	963	2,199	764
- Accessories	601	800	683	1,509	176
- Lady wears	-	-	40	128	32
- Tops	164	220	200	434	448
- Pants	1	35	40	128	108
Specialised Treatment & Finishing Services	594	618	710	1,092	611
Apparel Manufacturing Services	-	1,101	712	1,728	1,528
Others	-	-	-	(5)	(3)
Total PBT	5,143	9,595	9,769	10,324	9,949
Less : Taxation	(72)	(1,709)	(2,704)	(2,526)	(2,308)
Total PAT	5,071	7,886	7,065	7,798	7,641

8.2.5 Analysis of Trade Debtors**(i) Ageing Analysis of Trade Debtors**

The ageing analysis of trade debtors as at 31 July 2003 is as follows:-

	←-----Financial Year Ended 31 July 2003----->			
	Within Credit period RM'000	7-12 months RM'000	More than 12 months RM'000	Total RM'000
Trade debtors	7,911	13,060	2,318	23,289
% of Total Trade Debtors	34.0	56.1	9.9	100

(ii) Directors' Commentary on Collectability of trade debtors

Generally, all debtors are active with recent payment track records.

The Group is mainly dealing in outright sales which generally extends longer credit terms to customers as compared to companies selling on consignment basis. In addition, longer credit period is extended to long established customers in order to gain a competitive advantage over other players in the industry. Besides that, the Group is operating in a seasonal trade industry and the amount of trade debts tend to be higher during the off-peak period which falls towards the end of its financial year. Based on the outstanding trade debtors balance as at 31 July 2003, the directors are confident that about 95% are recoverable as shown by subsequent payment track records.

8.0 FINANCIAL INFORMATION (Cont'd)**8.2.6 Analysis of Inventories****(i) Ageing Analysis of Inventories**

The inventory turnover trend is as follows:-

	←-----Financial Year Ended 31 July----->				
	1999	2000	2001	2002	2003
Inventories (RM'000)	3,065	8,113	10,267	16,346	14,327
Percentage of inventories to revenue (%)	13.16	23.49	30.39	48.39	33.08
Cost of sales (RM'000)	15,138	20,952	19,357	21,723	22,264
Inventories turnover period (months)	2.4	4.7	6.4	9.0	7.7

The Group's inventories consist mainly of trading merchandise and finished goods which account for 82.95% of the Group's inventories as at 31 July 2003.

The Directors and management of the Group believe in maintaining sufficient inventory in order to be able to give prompt delivery to its customers on any design and size as required. The Group emphasises on brand building for the long-term.

In the financial year ended 31 July 2002, the inventory turnover period increased to 9.0 months as compared to 6.4 months in the financial year ended 31 July 2001. This is due to the new division in one of the subsidiary companies being engaged in the retailing of ladies wear under "RJNS" and "R22" and also the opening of new consignment counters.

Inventory turnover has reduced to 7.7 times for the financial year ended 31 July 2003 and this is expected to reduce further for the current financial year. The Group runs a minimal risk of stock obsolescence as most of its stock comprises jeans-based products which do not go out of style easily.

8.3 Directors' Declaration on Financial Performance of the Group

Save as disclosed in this Prospectus, as at 19 January 2004 (being the latest practicable date prior to this printing of this Prospectus), to the best knowledge of the Directors of the Company, the financial conditions and operations of GA Blue and its subsidiary companies were not affected by the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) other material commitments for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group, and the extent to which the financial performance, position and operations of the Group was so affected;
- (iv) a substantial increase in revenue; and
- (v) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

8.0 FINANCIAL INFORMATION (Cont'd)

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

(i) Working Capital

The Directors of GA Blue are of the opinion that, after taking into consideration the cashflow including the proceeds from the Public Issue and the banking facilities available, the Group will have adequate working capital for a period of twelve (12) months from the date of issue of prospectus.

(ii) Borrowings

As at 19 January 2004 (being the latest practicable date prior to the printing of this Prospectus), the Group has total bank borrowings amounting to RM6.74 million. These borrowings are interest-bearing and consist of the following:-

	Payable within twelve (12) months RM'000	Payable after twelve (12) months RM'000	Total Outstanding RM'000
Bankers Acceptances	4,515	-	4,515
Overdraft	337	-	337
Term loans	347	1,389	1,736
Hire purchase creditors	70	86	156
Total	5,269	1,475	6,744

(iii) Material Contingent Liabilities

As at 19 January 2004 (being the latest practicable date prior to the printing of this Prospectus), neither GA Blue nor any of its subsidiary companies has any material contingent liabilities other than those incurred in the ordinary course of business.

(iv) Material Capital Commitments

Save as disclosed below, as at 19 January 2004 (being the latest practicable date prior to the printing of this Prospectus), there are no material commitments incurred or known to be incurred by the Group which may have a substantial impact on the result or the financial position of the Group.

RM'000

Approved but not contracted for	-
Contracted but not provided for	
- Balance outstanding of purchase price for a semi-detached double-storey light industrial building in Selangor	1,300

(v) Material Litigation

As at 19 January 2004 (being the latest practicable date prior to the printing of this Prospectus), neither the Company nor any of its subsidiary companies are engaged in any material litigation either as plaintiff or defendant and the Directors of GA Blue are not aware of any proceedings pending or threatened against the Company or its subsidiary companies or of any fact likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company or its subsidiary companies.

8.0 FINANCIAL INFORMATION (Cont'd)**8.5 Future Financial Information****8.5.1 Consolidated Profit Forecast together with Assumptions**

The Directors of GA Blue Group forecast that, the Group results for the financial year ending 31 July 2004 will be as follows:-

Financial Year Ending 31 July 2004		Proforma RM'000
Revenue		47,447
PBT		12,291
Taxation		(3,074)
PAT		9,217
Additional Provision ⁽ⁱ⁾		641
Minority interest		(45)
PAT after Additional Provision and minority interest		8,531
Pre-acquisition profit		(5,077)
PAT after Additional Provision, minority interest and pre-acquisition profit		3,454
Weighted average number of shares in issue	('000)	63,667 ⁽ⁱⁱ⁾
Enlarged number of shares in issue	('000)	100,000
Net EPS	(sen)	5.43 ⁽ⁱⁱⁱ⁾
Fully diluted net EPS	(sen)	8.53 ^(iv)
Net PE Multiple *	(times)	13.81
Fully diluted net PE Multiple *	(times)	8.79

Notes:-

* Based on the Public Issue price of RM0.75 per share.

(i) The SC in its letter dated 14 August 2003 as set out in Section 7.1 of this Prospectus, has stipulated that disclosure be made on the effect on the profit forecast of the Group, should full provision be made for all trade debts which are problematic/disputed or against which legal actions have been taken or which have exceeded nine (9) months. All provision for trade debts which are problematic/disputed or against which legal actions have been taken have already been accounted for before arriving at the PBT of RM12.291 million. The Additional Provision as set out above represents debts which have been outstanding for more than (9) nine months as at 31 July 2003 after deducting all collections received up to 19 January 2004. However, this Additional Provision is not in line with the Group's existing policy of provision for doubtful debts. The Group's existing policy is to provide for debts which are problematic or under dispute, cases where legal action have been taken and debts which are not collectible in the opinion of the directors and management of GA Blue.

(ii) The weighted average number of shares in issue is computed after taking into consideration the GBC Acquisition which was completed on 30 November 2003 and assuming the Public Issue is completed by end January 2004.

(v) Computed based on the PAT after Additional Provision, minority interest and pre-acquisition profit of RM3.454 million divided by the weighted average number of shares in issue.

(vi) Computed based on the PAT after Additional Provision, minority interest of RM8.531 million divided by the enlarged number of shares in issue.

8.0 FINANCIAL INFORMATION (Cont'd)

The principal assumptions upon which the consolidated profit forecast has been made are as follows:-

GENERAL

1. The Public Listing of GA Blue on the Second Board of the MSEB will be completed by end January 2004.
2. There will be no significant change to the prevailing economic and political environment in Malaysia and elsewhere which will adversely affect the activities or performance of the Group.
3. There will be no significant change to the present legislation or regulations, bases and rates of duties, levies and corporate tax rate affecting the activities of the Group or the market in which it operates.
4. There will be no significant change in the principal activities of the Group.
5. There will be no major industrial dispute or any abnormal circumstances which will adversely affect the operations of the Group.
6. The prevailing market conditions for the Group's products will not change materially and the average prices of the Group's products will not fluctuate significantly from the forecasted levels.
7. The fluctuation of the foreign exchange rates against the RM will have no significant impact on the operations of the Group as the RM has been pegged at RM3.80 to USD1.00.
8. The inflation rate will not fluctuate significantly from the forecasted levels.
9. There will be no significant change in management, operating and accounting policies from those presently adopted by the Group.
10. There will be no material change in sales mix and margin of the Group's products.
11. There will be no significant change in the prices of raw materials, labour, manufacturing and other operating expenses.
12. The existing financial facilities will remain available with no significant changes in their prevailing interest rates.
13. There will be no material acquisitions or disposal of fixed assets or investments other than those that have been forecasted.

The consolidated profit forecast has been prepared on bases and accounting policies consistent with those previously adopted in the preparation of the audited financial statements of GA Blue and its subsidiary companies.

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8.0 FINANCIAL INFORMATION (Cont'd)

8.5.2 Directors' Commentary and Analysis on the Consolidated Profit Forecast for the Financial Year Ending 31 July 2004

The Group is expected to achieve a consolidated revenue of RM47.45 million for the financial year ending 31 July 2004 (31.07.2003 : RM43.31 million) representing an increase of RM4.14 million or approximately 9.6% compared to 31 July 2003 and the consolidated PAT for the financial year ending 31 July 2004 is expected to increase to RM9.17 million (31.07.2003 : RM7.64 million).

The expected increase in the Group's revenue as well as the PAT is mainly due to the expected increase in the demand for the Group's products and the introduction of new range of products such as junior wear and expanding the ladies wear. It is also due to other accessories such as bags, footwear, watches and eyewear which were launched in the previous year and expected to further increase sales.

The Group will expand its consignment sales by opening more consignment outlets in departmental stores. Consignment sales which contributed about 12% of the total sales for the financial year ended 31 July 2003 will be boosted to about 20% of total sales in the financial year ending 31 July 2004.

The Board of Directors of GA Blue confirms that the consolidated profit forecast for the financial year ending 31 July 2004 and the principal bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans and strategies adopted by the GA Blue Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the consolidated profit forecast of GA Blue is achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, certain assumptions, including interest and exchange rates, may differ significantly from the actual situation and this may have a material impact on the GA Blue Group's profit forecast.

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8.0 FINANCIAL INFORMATION (Cont'd)

8.6 Reporting Accountants' Letter on the Consolidated Profit Forecast
(Prepared for the inclusion in this Prospectus)

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

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,

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 JULY 2004

We have reviewed the consolidated profit forecast of G.A. Blue International Bhd. for the financial year ending 31 July 2004 as set out in accordance with the auditing standard, ISA 810, applicable to the review of forecasts. The forecast has been prepared for inclusion in the Prospectus to be dated **31 JAN 2004** issued in connection with the Public Issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share pursuant to the listing of and quotation for its entire issued and fully paid-up share capital on the Second Board of Malaysia Securities Exchange Berhad and should not be relied on for any other purposes.


Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 July 2003. The Directors of G.A. Blue International Bhd. are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 July 2003.

Yours faithfully,



JB LAU & ASSOCIATES
NO. AF: 0042
CHARTERED ACCOUNTANTS



JOHN LAU TIANG HUA
NO. 110/03/04 (J)

8.0 FINANCIAL INFORMATION (Cont'd)**8.7 Sensitivity Analysis**

The analysis below shows the direct impact on the consolidated PBT after the Additional Provision before minority interest and PAT after the Additional Provision before minority interest with the variation of one (1) single factor in isolation without any qualification of measures which the Group will invariably institute to arrest any perceived deviation from the forecast figures to ensure that the forecasted consolidated PBT after the Additional Provision before minority interest and PAT after the Additional Provision before minority interest would be achieved.

8.7.1 Changes in Selling Price excluding Minority Interest

	<----- Forecast for the Financial Year Ending 31 July 2004 ----->			
	Revenue RM'000	PBT after the Additional Provision before minority interest RM'000	PAT after the Additional Provision before minority interest RM'000	PAT after the Additional Provision before minority interest Margin %
As forecasted	47,447	11,401	8,576	18.07
Up 5%	49,819	13,773	10,355	20.79
Up 10%	52,192	16,146	12,134	23.25
Down 5%	45,075	9,029	6,797	15.08
Down 10%	42,702	6,656	5,018	11.75

8.7.2 Changes in Demand of the Group's Products, excluding Depreciation and Minority Interest

	<----- Forecast for the Financial Year Ending 31 July 2004 ----->			
	Revenue RM'000	PBT after the Additional Provision before minority interest RM'000	PAT after the Additional Provision before minority interest RM'000	PAT after the Additional Provision before Minority Interest %
As forecasted	47,447	11,401	8,576	18.07
Up 5%	49,819	12,835	9,651	19.37
Up 10%	52,192	14,269	10,727	20.55
Down 5%	45,075	9,967	7,501	16.64
Down 10%	42,702	8,533	6,425	15.05

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8.0 FINANCIAL INFORMATION (Cont'd)**8.8 Dividend Forecast**

Based on the forecasted consolidated PAT and on the assumption that the present basis for calculating taxation and the rates of taxation remains unchanged, the Directors of GA Blue anticipate that, barring any unforeseen circumstances, the Company will be in a position to propose a gross dividend of 2.50% less taxation of 28% per GA Blue share for the financial year ending 31 July 2004, based on the enlarged and issued paid-up share capital of 100,000,000 GA Blue shares.

The intended appropriation of the forecasted consolidated PAT for the financial year ending 31 July 2004 would be as follows:-

Financial Year Ending 31 July	2004 RM'000
PBT	12,291
Less : Taxation	<u>(3,074)</u>
PAT	9,217
Less: Additional Provision	(641)
Minority Interest ("MI")	<u>(45)</u>
PAT after Additional Provision and MI	8,531
Less : Pre-acquisition profit	<u>(5,077)</u>
PAT after Additional Provision, MI and pre-acquisition profit	3,454
Proposed dividend	<u>(1,800)</u>
Retained profits for the year	<u>1,654</u>
Gross dividend per share (sen)	2.50
Net dividend per share (sen)	1.80
Gross dividend yield (based on the Public Issue price of RM0.75 per share) (%)	3.33
Net dividend yield (based on the Public Issue price of RM0.75 per share) (%)	2.40
Net dividend cover (based on the PAT after Additional Provision and MI) (times)	4.74

The declaration, amount and payment of dividends are subject to the approval of the shareholders of GA Blue on the recommendation of the Board of Directors. Any variation from the forecast dividend would depend on GA Blue's results of operations, financial conditions, cash requirements and other factors deemed relevant by the Board of Directors.

The Directors of GA Blue expect to declare dividends, if any, as soon as sufficient profits are available for distribution. However, future dividends may be waived should the following event arises:-

- (i) insufficient retained profits to declare as dividends;
- (ii) insufficient tax exempt profits to declare as dividends and/or insufficient tax credits to frank its dividends; or
- (iii) insufficient cashflows to pay dividends.

8.0 FINANCIAL INFORMATION (Cont'd)**8.9 Proforma Consolidated Balance Sheets**

The proforma consolidated balance sheets of the GA Blue Group as at 31 July 2003 as set out below have been prepared for illustrative purposes to show the effects of the transactions described below based on the assumption that the respective transactions have been completed on 31 July 2003:-

	(A)	(B)	
	Audited GA Blue as at 31.07.2003 RM'000	Proforma Group After GBC Acquisition and Share Split RM'000	
		Proforma Group After (A), Public Issue and Utilisation of Proceeds RM'000	
PROPERTY, PLANT AND EQUIPMENT	-	14,790	14,790
DEFERRED TAXATION ASSET	-	12	12
CURRENT ASSETS			
Inventories	-	14,327	14,327
Trade debtors	-	23,289	23,289
Other debtors, deposits and prepayments	-	2,608	2,608
Tax recoverable	-	480	480
Fixed deposit with licensed banks	-	5	5
Cash and bank balances	*	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	-	197	197
Dividends payable #	-	3,080	3,080
Bank borrowings	-	2,689	811
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	**	41,000	50,000
SHARE PREMIUM	-	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	-	1,106	1,106
LONG TERM LIABILITIES	-	1,681	162
	(8)	49,364	60,045
(NTL)/NTA per share (RM)	(4,000)	0.57	0.59

Notes:-

* Represents RM2.

** Represents RM2 comprising 2 ordinary shares of RM1.00 each.

+ After deducting estimated Listing expenses of RM1,300,000.

The dividend for the financial year ended 31 July 2003 has been paid, prior to the completion of Acquisitions, on 5 November 2003 and 15 November 2003 respectively.

8.0 FINANCIAL INFORMATION (Cont'd)**NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2003**

1. The Proforma Consolidated Balance Sheets of GA Blue have been prepared for illustrative purposes based on the audited consolidated financial statements of GA Blue Corporation Sdn. Bhd. ("GBC") as at 31 July 2003 and on the assumption that the following were effected on that date :

- (a) (i) The Acquisition of 100% equity interest in GBC based on its audited consolidated net tangible assets ("NTA") at 31 July 2002 to be satisfied by the issuance of 40,999,998 new GA Blue ordinary shares of RM1.00 each valued at approximately RM1.03 per share.
- (ii) Subsequent to the Acquisition of GBC, GBC will dispose of its 100% equity interest in the issued and paid-up share capital of Twin Access Sdn. Bhd., Topchamp Corporation Sdn. Bhd., Evatech Sdn. Bhd. and its wholly-owned subsidiary companies Lu Fa Industrial (M) Sdn. Bhd. and Quangcin Sdn. Bhd., Uni Jeans Care Sdn. Bhd., All Denim Sdn. Bhd., Delison Sdn. Bhd. Lengan Sdn. Bhd., 60% equity interest in the issued and paid-up share capital of LKH Footwear Sdn. Bhd. and 51% equity interest in the issued and paid-up share capital of Starix Collection Sdn. Bhd. to GA Blue for a total cash consideration of RM15,998,623.

The purchase consideration of was arrived at based on the audited 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 Lengan where the purchase consideration was based on the share capital acquired as it had a negative shareholders' funds as at 31 July 2002.

- (b) A split of the par value of ordinary shares of GA Blue from RM1.00 to RM0.50 each per ordinary shares, which would increase the enlarged share capital from 41,000,000 ordinary shares of RM1.00 each to 82,000,000 ordinary shares of RM0.50 each.
- (c) Public Issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per share.
- (d) The gross proceeds from the Public Issue will be utilised as follows :

	RM'000
Repayment of bank borrowings	5,529 *
Working capital	6,671
Payment of Listing expenses	1,300

	13,500
	=====

* For the purpose of illustrating the proforma consolidated balance sheets, 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.

- (e) Listing expenses of RM1,300,000 will be written off against the share premium account.

	RM'000
Share premium from :	
Issue of shares to GBC	
at a premium of approximately	
– RM0.03 x 40,999,998	1,307
Public Issue	
– RM0.25 x 18,000,000	4,500
Listing expenses	(1,300)

	4,507
	=====

2. The proforma consolidated balance sheets of GA Blue and its subsidiary companies have been prepared under the acquisition method of consolidation.

8.0 FINANCIAL INFORMATION (Cont'd)

8.10 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)

JB LAU & ASSOCIATES
CHARTERED ACCOUNTANTS

■ 51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang, Malaysia.

■ Phone: (04) 2287828 (6 Lines)
Fax: (04) 2279828
E-mail: enquiry@jblau.com.my

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

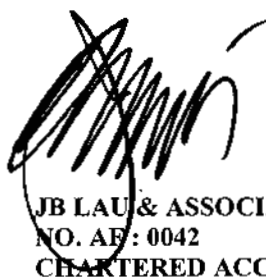
Lady and Gentlemen,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2003

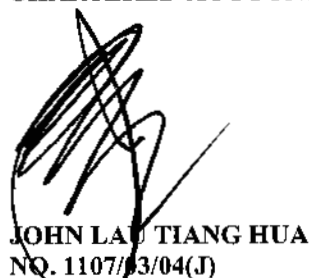
We have reviewed the presentation of the Proforma Consolidated Balance Sheets of G.A. Blue International Bhd. ("GA Blue") as at 31 July 2003, together with the accompanying notes thereon, for which the Directors are solely responsible, as set out in the accompanying statement prepared for purposes of inclusion in the Prospectus to be dated **31 JAN 2004** issued in connection with the public issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share pursuant to the listing of and quotation for its entire issued and fully paid-up share capital on the Second Board of Malaysia Securities Exchange Berhad.

In our opinion, the Proforma Consolidated Balance Sheets of GA Blue as at 31 July 2003 together with the notes thereto, which are provided for illustrative purposes only, have been properly compiled on a basis consistent with the accounting policies normally adopted by the Group and after taking into account adjustments appropriate for the purposes of the Proforma Consolidated Balance Sheets and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully,



JB LAU & ASSOCIATES
NO. AF: 0042
CHARTERED ACCOUNTANTS



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