

## 11. ACCOUNTANTS' REPORT

*(Prepared for inclusion in this Prospectus)*



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26 May 2006

**The Board of Directors**  
**Tomei Consolidated Berhad**  
13A-2, Menara Uni.Asia  
1008 Jalan Sultan Ismail  
50250 Kuala Lumpur

Dear Sirs

### **TOMEI CONSOLIDATED BERHAD** **ACCOUNTANTS' REPORT**

#### **1. INTRODUCTION**

This report has been prepared by BDO Binder, an approved company auditor for inclusion in the Prospectus of Tomei Consolidated Berhad ("the Company" or "TCB") dated 23 June 2006 in connection with the following:-

- (a) Public Issue of 14,608,000 new ordinary shares of RM0.50 each in TCB at an issue price of RM0.95 per new ordinary share;
- (b) Offer for Sale of 37,800,000 ordinary shares of RM0.50 each in TCB at an offer price of RM0.95 per ordinary share; and
- (c) Listing and quotation of the entire issued and fully paid-up share capital of TCB comprising 126,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

#### **2. GENERAL INFORMATION**

- 2.1 TCB was incorporated in Malaysia under the Companies Act, 1965 on 28 May 2005 as a private limited liability company under the name Tomei Consolidated Sdn. Bhd.. On 17 August 2005, it was converted to a public limited company and assumed its present name. Its registered office is located at 13A-2, Menara Uni.Asia, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur.
- 2.2 The principal activity of TCB is that of investment holding. The principal activities of the subsidiary companies are set out in Section 2.3.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 2. GENERAL INFORMATION (cont'd)

2.3 The details of the subsidiary companies of TCB which are incorporated in Malaysia, unless otherwise stated, as at the date of this report are as follows:-

Name of Company	Date of incorporation	Principal Activities	Effective equity interest
1. Tomei Gold & Jewellery Manufacturing Sdn. Bhd. ("TGJM")	17 July 1989	Jewellery merchandising and manufacturing	100%
2. Yi Xing Goldsmith Sdn. Bhd. ("YXG")	5 October 1987	Manufacturer and dealer in gold ornaments	100%
3. Gemas Precious Metals Industries Sdn. Bhd. ("GPMI")	3 April 1997	Manufacturing of silver and gold jewellery and trading of gold	61%
4. Tomei Retail Sdn. Bhd. ("TR")	27 June 2005	Investment holding	100%
5. Tomei Gold & Jewellery Holdings (M) Sdn. Bhd. ("TGJH")	17 June 1977	Investment holding and retail of gold ornaments and jewellery	100%
6. Tomei Gold & Jewellery (B.U.) Sdn. Bhd. ("TGJ (BU)")	17 March 1999	Retail of gold ornaments and jewellery	100%
7. Tomei Gold & Jewellery Corp. (KLCC) Sdn. Bhd. ("TGJ (KLCC)")	16 August 1978	Retail of gold ornaments and jewellery	100%
8. Tomei Gold & Jewellery (MK) Sdn. Bhd. ("TGJ (MK)") (formerly known as Tomei Gold & Jewellery (G.E.) Sdn. Bhd.)	21 September 2001	Retail of gold ornaments and jewellery	100%
9. Tomei Gold & Jewellery (TS) Sdn. Bhd. ("TGJ (TS)")	6 April 1981	Property investment and retail of gold ornaments and precious stones	100%
10. Tomei Gold & Jewellery (K.P.) Sdn. Bhd. ("TGJ (KP)")	21 September 2001	Retail of gold ornaments and jewellery	100%
11. Tomei Gold & Jewellery (M.V.) Sdn. Bhd. ("TGJ (MV)")	10 April 1999	Retail of gold ornaments and jewellery	100%
12. Tomei Gold & Jewellery (Klang) Sdn. Bhd. ("TGJ (Klang)")	8 December 1988	Retail of gold ornaments and jewellery	100%
13. Tomei Gold & Jewellery Corp. (Sunway) Sdn. Bhd. ("TGJ (Sunway)")	9 September 1996	Retail of gold ornaments and precious stones	100%

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 2. GENERAL INFORMATION (cont'd)

Name of Company	Date of incorporation	Principal Activities	Effective equity interest
14. Tomei Gold & Jewellery (PT) Sdn. Bhd. ("TGJ (PT)")	11 December 2003	Retail of gold ornaments, jewellery and precious stones	100%
15. Tomei Gold & Jewellery (JB) Sdn. Bhd. ("TGJ (JB)") (formerly known as Tomei Gold & Jewellery (Puchong) Sdn. Bhd.)	13 April 2004	Retail of gold ornaments, jewellery and precious stones	100%
16. Tomei Gold & Jewellery (B) Sdn. Bhd. ("TGJ (B)") <sup>@</sup>	18 July 2005	Business of goldsmiths, silversmiths and jewelers	99.99%
17. Tomei Worldwide Franchise Sdn. Bhd. ("TWF")	15 April 2004	Franchise management services	100%
18. TH Jewellery Sdn. Bhd. ("THJ")	28 August 2002	Retail of jewellery and precious stones	100%
19. Cindai Permata Sdn. Bhd. ("CP")	19 July 2002	Retail of gold ornaments, jewellery and precious stones	100%
20. My Diamond Sdn. Bhd. ("My Diamond")	10 August 2001	Retail of jewellery, precious stones and gold ornaments	100%
21. Tomei Gold & Jewellery (MJ) Sdn. Bhd. ("TGJ (MJ)")	10 February 1999	Dealers in and retail of gold, jewellery and other ornaments	100%
22. Tomei Gold & Jewellery (S.A.) Sdn. Bhd. ("TGJ (SA)")	1 April 1989	Trading in gold and jewellery	100%
23. Tomei Gold & Jewellery (Subang) Sdn. Bhd. ("TGJ (Subang)")	15 May 2000	Trading in gold ornaments and jewellery	100%
24. Tomei Gold & Jewellery (IOI) Sdn. Bhd. ("TGJ (IOI)")	3 May 2000	Trading in gold ornaments and jewellery	100%
25. Tomei Gold & Jewellery (WM) Sdn. Bhd. ("TGJ (WM)")	18 September 2000	Trading in gold and jewellery	100%
26. Tomei Gold & Jewellery Corp. (K.L.) Sdn Bhd ("TGJ (KL)")	16 July 1981	Trading in gold and precious stones	100%
27. Tomei Gold & Jewellery (SK) Sdn Bhd ("TGJ (SK)")	21 May 2001	Trading in gold ornaments and jewellery	100%
28. Tomei Gold & Jewellery (RW) Sdn. Bhd. ("TGJ (RW)")	30 October 2002	Trading in gold and jewellery	100%

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 2. GENERAL INFORMATION (cont'd)

Name of Company	Date of incorporation	Principal Activities	Effective equity interest
29. Sinar Raya Trading Sdn. Bhd. ("SRT")	28 November 1978	Dealers in gold and gold ornaments	100%
30. Soon Hin Enterprise Sdn. Bhd. ("Soon Hin")	14 December 1973	Trading in gold, jewellery and accessories	100%
31. J & G Collections Sdn. Bhd. ("J&G")	18 March 1996	Wholesale of jewellery	100%

@ Incorporated in Brunei Darussalam

## 3. SHARE CAPITAL

TCB was incorporated in Malaysia under the Companies Act, 1965 on 28 May 2005 as a private limited liability company with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. On 18 April 2006, TCB increased its authorised share capital to RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each.

Details of the issued and paid-up share capital of the Company since the date of incorporation to the date of this report are as follows:-

Date of allotment	No. of ordinary shares	Par Value RM	Consideration	Cumulative total issued and fully paid-up share capital RM
28 May 2005	2	1.00	Subscribers' shares at the date of incorporation	2
22 July 2005	4	0.50	Share split of 1:2	2
19 April 2006	111,391,996	0.50	Shares issued pursuant to the Acquisitions and Disposals	55,696,000

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**4. DIVIDENDS**

TCB has not paid any dividends since the date of incorporation to the date of this report.

**5. LISTING AND QUOTATION**

In conjunction with the listing of TCB on the Second Board of Bursa Securities, TCB undertook the following exercises which were approved by the Securities Commission and The Ministry of International Trade and Industry on 27 March 2006 and 13 March 2006 respectively. The details of the aforesaid exercises are as follows:

**5.1 Revaluation/Disposal of Properties****5.1.1 Revaluation of Properties in TGJC**

As part of the listing scheme, the two (2) properties of TGJC with the addresses of Lot G 050, Ground Floor, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur and Nos 30, 30B and 30C, Jalan Walter Grenier, Off Jalan Imbi, 55100 Kuala Lumpur have been revalued by C H Williams Talhar & Wong Sdn Bhd and the market values are RM5,800,000 and RM900,000 respectively.

The revaluation surplus net of deferred taxation of RM3,547,840 has been incorporated in the accounts of TGJC for the financial year ended ("FYE") 31 December 2005.

**5.1.2 Revaluation/Disposal of Properties in Soon Hin and TGJ (KL)**

As part of the listing scheme, the two (2) properties situated at Lot G 049, Ground Floor, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur (owned by Soon Hin) and Lot G 051, Ground Floor, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur (owned by TGJ (KL)) have been revalued by C H Williams Talhar & Wong Sdn Bhd and the market values are RM3,200,000 and RM3,000,000 respectively.

The revaluation surplus of RM3,740,000 has been incorporated in the accounts of Soon Hin and TGJ (KL) for the FYE 31 December 2005.

These two (2) properties were then disposed to Best Arcade Sdn Bhd ("BASB") via two (2) conditional sale and purchase agreements ("SPAs") dated 21 November 2005 between Soon Hin and TGJ (KL) with BASB for a total cash consideration of RM6,200,000 based on the market value of the properties.

The Disposal of Properties in Soon Hin and TGJ (KL) were completed on 26 May 2006.

Based on the valuation reports dated 11 October 2005 prepared by C H Williams Talhar & Wong Sdn Bhd, an independent registered firm of professional valuers, the combined market value of the properties is RM6,200,000. The total audited net book value of the properties is RM2,460,000 as at 31 December 2004.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 5. LISTING AND QUOTATION (cont'd)

## 5.2 Acquisitions and Disposals

## 5.2.1 Disposal of TGJC by TGJH

TGJH had on 21 November 2005 entered into a conditional SPA with BASB for the disposal of the entire equity interest in TGJC for a cash consideration of RM6,884,683.

The disposal consideration was arrived at based on the audited net tangible assets ("NTA") of TGJC as at 31 December 2004 of RM3,336,843 adjusted for the revaluation surplus of the two (2) properties which amounts to RM3,547,840.

## 5.2.2 Acquisitions I by TR

(a) TR had on 21 November 2005 entered into eight (8) conditional SPAs with the vendors of My Diamond, TGJ (SK), TGJ (RW), CP, TGJ (PT), TGJ (JB), TWF and TGJ (B) for the acquisitions of the following:

- (i) 100% equity interest in My Diamond;
- (ii) 100% equity interest in TGJ (SK);
- (iii) 100% equity interest in TGJ (RW);
- (iv) 100% equity interest in CP;
- (v) 100% equity interest in TGJ (PT);
- (vi) 100% equity interest in TGJ (JB);
- (vii) 100% equity interest in TWF; and
- (viii) 99.99% equity interest in TGJ (B)

for a total purchase consideration of RM2,059,818 satisfied by an issuance of a total of 4,119,636 new ordinary shares of RM0.50 each in TCB ("TCB Shares") at par value.

(b) Basis of the Purchase Consideration

The total purchase consideration of RM2,059,818 was arrived at based on the following:

- (i) the respective audited NTA of My Diamond, TGJ (SK), TGJ (RW), CP and TGJ (PT) as at 31 December 2004; and
- (ii) the par value of the existing issued and paid up share capitals of TGJ (JB), TWF and TGJ (B) of RM1.00, RM1.00 and BND1.00 respectively.

## 5.2.3 Acquisitions by TCB

TCB had on 21 November 2005 entered into three (3) conditionals SPAs with the vendors of Soon Hin, TGJM and TR for the acquisitions of the entire equity interest in Soon Hin, TGJM and TR for a total purchase consideration of RM19,532,818 satisfied by the issuance of 39,065,636 new TCB Shares at par value.

## 11. ACCOUNTANTS' REPORT (Cont'd)



### 5. LISTING AND QUOTATION (cont'd)

#### 5.2 Acquisitions and Disposals (cont'd)

##### 5.2.4 Acquisitions II by TR

- (a) TR (which became a wholly-owned subsidiary of TCB upon the completion of the Acquisitions by TCB), had on 21 November 2005 entered into two (2) conditional SPAs with the vendors of TGJ (MJ) and SRT for the acquisitions of the entire equity interest in TGJ (MJ) and SRT for a total purchase consideration of RM6,671,949 satisfied by the issuance of 13,343,898 new TCB Shares at par value.

- (b) Basis of the Purchase Consideration

The total purchase consideration of RM6,671,949 was arrived at based on the respective audited NTA of the acquiree companies as at 31 December 2004.

##### 5.2.5 Acquisitions by TGJ (MJ)

- (a) TGJ (MJ) (which became a 100% owned subsidiary of TR upon the completion of Acquisitions II by TR), had on 21 November 2005 entered into three (3) conditional SPAs with the vendors of TGJ (SA), TGJ (Subang) and TGJ (IOI) for the acquisitions of the following:

- (i) 32% equity interest in TGJ (SA);
- (ii) 40% equity interest in TGJ (Subang); and
- (iii) 40% equity interest in TGJ (IOI)

The said acquisition was satisfied by a total cash consideration of RM1,405,155 in the form of amount owing by TGJ (MJ) to the vendors.

- (b) Basis of the Purchase Consideration

The total purchase consideration of RM1,405,155 was arrived at based on the respective audited NTA of TGJ (SA), TGJ (Subang) and TGJ (IOI) as at 31 December 2004.

##### 5.2.6 Acquisition of TGJH

- (a) TR had on 21 November 2005 entered into a conditional SPA with the vendors of TGJH for the acquisition of 100% equity interest in TGJH for a purchase consideration of RM24,310,466 satisfied by the issuance of 48,620,932 new TCB Shares at par value.

- (b) Basis of the Purchase Consideration

The total purchase consideration of RM24,310,466 was arrived at based on the adjusted NTA of the TGJH Group prior to the Acquisitions and Disposals which comprised TGJC, TGJ (TS), YXG, TGJ (Klang), TGJ (KLCC), TGJ (BU), TGJ (MV), TGJ (KP) and TGJ (MK) and its associated companies GPMI, TGJ (Sunway) and J&G, based on the audited NTA as at FYE 31 December 2004 after the Disposal of TGJC by TGJH.

**11. ACCOUNTANTS' REPORT (Cont'd)****5. LISTING AND QUOTATION (cont'd)****5.2 Acquisitions and Disposals (cont'd)****5.2.7 Disposals to TR**

- (a) The vendors of TGJ (WM), TGJ (KL) and THJ had on 21 November 2005 entered into four (4) conditional SPAs with TR for the disposals of their equity interests in the aforesaid companies to TR.
- (b) Basis of the Disposal Consideration

The total disposal consideration of approximately RM5,369,911 was arrived at based on the respective audited NTA of TGJ (WM) and THJ as at 31 December 2004 and the adjusted NTA of TGJ (KL) after the Revaluation/Disposal of Properties in Soon Hin and TGJ (KL) satisfied by the following:

- (i) cash of RM2;
- (ii) issuance of 3,659,625 new TCB Shares at par value; and
- (iii) amounts of RM2,872,610 and RM667,486 owing to Soon Hin and TGJM respectively.

**5.2.8 Disposal of J&G to TR**

- (a) The vendors of J&G had on 21 November 2005 entered into a conditional SPA with TR for the disposal of their entire equity interest in J&G to TR for a disposal consideration of RM873,295 satisfied by the issuance of 873,295 new TCB Shares at par value and cash consideration of RM436,647.50.
- (b) Basis of the Disposal Consideration

The disposal consideration was arrived at based on the audited NTA of J&G as at 31 December 2004.

**5.2.9 Disposals of YXG and GPMI to TCB**

- (a) The vendors of YXG and GPMI had on 21 November 2005 entered into two (2) conditional SPAs with TCB for the disposals of the entire equity interest in YXG and 61% equity interest in GPMI respectively for a total cash consideration of RM5,398,199.
- (b) Basis of the Disposal Consideration

The disposal consideration was arrived at based on the audited NTA of YXG and GPMI as at 31 December 2004.



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**11. ACCOUNTANTS' REPORT (Cont'd)**


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**5. LISTING AND QUOTATION (cont'd)****5.2 Acquisitions and Disposals (cont'd)****5.2.10 Acquisitions by TGJH**

(a) TGJH had on 21 November 2005 entered into three (3) conditional SPAs with the vendors of TGJ (Klang), TGJ (Sunway) and TGJ (KP) for the acquisitions as set out below:

- (i) Acquisition of the balance of 36.84% equity interest in TGJ (Klang) which it did not already own, satisfied by a cash consideration of RM746,377;
- (ii) Acquisition of the balance of 50% equity interest in TGJ (Sunway) which it did not already own, for a purchase consideration of RM780,017 satisfied by the issuance of 1,560,034 new TCB Shares at par value; and
- (iii) Acquisition of the balance of 30% equity interest in TGJ (KP) which it did not already own for a purchase consideration of RM74,470, satisfied by the issuance of 148,940 new TCB Shares at par value.

**(b) Basis of the Purchase Consideration**

The total purchase consideration of RM1,600,864 was arrived at based on the respective audited NTA of TGJ (Klang), TGJ (Sunway) and TGJ (KP) as at 31 December 2004.

**5.3 Acquisition of TCB Shares by Teck Fong Corporation Sdn. Bhd. ("TFC")**

(a) Upon completion of the Acquisitions and Disposals, TFC acquired 56.59% equity interest in TCB or 63,032,177 TCB Shares from Datuk Ng Teck Fong, Ng Yih Pyng, Ng Yih Chen, Ng Sheau Yuen, Ng Sheau Chyn and Datin Gan Sao Wah for a total purchase consideration of RM31,516,094.

**(b) Basis of the Purchase Consideration**

The total purchase consideration of RM31,516,094 was arrived at based on par value of TCB Shares of RM0.50 per share satisfied by the following:

- (i) cash consideration of RM30,674,314; and
- (ii) the issuance of 84,178 new TFC Shares at an issue price of RM10 each.

The Acquisitions and Disposals and Acquisition of TCB Shares by TFC were completed on 19 April 2006.

**5.4 Public Issue**

TCB is undertaking a Public Issue of 14,608,000 new TCB Shares ("Issue Shares"), representing approximately 11.59% of the enlarged issued and paid-up share capital of the Company upon listing, at the issue price of RM0.95 per new TCB Share ("Issue Price").

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**5. LISTING AND QUOTATION (cont'd)****5.4 Public Issue (cont'd)****5.4.1 Allocation of the Issue Shares**

The 14,608,000 new Issue Shares to be issued pursuant to the Public Issue will be allocated in the manner as follows:-

- 3,308,000 Issue Shares will be available for subscription by the eligible Executive Directors and employees of TCB and its subsidiary companies (collectively known as "TCB Group");
- 5,000,000 Issue Shares by way of private placement to investors to be identified by the placement agent; and
- 6,300,000 Issue Shares to the Malaysian public via balloting.

**5.4.2 Status of Issue Shares**

The 14,608,000 new TCB Shares to be issued pursuant to the Public Issue shall, upon issue and allotment, rank *pari passu* in all respects with the existing issued and paid-up ordinary shares of TCB after the Acquisitions and Disposals.

**5.5 Offer For Sale**

In conjunction with the Public Issue, the offeror will undertake an offer for sale of 37,800,000 TCB Shares at the offer price of RM0.95 per TCB Share to Bumiputera investors approved by MITI.

The 37,800,000 TCB Shares offered by the offeror pursuant to the Offer For Sale shall rank *pari passu* in all respects with the existing issued and paid-up ordinary shares of TCB.

**5.6 Listing**

Following the completion of the initial public offering of 52,408,000 TCB Shares, TCB shall seek approval for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 126,000,000 TCB Shares on the Second Board of Bursa Securities.

**6. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES**

The information presented in this report is based on the audited financial statements of TCB and its subsidiary companies which have been prepared in accordance with applicable approved accounting standards in Malaysia and is consistent with those bases and accounting principles previously adopted in the preparation of the audited financial statements of TCB and its subsidiary companies and disclosed in the respective audited financial statements for the financial year/period ended 31 December 2005.

There were no changes in the accounting policies adopted by TCB and its subsidiary companies for the financial years/period under review except for the adoption of MASB Standard No. 25: Income Taxes and MASB Standard No. 29: Employee Benefits in the financial year ended 31 December 2003 to comply with accounting standards which were applicable to the subsidiary companies for the first time. However, these changes have no material impact on the financial statements of the subsidiary companies.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 7. FINANCIAL STATEMENTS AND AUDITORS

The following financial statements were not subject to any audit qualification and were audited by BDO Binder unless stated otherwise:-

<u>Company</u>	<u>Financial years/periods</u>
TCB	31 December 2005 (7 months)
TGJM	31 December 2003, 31 December 2004 and 31 December 2005
YXG	31 December 2003, 31 December 2004 and 31 December 2005
GPMI	31 December 2003 <sup>^</sup> , 31 December 2004 and 31 December 2005
TR	31 December 2005 (6 months)
TGJH	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (BU)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (KLCC)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (MK)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (TS)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (KP)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (MV)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (Klang)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (Sunway)	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (PT)	31 December 2004 (13 months) and 31 December 2005
TGJ (JB)	31 December 2004 (8 months) and 31 December 2005
TWF	31 December 2004 (8 months) and 31 December 2005
THJ	31 December 2003 (16 months), 31 December 2004 and 31 December 2005
CP	31 December 2003 (17 months), 31 December 2004 and 31 December 2005
My Diamond	31 December 2003, 31 December 2004 and 31 December 2005
Soon Hin *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (MJ) *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (SA) *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (Subang) *	31 December 2003, 31 December 2004 and 31 December 2005

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 7. FINANCIAL STATEMENTS AND AUDITORS (cont'd)

<u>Company</u>	<u>Financial years/periods</u>
TGJ (IOI) *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (WM) *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (KL) *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (SK) *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (RW) *	31 December 2003 (14 months), 31 December 2004 and 31 December 2005
SRT *	31 December 2003, 31 December 2004 and 31 December 2005
J&G *	31 December 2003, 31 December 2004 and 31 December 2005
TGJ (B) #	31 December 2005 (6 months)

\* audited by a firm of chartered accountants, Lim Hoon Nam & Co.

# audited by a firm of chartered accountants, Ernst & Young.

^ contained an emphasis of matter on GPMI's ability to continue as a going concern.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8. AUDITED FINANCIAL STATEMENTS OF TCB

## 8.1 INCOME STATEMENT AND BALANCE SHEET

The audited income statement of TCB based on the audited financial statements for the period 28 May 2005 to 31 December 2005 is set out below :-

	Note	For the financial period 28.5.2005 to 31.12.2005 RM
Revenue		-
Administration expense	8.4.8	13,904
Net loss for the financial period		(13,904)

The audited balance sheet of TCB as at the end of the financial period based on the audited financial statements is set out below:-

	Note	As at 31 December 2005 RM
DEFERRED EXPENDITURE	8.4.5	820,950
CURRENT ASSETS		
Sundry receivables		8,455
Cash in hand		2
		8,457
LESS: CURRENT LIABILITIES		
Sundry payables and accruals	8.4.6	843,309
NET CURRENT LIABILITIES		(834,852)
NET LIABILITIES		(13,902)
<b>REPRESENTED BY</b>		
SHARE CAPITAL	8.4.7	2
ACCUMULATED LOSS		(13,904)
CAPITAL DEFICIENCY		(13,902)

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8. AUDITED FINANCIAL STATEMENTS OF TCB (CONT'D)

## 8.2 CASH FLOW STATEMENT OF TCB FOR THE FINANCIAL PERIOD 28 MAY 2005 (DATE OF INCORPORATION) TO 31 DECEMBER 2005

The cash flow statement of TCB based on the audited financial statements for the period 28 May 2005 to 31 December 2005 is set out below :-

	28.5.2005 to 31.12.2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net loss for the financial period	(13,904)
Increase in deferred expenditure	(820,950)
Increase in sundry receivables	(8,455)
Increase in sundry payables and accruals	843,309
Net cash from operating activities	-
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>	
	-
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Proceeds from issuance of subscribers' shares	2
NET INCREASE IN CASH IN HAND	2
CASH IN HAND AT DATE OF INCORPORATION	-
CASH IN HAND AT END OF FINANCIAL PERIOD	2

## 8.3 STATEMENT OF CHANGES IN EQUITY OF TCB FOR THE FINANCIAL PERIOD 28 MAY 2005 (DATE OF INCORPORATION) TO 31 DECEMBER 2005

The statement of changes in equity of TCB based on the audited financial statements for the period 28 May 2005 to 31 December 2005 is set out below :-

	Share capital RM	Accumulated loss RM	Total RM
Balance as at date of incorporation	2	-	2
Net loss for the financial period	-	(13,904)	(13,904)
Balance as at 31 December 2005	2	(13,904)	(13,902)

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11. ACCOUNTANTS' REPORT *(Cont'd)*

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**8. AUDITED FINANCIAL STATEMENTS OF TCB (CONT'D)**

**8.4 NOTES TO THE FINANCIAL STATEMENTS OF TCB**

**8.4.1 CHANGE OF COMPANY STATUS AND NAME**

On 17 August 2005, the Company converted its status from a private company to a public company and changed its name from Tomei Consolidated Sdn. Bhd. to Tomei Consolidated Berhad.

**8.4.2 DATE OF INCORPORATION AND COMMENCEMENT OF BUSINESS**

The Company was incorporated on 28 May 2005 and has not commenced business during the financial period.

**8.4.3 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

**8.4.4 SIGNIFICANT ACCOUNTING POLICIES**

**8.4.4.1 Basis of accounting**

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

**8.4.4.2 Receivables**

Receivables are carried at anticipated realisable value. Known bad debts are written off and allowance is made for debts considered to be doubtful of collection.

**8.4.4.3 Payables**

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

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8. AUDITED FINANCIAL STATEMENTS OF TCB (CONT'D)

## 8.4 NOTES TO THE FINANCIAL STATEMENTS OF TCB (cont'd)

## 8.4.4 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

## 8.4.4.4 Financial instruments

Financial instrument recognised on the balance sheet

## (a) Ordinary shares

Ordinary shares recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, otherwise they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period when the shareholders' right to receive payment is established.

## (b) Other financial instruments

The accounting policies for financial instruments other than those stated above are disclosed in the financial policies associated with each item.

## 8.4.5 DEFERRED EXPENDITURE

The deferred expenditure mainly comprises proposed listing expenses which will be deducted from the share premium account.

## 8.4.6 SUNDRY PAYABLES AND ACCRUALS

	<b>2005</b>
	<b>RM</b>
Sundry payables	567,008
Accruals	<u>276,301</u>
	<u><u>843,309</u></u>

The sundry payables represent advances and payments made on behalf which are unsecured, interest-free and has no fixed term of repayment.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8. AUDITED FINANCIAL STATEMENTS OF TCB (CONT'D)

## 8.4 NOTES TO THE FINANCIAL STATEMENTS OF TCB (cont'd)

## 8.4.7 SHARE CAPITAL

	2005	
	Number of shares	RM
Authorised:-		
As at date of incorporation	100,000	100,000
100,000 ordinary shares of RM1.00 each		
Subdivision of shares	<u>100,000</u>	<u>-</u>
Balance as at 31 December		
200,000 ordinary shares of RM0.50 each	<u>200,000</u>	<u>100,000</u>
Issued and fully paid:-		
As at date of incorporation	2	2
2 ordinary shares of RM1.00 each		
Subdivision of shares	<u>2</u>	<u>-</u>
Balance as at 31 December		
4 ordinary shares of RM0.50 each	<u>4</u>	<u>2</u>

At date of incorporation, the Company has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each being the subscribers' shares.

On 22 July 2005, the Company sub-divided its:-

- (i) authorised share capital from 100,000 ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each.
- (ii) the issued and paid-up capital from 2 ordinary shares of RM1.00 each to 4 ordinary shares of RM0.50 each.

## 8.4.8 NET LOSS FOR THE FINANCIAL PERIOD

	28.5.2005 to 31.12.2005 RM
This is arrived at after charging:-	
Preliminary and pre-operating expenses	12,904
Auditors' remuneration	<u>1,000</u>

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**8. AUDITED FINANCIAL STATEMENTS OF TCB (CONT'D)****8.4 NOTES TO THE FINANCIAL STATEMENTS OF TCB (cont'd)****8.4.9 FINANCIAL INSTRUMENTS**

## Fair values

The carrying amounts of the financial assets and liabilities of the Company as at 31 December 2005 maturing within 12 months approximate their fair values due to the relatively short term maturity of the financial instruments.

**8.4.10 SIGNIFICANT EVENT**

On 29 November 2005, an application for the Proposed Listing of the Company on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") has been submitted to the Securities Commission ("SC"). The Proposed Listing scheme, amongst others, involves the following:

Public Issue of 14,608,000 new ordinary shares of RM0.50 each at an indicative issue price of RM0.90 per new ordinary share payable in full on application comprising:

- 6,300,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
- 3,308,000 new ordinary shares of RM0.50 each available for subscription by eligible directors and employees; and
- 5,000,000 new ordinary shares of RM0.50 each by way of private placement to identified investors

Offer For Sale of 37,800,000 ordinary shares of RM0.50 each to Bumiputera investors approved by The Ministry Of International Trade And Industry (MITI) at an indicative offer price of RM0.90 per share payable in full on application.

The Proposed Listing scheme was approved by the Securities Commission on 27 March 2006, except for the payment of the Proposed Dividend by the subsidiary companies, subject to the following salient terms and conditions:

1. Revaluation/Disposal of Properties which belongs to certain subsidiary companies named in its application to the SC;
2. Acquisition and Disposal of the companies named in its application to the SC;
3. Acquisition by Teck Fong Corporation Sdn. Bhd. ("TFC") of 56.59% equity interest in the Company for a purchase consideration of RM31,516,094;
4. Public Issue of 14,608,000 new ordinary shares of RM0.50 each;
5. Offer for Sale of 37,800,000 ordinary shares of RM0.50 each to Bumiputra investors to be approved by MITI;
6. Listing of and quotation for the entire issued and paid-up share capital of RM63,000,000 comprising 126,000,000 ordinary shares of RM0.50 each, on the Second Board of Bursa Malaysia;
7. Moratorium on the sale of shares imposed on TFC; and
8. Bumiputra investors who are allocated at least 30% of the enlarged share capital of the Company to comply with the National Development Policy requirement to be approved by MITI.

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**8. AUDITED FINANCIAL STATEMENTS OF TCB (CONT'D)**

**8.4 NOTES TO THE FINANCIAL STATEMENTS OF TCB (cont'd)**

**8.4.11 COMPARATIVE FIGURES**

No comparative figures are presented as this is the first set of financial statements of the Company.

**8.4.12 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Board of Directors on 28 March 2006.

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## 11. ACCOUNTANTS' REPORT (Cont'd)



**9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB**

**9.1 TGJM**

The audited income statements which are extracted from the audited financial statements of TGJM for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	41,989,955	44,565,187	46,052,836
Cost of sales	(33,577,018)	(34,808,649)	(34,454,700)
Gross profit	8,412,937	9,756,538	11,598,136
Other operating income	76,507	208,494	227,853
Selling and distribution costs	(391,536)	(668,789)	(1,085,634)
Administration expenses	(2,294,198)	(3,544,110)	(3,978,841)
Other operating expenses	(199,622)	(578,672)	(581,270)
Profit from operations	5,604,088	5,173,461	6,180,244
Finance cost	(213,509)	(332,116)	(516,757)
Profit before tax	5,390,579	4,841,345	5,663,487
Tax expense	(1,574,640)	(2,101,000)	(1,617,955)
Net profit for the financial year	3,815,939	2,740,345	4,045,532

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.1 TGJM (cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJM as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	215,671	1,527,831	2,106,249
INVESTMENT IN A SUBSIDIARY COMPANY	499,998	499,998	499,998
<b>CURRENT ASSETS</b>			
Inventories	25,471,363	35,493,199	43,298,172
Trade receivables	11,386,303	3,452,124	4,136,343
Other receivables, deposits and prepayments	205,818	154,957	237,415
Amount owing by holding company	189,596	196,932	200,035
Amount owing by a subsidiary company	-	55,899	-
Amount owing by a related company	17,371	-	-
Fixed deposits with licensed banks	-	40,000	951,481
Cash and bank balances	9,720	186,364	71,932
	37,280,171	39,579,475	48,895,378
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	18,631,845	17,350,908	11,292,580
Other payables, accruals and deposits	4,064,838	5,518,019	12,678,172
Amount owing to a director	2,263,834	1,458,219	537,651
Amount owing to a subsidiary company	356,805	-	25,054
Borrowings	3,497,342	4,989,017	10,055,300
Tax liabilities	915,859	74,400	106,926
	29,730,523	29,390,563	34,695,683
<b>NET CURRENT ASSETS</b>	7,549,648	10,188,912	14,199,695
	8,265,317	12,216,741	16,805,942
<b>FINANCED BY</b>			
SHARE CAPITAL	500,000	500,000	500,000
RETAINED PROFITS	7,765,317	10,505,662	14,551,194
<b>SHAREHOLDERS' EQUITY</b>	8,265,317	11,005,662	15,051,194
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>			
Borrowings	-	1,143,945	1,665,603
Deferred tax liabilities	-	67,134	89,145
	8,265,317	12,216,741	16,805,942

## 11. ACCOUNTANTS' REPORT (Cont'd)



9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

9.2 YXG

The audited income statements which are extracted from the audited financial statements of YXG for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	24,670,742	22,705,093	26,870,805
Cost of sales	(22,193,699)	(20,311,589)	(23,962,764)
Gross profit	2,477,043	2,393,504	2,908,041
Other operating income	31,809	248,045	13,327
Administration expenses	(1,278,009)	(1,426,536)	(1,548,642)
Other operating expenses	(240,632)	(37,872)	(151,440)
Selling and distribution expenses	(145,581)	(211,480)	(167,222)
Profit from operations	844,630	965,661	1,054,064
Finance costs	(275,342)	(285,262)	(316,064)
Profit before tax	569,288	680,399	738,000
Tax expense	(230,586)	(147,424)	(243,007)
Net profit for the financial year	338,702	532,975	494,993

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.2 YXG (cont'd)

The audited balance sheets which are extracted from the audited financial statements of YXG as at the end of the financial years are set out below:-

	As at 31 December		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	709,819	1,020,280	908,867
INVESTMENT IN ASSOCIATED COMPANIES	375,002	375,002	375,002
DEFERRED TAX ASSETS	41,910	10,604	40,938
<b>CURRENT ASSETS</b>			
Inventories	4,756,984	5,583,191	6,022,972
Trade receivables	1,520,790	1,675,156	2,062,512
Other receivables, deposits and prepayments	2,799,425	2,722,230	4,933,492
Amount owing by holding company	1,585,497	1,577,172	27,773
Amount owing by associated companies	471	502	102,630
Amounts owing by related companies	332,695	15,759	45,771
Fixed deposits with licensed banks	340,987	348,941	461,941
Cash and bank balances	22,014	81,155	122,963
	11,358,863	12,004,106	13,780,054
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	2,077,764	1,967,036	2,253,155
Other payables and accruals	256,691	305,915	198,193
Amount owing to an associated company	100,000	100,000	-
Amounts owing to directors	113,432	105,819	-
Borrowings (interest bearing)	4,750,181	5,227,870	6,186,783
Taxation	172,493	53,305	152,326
	7,470,561	7,759,945	8,790,457
<b>NET CURRENT ASSETS</b>	3,888,302	4,244,161	4,989,597
	5,015,033	5,650,047	6,314,404
<b>FINANCED BY</b>			
<b>SHARE CAPITAL</b>	1,001,026	1,001,026	1,001,026
<b>RETAINED PROFITS</b>	3,728,357	4,261,332	4,756,325
<b>SHAREHOLDERS' EQUITY</b>	4,729,383	5,262,358	5,757,351
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>			
Deferred tax liabilities	13,437	31,981	25,240
Borrowings (interest bearing)	272,213	355,708	531,813
	5,015,033	5,650,047	6,314,404

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.3 GPMI

The audited income statements which are extracted from the audited financial statements of GPMI for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	13,037,648	12,811,718	12,766,992
Cost of sales	(11,987,781)	(11,944,508)	(11,923,985)
Gross profit	1,049,867	867,210	843,007
Other operating income	116,925	234,084	120,170
Administration expenses	(539,696)	(473,747)	(426,328)
Other operating expenses	(179,535)	-	-
Profit from operations	447,561	627,547	536,849
Finance costs	(304,529)	(275,084)	(249,633)
Profit before tax	143,032	352,463	287,216
Tax income	-	87,440	20,000
Net profit for the financial year	143,032	439,903	307,216



## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.3 GPMI (cont'd)

The audited balance sheets which are extracted from the audited financial statements of GPMI as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	2,598,278	2,334,464	1,902,060
DEFERRED TAX ASSETS	-	90,000	110,000
<b>CURRENT ASSETS</b>			
Inventories	3,185,089	2,831,100	3,436,424
Trade receivables	553,239	507,863	385,162
Other receivables, deposits and prepayments	131,702	72,494	94,668
Fixed deposits with licensed banks	955,546	983,471	1,016,050
Cash and bank balances	25,226	69,903	36,555
	4,850,802	4,464,831	4,968,859
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	92,003	126,190	111,525
Other payables, accruals and deposits	2,751,930	2,097,116	2,561,201
Amounts owing to a director	133,187	144,276	127,621
Borrowings (interest bearing)	3,483,428	3,351,554	3,300,162
	6,460,548	5,719,136	6,100,509
<b>NET CURRENT LIABILITIES</b>	(1,609,746)	(1,254,305)	(1,131,650)
	988,532	1,170,159	880,410
<b>FINANCED BY</b>			
<b>SHARE CAPITAL</b>	5,000,000	5,000,000	5,000,000
<b>ACCUMULATED LOSSES</b>	(5,217,213)	(4,777,310)	(4,470,094)
<b>(CAPITAL DEFICIENCY)/ SHAREHOLDERS' EQUITY</b>	(217,213)	222,690	529,906
<b>NON-CURRENT LIABILITIES AND DEFERRED INCOME</b>			
Borrowings (interest bearing)	1,205,745	923,250	329,312
Deferred income	-	24,219	21,192
	988,532	1,170,159	880,410

## 11. ACCOUNTANTS' REPORT (Cont'd)



9. **AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)**

9.4 **TR**

The audited income statement which are extracted from the audited financial statements of TR for the financial period is set out below:-

	Financial period 27.6.2005 To 31.12.2005 RM
Revenue	-
Administration expenses	9,455
Net loss for the financial period	(9,455)

The audited balance sheet which are extracted from the audited financial statements of TR as at the end of the financial period is set out below:-

	As at 31 December 2005 RM
<b>CURRENT ASSET</b>	
Cash in hand	2
<b>LESS: CURRENT LIABILITIES</b>	
Sundry payables and accruals	9,455
<b>NET CURRENT LIABILITIES</b>	(9,453)
<b>REPRESENTED BY</b>	
<b>SHARE CAPITAL</b>	2
<b>ACCUMULATED LOSS</b>	(9,455)
<b>CAPITAL DEFICIENCY</b>	(9,453)

## 11. ACCOUNTANTS' REPORT (Cont'd)



**9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)**

**9.5 TGJH**

The audited income statements which are extracted from the audited financial statements of TGJH for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	27,995,684	31,099,505	34,600,477
Cost of sales	(23,754,878)	(26,013,353)	(29,436,988)
Gross profit	4,240,806	5,086,152	5,163,489
Other operating income	910,874	906,388	295,952
Selling and distribution costs	(257,919)	(283,367)	(43,783)
Administration expenses	(3,851,892)	(4,214,609)	(4,606,226)
Other operating expenses	(700,960)	(490,094)	(731,933)
Profit from operations	340,909	1,004,470	77,499
Finance cost	(561,955)	(560,322)	(596,944)
(Loss)/profit before tax	(221,046)	444,148	(519,445)
Tax expense	(79,850)	(105,462)	(54,446)
(Loss)/profit after tax	(300,896)	338,686	(573,891)
Net (loss)/profit for the financial year	(300,896)	338,686	(573,891)

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.5 TGJH (Cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJH as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	2,304,928	3,100,949	3,602,615
INVESTMENT IN SUBSIDIARY COMPANIES	4,746,352	4,496,350	4,436,350
INVESTMENT IN ASSOCIATED COMPANIES	2,550,000	2,550,000	2,550,000
DEFERRED TAX ASSETS	180,000	88,810	114,139
<b>CURRENT ASSETS</b>			
Inventories	6,229,085	5,651,020	6,343,040
Trade receivables	2,479,728	3,022,733	1,988,251
Other receivables, deposits and prepayments	6,314,792	7,003,171	10,755,637
Tax recoverable	148,774	195,474	214,915
Amounts owing by subsidiary companies	76,240	14,297	432,180
Amount owing by associated companies	-	3,254	34,385
Cash and bank balances	167,254	160,404	158,309
	15,415,873	16,050,353	19,926,717
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	1,303,106	1,094,145	3,386,097
Other payables, accruals and deposits	1,506,004	2,953,517	2,665,191
Amounts owing to subsidiary companies	8,376,739	8,615,957	9,121,444
Amounts owing to associated companies	590,286	4,980	356,164
Amounts owing to directors	1,051,387	670,632	11,861
Borrowings	8,136,895	8,419,805	10,852,537
	20,964,417	21,759,036	26,393,294
<b>NET CURRENT LIABILITIES</b>	(5,548,544)	(5,708,683)	(6,466,577)
	4,232,736	4,527,426	4,236,527
<b>FINANCED BY</b>			
SHARE CAPITAL	450,000	450,000	450,000
CAPITAL RESERVES	3,027	3,027	3,027
RETAINED PROFITS	2,939,351	3,278,037	2,704,146
<b>SHAREHOLDERS' EQUITY</b>	3,392,378	3,731,064	3,157,173
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>			
Borrowings	576,358	511,390	740,147
Deferred tax liabilities	264,000	284,972	339,207
	4,232,736	4,527,426	4,236,527

## 11. ACCOUNTANTS' REPORT (Cont'd)



9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

9.6 TGJ (BU)

The audited income statements which are extracted from the audited financial statements of TGJ (BU) for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	7,610,873	6,603,076	6,432,719
Cost of sales	(5,189,936)	(4,646,483)	(4,420,437)
Gross profit	2,420,937	1,956,593	2,012,282
Other operating income	26,680	31,020	24,545
Administration expenses	(1,494,442)	(1,407,520)	(1,200,970)
Selling and distribution expenses	(70,839)	(22,056)	(79,077)
Other operating expenses	(40,147)	(29,865)	(25,146)
Profit from operations	842,189	528,172	731,634
Finance cost	(33,072)	(73,955)	(55,880)
Profit before tax	809,117	454,217	675,754
Tax expense	(242,446)	(86,053)	(163,448)
Net profit for the financial year	566,671	368,164	512,306

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.6 TGJ (BU) (Cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJ (BU) as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	167,913	145,738	125,970
CURRENT ASSETS			
Inventories	2,443,287	1,458,126	1,218,975
Trade receivables	151,200	125,013	158,878
Other receivables, deposits and prepayments	230,995	221,561	325,442
Tax recoverable	-	7,941	-
Amount owing by holding company	2,412,003	2,438,594	2,914,217
Amounts owing by related companies	55,206	99,867	319,882
Fixed deposits with licensed banks	464,618	474,154	483,951
Cash and bank balances	43,911	16,222	15,281
	5,801,220	4,841,478	5,436,626
LESS: CURRENT LIABILITIES			
Trade payables	1,102,310	41,929	99,080
Other payables, accruals and deposits	150,933	159,042	206,138
Amounts owing to related companies	116,457	15,075	149,994
Bank borrowings	920,851	987,137	951,692
Tax liabilities	54,984	-	84,346
	2,345,535	1,203,183	1,491,250
NET CURRENT ASSETS	3,455,685	3,638,295	3,945,376
	3,623,598	3,784,033	4,071,346
<b>FINANCED BY</b>			
SHARE CAPITAL	1,000,000	1,000,000	1,000,000
RETAINED PROFITS	2,177,376	2,545,540	3,057,846
SHAREHOLDERS' EQUITY	3,177,376	3,545,540	4,057,846
NON-CURRENT AND DEFERRED LIABILITIES			
Bank borrowings	433,333	225,393	-
Deferred tax liabilities	12,889	13,100	13,500
	3,623,598	3,784,033	4,071,346

## 11. ACCOUNTANTS' REPORT (Cont'd)



9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE  
SUBSIDIARY COMPANIES OF TCB (CONT'D)

9.7 TGJ (KLCC)

The audited income statements which are extracted from the audited financial statements of TGJ (KLCC) for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	9,178,466	9,926,994	12,341,711
Cost of sales	(6,389,838)	(6,843,778)	(8,675,500)
Gross profit	2,788,628	3,083,216	3,666,211
Other operating income	7,073	25,225	13,806
Administration expenses	(1,579,206)	(1,838,305)	(2,365,171)
Selling and distribution expenses	(51,825)	(72,884)	(73,960)
Other operating expenses	(49,115)	(94,856)	(59,666)
Profit from operations	1,115,555	1,102,396	1,181,220
Finance cost	(13,466)	(67,231)	(74,146)
Profit before tax	1,102,089	1,035,165	1,107,074
Tax expense	(310,064)	(267,484)	(256,406)
Net profit for the financial year	792,025	767,681	850,668

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.7 TGJ (KLCC) (cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJ (KLCC) as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	99,226	449,309	429,328
CURRENT ASSETS			
Inventories	2,989,373	2,580,763	2,843,860
Trade receivables	413,280	578,781	366,541
Other receivables, deposits and prepayments	535,875	1,059,949	2,409,855
Amount owing by holding company	1,194,594	1,450,563	1,192,173
Amounts owing by related companies	285,182	78,520	363,459
Fixed deposits with licensed banks	335,139	345,959	334,848
Cash and bank balances	37,860	115,047	61,058
	5,791,303	6,209,582	7,571,794
LESS: CURRENT LIABILITIES			
Trade payables	112,265	127,511	110,080
Other payables, accruals and deposits	146,366	174,244	210,155
Amounts owing to related companies	53,950	150,667	203,770
Bank borrowings	985,329	937,797	1,622,696
Tax liabilities	138,492	107,424	132,210
	1,436,402	1,497,643	2,278,911
NET CURRENT ASSETS	4,354,901	4,711,939	5,292,883
	4,454,127	5,161,248	5,722,211
<b>FINANCED BY</b>			
SHARE CAPITAL	1,800,000	1,800,000	1,800,000
RETAINED PROFITS	2,243,876	3,011,557	3,862,225
SHAREHOLDERS' EQUITY	4,043,876	4,811,557	5,662,225
NON CURRENT AND DEFERRED LIABILITIES			
Deferred tax liabilities	12,000	27,792	15,272
Bank borrowings	398,251	321,899	44,714
	4,454,127	5,161,248	5,722,211



## 11. ACCOUNTANTS' REPORT (Cont'd)



9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE  
SUBSIDIARY COMPANIES OF TCB (CONT'D)

9.8 TGJ (MK)

The audited income statements which are extracted from the audited financial statements of TGJ (MK) for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	1,562,941	1,041,650	3,597,750
Cost of sales	(1,058,625)	(706,458)	(2,426,405)
Gross profit	504,316	335,192	1,171,345
Other operating income	26,966	31,599	25,524
Administration expenses	(443,170)	(310,438)	(883,199)
Selling and distribution expenses	(34,693)	(13,657)	(36,796)
Other operating expenses	(15,529)	(10,337)	(34,637)
Profit from operations	37,890	32,359	242,237
Finance cost	(33,283)	(37,591)	(35,265)
Profit/(Loss) before tax	4,607	(5,232)	206,972
Tax expense	-	-	(51,513)
Profit/(Loss) after tax	4,607	(5,232)	155,459

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.8 TGJ (MK) (cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJ (MK) as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	73,914	27,275	522,462
<b>CURRENT ASSETS</b>			
Inventories	892,204	216	1,563,556
Trade receivables	31,340	51	35,661
Other receivables, deposits and prepayments	24,994	279,299	327,334
Amounts owing by related companies	6,426	73,417	13,214
Amount owing by holding company	194,731	220,959	-
Tax recoverable	-	-	6,959
Fixed deposit with a licensed bank	206,451	212,725	218,761
Cash and bank balances	7,948	927	61,274
	1,364,094	787,594	2,226,759
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	526,202	2,272	608,155
Other payables, accruals and deposits	36,007	17,330	218,052
Amounts owing to related companies	123,725	44,744	319,630
Amount owing to holding company	-	-	397,070
Borrowings (interest bearing)	674,983	678,664	803,211
	1,360,917	743,010	2,346,118
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	3,177	44,584	(119,359)
	77,091	71,859	403,103
<b>FINANCED BY</b>			
<b>SHARE CAPITAL</b>	200,000	200,000	200,000
<b>(ACCUMULATED LOSSES)/ RETAINED PROFITS</b>	(122,909)	(128,141)	27,318
<b>SHAREHOLDERS' EQUITY</b>	77,091	71,859	227,318
<b>NON CURRENT AND DEFERRED LIABILITIES</b>			
Deferred tax liabilities	-	-	10,472
Borrowings (interest bearing)	-	-	165,313
	77,091	71,859	403,103

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.9 TGJ (TS)

The audited income statements which are extracted from the audited financial statements of TGJ (TS) for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	1,334,384	4,037,436	4,002,964
Cost of sales	(923,519)	(3,036,133)	(2,942,962)
Gross profit	410,865	1,001,303	1,060,002
Other operating income	-	30,872	19,090
Administration expenses	(349,327)	(943,917)	(893,250)
Selling and distribution expenses	(43,336)	(32,389)	(2,170)
Other operating expenses	(29,520)	(25,101)	(21,612)
(Loss)/profit from operations	(11,318)	30,768	162,060
Finance cost	(5,284)	(51,574)	(53,756)
(Loss)/profit before tax	(16,602)	(20,806)	108,304
Tax expense	2,234	(5,402)	(5,576)
Net (loss)/profit for the financial year	(14,368)	(26,208)	102,728

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.9 TGJ (TS) (cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJ (TS) as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	208,389	187,996	170,379
INVESTMENT PROPERTIES	532,000	532,000	900,000
<b>CURRENT ASSETS</b>			
Inventories	1,869,915	1,496,196	1,226,799
Trade receivables	58,892	84,978	57,864
Other receivables, deposits and prepayments	160,843	238,091	166,991
Tax recoverable	23,766	57,092	78,180
Amount owing by holding company	-	273,372	848,859
Amounts owing by related companies	14,414	9,539	300,117
Cash and bank balances	13,553	10,865	15,459
	2,141,383	2,170,133	2,694,269
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	1,544,854	941,916	728,770
Other payables, deposits and accruals	115,461	114,839	220,033
Amount owing to holding company	76,120	-	-
Amounts owing to related companies	235,271	98,215	248,474
Borrowings	109,421	960,722	1,322,206
	2,081,127	2,115,692	2,519,483
<b>NET CURRENT ASSETS</b>	60,256	54,441	174,786
	800,645	774,437	1,245,165
<b>FINANCED BY</b>			
SHARE CAPITAL	290,000	290,000	290,000
REVALUATION RESERVES -Non-distributable	275,700	275,700	611,515
RETAINED PROFITS	234,945	208,737	311,465
<b>SHAREHOLDERS' EQUITY</b>	800,645	774,437	1,212,980
<b>DEFERRED LIABILITIES</b>			
Deferred tax liabilities	-	-	32,185
	800,645	774,437	1,245,165

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.10 TGJ (KP)

The audited income statements which are extracted from the audited financial statements of TGJ (KP) for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	2,578,630	1,984,673	1,702,541
Cost of sales	(2,006,927)	(1,466,651)	(1,160,835)
Gross profit	571,703	518,022	541,706
Other operating income	13,252	31,860	27,751
Administration expenses	(395,616)	(451,919)	(429,337)
Selling and distribution expenses	(37,599)	(48,050)	(1,215)
Other operating expenses	(9,446)	(20,139)	(1,040)
Profit from operations	142,294	29,774	137,865
Finance costs	(26,205)	(32,580)	(41,529)
Profit/(loss) before tax	116,089	(2,806)	96,336
Tax expense	(50,423)	(1,455)	(15,797)
Net profit/(loss) for the financial year	65,666	(4,261)	80,539

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.10 TGJ (KP) (cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJ (KP) as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	78,826	122,822	107,287
<b>CURRENT ASSETS</b>			
Inventories	999,584	685,362	724,912
Trade receivables	26,404	12,013	134,361
Other receivables, deposits and prepayments	20,485	20,308	339,342
Tax recoverable	-	27,020	30,971
Amount owing by holding company	184,424	-	225,969
Amounts owing by related companies	39,775	72,574	811
Fixed deposit with a licensed bank	200,000	212,726	218,761
Cash and bank balances	17,186	15,959	23,871
	1,487,858	1,045,962	1,698,998
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	523,812	95,368	24,751
Other payables, accruals and deposits	74,665	44,671	82,110
Amount owing to holding company	-	14,296	-
Amounts owing to related companies	37,000	100,218	362,636
Borrowings	659,062	653,142	997,583
Tax payable	9,950	-	-
	1,304,489	907,695	1,467,080
<b>NET CURRENT ASSETS</b>	183,369	138,267	231,918
	262,195	261,089	339,205
<b>FINANCED BY</b>			
SHARE CAPITAL	200,000	200,000	200,000
RETAINED PROFITS	52,495	48,234	128,773
<b>SHAREHOLDERS' EQUITY</b>	252,495	248,234	328,773
<b>DEFERRED LIABILITIES</b>			
Deferred tax liabilities	9,700	12,855	10,432
	262,195	261,089	339,205

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.11 TGJ (MV)

The audited income statements which are extracted from the audited financial statements of TGJ (MV) for the past three financial years are set out below:-

	Financial years ended 31 December		
	2003 RM	2004 RM	2005 RM
Revenue	10,668,010	9,436,103	12,780,342
Cost of sales	(7,611,771)	(6,663,960)	(9,207,309)
Gross profit	3,056,239	2,772,143	3,573,033
Other operating income	24,204	29,047	50,117
Administration expenses	(1,627,487)	(1,765,753)	(2,355,784)
Selling and distribution expenses	(49,959)	(48,325)	(72,085)
Other operating expenses	(75,685)	(97,224)	(72,541)
Profit from operations	1,327,312	889,888	1,122,740
Finance costs	(27,771)	(32,091)	(93,463)
Profit before tax	1,299,541	857,797	1,029,277
Tax expense	(365,500)	(200,665)	(249,574)
Net profit for the financial year	934,041	657,132	779,703

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 9. AUDITED INCOME STATEMENTS AND BALANCE SHEETS OF THE SUBSIDIARY COMPANIES OF TCB (CONT'D)

## 9.11 TGJ (MV) (cont'd)

The audited balance sheets which are extracted from the audited financial statements of TGJ (MV) as at the end of the financial years are set out below:-

	<----- As at 31 December ----->		
	2003 RM	2004 RM	2005 RM
<b>ASSETS EMPLOYED</b>			
PROPERTY, PLANT AND EQUIPMENT	167,568	347,390	481,699
<b>CURRENT ASSETS</b>			
Inventories	2,182,404	2,195,413	3,151,348
Trade receivables	193,326	183,441	1,091,758
Other receivables, deposits and prepayments	202,803	216,627	448,624
Tax recoverable	-	27,482	-
Amount owing by holding company	506,350	893,223	1,427,332
Amounts owing by related companies	222,244	52,700	148,899
Fixed deposit with a licensed bank	-	-	300,000
Cash and bank balances	158,718	174,414	52,924
	<b>3,465,845</b>	<b>3,743,300</b>	<b>6,620,885</b>
<b>LESS: CURRENT LIABILITIES</b>			
Trade payables	269,395	55,076	360,397
Other payables, accruals and deposits	185,063	189,274	290,364
Amounts owing to related companies	37,291	89,491	379,588
Borrowings	587,000	632,087	1,838,279
Tax liabilities	159,039	-	41,090
	<b>1,237,788</b>	<b>965,928</b>	<b>2,909,718</b>
<b>NET CURRENT ASSETS</b>	<b>2,228,057</b>	<b>2,777,372</b>	<b>3,711,167</b>
	<b>2,395,625</b>	<b>3,124,762</b>	<b>4,192,866</b>
<b>FINANCED BY</b>			
SHARE CAPITAL	200,000	200,000	200,000
RETAINED PROFITS	2,175,125	2,832,257	3,611,960
SHAREHOLDERS' EQUITY	<b>2,375,125</b>	<b>3,032,257</b>	<b>3,811,960</b>
<b>NON-CURRENT AND DEFERRED LIABILITIES</b>			
Borrowings	-	57,005	351,906
Deferred tax liabilities	20,500	35,500	29,000
	<b>2,395,625</b>	<b>3,124,762</b>	<b>4,192,866</b>