

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.4 STATEMENTS OF CHANGES IN EQUITY OF RPSB GROUP**

	Note	Share Capital RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Shareholders' Equity RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1.3.2003		2,538	-	(1,388)	38,195	39,345	852	40,197
Rights issue		2,462	-	-	-	2,462	-	2,462
Dividends	6.2.29	-	-	-	(18,426)	(18,426)	-	(18,426)
Profit after taxation for the financial year		-	-	-	9,428	9,428	(220)	9,208
Balance at 28.2.2004/1.3.2004		5,000	-	(1,388)	29,197	32,809	632	33,441
Dividends	6.2.29	-	-	-	(4,000)	(4,000)	-	(4,000)
Disposal of a subsidiary	6.2.27	-	-	-	-	-	(385)	(385)
Profit after taxation for the financial year		-	-	-	6,213	6,213	(159)	6,054
Balance at 28.2.2005/1.3.2005		5,000	-	(1,388)	31,410	35,022	88	35,110
Revaluation surplus of property, plant and equipment, net of tax	6.2.17	-	9,327	-	-	9,327	-	9,327
Realisation of revaluation reserve	6.2.17	-	(163)	-	163	-	-	-
Net gain not recognised in the income statement		-	9,164	-	163	9,327	-	9,327
Profit after taxation for the financial year		-	-	-	6,431	6,431	36	6,467
Balance at 28.2.2006/1.3.2006		5,000	9,164	(1,388)	38,004	50,780	124	50,904
Realisation of revaluation reserve		-	(89)	-	89	-	-	-
Profit after taxation for the financial period		-	-	-	3,309	3,309	33	3,342
Balance at 31.8.2006		5,000	9,075	(1,388)	41,402	54,089	157	54,246

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	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Sale of goods	50,537	52,425	59,267	27,778	38,623
Services	950	984	790	445	58
Contract revenue	527	726	856	353	815
	<u>52,014</u>	<u>54,135</u>	<u>60,913</u>	<u>28,576</u>	<u>39,496</u>

Note:-

** - Not audited and is included for comparison purposes only.

Revenue from sale of goods and services represents the invoiced value of goods sold and services rendered less discounts and returns. Contract revenue represents the proportionate contract value attributable to work performed.

6.2.6 OTHER OPERATING INCOME

Other operating income comprises the following items:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Allowance for doubtful debts written back	96	268	81	14	154
Bad debts recovered	41	2	-	-	-
Fixed deposit interest income	332	-	1	-	-
Gain on disposal of property, plant and equipment	1,456	512	26	-	103
Gain on disposal of a subsidiary	-	156	-	-	-
Gain on foreign exchange: - realised	-	-	14	3	110
Rental income	145	88	-	-	135
Reversal of impairment loss	-	-	27	27	-
Sundry income	33	9	185	152	367
	<u>2,103</u>	<u>1,035</u>	<u>334</u>	<u>196</u>	<u>869</u>

Note:-

** - Not audited and is included for comparison purposes only.

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.7 PROFIT BEFORE TAXATION**

In addition to those disclosed in Section 6.2.6 to this report, profit before taxation is arrived at after charging:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Allowance for doubtful debts	1,275	267	238	185	318
Audit fee:					
- for the financial year/period	46	41	42	23	16
- underprovision in the previous financial year	-	-	7	7	(4)
- other non-statutory services	3	-	28	19	24
Bad debts written off	10	2	-	-	-
Contract costs recognised	224	659	771	277	684
Depreciation of property, plant and equipment	5,818	5,842	5,962	2,868	3,168
Directors' non-fee emoluments	934	898	970	409	532
Hire of equipment	-	-	1	-	-
Interest expense:					
- bank overdrafts	1,086	551	654	326	351
- bills payable	853	720	656	280	520
- hire purchase	44	68	59	34	29
- term loans	1,339	1,025	680	383	445
Plant and equipment written off	-	-	5	4	5
Rental of premises	120	118	30	15	27
Research expenses	30	97	33	15	17
Staff costs	2,656	3,097	3,165	1,485	1,803
Realised loss on foreign exchange	88	-	-	-	-
Impairment loss on properties	-	29	-	-	-

Note:-

** - Not audited and is included for comparison purposes only.

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.8 INCOME TAX EXPENSE**

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Current tax expense					
- for the financial year/period	764	551	881	433	503
- under/(over)provision in previous financial year	1	(307)	(42)	(42)	(57)
	<u>765</u>	<u>244</u>	<u>839</u>	<u>391</u>	<u>446</u>
Deferred tax expense (Section 6.2.18)					
- relating to origination and reversal of temporary differences	734	396	(633)	(91)	(23)
- under/(over)provision in previous financial year	56	(58)	28	(31)	-
	<u>790</u>	<u>338</u>	<u>(605)</u>	<u>(122)</u>	<u>(23)</u>
	<u>1,555</u>	<u>582</u>	<u>234</u>	<u>269</u>	<u>423</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax of RPSB Group is as follows:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Profit before taxation	<u>10,763</u>	<u>6,637</u>	<u>6,701</u>	<u>2,902</u>	<u>3,765</u>
Tax at the statutory tax rate	3,014	1,858	1,876	812	1,017
Tax effects:-					
Non-taxable gains	(389)	(198)	(8)	(7)	(19)
Non-deductible expenses	373	271	124	336	550
Utilisation of reinvestment allowances	(1,619)	(939)	(1,717)	(778)	(1,001)
Utilisation of previously not recognised deferred tax assets	-	-	(2)	(5)	(46)
Deferred tax assets not recognised during the financial year/period	178	17	31	20	-
Under/(Over)provision in previous financial year:					
- current tax expense	1	(307)	(42)	(42)	(57)
- deferred tax expense	56	(58)	21	(31)	-
Differential in tax rates	(59)	(62)	(49)	(36)	(21)
Tax for the financial year/period	<u>1,555</u>	<u>582</u>	<u>234</u>	<u>269</u>	<u>423</u>

Note:-

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Subject to agreement with the tax authorities, the unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances at the balance sheet date available to be carried forward for offset against future taxable business income are as follows:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Unutilised tax losses *	2,124	1,075	987	1,244	1,051
Unabsorbed capital allowances *	309	217	189	138	32
Unutilised reinvestment allowances	16,084	13,927	8,218	11,233	6,379
	<u>18,517</u>	<u>15,219</u>	<u>9,394</u>	<u>12,615</u>	<u>7,462</u>

* No deferred tax assets are recognised in the balance sheet on these items.

Note:-

** - *Not audited and is included for comparison purposes only.*

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.9 PROPERTY, PLANT AND EQUIPMENT**

	Freehold Land, Short And Long Leasehold Land And Buildings RM'000	Plant, Machinery, Tools, Equipment And Moulds RM'000	Furniture, Fittings And Office Equipment RM'000	Motor Vehicles And Forklifts RM'000	Electrical Installation And Renovation RM'000	Capital Work-In- Progress RM'000	Total RM'000
Net book value at 1.3.2003	25,707	33,219	803	1,566	1,376	-	62,671
Additions	179	1,510	21	1,004	-	63	2,777
Disposals	(4,233)	-	(36)	(31)	-	-	(4,300)
Depreciation charge	(363)	(4,586)	(139)	(515)	(215)	-	(5,818)
Net book value at 29.2.2004/ 1.3.2004	21,290	30,143	649	2,024	1,161	63	55,330
Additions	8	1,283	39	819	-	333	2,482
Disposals	(513)	-	-	(470)	-	-	(983)
Disposal of a subsidiary	-	(138)	(14)	120	-	-	(32)
Impairment loss	(29)	-	-	-	-	-	(29)
Depreciation charge	(329)	(4,462)	(138)	(702)	(211)	-	(5,842)
Net book value at 28.2.2005/ 1.3.2005	20,427	26,826	536	1,791	950	396	50,926
Additions	22	621	70	328	5	1,232	2,278
Revaluation surplus	12,949	-	-	-	-	-	12,949
Disposals/ Written off	-	(3)	(3)	(11)	-	-	(17)
Reversal of impairment loss	27	-	-	-	-	-	27
Depreciation charge	(526)	(4,509)	(137)	(580)	(210)	-	(5,962)
Net book value at 28.2.2006/ 1.3.2006	32,899	22,935	466	1,528	745	1,628	60,201
Additions	4,692	12,798	12	574	-	1,516	19,592
Disposals/ Written off	-	(61)	(5)	(26)	-	-	(92)
Depreciation charge	(338)	(2,324)	(69)	(332)	(105)	-	(3,168)
Net book value at 31.8.2006	37,253	33,348	404	1,744	640	3,144	76,533

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	Freehold Land, Short And Long Leasehold Land And Buildings RM'000	Plant, Machinery, Tools, Equipment And Moulds RM'000	Furniture, Fittings And Office Equipment RM'000	Motor Vehicles And Forklifts RM'000	Electrical Installation And Renovation RM'000	Capital Work-In- Progress RM'000	Total RM'000
At 31.8.2006							
At cost	4,692	64,463	1,685	3,990	2,365	3,144	80,339
At valuation	35,844	-	-	-	-	-	35,844
Accumulated impairment loss	(2)	-	-	-	-	-	(2)
Accumulated depreciation	(3,281)	(31,115)	(1,281)	(2,246)	(1,725)	-	(39,648)
Net book value	37,253	33,348	404	1,744	640	3,144	76,533
At 28.2.2006							
At cost	-	51,716	1,700	3,575	2,365	1,628	60,984
At valuation	35,844	-	-	-	-	-	35,844
Accumulated impairment loss	(2)	-	-	-	-	-	(2)
Accumulated depreciation	(2,943)	(28,781)	(1,234)	(2,047)	(1,620)	-	(36,625)
Net book value	32,899	22,935	466	1,528	745	1,628	60,201
At 28.2.2005							
At cost	21,673	51,097	1,646	3,326	2,360	396	80,498
At valuation	1,202	-	-	-	-	-	1,202
Accumulated impairment loss	(29)	-	-	-	-	-	(29)
Accumulated depreciation	(2,419)	(24,271)	(1,110)	(1,535)	(1,410)	-	(30,745)
Net book value	20,427	26,826	536	1,791	950	396	50,926
At 29.2.2004							
At cost	22,178	50,515	1,630	4,336	2,360	63	81,082
At valuation	1,202	-	-	-	-	-	1,202
Accumulated depreciation	(2,090)	(20,372)	(981)	(2,312)	(1,199)	-	(26,954)
Net book value	21,290	30,143	649	2,024	1,161	63	55,330

13.0 ACCOUNTANTS' REPORT *(Continued)***6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) The directors revalued the freehold land, short and long leasehold land and buildings in 2005 using the open market value basis based on valuations carried out by an independent firm of professional valuers. The details of the professional valuer are as follows:-

Name of firm : KGV-Lambert-Smith Hampton (M) Sdn. Bhd.
 Name of Valuer : Anthony Chua Kian Beng
 Qualification : B. Surr (Hons) Ppty Mgmt, MIS (M)

- (b) The net book values of the freehold land, short and long leasehold land and buildings at the balance sheet date were as follows:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Freehold land	258	70	83	3,233
Short leasehold land	516	457	539	512
Long leasehold land	8,416	8,359	12,789	12,771
Buildings	12,100	11,541	19,488	20,737
	<u>21,290</u>	<u>20,427</u>	<u>32,899</u>	<u>37,253</u>

- (c) The net book values of revalued freehold land, short and long leasehold land and buildings, had these assets been carried at cost less accumulated depreciation or amortisation and impairment losses, if any, at the balance sheet date would have been as follows:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Freehold land	-	-	70	3,220
Short leasehold land	-	-	358	434
Long leasehold land	288	285	4,624	5,390
Buildings	-	-	9,977	11,438
	<u>288</u>	<u>285</u>	<u>15,029</u>	<u>20,482</u>

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(d) The net book values of the property, plant and equipment at the balance sheet date pledged as security for bank borrowings were as follows:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Freehold land and buildings	-	-	-	4,677
Long leasehold land and buildings	18,021	17,731	31,925	28,966
Plant and machinery	10,783	9,427	8,044	7,337
	<u>28,804</u>	<u>27,158</u>	<u>39,969</u>	<u>40,980</u>

(e) Included in the net book values of property, plant and equipment at the balance sheet date were the following assets acquired under hire purchase terms:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Motor vehicles	1,781	1,499	1,214	1,154
Plant and equipment	-	201	179	157
	<u>1,781</u>	<u>1,700</u>	<u>1,393</u>	<u>1,311</u>

(f) The titles to the following assets at the balance sheet date have not yet been issued to RPSB Group by the relevant authorities:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
At net book value:-				
Short leasehold land	188	178	277	275
Long leasehold land and buildings	17,006	16,696	29,246	29,065
	<u>17,194</u>	<u>16,874</u>	<u>29,523</u>	<u>29,340</u>

13.0 ACCOUNTANTS' REPORT *(Continued)***6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.10 INVENTORIES**

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
At cost:-				
Raw materials	919	2,313	5,629	4,572
Work-in-progress	12	8	36	30
Parts and consumables	678	-	-	-
Finished goods	10,479	12,827	14,840	14,982
	<u>12,088</u>	<u>15,148</u>	<u>20,505</u>	<u>19,584</u>

None of the inventories was carried at fair value less costs to sell, at the balance sheet date.

6.2.11 AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Contract costs incurred	224	883	1,473	1,415
Attributable profit	97	159	265	345
	<u>321</u>	<u>1,042</u>	<u>1,738</u>	<u>1,760</u>
Progress billings	(321)	(1,044)	(1,785)	(1,774)
Net amount due to contract customers	<u>-</u>	<u>(2)</u>	<u>(47)</u>	<u>(14)</u>

The net amount due to contract customers comprises the following:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Amount due from contract customers	-	31	46	7
Amount due to contract customers	-	(33)	(93)	(21)
	<u>-</u>	<u>(2)</u>	<u>(47)</u>	<u>(14)</u>

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.12 TRADE RECEIVABLES**

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Trade receivables	16,906	13,673	20,204	21,403
Allowance for doubtful debts:-				
At beginning of financial year/period	(414)	(1,499)	(1,405)	(1,562)
Additions	(1,275)	(267)	(238)	(318)
Write-back	96	268	81	154
Write-off	94	93	-	-
At end of financial year/period	(1,499)	(1,405)	(1,562)	(1,726)
	15,407	12,268	18,642	19,677

RPSB Group's normal credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Singapore Dollar	-	59	323	286
United States Dollar	-	8	13	-

The trade receivables ageing analysis for the FP 2006 is set out below:-

	0 to 30 Days RM'000	31 to 60 Days RM'000	61 to 90 Days RM'000	> 90 Days RM'000	Allowance For Doubtful		
					Gross RM'000	Debts RM'000	Net RM'000
Balance as at 31.8.2006	5,055	5,248	3,065	8,035	21,403	(1,726)	19,677

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The amount owing is non-trade in nature, unsecured, interest-free and not subject to fixed terms of repayment.

6.2.14 FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits were pledged to a licensed bank as security for credit facilities granted to RPSB.

The average interest rate of the fixed deposits at 29 February 2004 was 3.2% per annum. The fixed deposits had an average maturity of 365 days.

6.2.15 SHARE CAPITAL

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Authorised 5,000,000 ordinary shares of RM1 each	5,000	5,000	5,000	5,000
Issued and fully paid-up 5,000,000 ordinary shares of RM1 each	5,000	5,000	5,000	5,000

6.2.16 RESERVES

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Merger deficit	(1,388)	(1,388)	(1,388)	(1,388)
Revaluation reserve (Section 6.2.17)	-	-	9,164	9,075
Retained profits	29,197	31,410	38,004	41,402
	<u>27,809</u>	<u>30,022</u>	<u>45,780</u>	<u>49,089</u>

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	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
At beginning of the financial year/period	-	-	-	9,164
Revaluation surplus, net of deferred taxation	-	-	9,327	-
Realisation of revaluation reserve	-	-	(163)	(89)
At end of the financial year/period	-	-	9,164	9,075

The revaluation reserve represents the surplus arising from the revaluation of the freehold land, short and long leasehold land and buildings and is not distributable by way of cash dividends.

6.2.18. DEFERRED TAX LIABILITIES

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
At beginning of the financial year/period	6,114	6,904	7,242	10,258
Recognised in the income statements (Section 6.2.8)	790	338	(605)	(23)
Recognised in equity	-	-	3,621	-
At end of the financial year/period	6,904	7,242	10,258	10,235

The deferred tax liabilities comprise the following:-

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Accelerated capital allowances	6,088	6,534	6,146	6,007
Fair value adjustment on acquisition of a subsidiary	573	497	-	-
Revaluation of properties	243	211	4,112	4,228
	6,904	7,242	10,258	10,235

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	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Secured:				
Hire purchase payables (Section 6.2.23)	463	413	152	259
Term loans (Section 6.2.24)	11,169	6,540	3,567	14,235
	<u>11,632</u>	<u>6,953</u>	<u>3,719</u>	<u>14,494</u>

6.2.20 TRADE PAYABLES

The normal credit terms granted to RPSB Group range from 30 to 90 days.

The trade payables ageing analysis for the FP 2006 is set out below:-

	0 to 30 Days RM'000	31 to 60 Days RM'000	61 to 90 Days RM'000	> 90 Days RM'000	Total RM'000
Balance as at 31.8.2006	1,792	3,066	1,194	82	6,134

6.2.21 AMOUNT OWING TO DIRECTORS

The amount owing was unsecured, interest-free and not subject to fixed terms of repayment.

6.2.22 SHORT-TERM BORROWINGS

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Secured:				
Bills payable	11,659	9,717	19,539	28,483
Hire purchase payables (Section 6.2.23)	419	553	423	305
Term loans (Section 6.2.24)	4,155	4,377	2,805	5,397
	<u>16,233</u>	<u>14,647</u>	<u>22,767</u>	<u>34,185</u>

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.22 SHORT-TERM BORROWINGS (CONT'D)**

The bills payable of RPSB Group bore the following effective interest rates:-

	29.2.2004	28.2.2005	28.2.2006	31.8.2006
Effective interest rates (per annum)	4.57% - 8.00%	3.90% - 8.00%	4.37% - 8.10%	4.04% - 8.50%

The bills payable are secured by way of:-

- legal charges over certain freehold land, long leasehold land and buildings of the Group and of a related party;
- a debenture over certain plant and machinery of the RPSB; and
- a joint and several guarantee of certain directors of the RPSB and a related party.

6.2.23 HIRE PURCHASE PAYABLES

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Future minimum hire purchase payments:				
- not later than one year	464	613	475	339
- later than one year and not later than five years	514	458	161	291
	978	1,071	636	630
Less: Future finance charges	(96)	(105)	(61)	(66)
Present value of hire purchase payables	882	966	575	564

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year (Section 6.2.22)	419	553	423	305
Non-current:				
- later than one year and not later than five years (Section 6.2.19)	463	413	152	259
	882	966	575	564

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13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.23 HIRE PURCHASE PAYABLES (CONT'D)**

The hire purchase payables of RPSB Group bore the following effective interest rates:-

	29.2.2004	28.2.2005	28.2.2006	31.8.2006
Effective interest rates (per annum)	5.03% - 8.69%	6.14% - 7.87%	6.14% - 7.87%	5.11% - 6.14%

6.2.24 TERM LOANS

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Secured:				
Current:				
- not later than one year (Section 6.2.22)	4,155	4,377	2,805	5,397
Non-current:				
- later than one year and not later than five years	11,091	6,540	3,567	14,235
- later than five years	78	-	-	-
Total non-current (Section 6.2.19)	11,169	6,540	3,567	14,235
	15,324	10,917	6,372	19,632

Secured: Term loan	Number of monthly instalment	Monthly instalment RM	Commencement date of repayment	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
1	84	101,473	February 2002	4,590	3,675	2,693	2,184
2	60	124,570	January 2002	3,817	2,572	1,099	387
3	180	34,770	March 1998	1,945	1,669	1,372	1,218
4	180	21,596	November 1996	1,161	986	797	700
5	36	66,049	February 2003	1,421	711	-	-
6	72	11,952	December 2005	678	517	411	347
7	72	36,960	August 2000	843	448	-	-
8	60	22,196	August 2001	568	339	-	-
9	180	3,165	August 1996	208	-	-	-
10	80	3,735	January 1995	93	-	-	-
11	60	29,879	March 2006	-	-	-	681
12	84	94,840	May 2006	-	-	-	1,133
13	60	63,300	August 2006	-	-	-	3,777
14	60	193,000	October 2006	-	-	-	9,205
				15,324	10,917	6,372	19,632

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13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.24 TERM LOANS (CONT'D)**

The term loans of RPSB Group bore the following effective interest rates and are secured in the same manner as the bills payable disclosed in Section 6.2.22 to this report:-

	29.2.2004	28.2.2005	28.2.2006	31.8.2006
Effective interest rates (per annum)	7.50% - 8.00%	7.25% - 7.85%	4.18% - 8.10%	4.18% - 8.60%

6.2.25 BANK OVERDRAFTS

The bank overdrafts of RPSB Group bore the following effective interest rates and are secured in the same manner as the bills payable disclosed in Section 6.2.22 to this report:-

	29.2.2004	28.2.2005	28.2.2006	31.8.2006
Effective interest rates (per annum)	6.00% - 8.00%	7.00% - 8.05%	7.25% - 8.30%	7.75% - 8.60%

6.2.26 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Cost of property, plant and equipment purchased	2,777	2,482	2,278	598	19,592
Amount financed through hire purchase	(623)	(688)	(186)	-	(250)
Cash disbursed for the purchase of property, plant and equipment	2,154	1,794	2,092	598	19,342

Note:-

** - Not audited and is included for comparison purposes only.

13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.27 DISPOSAL OF A SUBSIDIARY**

During the financial year ended 28 February 2005, Resintech Engineering Sdn. Bhd., a subsidiary of RPSB, disposed of its subsidiary, Resintech-GSI Asia Pacific Sdn. Bhd., for a total consideration of RM578,708.

The effects of the disposal of the subsidiary on the financial results of the RPSB Group for that financial year were as follows:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Revenue	-	139	-	-	-
Cost of sales	-	(331)	-	-	-
Gross profit	-	(192)	-	-	-
Gain on disposal of subsidiary	-	414	-	-	-
Operating expenses	-	(238)	-	-	-
Loss for the financial period	-	(16)	-	-	-
Minority interests	-	172	-	-	-
Increase in net profit of RPSB Group	-	156	-	-	-

The details of net assets and cash flow arising from the disposal of the subsidiary are as follows:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Property, plant and equipment	-	32	-	-	-
Inventories	-	678	-	-	-
Current assets	-	427	-	-	-
Cash at bank	-	7	-	-	-
Current liabilities	-	(336)	-	-	-
Minority interests	-	808	-	-	-
	-	(385)	-	-	-
Fair value of net assets disposed	-	423	-	-	-
Gain on disposal of a subsidiary	-	156	-	-	-
Disposal proceeds	-	579	-	-	-
Less: Cash at bank of the subsidiary disposed	-	(7)	-	-	-
Net cash inflow from disposal of a subsidiary	-	572	-	-	-

Note:-

** - Not audited and is included for comparison purposes only.

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13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.28 CASH AND CASH EQUIVALENTS**

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Fixed deposits with licensed banks	12,495	-	-	100	-
Cash and bank balances	189	662	2,828	4,346	6,501
	<u>12,684</u>	<u>662</u>	<u>2,828</u>	<u>4,446</u>	<u>6,501</u>
Less: Bank overdrafts	(17,186)	(8,266)	(8,947)	(8,283)	(7,524)
	<u>(4,502)</u>	<u>(7,604)</u>	<u>(6,119)</u>	<u>(3,837)</u>	<u>(1,023)</u>

Note:-

** - Not audited and is included for comparison purposes only.

6.2.29 DIVIDENDS

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
First interim:					
- tax exempt dividend of 500 sen	12,690	-	-	-	-
- tax exempt dividend of 70 sen	-	3,496	-	-	-
Second interim:					
- dividend of 40 sen less tax	736	-	-	-	-
- tax exempt dividend of 197 sen	5,000	-	-	-	-
- dividend of 14 sen less tax	-	504	-	-	-
	<u>18,426</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note:-

** - Not audited and is included for comparison purposes only.

6.2.30 CAPITAL COMMITMENTS

	29.2.2004 RM'000	28.2.2005 RM'000	28.2.2006 RM'000	31.8.2006 RM'000
Property, plant and equipment:				
- approved and contracted	-	-	12,023	1,199
- approved but not contracted	-	2,103	185	-
	<u>-</u>	<u>2,103</u>	<u>12,208</u>	<u>1,199</u>

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13.0 ACCOUNTANTS' REPORT (Continued)**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.31 RELATED PARTY TRANSACTIONS**

	FY 2004 RM'000	FY 2005 RM'000	FY 2006 RM'000	FP 2005** RM'000	FP 2006 RM'000
Resintech Holdings Sdn. Bhd. *					
- Sale of goods	129	-	28	-	103
- Rental payable	30	30	30	15	15
- Sale of landed properties	4,852	512	-	-	-
Dato' Dr. Teh Kim Poo, DSSA, PJK, JP					
- Sale of landed properties	125	-	-	-	-
Teh Leng Kang, PJK					
- Sale of landed properties	344	-	-	-	-
Resintech-GSI Asia Pacific Sdn. Bhd. #					
- Electricity charges	90	60	-	-	-

Notes:-

- * - A company in which Dato' Dr. Teh Kim Poo, DSSA, PJK, JP and Datin Gan Jew, PJK have substantial financial interests.
- # - A company in which Dato' Dr. Teh Kim Poo, DSSA, PJK, JP and Teh Leng Kang, PJK have substantial financial interests.
- ** - *Not audited and is included for comparison purposes only.*

In the opinion of the directors, the above transactions have been entered into in the ordinary course of business and have been established under terms that were mutually agreed between the parties.

6.2.32 FOREIGN EXCHANGE RATES

The principal closing exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date were as follows:-

	29.2.2004 RM	28.2.2005 RM	28.2.2006 RM	31.8.2006 RM
Singapore Dollar	-	2.34	2.29	2.29
United States Dollar	3.80	3.80	3.71	3.71

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**6. AUDITED FINANCIAL STATEMENTS (CONT'D)****6.2 RPSB GROUP (CONT'D)****6.2.33 FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and liabilities of RPSB Group:-

(a) Amounts Owning By/(To) Holding Company/Subsidiaries

It is not practicable to estimate the fair value of the amounts owing by/(to) the holding company/the subsidiaries due principally to the lack of fixed repayment terms. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(b) Long-Term Borrowings

The carrying amounts approximated the fair values of these instruments. The fair value of long-term liabilities is determined by discounting the relevant cash flows using the current interest rates at the balance sheet date.

(c) Bank Balances and Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

7. RESTATEMENT TO THE AUDITED FINANCIAL STATEMENTS

During the preparation of this report, no material restatement has been made to the audited financial statements of RB Group for the Relevant Financial Period.

8. SUBSEQUENT EVENTS

There were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report which will affect materially the contents of this report.

13.0 ACCOUNTANTS' REPORT *(Continued)*



9. AUDITED FINANCIAL STATEMENTS

As of the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31 August 2006 for RB Group.

Yours faithfully

A handwritten signature in black ink, appearing to read "Horwath".

Horwath

Firm No : AF 1018

Chartered Accountants

A handwritten signature in black ink, appearing to read "KWL".

Lee Kok Wai

Approval No : 2760/06/08 (J)

Partner

13.0 ACCOUNTANTS' REPORT (Continued)

APPENDIX I

K. B. TAN & CO. (AF: 0247)

Chartered Accountants
Akauntan Bertauliah

TAN KARK BIN - Managing Partner
CA (M), Bcom (W-Aust) ACA (Aust), FTI

TAN TENG HOE - Partner
CA (M), CPA (M), ACA (Aust)

Room 100, 2nd Floor, Wisma Hup Tai, No. 1, Lorong Raja Bot, 41400 Klang, Selangor Darul Ehsan, Malaysia.
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REPORT OF THE AUDITORS TO THE MEMBERS OF

RESINTECH SDN BHD (341662-X)

We have audited the financial statements set out on pages 4 to 8, comprising the balance sheet at 30 September 2003, the income statement, statement of changes in equity and cash flow statement of the Company for the year ended on that date together with the notes to the financial statements.

The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conduct our audit in accordance with approved Standards on Auditing. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

Without qualifying our audit opinion, we draw attention to the following :

The financial statements of the Company are prepared on the going concern basis which contemplates the realisation of assets and liquidation of liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon it obtaining additional financing.

The financial statements do not include any adjustments, that might result should the Company be unable to continue as a going concern.

In our opinion :-

- (a) the financial statements and notes which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards so as to give a true and fair view of :-

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13.0 ACCOUNTANTS' REPORT *(Continued)*

APPENDIX I

K. B. TAN & CO. (AF-0247)
Chartered Accountants
Akauntan Bertauliah

**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH SDN BHD (341662-X)**

- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company;
 - (ii) the state of affairs of the Company as at 30 September 2003 and of the results of the Company for the year ended on that date; and,
 - (iii) the cash flows of the Company for the year ended 30 September 2003.
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



K B TAN & CO
AF: 0247
Chartered Accountants



TAN KARK BIN
978/03/05 (J/PH)
Partner

KLANG

Dated :

12 JAN 2004



**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH BERHAD**

(Incorporated in Malaysia)
Company No: 341662 - X

APPENDIX II

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Chartered Accountants

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horwath@pojaring.my

We have audited the financial statements set out on pages 9 to 21. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Company at 28 February 2005 and its results and cash flows for the financial period ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH BERHAD (CONT'D)**

(Incorporated in Malaysia)
Company No: 341662 - X

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

The financial statements of the Company for the preceding financial year were audited by another firm of accountants.

A handwritten signature in cursive script that reads "Horwath".

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

22 NOV 2005

A handwritten signature in cursive script that reads "Poon Yew Hoe".

Poon Yew Hoe
Approval No: 956/04/06 (J)
Partner



Horwath AF No 1018
Kuala Lumpur Office
Chartered Accountants

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH BERHAD**

(Incorporated in Malaysia)
Company No : 341662 - X

We have audited the financial statements set out on pages 9 to 45. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 28 February 2006 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH BERHAD (CONT'D)**

(Incorporated in Malaysia)
Company No : 341662 - X

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comments made under Sub-Section (3) of Section 174 of the Companies Act, 1965.

A handwritten signature in black ink, appearing to be "Y. K. W.", written over a horizontal line.

Horwath
Firm No : AF 1018
Chartered Accountants

Kuala Lumpur

17 JUL 2006

A handwritten signature in black ink, appearing to be "Onn Kien Hoe", written over a horizontal line.

Onn Kien Hoe
Approval No : 1772/11/06 (J/PH)
Partner

Appendix II



**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH BERHAD**

(Incorporated in Malaysia)
Company No : 341662 - X

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We have audited the financial statements set out on pages 3 to 41. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.


We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2006 and of their results and cash flows for the financial period ended on that date.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The comparative figures for the corresponding six-month period ended 31 August 2005 in respect of the income statements, statements of changes in equity and the cash flow statements were extracted from the unaudited management financial information and we have not carried out a review of these financial statements. The unaudited financial information is the responsibility of the directors of the Company.


Horwath
Firm No : AF 1018
Chartered Accountants


Lee Kok Wai
Approval No : 2760/06/08 (J)
Partner

Kuala Lumpur
16 OCT 2006

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH PLASTICS (M) SDN. BHD.**

Company No : 110562 - P

We have audited the financial statements set out on pages 10 to 45. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 29 February 2004 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report thereon of a subsidiary for which we have not acted as auditors, as indicated in Note 6 to the financial statements.

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH PLASTICS (M) SDN. BHD. (CONT'D)**

Company No : 110562 - P

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

A handwritten signature in cursive script that reads "Horwath".

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

10 AUG 2004

A handwritten signature in cursive script that reads "Poon Yew Hoe".

Poon Yew Hoe
Approval No: 956/04/06 (J)
Partner



Horwath AF No 1018
Kuala Lumpur Office
 Chartered Accountants

Level 16 Tower C
 Megan Avenue II
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 horwath@po.jaring.my

**REPORT OF THE AUDITORS TO THE MEMBERS OF
 RESINTECH PLASTICS (M) SDN. BHD.**

(Incorporated in Malaysia)
 Company No : 110562 - P

We have audited the financial statements set out on pages 10 to 44. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 28 February 2005 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang • Prai



**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH PLASTICS (M) SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)
Company No : 110562 - P

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

A handwritten signature in cursive script that reads "Horwath".

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

1.2 AUG 2005

A handwritten signature in cursive script that reads "Poon Yew Hoe".

Poon Yew Hoe
Approval No: 956/04/06 (J)
Partner



**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH PLASTICS (M) SDN. BHD.**

(Incorporated in Malaysia)
Company No : 110562 - P

APPENDIX III

Horwath AF No 1018
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We have audited the financial statements set out on pages 10 to 45. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 28 February 2006 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH PLASTICS (M) SDN. BHD. (CONT'D)**

(Incorporated in Malaysia)
Company No : 110562 - P

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

A handwritten signature in cursive script that reads "Horwath".

Horwath
Firm No: AF 1018
Chartered Accountants

Kuala Lumpur

17 JUL 2006

A handwritten signature in cursive script that reads "Poon Yew Hoe".

Poon Yew Hoe
Approval No: 956/04/08 (J)
Partner



**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH PLASTICS (M) SDN. BHD.**

(Incorporated in Malaysia)
Company No : 110562 - P

Appendix III

Horwath AF No 1018
Kuala Lumpur Office
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We have audited the financial statements set out on pages 3 to 45. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 August 2006 and their results and cash flows for the financial period ended on that date.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The comparative figures for the corresponding six-month period ended 31 August 2005 in respect of the income statements, statements of changes in equity and the cash flow statements were extracted from the unaudited management financial information and we have not carried out a review of these financial statements. The unaudited financial information is the responsibility of the directors of the Company.


Horwath
Firm No : AF 1018
Chartered Accountants


Lee Kok Wai
Approval No : 2760/06/08 (J)
Partner

Kuala Lumpur

16 OCT 2006

Horwath Offices in Malaysia:

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Appendix IV



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**REPORT OF THE AUDITORS TO THE MEMBERS OF
RESINTECH-KAPAR SDN. BHD.**

(Incorporated in Malaysia)
Company No : 736066 - T


We have audited the financial statements set out on pages 3 to 20. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements are properly drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 August 2006 and of its results and cash flows for the financial period ended on that date.


Horwath
Firm No: AF 1018
Chartered Accountants


Lee Kok Wai
Approval No: 2760/06/08 (J)
Partner

Kuala Lumpur
16 OCT 2006