



G.A. BLUE INTERNATIONAL BERHAD (570396-D)

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RIIAN :pm LAURA LEE'S LABEL

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G.A. BLUE INTERNATIONAL BERHAD

ANNUAL REPORT 2004





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# Corporate Information

## Directors

Kan Ah Chun (Executive Chairman)  
Yeap Beow Chong (Managing Director)  
Yeoh Yeow Cheang (Executive Director)  
Saffie Bin Bakar (Non-Independent Non-Executive Director)  
Ooi Siew Kim (Independent Non-Executive Director)  
Loh Chye Teik (Independent Non-Executive Director)

## Secretary

Tan Choong Kiang (MAICSA 7018448)

## Audit Committee

Loh Chye Teik (Chairman, Independent Non-Executive Director)  
Ooi Siew Kim (Member, Independent Non-Executive Director)  
Yeoh Yeow Cheang (Member, Executive Director)

## Registered Office

51-8-B Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04-228 7828  
Fax : 04-227 9800

## Business Address

Lot 9233 Hala Kampung Jawa 1  
Kawasan Perindustrian  
Bayan Lepas (Fasa 3)  
11900 Bayan Lepas  
Penang

## Share Registrar

Agriteum Share Registration Services Sdn. Bhd.  
2nd Floor, Wisma Penang Garden  
42 Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04-228 2321  
Fax : 04-227 2391

## Auditors

JB Lau & Associates  
Chartered Accountants

## Solicitors

Ban Eng, Anual & Foong

## Principal Bankers

Alliance Bank Berhad  
Ambank Berhad  
Hong Leong Bank Berhad  
OCBC Bank (Malaysia) Berhad  
United Overseas Bank (Malaysia) Berhad

## Stock Exchange Listing

Second Board Of Bursa Malaysia  
Securities Berhad

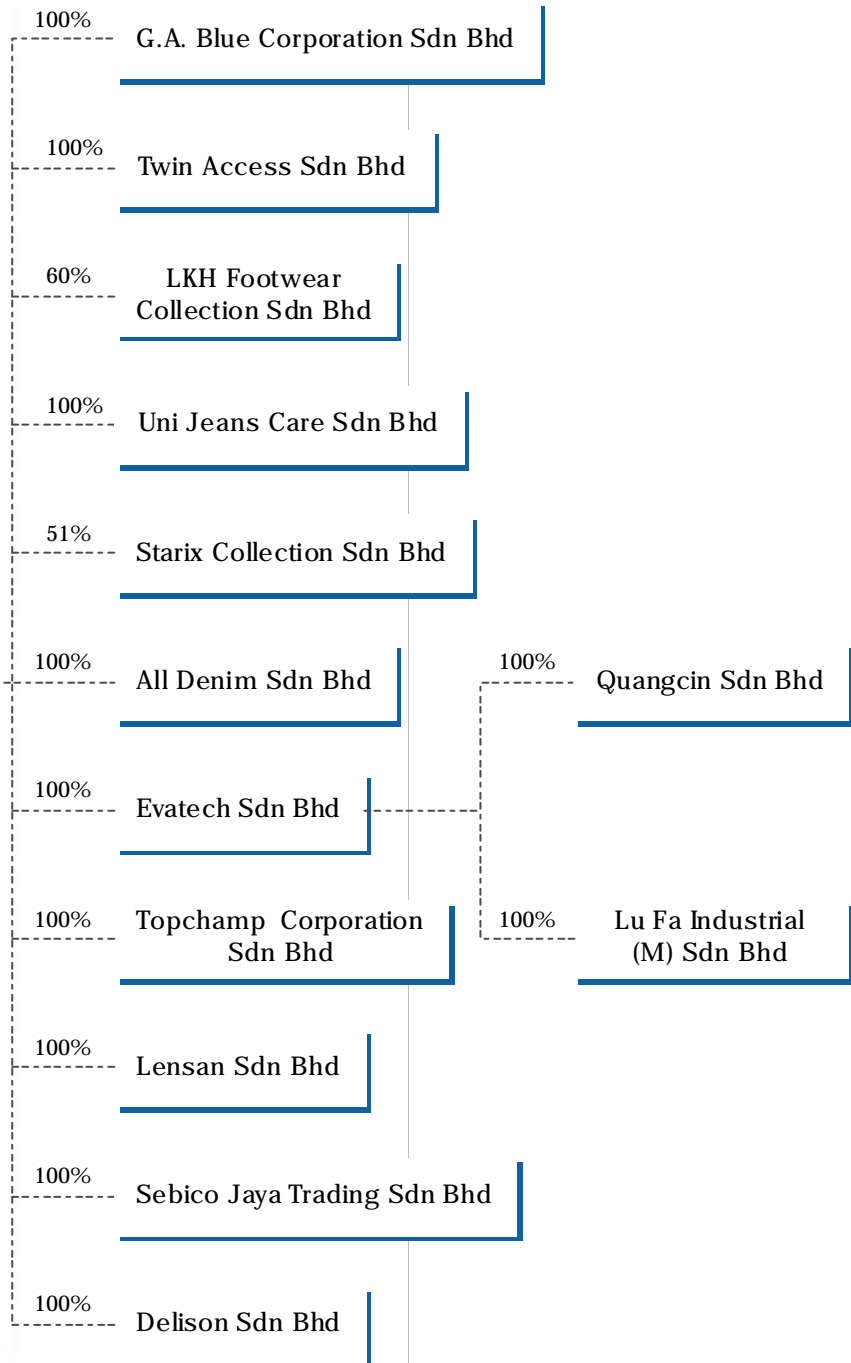




# Corporate Structure



G.A Blue  
International Bhd





# Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report of the GA Blue Group for the financial year ended 31 July 2004.

## FINANCIAL RESULTS

In this maiden year of reporting, the Group achieved a consolidated revenue of RM50.8 million which is higher than the Group forecast included in our Prospectus dated 31 January 2004 of RM47.4 million by 7.2%. Operating profit after tax achieved was RM8.6 million as compared to forecast of RM8.5 million. Net profit for the year attributable to shareholders recorded by the Group amounted to RM11.6 million.

As this is the first year that Group accounts is being prepared, there is no comparative figures.

## DIVIDENDS

The Board is pleased to recommend the payment of a first and final dividend of 6% less tax amounting to RM2,160,000 for the financial year ended 31 July 2004 for the approval by the shareholders at the forthcoming Annual General Meeting.

## REVIEW OF OPERATIONS

### Apparels

The apparels division is the core business of the Group with particular emphasis on jeanswear. The Group is primarily a marketing company focused on building its brand equity. Apparels contributed about 78% of total revenue of the Group and the bulk of this contribution stems from the popularity of its jeanswear under its flagship brands of GA Blue and Lois. Marketing of these products are channeled through its well-entrenched distribution network. The Group has also successfully penetrated departmental stores to target more affluent customers. Turnover in this market segment is expected to grow in the future.

In the year under review, the Group has also successfully penetrated the European markets with the launch of 3 new international brands targeted specifically at their fashion conscious consumers. The acceptance of the Group's apparels in these competitive overseas markets has given added impetus to the growth of the Group and augurs well for the future. Buoyed by this success, the Group is further pursuing business opportunities in other overseas markets like the United States and the Far East. Further expansion in the overseas market over the next few years is expected to spearhead the growth in this division.

### Accessories

The newly established subsidiaries involved in the marketing and distribution of accessories has achieved an aggregate of RM10.2 million in turnover which is an impressive 34.2% increase over the previous year.

### Manufacturing and Finishing

The sewing plant and specialized treatment and finishing division was primarily set up in producing apparels to support the Group's requirements. This division produced to full capacity during the peak months, achieved a turnover of RM12.4 million and contributed a pre-tax profit of RM2.3 million to the Group.

## CORPORATE DEVELOPMENTS

On 31 January 2004, the Company undertook a public issue of 18 million new ordinary shares of 50 sen each at an issue price of 75 sen each and we are pleased that the issue had been oversubscribed by 24 times which reflecting the confidence of the public in the future prospects of the Group. The Group was successfully listed on the Second Board of the Bursa Malaysia Securities Berhad on 25 February 2004.

On 4 November 2004, the Company announced a proposed bonus issue of 25,000,000 new ordinary shares of 50 sen each on the basis of one share for every four existing shares held and a proposed transfer of the listing and quotation for the entire issued and paid-up capital from the Second Board to the Main Board of the Bursa Malaysia Securities Berhad. The proposals are subject to the approval of the relevant authorities and shareholders.

## PROSPECTS

The Group will continue to build upon its competitive strengths and strong fundamentals in order to further improve revenue growth in the domestic market. In view of its recent foray into the overseas market, the percentage of export sales is expected to grow over the next few years. Barring unforeseen circumstances, the Group is confident of achieving satisfactory growth for the current year.

## APPRECIATION

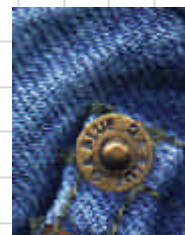
On behalf of the Board, I would like to convey our heartfelt appreciation to the management and staff of the Group for their dedication and hard work during the year. In addition, we also wish to thank our customers and business associates for their continued support and confidence in the Group.

*Kan Ah Chun*  
*Executive Chairman*  
*1 December 2004*





# Directors' Profile



## Kan Ah Chun

*aged 51*

*Malaysian*

He was appointed as the Executive Chairman of the Company on 2 December 2003. He graduated from the University of Malaya with a Bachelor of Science (Honours) degree in 1977 and a Diploma of Education in 1978. He started his career as a teacher in 1979. In 1982, he left the academia to join United Overseas Bank Berhad (UOB). He held various posts during his tenure with UOB and was the vice president when he left the bank in 1995. He joined Malpac Securities Sdn Bhd in 1996 as the Chief Executive Officer. In September 1996, he was appointed Executive Director of Malpac Holdings Berhad, a position he still holds at present. He assumed the position of Executive Director of GA Blue Corporation Sdn Bhd in August 1996. He also holds directorships in several private limited companies.

## Yeap Beow Chong

*aged 46*

*Permanent resident of Malaysia*

He was appointed as the Managing Director of the Company on 2 December 2003. He started his career in the textile industry in 1977 when he joined Lam Chuan Textile & Co. He gained invaluable experience in the sourcing and sales of textiles during the 13 years he was with the company. He was promoted to Marketing Manager in 1987, the position he last held before he left in 1990. In 1991, he became the Managing Director of Uniwash Industries Sdn Bhd, a company he set up which was involved in the provision of jeans treatment and finishing services. He divested his interests in the company in 1995 and subsequently joined GA Blue Corporation Sdn Bhd as the Managing Director. He also holds directorships in several private limited companies.

## Yeoh Yeow Cheang

*aged 47*

*Malaysian*

He was appointed as the Executive Director of the Company on 2 December 2003. He obtained a Diploma of Commerce (Financial Accounting) from Tunku Abdul Rahman College, Kuala Lumpur in 1980. He was registered as a Chartered Accountant with the Malaysian Institute of Accountants since 1985. He joined the Association of Chartered Certified Accountants, UK as a Member in 1985 and subsequently became a Fellow in 1990. He joined Kassim, Chan & Co, Penang in 1980 to undergo the four-year audit training for his professional qualification. He left to join Malaysia Aica Berhad in 1985 as Accounting/Finance Manager. Between 1998 and 2001, he was an Executive Director with Maica Laminates Sdn Bhd. He joined the GA Blue Group in March 2002 as the Financial Controller and assumed the position of Executive Director of GA Blue Corporation Sdn Bhd in July 2002.

# Directors' Profile



## Saffie Bin Bakar

*aged 51*  
*Malaysian*

He was appointed as the Non-Independent Non-Executive Director of the Company on 2 December 2003. He is a graduate from the University of Malaya with a Bachelor of Arts Degree (Honours) in Geography, which he received in 1977. He was also awarded the Postgraduate Diploma in Public Administration (D.P.A.) in 1978 from the University of Malaya. He received his Masters of Business Administration from the United States International University in San Diego, California, USA. In 1988, he joined the Perlis State Government as an Assistant State Secretary (Economic Planning). In 1983, he became the Business Development Manager of the Perlis State Economics Development Corporation (SEDC) until his optional retirement from government service in August 1994. Subsequently, he was appointed Executive Chairman of Perlis Concrete Products Sdn Bhd in September 1994 and holds the position to-date. Currently he is the Managing Director of IKE Marketing Sdn Bhd (a Multi-Level Marketing (MLM) of health food supplements). He was appointed a Director of MESB Berhad in May 2004 and appointed its Chairman in August 2004. He is also a Chairman, Director and corporate adviser of a number of private limited companies.

## Ooi Siew Kim

*aged 48*  
*Malaysian*

She was appointed as the Independent Non-Executive Director of the Company on 2 December 2003. She graduated with a Bachelor of Law (Honours) from Wolverhampton Polytechnic, United Kingdom in 1987. She is a Barrister-at-Law of Lincoln's Inn, London since 1988. She started her career as a Legal Assistant with Chin, Eng & Co., a legal firm, in 1989 and she was mainly responsible for litigation matters. In 1994, she left to set up her own legal practice under the name of Ooi Siew Kim & Co. which undertakes mainly litigation and conveyancing work. She was appointed as a municipal councillor of the Penang Municipal Council for two terms in 1997 and 1998 and was a Director of Penang Port Commission from April 2001 to April 2003. She has been appointed a Senator since November 2002.

## Loh Chye Teik

*aged 45*  
*Malaysian*

He was appointed as the Independent Non-Executive Director of the Company on 2 December 2003. He graduated with a Bachelor of Accounting (Honours) from University of Malaya, Kuala Lumpur in 1984. He is Chartered Accountant of the Malaysian Institute of Accountants and has been a member since 1988. He started his career as an auditor in Chua, Lau & Associates, an audit firm, in 1985 and left in 1988 to join CET Sdn Bhd, a cane furniture manufacturer, as an Accountant. He joined Disted College in 1990 as a lecturer. In 1991, he joined EA Tan & Co, an audit firm, as an Audit Manager. In 1994, he left to set up his current audit partnership under Tan & Loh, and acts as its Managing Partner. At the same time, he also acts as the Managing Director of Tan & Loh Tax & Management Sdn Bhd. In 2001, he also assumes the position of Managing Director of Interresources Tax Advisory Sdn Bhd, a Company that provides advice on tax matters. He currently a Director of the Lions Club of Tanjung, Penang. Besides that, he is also the Secretary of the Young Entrepreneurs Society of Penang.

### Notes:

1. None of the Directors of the Company have any family relationship with any Director or major shareholder of the Company except Mr. Yeap Beow Chong is the spouse of Madam Lim Tiang Eng who is the major shareholder of the Company.
2. All the Directors of the Company have no conflict of interest with the Company and have not been convicted of any offence within the past ten (10) years.



## STATEMENT ON CORPORATE GOVERNANCE

The Board upholds the level of Corporate Governance practices within the Group by applying the principles and best practices of the Malaysian Code on Corporate Governance ("the Code") to protect and enhance shareholders value.

The Board is pleased to provide the following statement on how the Group has applied the principles and best practices set out in Parts 1 and 2 of the Code. Unless otherwise stated, the Board has to the best of its ability throughout the financial year ended 31 July 2004 complied with the best practices indicated in the Code.

### Section 1 : Directors

#### Board Responsibilities

The Board is responsible to guide and monitor the affairs of the Group on behalf of the shareholders to retain full and effective control over the Group. This includes without limitation, the review of the strategic direction for the Group, overseeing the business operations of the Group, and evaluating whether these are being properly managed.

The Board assumes the following responsibilities to facilitate the discharge of their stewardship responsibilities:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and the statutory requirements are being complied;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the company; and
- Ensuring the adequacy of the management information and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines in the Group.

The combination of Executive Directors, who with their intimate knowledge of the business takes on primary responsibility for leadership of the company with the non-executive directors, provide a broader view to the Company's activities and a balanced perspective.

The Board meets on a scheduled basis once in every quarter to primarily discuss the financial statements, corporate and strategic issues, performance of business units and factors relating to potential risk in the business of the Group. During the financial year under review, one (1) Board meeting was held and the record of attendance of the members are as follows:-

Name of Directors	No of meetings attended
Mr. Kan Ah Chun	1
Mr. Yeap Beow Chong	1
Mr. Yeoh Yeow Cheang	1
En. Saffie Bin Bakar	1
Madam Ooi Siew Kim	1
Mr. Loh Chye Teik	1

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Board Balance

The Board comprises of six (6) members with Mr. Kan Ah Chun at the helm as Executive Chairman and Mr. Yeap Beow Chong as the Managing Director. Three of the Directors are Executive Directors one is a Non-Independent Non-Executive Director while the remaining two are Independent Non-Executive Directors.

The composition of the Board is deemed fairly balanced to complement the Board in providing industry-specific knowledge, technical, and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgment to various aspects of the Company's strategies and performance.

The structure of the Board fairly reflects the investment of the minority shareholders through Board representation.

There is a clear division of responsibility between the Chairman and Managing Director to ensure that there is a balance of power and authority. Decisions made by the Board are communicated through the Managing Director to the senior management team.

Mr. Loh Chye Teik, Chairman of the Audit Committee has professional accounting and audit background to continuously provide inputs for check and balance. He also reviews the internal control system, risk management system and published financial reports.

He has also been identified as the Independent Non-Executive Director, with the assistance of the Company's Corporate Division personnel, to whom concerns of shareholders, management or other matters concerning the Group may be conveyed.

### Supply of Information

All notices of meetings together with the agenda and discussion papers are served on the Directors in advance of meeting dates. Ample opportunities have been provided to the Directors to make enquiries and to obtain information and explanation on any issue at any time within the Group whether as a full Board or in their individual capacity in furtherance of their duties.

The availability of the Company Secretary, financial and legal officers within the Group as well as the engagement of external secretarial agents and panel lawyers enables the Directors to have easy access to their advice and services. They may take independent advice, at the Company's expense, if so required.

### Appointments to the Board

The Nomination Committee was established on 3 December 2003 and comprises of the following Directors:-

- Mr. Loh Chye Teik, Independent Non-Executive Director (Chairman)
- Madam Ooi Siew Kim, Independent Non-Executive Director (Member)
- En. Saffie Bin Bakar, Non-Independent Non-Executive Director (Member)

The Nomination Committee was established with defined terms of reference to assist them in discharging their duties. As no new appointment has been made to the Board since the company commenced operations, there was no necessity for the Committee to discharge its duties. However, the Nomination Committee met once during the year to review the performance of the Directors seeking re-election at the forthcoming AGM.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, an election of Directors shall take place each year and all Directors, including the managing director, will retire from office at least once in every 3 years, but shall be eligible for re-election.

The particulars of the Directors seeking re-election at this coming AGM have been disclosed in the Notice of Meeting.

## Section 2 : Directors' Remuneration

The Remuneration Committee ("RC") was established on 3 December 2003 and comprises of the following Directors:-

- Mr. Loh Chye Teik, Independent Non-Executive (Chairman)
- Madam Ooi Siew Kim, Independent Non-Executive (Member)
- En. Saffie Bin Bakar, Independent Non-Executive (Member)

The RC was established with defined terms of reference to assist them in performing their duties. They shall be responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors of the Board.

The Board as a whole determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration.

The details of Directors' remuneration for the financial year ended 31 July 2004 are as follows:-

Particular	Executive Directors	Non-Executive Directors	Total (RM)
Fees	30,000	30,000	60,000
Salaries	594,000	-	-
Bonuses	7,000	-	-
Allowances	-	-	-
Benefits in kind	76,877	-	-
Total	707,877	30,000	737,877

The remuneration of the Directors summarized in bands of RM50,000 for the financial year ended 31 July 2004 are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM 50,000 to RM 100,000	-	-
RM 100,001 to RM 150,000	1	-
RM 150,001 to RM 200,000	1	-
RM 200,001 to RM 250,000	-	-
RM 250,001 to RM 300,000	1	-

## Notes:

The above mentioned Directors' remuneration is the total sum of the remuneration received by the Company's Directors from the Company and/or its subsidiary and associate companies.

Individual remuneration of each Directors is not disclosed as the Directors are of the view that the disclosure by bands above provides sufficient information.



## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Section 3 : Shareholders

#### Dialogue between the Company and Investors

The Company values dialogue with investors as a means of effective communication that enables the Board and management to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interest.

Information of the Group could be obtained from the Company's website at [www.gablue.com.my](http://www.gablue.com.my). In addition, the latest annual report available in PDF format can be downloaded and printed. Quarterly announcements are also available at the website of Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com) after being announced to the public.

#### Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of AGM and annual reports are sent out to the shareholders at least 21 days before the date of the meeting.

The Company provides ample opportunity for shareholders to raise questions pertaining to the business activities of the Group. All the Directors are available to provide responses to questions from the shareholders during these meetings.

Special business items are included in the notice of the meeting with sufficient explanatory notes to facilitate full understanding and evaluation of the issues involved.

### Section 4 : Accountability and Audit

#### Financial Reporting

The Directors provides a balanced and meaningful assessment of the Group's position and prospects through the annual financial statements and quarterly announcements of results to the shareholders. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy.

#### Internal Control

In line with the requirement of the Bursa Malaysia, a statement on the Group's Internal control statement is set out on page 13

#### Relationship with Auditors

The Group has, through the Audit Committee, established a transparent and appropriate relationship with the Group's external auditors. A report of the Audit Committee and their terms of reference is included on pages 15 to 18 . In addition, the Chairman of the Audit Committee has met with the external auditors without the presence of any Executive Board member once during the year.

## STATEMENT ON CORPORATE GOVERNANCE (cont'd)

### Best Practice of the Code

The Directors are committed to achieving high standards of Corporate Governance throughout the Group and to the highest level of integrity and ethical standards in its business dealings. The Board considers that it has to the best of its ability complied with the Best Practices as set out in the Code.

### Section 5 : Statement of Directors' Responsibility In Relation to the Financial Statements

The financial statements of the Group as set out in this Report are properly drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 July 2004 and the results of its operations cash flows for that year then ended.

The Directors consider that in preparing the financial statements:-

- The Group has used appropriate accounting policies and are consistently applied;
- Reasonable and prudent judgements and estimates were made; and
- All applicable approved accounting standards in Malaysia has been followed.

The Directors are responsible to ensure that the Company maintains accounting records that discloses with reasonable accuracy, the financial position of the Group and the Company, and that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

## STATEMENT ON INTERNAL CONTROL

The Board of Directors acknowledged their responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objective. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organizational, operational and compliance control.

The key process that have been established by the Board in reviewing the adequacy and integrity of the system, of internal controls include the following:

The Risk Management Committee ("RMC") was established to assist the Board to oversee the overall management of principal areas of risk and to provide guidance to all business units on Risk Policy and Procedures. In discharging its duties, the Risk Management Committee is assisted by Risk Management Unit ("RMU") comprising of active subsidiaries of the Group which has been set-up to ensure that an ongoing process for identifying, evaluating, monitoring and managing the risk affecting the Group are in place.

The RMU have taken on the task of reviewing all existing high and significant residual risks of the Group, the proposed actions and controls in place. Ongoing review of all existing risks would continue to be undertaken while new risks when arises shall continue to be identified. The RMC furnishes periodical reports to the Audit Committee on exercises undertaken by the RMU in monitoring and identifying risks within the Group.

The Board fully supports the contents of the Standard Operating Procedures and has extended the responsibilities of the Audit Committee to include the work of monitoring internal controls on its behalf, which includes identifying risk areas faced by the Group to be communicated to the Board of Directors.

### Internal Audit Division

The Group has an Internal Audit function and its objective is to assist the Audit Committee ("Committee") to effectively discharge the Committee's duties and responsibilities by providing the Committee with an assessment of the adequacy, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business processes. The internal auditors maintain their impartiality, proficiency and due professional care by having their plans and reports directly under the purview of the Audit Committee.

The internal audit function focuses on areas of priority as determined by the risk profile. Where any significant weaknesses have been identified, measures to strengthen controls are recommended. The internal audit reports are tabled at Audit Committee meetings for review.



## STATEMENT ON INTERNAL CONTROL (cont'd)

### Other Risk and Control Process

Apart from the Risk Management Committee, Audit Committee and the Internal Audit function, the Board has the following control processes in place:

The full Board meets on a quarterly basis to discuss matters brought to its attention, thus ensuring effective supervision over the operations of the Group are maintained. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;

An organizational structure with defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability;

Regular review of the risk management process by the Board, which includes on its agenda matters relating to significant risks that may impede business objectives;

Formal quarterly reviews by the Board on the adequacy and integrity of the system of internal control will be conducted with the assistance of the Audit Committee.

There were no material losses incurred during the financial year as a result of weakness in internal control. The Board, together with Management, continues to take measures to strengthen the control environment.

## AUDIT COMMITTEE REPORT

### Composition

Mr. Loh Chye Teik, <i>Chairman</i>	(Independent Non-Executive Director)
Madam Ooi Siew Kim, <i>Member</i>	(Independent Non-Executive Director)
Mr. Yeoh Yeow Cheang, <i>Member</i>	(Executive Director)

### Terms of Reference

#### Objectives

The principal objective of the Audit Committee (the "Committee") is to assist the Board of Directors in discharging its duties and responsibilities in the area of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

### Composition

The Audit Committee shall consist of at least three (3) members appointed by the Board from amongst the directors, comprising a majority of independent non-executive directors.

The Board shall ensure that at least one member of the Committee shall be:-

- i) A member of the Malaysian Institute of Accountants; or
- ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
  - a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

An alternate director shall not be appointed as a member of the Audit Committee. The members of the Audit Committee shall select a chairman from amongst the independent non-executive directors.

### Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference.

The Committee is also authorized by the Board to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Committee has full and unrestricted access to any information pertaining to the Group and the resources, which are required to perform its duties.

## AUDIT COMMITTEE REPORT (cont'd)

### Duties

The duties of the Committee shall include the following:-

- To consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- To discuss with the external auditor their audit plan before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- To discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
- To review the system of internal control, and in particular review the external auditor's management letter and management's response;
- To ensure that adequate assistance is given by the employees of the Company to the external auditors;
- To ensure the adequacy of the scope and resources of the internal audit functions with the necessary authority for implementation;
- To review the internal audit programme and its findings, ensure that investigation is undertaken with the appropriate remedial action based on the recommendations of the internal audit function;
- To review any appraisal or assessment of the performance of members of the internal audit function;
- To approve any appointment or termination of senior staff members of the internal audit function;
- To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- To review the quarterly and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:-
  - i. Changes in or implementation of major accounting policies;
  - ii. Significant and unusual events;
  - iii. The going concern assumption; and
  - iv. Compliance with accounting standards and other legal requirements;
- To review management's monitoring of compliance with the company's code of corporate conduct;
- To review with the company's council, any legal matters that could have a significant impact on the company's financial statements;
- To review the major findings of internal investigations and management's responses as well as any examinations by regulatory authorities;
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- Such other responsibilities as may be agreed to or by the Audit Committee and the Board of Directors.



## AUDIT COMMITTEE REPORT (cont'd)

### Retirement And Resignation

In the event of any vacancy in an Audit Committee resulting in non compliance with the minimum requisite number of member, the said vacancy must be filled within 3 months.

### Review Of The Audit Committee

The Board of Directors of the Company must review the terms of office and performance of an Audit Committee and each of its members at least once every 3 years to determine whether such Audit Committee and its members have carried out their duties in accordance with their terms of reference.

### Meetings

The Committee shall meet at least four (4) times per financial year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The quorum of the meeting is two (2) and majority of members present must be independent directors.

A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required. However, at least once a year the Committee shall meet with the external auditors without the Executive Board members present.

The Secretary to the Audit Committee shall be the Company Secretary or any other person appointed by the Committee.

The procedures of the meeting are as follows:-

- The members may regulate their meetings as they think fit;
- Every notice convening meetings shall specify the place, the day, the hour and the agenda of the meeting and shall be given to all members at least one day before the meeting;
- Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have a casting vote including but not limiting to the case where the quorum is made up of only two (2) members;
- The minutes of the meetings shall be kept at the registered office of the Company;
- The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

During the financial ended 31 July 2004, only one (1) meeting was held and the table of attendance of each committee member is as follows:-

Director	No. of Meetings attended
Mr. Loh Chye Teik	1
Madam Ooi Siew Kim	1
Mr. Yeoh Yeow Cheang	1

## AUDIT COMMITTEE REPORT (cont'd)

### Summary of Activities of Audit Committee

The activities of the Audit Committee for the financial year under review includes the following:-

1. Reviewing and recommending for the Board's approval on the quarterly financial results and audited financial statements.
2. Reviewing the remit of the internal audit function.
3. Reviewing the Executive Risk Management framework reports.
4. Reviewing the status of the Internet Control System of the Group.

### Internal Audit

The Internal Audit Department assists the Audit Committee in discharging its duties and responsibilities.

### Summary Of Activities Of The Internal Audit Division ("IAD")

The Internal Audit Division assists the Audit Committee in discharging its duties and responsibilities. The role of the IAD is to provide the Committee with independent and objective reports on the state of internal controls for high-risk areas of the Group and the extent of compliance with established policies and procedures. The auditors will also review the Risk Management activities within the Group to ensure that risks faced by the Company are managed properly and are in compliance to the Group's Risk Management Policy.

Supported by a risk-based audit plan, various audit assignments have been carried out on the operations, management and financial system of the Group as well as compliance audits. The Audit Committee deliberates on the internal audit report prepared by the Division and ensures that recommendations made by the internal auditors have been accepted and duly acted upon by the Management.

## OTHER INFORMATION

### Share buybacks, Options or Warrants

During the financial year, the Company did not issue any option, warrants or enter into any share buyback transactions.

### American Depository Receipt ("ADR") or Global Depository Receipt Programme ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

### Imposition or Sanction and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

### Non-Audit Fees

During the financial year, non-audit fees paid to external auditors of the Company amounted to RM126,000.

### Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

### Material Contracts

There were no material contracts entered into by the Company and its subsidiary companies involving Directors' and major shareholders' interests either still subsisting as at 31 July 2004 or entered into since the end of the previous financial year.

**DIRECTORS' REPORT***for the year ended 31 July 2004*

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 July 2004.

**PRINCIPAL ACTIVITIES**

The Company commenced operations on 30 November 2003 as an investment holding company whilst the principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

**RESULTS**

	GROUP RM	COMPANY RM
Profit after taxation	17,140,151	10,218,761
Pre-acquisition profit	(5,285,818)	-
Profit after taxation and pre-acquisition profit	<u>11,854,333</u>	<u>10,218,761</u>
Minority interest	(170,518)	-
Net profit for the year	<u>11,683,815</u>	<u>10,218,761</u>

**DIVIDENDS**

No dividends have been declared or paid by the Company since the end of the previous financial period.

The directors now recommend the payment of a first and final dividend of 6% less tax amounting to RM2,160,000 for the financial year ended 31 July 2004.

**RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

**SHARE CAPITAL**

During the financial year, the Company increased its authorised share capital to RM100,000,000 by the creation of 99,900,000 ordinary shares of RM1.00 each. Subsequently, the par value of RM1.00 was subdivided into RM0.50 pursuant to a members' circular resolution dated 2 December 2003. Consequently, the authorised number of ordinary shares was increased to 200,000,000 ordinary shares of RM0.50 each.

The issued and paid-up share capital was increased to RM50,000,000 by the following issues :

Terms of Issue	Number of ordinary shares of RM1.00*/ RM0.50 each	Issued and paid-up share capital RM
Issued for the acquisition of the entire share capital of a subsidiary company, G.A. Blue Corporation Sdn. Bhd. at an issue price of approximately RM1.03 per ordinary share of RM1.00 each.	* 40,999,998	40,999,998
Public issue of 18,000,000 new ordinary shares of RM0.50 at an issue price of RM0.75 per share.	18,000,000	9,000,000
		<u>49,999,998</u>



## DIRECTORS' REPORT (cont'd)

for the year ended 31 July 2004

### SHARE CAPITAL (cont'd)

The proceeds from the public issue were used for the repayment of bank borrowings, payment of listing expenses and for working capital purposes.

The above new shares rank pari passu with the existing shares of the Company in all respects.

Other than the foregoing, the Company did not grant any option to anyone to take up unissued shares of the Company.

### DIRECTORS

The directors who served since the date of the last report are as follows :

Kan Ah Chun	(appointed 2.12.03)
Yeap Beow Chong	(appointed 2.12.03)
Yeoh Yeow Cheang	(appointed 2.12.03)
Saffie Bin Bakar	(appointed 2.12.03)
Ooi Siew Kim	(appointed 2.12.03)
Loh Chye Teik	(appointed 2.12.03)
Tan Choong Khiang	(resigned 2.12.03)
Ang Hong Peng	(resigned 2 12 03)

In accordance with the Company's Articles of Association, Mr. Kan Ah Chun and Mr. Yeap Beow Chong retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows :

	-----No. of ordinary shares of RM0.50 each-----			
	Balance at 1.8.03	Allotment	Sold	Balance at 31.7.04
<u>The Company</u>				
<u>Direct interest</u>				
Kan Ah Chun	-	23,295,400	-	23,295,400
Yeap Beow Chong	-	23,295,400	-	23,295,400
Yeoh Yeow Cheang	-	160,000	-	160,000
Saffie Bin Bakar	-	21,245,400	(2,000,000)	19,245,400
Ooi Siew Kim	-	80,000	-	80,000
Loh Chye Teik	-	80,000	-	80,000
 <u>The Company</u>				
<u>Deemed interest</u>				
Yeap Beow Chong	-	120,000	-	120,000

By virtue of their interests in the shares of the Company, Messrs Kan Ah Chun, Yeap Beow Chong and Saffie Bin Bakar are also deemed interested in all the subsidiary companies, to the extent that it has interests.

## DIRECTORS' REPORT (cont'd)

for the year ended 31 July 2004

### DIRECTORS' BENEFITS

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 21 to the financial statements.

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, other than those already dealt with in this report and in the relevant financial statements, or
- iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 July 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature except for the write off of the goodwill and negative goodwill on consolidation amounting to RM614,883 and RM9,136,900 respectively. No item, transaction or event of a material and unusual nature has arisen in the interval between the end of that financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## DIRECTORS' REPORT (cont'd)

for the year ended 31 July 2004

### SIGNIFICANT EVENTS

The significant events during the financial year were as follows :

- i) On 30 November 2003, the Company acquired the entire issued and paid-up share capital of G.A. Blue Corporation Sdn. Bhd. comprising 2,200,000 ordinary shares of RM1.00 each for a total consideration of RM42,306,986 satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each at an issue price of approximately RM1.03 per share,
- ii) After completion of the above acquisition, the Company undertook a share split whereby its existing ordinary shares of RM1.00 each were split into ordinary shares of RM0.50 each,
- iii) On 30 January 2004, the Company completed a public issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share of RM0.50 each,
- iv) On 25 February 2004, the Company's shares were officially listed and quoted on the Second Board of Bursa Malaysia Securities Berhad, and
- v) On 1 March 2004, the Company acquired the entire issued and paid-up share capital of Sebico Jaya Trading Co. Sdn. Bhd. for a total cash consideration of RM1,780,000.

### AUDITORS

The auditors, JB LAU & ASSOCIATES, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors :

.....  
Kan Ah Chun

.....  
Yeap Beow Chong

Penang,

Date : 25 October 2004

**CONSOLIDATED BALANCE SHEET**

at 31 July 2004

	NOTE	RM
PROPERTY, PLANT AND EQUIPMENT	3	16,677,769
CURRENT ASSETS		
Inventories	5	21,420,082
Trade receivables	6	29,035,543
Other receivables, deposits and prepayments		4,571,170
Tax recoverable		308,081
Fixed deposits with licensed bank	8	5,396
Cash and bank balances		2,666,981
		<u>58,007,253</u>
CURRENT LIABILITIES		
Trade payables		4,109,160
Other payables and accruals	9	2,038,496
Bank borrowings	10	293,574
Provision for taxation		244,212
		<u>6,685,442</u>
NET CURRENT ASSETS		<u>51,321,811</u>
		<u>67,999,580</u>
FINANCED BY :		
SHARE CAPITAL	11	50,000,000
SHARE PREMIUM	12	4,598,772
RETAINED PROFIT		<u>11,676,062</u>
SHAREHOLDERS' FUNDS		66,274,834
MINORITY INTEREST		475,736
DEFERRED TAXATION	14	1,177,421
NON-CURRENT LIABILITIES	15	<u>71,589</u>
		<u>67,999,580</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.



**CONSOLIDATED INCOME STATEMENT***for the year ended 31 July 2004*

	NOTE	RM
REVENUE	16	50,859,705
COST OF SALES		<u>(27,682,359)</u>
GROSS PROFIT		23,177,346
OTHER OPERATING INCOME		710,763
ADMINISTRATIVE EXPENSES		(8,076,036)
SELLING AND DISTRIBUTION EXPENSES		<u>(4,828,012)</u>
PROFIT FROM OPERATIONS		10,984,061
FINANCE COSTS		<u>(271,262)</u>
PROFIT AFTER FINANCE COSTS		10,712,799
GOODWILL ON CONSOLIDATION WRITTEN OFF		(614,883)
NEGATIVE GOODWILL ON CONSOLIDATION WRITTEN OFF		<u>9,136,900</u>
PROFIT BEFORE TAXATION	17	19,234,816
TAXATION	18	<u>(2,094,665)</u>
PROFIT AFTER TAXATION		17,140,151
PRE-ACQUISITION PROFIT		(5,285,818)
MINORITY INTEREST		<u>(170,518)</u>
NET PROFIT FOR THE YEAR		<u>11,683,815</u>
EARNINGS PER SHARE (SEN)	19	<u>18.35</u>
DIVIDENDS PER SHARE (SEN, NET)	20	<u>2.16</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2004

		Non - distributable	Distributable		
NOTE	SHARE CAPITAL RM	SHARE PREMIUM RM	RETAINED PROFIT RM	TOTAL RM	
Balance at beginning	2	-	(7,753)	(7,751)	
Issue of shares					
- Acquisition of a subsidiary company	11 & 12	40,999,998	1,306,988	-	42,306,986
- Public issue		9,000,000	4,500,000	-	13,500,000
Listing expenses	12		(1,208,216)		(1,208,216)
Net profit for the year		-	-	11,683,815	11,683,815
Balance at end		<u>50,000,000</u>	<u>4,598,772</u>	<u>11,676,062</u>	<u>66,274,834</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT***for the year ended 31 July 2004*

	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	19,234,816
Less : pre-acquisition profit	(6,950,477)
	<u>12,284,339</u>
Adjustments for :	
Allowance for doubtful debts	236,266
Bad debts	71,078
Depreciation	800,025
Gain on disposal of property, plant and equipment	(47,942)
Goodwill on consolidation written off	614,883
Interest expense	271,262
Interest income	(38,279)
Property, plant and equipment written off	1,703
Negative goodwill on consolidation written off	(9,136,900)
Operating profit before working capital changes	5,056,435
Inventories	(5,979,968)
Receivables	10,093,288
Payables	(10,703,846)
Cash used in operations	(1,534,091)
Interest paid	(271,262)
Income tax paid	(1,201,523)
Net cash used in operating activities	<u>(3,006,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash flow on acquisition of subsidiary companies *	1,758,583
Interest received	38,279
Proceeds from disposal of property, plant and equipment	254,000
Purchase of property, plant and equipment	(2,723,881)
Net cash used in investing activities	<u>(673,019)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Bankers acceptance	(4,199,000)
Listing expenses	(1,208,216)
Proceeds from issuance of shares	13,500,000
Repayment of hire purchase payables	(27,200)
Repayment of term loans	(1,739,284)
Net cash from financing activities	<u>6,326,300</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>2,646,405</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<u>2</u>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<u>2,646,407</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT** (cont'd)  
*for the year ended 31 July 2004*

	RM
Represented by:	
Cash and bank balances	2,666,981
Bank overdrafts	(20,574)
	<u>2,646,407</u>
Cash flow on acquisition of subsidiary companies *	
Property, plant and equipment	14,961,674
Inventories	15,440,114
Receivables	44,007,345
Tax recoverable	280,776
Fixed deposits with licensed bank	5,396
Cash and cash equivalents	3,538,583
Payables	(16,841,356)
Bank borrowings	(6,211,284)
Provision for taxation	(942,606)
Minority interest	(305,218)
Deferred taxation	(1,223,239)
Non-current liabilities	(101,182)
Share of net assets acquired	52,609,003
Goodwill on consolidation	614,883
Negative goodwill on consolidation	(9,136,900)
Total purchase consideration	<u>44,086,986</u>
Purchase consideration satisfied by cash	1,780,000
Purchase consideration satisfied by shares	42,306,986
	<u>44,086,986</u>
<u>Cash flow on acquisition of subsidiary companies</u>	
Purchase consideration by cash	(1,780,000)
Cash and cash equivalents acquired	3,538,583
	<u>1,758,583</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.



## BALANCE SHEET

at 31 July 2004

	NOTE	2004 RM	2003 RM
INVESTMENT IN SUBSIDIARY COMPANIES	4	60,285,607	-
CURRENT ASSETS			
Other receivables		1,000	-
Tax recoverable		21,000	-
Amount due from subsidiary companies	7	12,825,967	-
Cash and bank balances		39,257	2
		<u>12,887,224</u>	<u>2</u>
CURRENT LIABILITIES			
Other payables and accruals		77,753	7,753
Amount due to a subsidiary company	7	8,285,298	-
		<u>8,363,051</u>	<u>7,753</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>4,524,173</u>	<u>(7,751)</u>
		<u>64,809,780</u>	<u>(7,751)</u>
FINANCED BY :			
SHARE CAPITAL	11	50,000,000	2
SHARE PREMIUM	12	4,598,772	-
RETAINED PROFIT/ (ACCUMULATED LOSSES)	13	<u>10,211,008</u>	<u>(7,753)</u>
		<u>64,809,780</u>	<u>(7,751)</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.

**INCOME STATEMENT***for the year ended 31 July 2004*

	NOTE	1.8.03 TO 31.7.04 <u>RM</u>	31.1.02 TO 31.7.03 <u>RM</u>
REVENUE	16	11,823,550	-
ADMINISTRATIVE EXPENSES		<u>(85,789)</u>	<u>(2,418)</u>
PROFIT/(LOSS) BEFORE TAXATION		11,737,761	(2,418)
TAXATION	17	<u>(1,519,000)</u>	
NET PROFIT/(LOSS) FOR THE YEAR/PERIOD	18	<u>10,218,761</u>	<u>(2,418)</u>

The notes set out on pages 33 to 51 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY***for the year ended 31 July 2004*

	NOTE	SHARE CAPITAL RM	Non- distributable SHARE PREMIUM RM	Distributable RETAINED PROFIT/ (ACCUMULATED LOSSES) RM	TOTAL RM
<b><u>1.8.03 TO 31.7.04</u></b>					
Balance at beginning		2	-	(7,753)	(7,751)
Issue of shares	11 & 12				
- Acquisition of a subsidiary company		40,999,998	1,306,988	-	42,306,986
- Public issue		9,000,000	4,500,000		13,500,000
Listing expenses	12	-	(1,208,216)	-	(1,208,216)
Net profit for the year		-	-	10,218,761	10,218,761
Balance at end		50,000,000	4,598,772	10,211,008	64,809,780
<b><u>31.1.02 TO 31.7.03</u></b>					
Balance at beginning		2	-	(5,335)	(5,333)
Loss for the year		-	-	(2,418)	(2,418)
Balance at end		2	-	(7,753)	(7,751)

The notes set out on pages 33 to 51 form an integral part of these financial statements.

**CASH FLOW STATEMENT***for the year ended 31 July 2004*

	<u>2004</u> RM	<u>2003</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	11,737,761	(2,418)
Working capital changes		
Receivables	(1,000)	-
Payables	70,000	2,418
Cash generated from operations	11,806,761	-
Income tax paid	(1,540,000)	-
Net cash from operating activities	10,266,761	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in subsidiary companies	(17,978,621)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of listing expenses	(1,208,216)	-
Proceeds from issuance of shares Subsidiary companies	13,500,000	-
	(4,540,669)	-
Net cash from financing activities	7,751,115	-
NET INCREASE IN CASH	39,255	-
CASH AT BEGINNING	2	2
CASH AT END	39,257	2

The notes set out on pages 33 to 51 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 July 2004

## 1. GENERAL INFORMATION

The Company commenced operations on 30 November 2003 as an investment holding company whilst the principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia.

On 25 February 2004, the Company's shares were officially listed and quoted on the Second Board of Bursa Malaysia Securities Berhad.

The number of employees of the Group at balance sheet date is 318. The Company has no employees at balance sheet date.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 October 2004.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### MASB 29 - Employee Benefits

The adoption of the above MASB Standard did not give rise to any adjustments to the opening balance of the current year's accumulated losses or to changes in the comparative figures.

### 2.1 Basis of Accounting

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

### 2.2 Basis of Consolidation

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

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included from the date of acquisition or up to the date of disposal. The assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition.

The difference between the cost of acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition is written off immediately in the income statement as goodwill or negative goodwill arising on consolidation.

Inter-company balances, transactions and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. Where necessary, adjustments are

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.2 Basis of Consolidation (cont'd)

made to the financial statements of the subsidiary companies to ensure consistency of accounting policies with those of the Group.

Minority interests in the Consolidated Balance Sheet consist of the minorities' share of the fair values of the identifiable assets and liabilities of the acquiree company as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

#### 2.3 Property, Plant and Equipment

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

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

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

Short leasehold land	Amortised over the lease period of 48 years
Long leasehold land	Amortised over the lease period of 92 years
Buildings and freehold shoplots	2%
Long leasehold commercial lots	Amortised over the lease period of 99 years
Renovation	2%
Machinery and factory equipment	10%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

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

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

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

The policy for the the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.14.

#### 2.4 Investments in Subsidiary Companies

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

The policy for the recognition and measurement of impairment losses is in accordance with the accounting policy as set out in Note 2.14.

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



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.5 Investments

Investments are stated at cost and are only written down when the directors are of the opinion that there is permanent diminution in value of these investments.

#### 2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost in the case of work-in-progress and finished goods includes materials, direct labour and attributable production overheads.

Cost is determined on the weighted average basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### 2.7 Receivables

Receivables are stated at their anticipated realisable values.

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

#### 2.8 Payables

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

#### 2.9 Provisions for Liabilities

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

#### 2.10 Hire Purchase

Property, plant and equipment financed under hire purchase are capitalised in the financial statements and are depreciated in accordance with the accounting policy as set out in Note 2.3. Outstanding obligations due under hire purchase after deducting finance costs are included as liabilities in the financial statements. The finance costs are charged to the income statement over the period of the respective agreements using the straight line method.

#### 2.11 Revenue Recognition

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

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

Dividend income is recognised in the income statement when the right to receive payment is established.

Interest income is recognised in the income statement on the accrual basis.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.12 Employee Benefits

##### Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

#### 2.13 Foreign Currency Translations

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

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

	RM
1 US Dollar	3.800
1 Hong Kong Dollar	0.495
1 Singapore Dollar	2.200
1 Sterling Pound	7.000

#### 2.14 Impairment of Assets

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

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

#### 2.15 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets.

Other borrowing costs are recognised as expenses in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.16 Income Taxes

Current tax expense is determined according to the Malaysian tax laws and include all taxes based upon taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiary companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred tax.

#### 2.17 Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

#### 2.18 Financial Instruments

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

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

The particular recognition methods adopted are disclosed in the individual accounting policy associated with each item.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 3. PROPERTY, PLANT AND EQUIPMENT

GROUP

----- At Valuation / Cost -----					
Balance at 1.8.03 RM	Acquisition of subsidiary companies RM	Additions RM	Disposals RM	Written- off RM	Balance at 31.7.04 RM
<u>At valuation</u>					
Short leasehold land	-	2,350,000	-	-	2,350,000
<u>At cost</u>					
Long leasehold land	-	-	1,083,333	-	1,083,333
Freehold shoplots	-	180,000	-	-	180,000
Buildings	-	5,948,940	593,632	-	6,542,572
Long leasehold commercial lots	-	601,481	-	-	601,481
Machinery and factory equipment	-	2,814,196	48,000	(1,200)	2,860,996
Renovation	-	141,233	-	-	141,233
Furniture, fittings and office equipment	-	4,430,466	515,834	(2,812)	4,943,488
Motor vehicles	-	1,906,946	483,082	(380,478)	2,009,550
	-	<u>18,373,262</u>	<u>2,723,881</u>	<u>(381,678)</u>	<u>20,712,653</u>
----- Accumulated Depreciation -----					
Balance at 1.8.03 RM	Acquisition of subsidiary companies RM	Current charge RM	Disposals RM	Written- off RM	Balance at 31.7.04 RM
<u>At valuation</u>					
Short leasehold land	-	114,235	1,797	-	116,032
<u>At cost</u>					
Long leasehold land	-	-	9,813	-	9,813
Freehold shoplots	-	19,200	2,400	-	21,600
Buildings	-	267,339	88,694	-	356,033
Long leasehold commercial lots	-	-	-	-	-
Machinery and factory equipment	-	765,629	132,269	-	897,898
Renovation	-	30,183	6,926	-	37,109
Furniture, fittings and office equipment	-	1,414,240	312,505	(1,109)	1,725,636
Motor vehicles	-	800,762	245,621	(175,620)	870,763
	-	<u>3,411,588</u>	<u>800,025</u>	<u>(175,620)</u>	<u>4,034,884</u>
					Net book value at 31.7.04 RM
<u>At valuation</u>					
Short leasehold land					2,233,968
<u>At cost</u>					
Long leasehold land					1,073,520
Freehold shoplots					158,400
Buildings					6,186,539
Long leasehold commercial lots					601,481
Machinery and factory equipment					1,963,098
Renovation					104,124
Furniture, fittings and office equipment					3,217,852
Motor vehicles					1,138,787
					<u>16,677,769</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 July 2004

**3. PROPERTY, PLANT AND EQUIPMENT (cont'd)****GROUP**

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

The historical cost of the revalued property is as follows:

	<u>Cost</u> RM	<u>Accumulated depreciation</u> RM	<u>Net book value</u> RM
Short leasehold land	492,751	29,976	462,775

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

	<u>2004</u> RM
Short leasehold land	2,233,968
Buildings	4,060,773
	<u>6,294,741</u>

The net book value of property, plant and equipment acquired under hire purchase loans are as follows :

	<u>2004</u> RM
Motor vehicles	<u>145,371</u>

**COMPANY**

There were no acquisitions and disposals of property, plant and equipment during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 4. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2004	2003
	RM	RM
Unquoted shares, at cost	60,285,607	-

Details of the subsidiary companies which are all incorporated in Malaysia are as follows :

Name of Company	Equity Interest 2004	2003	Principal Activities
Held by the Company			
G.A. Blue Corporation Sdn. Bhd.	100%	-	Manufacturing and marketing of jeanswear and its related products.
Uni Jeans Care Sdn. Bhd.	100%	-	Provision of services relating to specialised treatment and finishing process of jeanswear.
Twin Access Sdn. Bhd.	100%	-	Marketing, distributing and retailing of jeanswear and other fashion apparels.
Evatech Sdn. Bhd.	100%	-	Manufacturing and selling of garments and apparels.
All Denim Sdn. Bhd.	100%	-	Distributing and retailing of jeanswear, footwear and other accessories.
Topchamp Corporation Sdn. Bhd.	100%	-	Marketing of jeanswear and its related products.
Delison Sdn. Bhd.	100%	-	Distribution of haversacks, pouch bags and travelling bags.
LKH Footwear Collection Sdn. Bhd.*	60%	-	Supplier of apparels and footwear.
Lensan Sdn. Bhd.	100%	-	Marketing and distributing of fashion watches and eyewear.
Starix Collection Sdn. Bhd.	51%	-	Marketing and distributing of high fashion wear.
Sebico Jaya Trading Co. Sdn. Bhd.*	100%	-	Retail of ready-made clothing, handbags and personal effects.
Held by Evatech Sdn. Bhd.			
Lu Fa Industrial (M) Sdn. Bhd.	100%	-	Dormant.
Quangcin Sdn. Bhd.	100%	-	Dormant.

\* Not audited by JB Lau & Associates.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 4. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

All the above subsidiary companies were acquired on 30 November 2003, except for Sebico Jaya Trading Co. Sdn Bhd which was acquired on 1 March 2004. The acquisitions were accounted for using the acquisition method of accounting.

The effect of the acquisitions on the financial results of the Group for the financial year ended 31 July 2004 is as follows :

	RM
Revenue	25,749,022
Cost of sales	<u>(14,318,964)</u>
Gross profit	11,430,058
Other operating income	678,305
Administrative expenses	(4,677,569)
Selling and distribution expenses	<u>(3,530,386)</u>
Profit from operations	3,900,408
Finance costs	<u>(138,086)</u>
Profit after finance costs	3,762,322
Taxation	<u>(430,006)</u>
Profit after taxation	3,332,316
Minority interest	<u>(93,906)</u>
Increase in Group's net profit	<u>3,238,410</u>

The effect of the acquisitions on the financial position of the Group as at 31 July 2004 is as follows :

	RM
Property, plant and equipment	16,677,769
Inventories	21,420,082
Trade receivables	29,035,543
Other receivables, deposits and prepayments	4,570,170
Tax recoverable	287,081
Fixed deposits with a licensed bank	5,396
Cash and bank balances	2,627,724
Trade payables	(4,109,160)
Other payables and accruals	(1,960,743)
Bank borrowings	(293,574)
Provision for taxation	(244,212)
Minority interests	(475,736)
Deferred taxation	(1,177,421)
Non-current liabilities	<u>(71,589)</u>
Increase in Group's net assets	<u>66,291,330</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 5. INVENTORIES

	GROUP 2004 RM
<u>At cost</u>	
Raw materials	2,096,371
Work-in-progress	1,290,126
Finished goods	10,942,729
Trading goods	7,068,245
Consumables	22,611
	<u>21,420,082</u>

### 6. TRADE RECEIVABLES

	GROUP 2004 RM
Total amount	31,476,616
Allowance for doubtful debts	
Arising from the acquisition of subsidiary companies	(2,453,661)
Current year	(236,266)
Doubtful debts recovered	248,854
Balance at end	<u>(2,441,073)</u>
	<u>29,035,543</u>

### 7. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

#### COMPANY

The amount due from/to subsidiary companies is non-trade related, unsecured, interest free and has no fixed terms of repayment.

### 8. FIXED DEPOSITS WITH A LICENSED BANK

#### GROUP

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

### 9. OTHER PAYABLES AND ACCRUALS

#### GROUP

Included herein is an amount of RM847,000 due to Mr. Wong Kum Khaw, a shareholder of a subsidiary company and is non-trade related, unsecured, interest free and has no fixed terms of repayment.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 10. BANK BORROWINGS

	GROUP 2004 RM
Bankers' acceptance	273,000
Bank overdrafts	<u>20,574</u>
	<u>293,574</u>

The bank borrowings belonging to certain subsidiary companies are secured against :

- (i) Negative pledge over all the present and future assets of certain subsidiary companies;
- (ii) Loan and facilities agreement for RM3,000,000 plus interest thereon;
- (iii) Third party legal charge over the properties of its subsidiary companies for RM2,200,000;
- (iv) Joint and several guarantee of certain directors of certain subsidiary companies; and
- (v) Corporate guarantee of the holding company for RM4.92 million.

The effective interest rates of bank borrowings per annum at balance sheet date are as follows:

	GROUP 2004 %
Bankers' acceptance	1.25
Bank overdrafts	7.50

## 11. SHARE CAPITAL

	Number of Ordinary Shares		Amount	
	2004	2003	2004 RM	2003 RM
Authorised :				
Balance at beginning				
Ordinary shares of RM1.00 each	100,000	100,000	100,000	100,000
- Creation	99,900,000	-	99,900,000	-
Subdivision of par value into RM0.50 each	<u>100,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end				
Ordinary shares of RM0.50 each (2003 : RM1.00 each)	<u>200,000,000</u>	<u>100,000</u>	<u>100,000,000</u>	<u>100,000</u>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 11. SHARE CAPITAL (cont'd)

	Number of Ordinary Shares		Amount	
	2004	2003	2004 RM	2003 RM
Issued and fully paid :				
Balance at beginning				
Ordinary shares of RM1.00 each	2	2	2	2
- Acquisition of a subsidiary company	40,999,998	-	40,999,998	-
Subdivision of par value into RM0.50 each	41,000,000	-	-	-
Public Issue	18,000,000	-	9,000,000	-
Balance at end				
Ordinary shares of RM0.50 each (2003 : RM1.00 each)	<u>100,000,000</u>	<u>2</u>	<u>50,000,000</u>	<u>2</u>

(a) During the financial year, the Company issued 40,999,998 new ordinary shares of RM1.00 each at an issue price of approximately RM1.03 per ordinary share as consideration for the acquisition of the entire share capital of G.A. Blue Corporation Sdn. Bhd. and;

(b) After completion of the above acquisition, the Company undertook a share split whereby its existing ordinary shares of RM1.00 each were split into ordinary shares of RM0.50 each; and

(c) Thereafter, the Company made a Public Issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share.

## 12. SHARE PREMIUM

	2004 RM	2003 RM
Acquisition of G.A. Blue Corporation Sdn. Bhd.	1,306,988	-
Public issue of 18,000,000 ordinary shares of RM0.50 at a premium of RM0.25 per share	<u>4,500,000</u>	-
Less : Listing expenses	5,806,988 <u>(1,208,216)</u>	-
Balance at end	<u>4,598,772</u>	-

Included in listing expenses is an amount of RM65,300 paid to the auditors for non-audit services.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 13. RETAINED PROFIT

#### COMPANY

The Company has sufficient tax credit and tax exempt income under the Income Tax Act, 1967, to frank the payment of net dividends out of all its retained profit at balance sheet date.

### 14. DEFERRED TAXATION

	<u>GROUP 2004</u> RM
Arising from the acquisition of subsidiary companies	1,223,239
Transfer from income statement	<u>19,789</u>
	1,243,028
Over provision in previous years arising from the acquisition of subsidiary companies	<u>(65,607)</u>
Balance at end	<u>1,177,421</u>

The temporary differences on which deferred taxation has been provided for are in respect of the excess of taxation capital allowances over depreciation on property, plant and equipment.

### 15. NON-CURRENT LIABILITIES

	<u>GROUP 2004</u> RM
Hire purchase payables	
Total amount payable	127,433
Less : Interest in suspense	<u>(12,053)</u>
	115,380
Less : Payable within the next twelve months included in other payables and accruals	<u>(43,791)</u>
	<u>71,589</u>

The effective interest rate of hire purchase per annum at balance sheet date is 4.60% to 7.75% per annum.

### 16. REVENUE

	GROUP 1.8.03 TO <u>31.7.04</u> RM	COMPANY 1.8.03 TO <u>31.7.04</u> RM	31.1.02 TO <u>31.7.03</u> RM
Invoiced value of goods and services sold less returns and discounts	50,848,155	-	-
Gross dividends from subsidiary companies	-	11,812,000	-
Interest income	<u>11,550</u>	<u>11,550</u>	-
	<u>50,589,705</u>	<u>11,823,550</u>	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 17. PROFIT/(LOSS) BEFORE TAXATION

The following disclosure items are for the full financial year (i.e. pre and post-acquisition)

This is arrived at : -

	GROUP	COMPANY	
	1.8.03 TO 31.7.04	1.8.03 TO 31.7.04	31.1.02 TO 31.7.03
	RM	RM	RM
After charging :			
Allowance for doubtful debts	896,266	-	-
Audit fee	59,250	10,000	500
Bad debts	72,498	-	-
Depreciation	1,223,931	-	-
* Directors' emoluments	737,877	60,000	-
Goodwill on consolidation written off	614,883	-	-
Interest expense	271,996	-	-
Property, plant and equipment written off	10,169	-	-
Realised loss on foreign exchange	4,344	-	-
Rental of premises	1,294,454	-	-
** Staff costs (excluding directors)	5,833,677	-	-
And crediting :			
Gain on disposal of property, plant and equipment	138,808	-	-
Gross dividends from subsidiary companies	-	11,812,000	-
Interest income	52,521	11,500	-
Negative goodwill on consolidation written off	9,136,900	-	-
Realised gain on exchange	3,012	-	-
Rental income	46,800	-	-
<u>* Directors' emoluments</u>			
<u>Directors of the Company</u>			
Salaries and allowances	594,000	-	-
Fees	60,000	60,000	-
Bonus	7,000	-	-
EPF	61,200	-	-
SOCSO	410	-	-
Benefits-in-kind	15,267	-	-
	<u>737,877</u>	<u>60,000</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 17. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	GROUP	COMPANY	
	1.8.03 TO 31.7.04	1.8.03 TO 31.7.04	31.1.02 TO 31.7.03
	RM	RM	RM
** <u>Staff costs (excluding directors)</u>			
Salaries and wages	5,306,411	-	-
Bonus	53,766	-	-
EPF	418,856	-	-
SOCSO	54,644	-	-
	<u>5,833,677</u>	<u>-</u>	<u>-</u>
** Number of employees at balance sheet date	318	-	-

### 18. TAXATION

	GROUP	COMPANY	
	1.8.03 TO 31.7.04	1.8.03 TO 31.7.04	31.1.02 TO 31.7.03
	RM	RM	RM
Malaysian income tax :			
Based on profit for the year			
- Current taxation	2,153,644	1,519,000	-
- Transfer to deferred taxation	19,789	-	-
	<u>2,173,433</u>	<u>1,519,000</u>	<u>-</u>
Over provision in previous years			
- Income tax	(13,161)	-	-
- Deferred tax	(65,607) *	-	-
	<u>2,094,665</u>	<u>1,519,000</u>	<u>-</u>

The reconciliation of tax expense for the financial year is as follows :

Profit/(Loss) before taxation	<u>19,234,816</u>	<u>11,737,761</u>	<u>(2,418)</u>
Taxation at Malaysian statutory tax rate of 28%	5,385,749	3,286,573	(677)
Expenses not deductible for tax purposes	238,477	-	-
Deferred tax benefits not recognised	3,507	-	677
Reduced tax rate on first RM500,000 chargeable income	(349,157)	-	-
Annual crystallisation of deferred tax	(10,834)	-	-
Income not subject to tax	(2,660,435)	(1,767,573)	-
Utilisation of reinvestment allowance	<u>(433,874)</u>	<u>-</u>	<u>-</u>
Balance carried forward	2,173,433	1,519,000	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 18. TAXATION (cont'd)

	GROUP	COMPANY	
	1.8.03 TO 31.7.04	1.8.03 TO 31.7.04	31.1.02 TO 31.7.03
	RM	RM	RM
Balance brought forward	2,173,433	1,519,000	-
Over provision in prior years			
- Income tax	(13,161)	-	-
- Deferred tax	(65,607) *	-	-
	<u>2,094,665</u>	<u>1,519,000</u>	<u>-</u>

\* Arising from the acquisition of subsidiary companies.

The amount and future availability of unabsorbed reinvestment allowance for which the related tax effects have not been accounted for at balance sheet date is as follows :

	GROUP	COMPANY	
	2004	2004	2003
	RM	RM	RM
Reinvestment allowance	1,124,000	-	-

This unabsorbed reinvestment allowance is available to be carried forward for set off against future assessable income of the Group of a nature and amount sufficient for the reinvestment allowance to be utilised.

## 19. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year calculated as follows:

	GROUP 2004
Net profit for the year (RM)	<u>11,683,815</u>
Weighted average number of ordinary shares	<u>63,666,668</u>
Basic earnings per share (sen)	<u>18.35</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the financial year end.

## 20. DIVIDENDS

At the forthcoming Annual General Meeting, a first and final dividend of 6% less tax amounting to RM2,160,000 for the financial year ended 31 July 2004 will be proposed for shareholders' approval. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 July 2005.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 21. RELATED PARTY TRANSACTIONS

	COMPANY	
	1.8.03 TO 31.7.04 RM	31.1.02 TO 31.7.03 RM
Gross dividends income from subsidiary companies		
- G.A. Blue Corporation Sdn. Bhd.	7,172,000	-
- Evatech Sdn. Bhd.	1,400,000	-
- Topchamp Corporation Sdn. Bhd.	440,000	-
- Twin Access Sdn. Bhd.	1,900,000	-
- Uni Jeans Care Sdn. Bhd.	900,000	-

### 22. CONTINGENT LIABILITY (UNSECURED)

	GROUP 2004 RM
Corporate guarantee extended to banks for credit facilities granted to subsidiary companies	
- Limit	<u>10,045,000</u>
- Utilised as at balance sheet date	<u>293,574</u>

### 23. SEGMENTAL INFORMATION

Currently, there is only one business segment in the Group operating within Malaysia in the manufacturing, marketing, distribution and retailing of jeanswear, other fashion apparels and accessories.

No geographical segment information has been presented as the Group's activities and customers are primarily based in Malaysia.

### 24. FINANCIAL INSTRUMENTS

#### Financial risk management objectives and policies

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

#### Credit risk

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

## 24. FINANCIAL INSTRUMENTS (cont'd)

## Credit risk (cont'd)

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

The normal credit terms for trade receivables and trade payables are 30 to 270 days. Other credit terms are assessed and approved on a case-by-case basis.

## Interest rate risk

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

## Foreign currency risk

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

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

The following amounts as at balance sheet date that are denominated in currencies other than RM are as follows:

	GROUP 2004 <hr/> RM
Currencies	
<u>In receivables</u>	
Sterling Pound	312,435
<u>In payables</u>	
Hong Kong Dollar	23,006
Singapore Dollar	1,320

## Liquidity risk

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

## Fair values

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

The nominal/notional amount and net fair value of contingent liability (as disclosed in Note 22) are not recognised in the balance sheet as at 31 July 2004 as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 July 2004

### 25. SIGNIFICANT EVENTS

The significant events during the financial year were as follows :

- i) On 30 November 2003, the Company acquired the entire issued and paid-up share capital of G.A. Blue Corporation Sdn. Bhd. comprising 2,200,000 ordinary shares of RM1.00 each for a total consideration of RM42,306,986 satisfied by the issuance of 40,999,998 new ordinary shares of RM1.00 each at an issue price of approximately RM1.03 per share,
- ii) After completion of the above acquisition, the Company undertook a share split whereby its existing ordinary shares of RM1.00 each were split into ordinary shares of RM0.50 each,
- iii) On 30 January 2004, the Company completed a public issue of 18,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.75 per ordinary share of RM0.50 each,
- iv) On 25 February 2004, the Company's shares were officially listed and quoted on the Second Board of Bursa Malaysia Securities Berhad, and
- v) On 1 March 2004, the Company acquired the entire issued and paid-up share capital of Sebico Jaya Trading Co. Sdn. Bhd. for a total cash consideration of RM1,780,000.

### 26. COMPARATIVE FIGURES

There are no comparative figures for the Group as this is the first year in which the Group is put in place.

## DIRECTORS' STATEMENT

We, Kan Ah Chun and Yeap Beow Chong, being two of the directors of G.A. Blue International Bhd. state that in our opinion, the financial statements set out on pages 24 to 51 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 the state of affairs of the Group and of the Company at 31 July 2004 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the directors :

Kan Ah Chun

Yeap Beow Chong

Date : 25 October 2004

## STATUTORY DECLARATION

I, Yeoh Yeow Cheang, the director primarily responsible for the financial management of G.A. Blue International Bhd. do solemnly and sincerely declare that the financial statements set out on pages 24 to 51 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this 25<sup>th</sup> )  
day of October 2004. )

Yeoh Yeow Cheang  
Before me,

Govindasamy A/L G. Muttusamy, PJM  
Commissioner for Oaths



## REPORT OF THE AUDITORS TO THE MEMBERS OF G.A. BLUE INTERNATIONAL BHD. *Company No. 570396-D (Incorporated In Malaysia)*

We have audited the financial statements set out on pages 24 to 51. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by 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 matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;  
and
  - (ii) the state of affairs of the Group and of the Company at 31 July 2004 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of the subsidiary company of which we have not acted as auditors is indicated in Note 4 to the financial statements. We have considered the financial statements of this subsidiary company and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies 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 auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under subsection (3) of Section 174 of the Act.

JB LAU & ASSOCIATES  
NO. AF : 0042  
CHARTERED ACCOUNTANTS

JOHN LAU TIANG HUA  
NO. 1107/03/06 (J)

DATE : 25 October 2004

## ANALYSIS OF SHAREHOLDINGS

As At 1 December 2004

## SHARE CAPITAL

Authorised Capital	: RM100,000,000
Issued and Fully Paid-Up Capital	: RM50,000,000
Class of Shares	: Ordinary Shares of 50 sen each
Voting Rights	: One Vote for each Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

Size Of Holdings	No of Depositors	% of Depositors	No of Shares Held	% of Issued Capital
Less than 100	2	0.0984	100	0.00
100 - 1,000	476	23.4252	459,400	0.46
1,001 - 10,000	1210	59.5472	5,572,000	5.57
10,001 - 100,000	294	14.4685	8,330,200	8.33
100,001 - 4,999,999	47	2.3130	23,802,100	23.80
5,000,000 - 100,000,000	3	0.1476	61,836,200	61.84
<b>Total</b>	<b>2032</b>	<b>100.0000</b>	<b>100,000,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	Indirect Interest	Total	%
Kan Ah Chun	23,295,400	-	23,295,400	23.29
Yeap Beow Chong	23,295,400	244,000 #	23,539,400	23.54
Yeoh Yeow Cheang	293,000	-	293,000	0.29
Saffie Bin Bakar	15,245,400	-	15,245,400	15.24
Ooi Siew Kim	80,000	-	80,000	0.08
Loh Chye Teik	80,000	-	80,000	0.08

## SUBSTANTIAL SHAREHOLDINGS

Name	Direct Interest	Indirect Interest	Total	%
Yeap Beow Chong	23,295,400	244,000 #	23,539,400	23.54
Kan Ah Chun	23,295,400	-	23,295,400	23.29
Saffie Bin Bakar	15,245,400	-	15,245,400	15.24
Lim Tiam Eng	244,000	23,295,000 ^	23,539,400	23.54

## Notes:

# Deemed interest by virtue of the shares being held by his wife, Lim Tiam Eng

^ Deemed interest by virtue of the shares being held by her husband, Yeap Beow Chong

# ANALYSIS OF SHAREHOLDINGS (cont'd)

As At 1 December 2004

## LIST OF TOP 30 SHAREHOLDERS AS AT 01.12.2004

No.	Name	Normal Holdings	Holdings %
1.	YEAP BEOW CHONG	23,295,400	23.29
2.	KAN AH CHUN	23,295,400	23.29
3.	SAFFIE BIN BAKAR	15,245,400	15.25
4.	NG CHOO HAI	3,387,000	3.39
5.	ANUAL BIN HASSAN	2,627,200	2.63
6.	KANG CHIU YEE	2,520,000	2.52
7.	LIM IN FOO	2,080,000	2.08
8.	ZORA BT ZAINAL ABIDIN	1,118,200	1.12
9.	KEE SEOK AI	1,075,400	1.08
10.	CHONG WANN KUEN	816,300	0.82
11.	CHONG IK POH	745,600	0.75
12.	TAN KHEOK CHUAN	699,000	0.70
13.	HDM NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Teoh Teik Toe (M01)</i>	659,500	0.66
14.	PAMELA SONG JUN-MEI	554,000	0.55
15.	LAU ENG FONG	495,800	0.50
16.	CHIN KONG FAR	424,600	0.42
17.	TOK JIAK YONG	395,000	0.39
18.	KOAY WEI KEONG	380,000	0.38
19.	HO SIEW POH	303,900	0.30
20.	YEONG AI VEE	301,000	0.30
21.	ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	300,000	0.30
22.	YEOH YEOW CHEANG	293,000	0.29
23.	SIOW SEA NEN	250,000	0.25
24.	LIM TIAM ENG	244,000	0.24
25.	GERALD JOHN RICHARDS	243,000	0.24
26.	YEAP KIAN KEONG	216,400	0.22
27.	HOO KUONG	215,000	0.22
28.	NG CHING KONG	200,000	0.20
29.	SIOW SEE KEE	200,000	0.20
30.	CHEN MUI YONG	200,000	0.20
		<b>82,780,100</b>	<b>82.78</b>

## LIST OF PROPERTIES

As At 31 July 2004

Acquisition Date	Beneficial Owner/ Location	Description / Existing Usage	Tenure / Age of Building	Area (sq.feet)	NBV @ 31.07.04 (RM)
EVATECH SDN. BHD.					
21.03.2001	PT 1608 (Plot 108) held under H.S(D) 4173, Mukim 12, South-West District, Penang	Industrial Land	60 years leasehold expire 13.08.2050	21,780	2,233,968
21.03.2001	PT 1626 (Plot 106b) held under H.S(D) 14179 Mukim 12, South-West District, Penang	Industrial Land	60 years leasehold expire 10.12.2050	26,136	
21.03.2001	PT 1625 (Plot 106a) held under H.S(D) 14259 Mukim 12, South-West District, Penang	Industrial Land	60 years leasehold expire 10.12.2050	47,045	
01.08.2001	Lot 9233, Kampung Hala Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas, Pulau Pinang	Factory Building	3 years	59,576	4,060,773
UNI JEANS CARE SDN. BHD.					
01.08.2001	Lot 9233, Kampung Hala Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3) 11900 Bayan Lepas, Pulau Pinang	Factory Building	3 years	9,840	1,541,508
TWIN ACCESS SDN. BHD.					
28.08.2003	No.23, Jalan PJS 11/8 Bandar Sunway Petaling Jaya Selangor Darul Ehsan	Land and commercial building	99 years leasehold Expire 28.12.2096 / 10 years	8,160	1,657,778
G.A BLUE CORPORATION SDN. BHD.					
11.06.1996	Flat Unit No.1236-1-5, Taman Indah Jalan Paya Terubong, 11060 Penang	Residential Flat	Freehold / 11 years	1,400	158,400
27.03.2001	Unit No.33-2-53, Prangin Mall Jalan Dr. Lim Chwee Leong, 10100 Penang	Shoplot	90 years leasehold Expire 09.06.2096 / 3 years	499	601,481

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Murai Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on 20 January 2005 at 3.00 p.m. for the following purposes :-

### AGENDA

1. To receive and consider the Audited Financial Statements for the financial year ended 31 July 2004 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To approve the payment of a First and Final Dividend of 6% less Malaysian Income Tax of 28% for the financial year ended 31 July 2004. (Resolution 2)
3. To approve payment of Directors' fees of RM60,000 in respect of the financial year ended 31 July 2004. (Resolution 3)
4. To re-elect the following Directors retiring pursuant to Article 129 of the Company's Articles of Association :-
  - a. Kan Ah Chun (Resolution 4)
  - b. Yeap Beow Chong (Resolution 5)
5. To re-appoint Messrs JB Lau & Associates as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)

### Special Business

6. To consider and if thought fit, to pass with or without modifications the following ordinary resolution :

"That, subject to the Companies Act, 1965, the Articles of Association of the Company and approvals of the relevant government/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital for the time being of the Company, and that the Directors be and are also empowered to obtain the approval of the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 7)
7. To transact any other business of which due notices shall have been given.

By Order of the Board,

TAN CHOONG KHIANG  
Company Secretary (MAICSA 7018448)  
Penang  
27 December 2004

### Notes :

- (i) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorized.
- (iii) To be valid, the duly completed Form of Proxy must be deposited at the registered office of the Company situated at 51-8-B, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (iv) Profiles of the Directors (and their attendance in Board meetings) standing for re-election or re-appointment are shown in the 2004 Annual Report of the Company.

### Explanatory Note on item 6 of the Agenda

The ordinary resolution proposed under item 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that a First and Final Dividend of 6% less Malaysian Income Tax of 28% in respect of the financial year ended 31 July 2004, if approved, will be paid on 25 February 2005 to depositors registered in the Record of Depositors at the close of business on 31 January 2005.

A depositor shall qualify for entitlement to the dividend only in respect of :-

- a. shares transferred into the Depositor's securities account before 4.00 p.m. on 31 January 2005 in respect of transfers.
- b. shares bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

By Order of the Board,

TAN CHOONG KHIANG  
Company Secretary  
(MAICSA 7018448)

Penang  
27 December 2004

## PROXY FORM



**G.A. BLUE INTERNATIONAL BHD** (570396-D)  
(Incorporated in Malaysia under the Companies Act, 1965)

No. of ordinary shares held

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

being a member/members of G.A. BLUE INTERNATIONAL BHD (570396-D) hereby appoint  
\_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

or failing him/her, \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Third Annual General Meeting of the Company to be held at Murai Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on 20 January 2005 at 3.00 p.m. or any adjournment thereof.

My/our proxy is to vote as indicated hereunder:

NO.	RESOLUTION	FOR	AGAINST
1.	To receive the Audited Financial Statements and Reports	Resolution 1	
2.	To approve a First and Final Dividend of 6% less tax.	Resolution 2	
3.	To approve Directors' Fees	Resolution 3	
4.	To re-elect Mr Kan Ah Chun as Director	Resolution 4	
	To re-elect Mr Yeap Beow Chong as Director	Resolution 5	
5.	To appoint Messrs JB Lau & Associate as Auditors	Resolution 6	
6.	To issue shares pursuant to Section 132D, the Companies Act 1965	Resolution 7	

Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

-----  
Signature / Common Seal of Shareholder(s)

Notes :

- (i) A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorized.
- (iii) To be valid, the duly completed Form of Proxy must be deposited at the registered office of the Company situated at 51-8-B, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (iv) Profiles of the Directors (and their attendance in Board meetings) standing for re-election or re-appointment are shown in the 2004 Annual Report of the Company.

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Stamp

The Company Secretary

**G.A. BLUE INTERNATIONAL BHD**  
51-8-B Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

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