

SEQUOIA

Sequoia Holdings Berhad (570396-D)  
(formerly known as GA Blue International Bhd.)

ANNUAL REPORT 2008



EDWIN.

MUSTANG  
JEANS

ONCE  
UPON A  
TIME

Wrangler

pm

LAURA LEE'S LABEL

denim  
living

UGP



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# CORPORATE INFORMATION



## **DIRECTORS**

KAN AH CHUN (*Executive Chairman*)

YEOH YEOW CHEANG (*Executive Director*)

SAFFIE BIN BAKAR (*Independent Non-Executive Director*)

LOH CHYE TEIK (*Independent Non-Executive Director*)

## **SECRETARIES**

WONG YEE LIN (MIA 15898)

FOO LI LING (MAICSA 7019557)

GOH SAW KEE (MIA 4973)

## **AUDIT COMMITTEE**

LOH CHYE TEIK (*Chairman, Independent Non-Executive Director*)

YEOH YEOW CHEANG (*Member, Executive Director*)

SAFFIE BIN BAKAR (*Member, Independent Non-Executive Director*)

## **REGISTERED OFFICE**

51-8-B, MENARA BHL BANK  
JALAN SULTAN AHMAD SHAH  
10050 PENANG  
T: 04-228 7828 F: 04-227 9800

## **BUSINESS ADDRESS**

LOT 9233, HALA KAMPUNG JAWA 1  
KAWASAN PERINDUSTRIAN  
BAYAN LEPAS (FASA 3)  
11900 BAYAN LEPAS, PENANG  
T: 04-646 1600 F: 04-645 7448



## **SHARE REGISTRAR**

AGRITEUM SHARE REGISTRATION SERVICES SDN BHD  
2ND FLOOR, WISMA PENANG GARDEN  
42, JALAN SULTAN AHMAD SHAH  
10050 PENANG  
T: 04-228 2321 F: 04-227 2391

## **AUDITORS**

GRANT THORNTON (*formerly known as JB Lau & Associates, AF: 0042*)  
CHARTERED ACCOUNTANTS

## **SOLICITORS**

BAN ENG, ANUAL & FOONG

## **BANKERS**

ALLIANCE BANK MALAYSIA BERHAD  
AMBANK (M) BERHAD  
EON BANK BERHAD  
HONG LEONG BANK BERHAD  
HSBC BANK MALAYSIA BERHAD  
MALAYAN BANKING BERHAD  
OCBC BANK (MALAYSIA) BERHAD  
PUBLIC BANK BERHAD  
UNITED OVERSEAS BANK (MALAYSIA) BHD.



## **STOCK EXCHANGE LISTING**

MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD

# CORPORATE STRUCTURE

G.A. Blue Corporation Sdn. Bhd.  
100%

Vansen Pte. Ltd.  
40%

Twin Access Sdn. Bhd.  
100%

Uni Jeans Care Sdn. Bhd.  
100%

All Denim Sdn. Bhd.  
100%

Evatech Sdn. Bhd.  
100%

Quangcin Sdn. Bhd.  
100%

Topchamp Corporation Sdn. Bhd.  
100%

Lu Fa Industrial (M) Sdn. Bhd.  
100%

Lensan Sdn. Bhd.  
100%

Sebico Jaya Trading Co. Sdn. Bhd.  
100%

Delison Sdn. Bhd.  
100%

Cosmotion Sdn. Bhd.  
100%

LKH Footwear Collection Sdn. Bhd.  
60%

Starix Collection Sdn. Bhd.  
51%

Twoagentsee International Ltd.

64%



# CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the Annual Report of the Company for the financial year ended 31 July 2008.

## INDUSTRY TRENDS AND DEVELOPMENTS

Most economic analysts are pessimistic about the outlook of the international economy over the next year or so. A US recession is expected down the road and will linger for at least the next 12 months. US companies have been hurt by the reduced availability of credit and the collapse of huge multinationals especially in the finance and insurance sectors. This has caused a global credit crunch which brings the world closer to recession. Closer to home, in Malaysia, the corporate sector is very concerned about weak consumer demand and the current problems in the US credit and housing markets will have an impact on local economy. In line with the world economic outlook, we expect the operating environment in the local apparel industry to continue to be tough with marginal or no growth expected in the year ahead.

## FINANCIAL RESULTS

Parallel with lacklustre performance in the apparel industry, the Group recorded a dip of 4% in group revenue from RM59.2 million to RM56.8 million. Profit before tax came in at RM1.3 million compared to RM5.0 million achieved in the previous year, a significant drop of 74%. This drop was attributable to a higher provision of doubtful debts of RM4.2 million for the year. Profit after tax attributable to shareholders achieved was RM0.7 million compared to RM4.5 million previously.

## DIVIDENDS

The Board deemed it prudent not to recommend the payment of a dividend for the reported financial year.

## REVIEW OF OPERATIONS

### Trading and distribution

Local sales for apparel saw a slight increase of about 6% to RM44.3 million. Sales have improved due to a higher contribution from the contract procurement business and a full year's contribution from the "Edwin" label which was newly acquired. The brand's strong market presence will improve on its contribution to sales and profit in the next financial year.

"UGP Underground Products", a brand recognized in the extreme sports and surf wear market, continues to show potential in the US. Various marketing and

promotional activities including participation in international trade shows have improve its image and presence in its niche market. There has been strong interest from potential buyers. We are hopeful of better performance from this brand in the future as a result of such activities.

Sales into the United Kingdom saw a drop of 10% from RM9.0 million to RM8.1 million. Our export into the United Kingdom market will be enhanced during the current financial year by the acquisition of a majority stake in Twoagentsee International Ltd, a company incorporated in England, at the end of the financial year. Our trendy fashion wear featuring fresh designs every season should continue to do well, notwithstanding the weak market situation in Europe. Our participation in well-attended tradeshows in London and Paris to showcase our brands and products continues to attract keen interest from international buyers. We anticipate improvements in this division in the current financial year.

### Manufacturing and Finishing

The sewing plant and specialized treatment & finishing division which supports the Group with production of in-house brands, achieved sales of RM7.6 million which is a decrease of 6% from the previous year. Pre-tax profit was maintained at RM1.1 million for the division since the previous year.

## PROSPECTS

In view of the pessimistic outlook in the US and the contagious impact on the rest of the world, we will need to adopt a more cautious, stringent and focused approach in our business management and strategy. We need to continually review our business model and be prepared for transformation, rejuvenation and change. This will include being innovative in designs and trends, containing costs to maintain margins, strengthening our supply chain and implementing more aggressive forms of promotions to gain a competitive edge.

In view of these proactive measures taken and relying on the strength of our brands, the Group will work towards capturing a bigger market share. Barring unforeseen circumstances, the Group is hopeful of showing better results for the current financial year.



SALES HAVE IMPROVED DUE TO A HIGHER CONTRIBUTION FROM THE CONTRACT PROCUREMENT BUSINESS AND A FULL YEAR'S CONTRIBUTION FROM THE "EDWIN" LABEL WHICH WAS NEWLY ACQUIRED.

#### APPRECIATION

Once again, on behalf of the Board, I would like to extend our sincere appreciation and thanks to our business associates and customers for their support in these trying times. Our thanks also go to the management and staff for their continued hard work and dedication to the Group.

**Kan Ah Chun**  
*Executive Chairman*  
1 December 2008

## DIRECTORS' PROFILE

### **KAN AH CHUN • AGED 55 • 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 joined United Overseas Bank Berhad (UOB) in 1982 and held various senior posts during his tenure with UOB until 1995. He was with Malpac Securities Sdn Bhd in 1996 as its Chief Executive Officer. In September 1996, he was appointed as Executive Director of Malpac Holdings Berhad, a position he still holds at present. He assumed the position of Executive Director of G.A. Blue Corporation Sdn. Bhd. in August 1996. He also holds directorships in several private limited companies.

### **YEOW YEOW CHEANG • AGED 51 • 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 is a Chartered Accountant with the Malaysian Institute of Accountants since 1985. He qualified as a member of the Association of Chartered Certified Accountants, UK in 1985 and subsequently became a Fellow in 1990. He gained audit experience with Kassim, Chan & Co, Penang from 1980 to 1984. 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 G.A. Blue Corporation Sdn. Bhd. in July 2002.

## DIRECTORS' PROFILE (cont'd)

### **SAFFIE BIN BAKAR • AGED 55 • MALAYSIAN**

He was appointed as the Non-independent Non-Executive Director of the Company on 2 December 2003 and re-designated as the Independent Non-Executive Director on 8 December 2006. He is a graduate from the University of Malaya with a B.A.(Hons.) majoring in Geography, which he received in 1977. He was also awarded Postgraduate Diploma in Public Administration (D.P.A) from the Faculty of Economics and Administration, University of Malaya in 1978. He received his Masters of Business Administration (MBA) from United States International University, San Diego, California, U.S.A. in 1988. He has more than 30 years of management expertise especially in the areas of projects planning, business development, property development and human resources management. He was attached to Perlis State Government from May 1978 to August 1983, during which he served as an Assistant State Secretary in Economics Planning. He joined Perlis State Economics Development in September 1983 as a Business Development Manager until his optional retirement from Government Service in August 1994. He is currently the Adviser to Shorubber (Malaysia) Sdn. Bhd. a manufacturer and exporter of industrial gloves. He is also an Independent Non-Executive Director for several public listed companies, i.e. MESB Berhad, AE Multi Holdings Berhad, KBB Resources Berhad and Ewein Berhad.

### **LOH CHYE TEIK • AGED 49 • 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. In 2001, he also assumes the position of Managing Director of Interresources Tax Advisory Sdn. Bhd., a Company that provides advice on tax matters. During the year 2006, he affiliates with Parker Randall, an international chartered accounting firm, and assumes the position of Regional Partner in charge of northern Malaysia. He is also an Independent Non-Executive Director of JHM Consolidation Berhad.

#### Notes:

1. None of the Directors of the Company have any family relationship with any Director or substantial 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 offences other than traffic offences within the past ten (10) years.



## CHIEF EXECUTIVE OFFICER'S PROFILE

**LIM SAY LEONG • AGED 39 • MALAYSIAN**

He was appointed as the Chief Executive Officer of the Company on 1 June, 2007. He holds a Master of Business Administration (MBA) degree from Edinburgh Business School, Heriot Watt University, United Kingdom and is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Taxation (MIT), Chartered Institute of Management Accountants (CIMA) United Kingdom.

Mr. Lim started his career as an Accountant in Kheng Hwa Paper Products Sdn Bhd in 1992. He joined Denko-HLB in 1993 as an Accountant and was promoted to the post of Finance and Administration Manager in 1997. In year 2000, he was promoted to the position of the Group Chief Executive Officer of Denko Industrial Corporation Berhad and its Group of Companies, Mr Lim was also subsequently appointed to the Board of Directors and Audit Committee of Denko Industrial Corporation Berhad and sat on the board of its numerous subsidiaries. He left Denko Industrial Corporation Berhad in 2005 and was involved in the provision of business and advisory consulting services.

### Notes:

1. Mr. Lim does not have any family relationship with any Director or substantial shareholder of the Company.
2. He has no conflict of interest with the Company and has not been convicted of any offences other than traffic offences within the past ten (10) years.
3. Mr. Lim does not have any interest in the securities of the Company or its subsidiaries.

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors acknowledges the importance of maintaining good corporate governance within the Group to safeguard the interest of its shareholders and is pleased to provide the following statement on how the Company has applied the Principles of Corporate Governance set out in Part 1 of the Malaysian Code on Corporate Governance as revised on 1 October 2007 (“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;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- 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, five (5) Board meetings were held and the record of attendance of the members are as follows:

NAME OF DIRECTORS	NO OF MEETINGS ATTENDED
Mr. Kan Ah Chun	5
Dato’ Yeap Beow Chong (resigned on 19.2.08)	2
Mr. Yeoh Yeow Cheang	5
En. Saffie bin Bakar	5
Mr. Loh Chye Teik	5

### BOARD BALANCE

The Board composition comprises of four (4) members with Mr. Kan Ah Chun at the helm as Executive Chairman. Two of the Directors are Executive Directors, 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.

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.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## **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 Secretaries, financial and legal officers within the Group as well as the engagement of 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)
- En. Saffie bin Bakar, 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.

## **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 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 are disclosed in the Notice of Meeting.

## **DIRECTORS' TRAINING**

Directors are encouraged to acquire appropriate professional development training to enhance the business acumen and professionalism in discharging their fiduciary duties to the Company.

The Directors evaluate and determine their own training needs on a continuing basis, participating in seminars, and/or e-learning programmes during the year in keeping themselves abreast with constant changes in regulatory authorities/ requirements and development in the business environment.

## **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 Director (Chairman)
- En. Saffie bin Bakar, Independent Non-Executive Director (Member)
- Mr. Yeoh Yeow Cheang, Executive Director (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.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## SECTION 2: DIRECTORS' REMUNERATION (cont'd)

The details of Directors' remuneration for the financial year ended 31 July 2008 are as follows:

<b>PARTICULAR</b>	<b>EXECUTIVE DIRECTORS</b>	<b>NON-EXECUTIVE DIRECTORS</b>	<b>TOTAL (RM)</b>
Fees	30,000	30,000	60,000
Salaries & Allowances	428,342	–	428,342
Benefits in kind	30,450	–	30,450
<b>Total</b>	<b>488,792</b>	<b>30,000</b>	<b>518,792</b>

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 July 2008 are as follows:

<b>RANGE OF REMUNERATION</b>	<b>NUMBER OF DIRECTORS</b>	
	<b>EXECUTIVE</b>	<b>NON-EXECUTIVE</b>
Below RM50,000	–	2
RM50,000 to RM100,000	–	–
RM100,001 to RM150,000	1	–
RM150,001 to RM200,000	–	–
RM200,001 to RM250,000	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.

## 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.sequoiahb.com](http://www.sequoiahb.com). In addition, the latest annual report available in PDF format can be downloaded and printed. Quarterly announcement are also available at the website of Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com) after announcement 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 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.

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)

## **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 scrutinising 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 14 to 17. In addition, the Chairman of the Audit Committee has met with the external auditors without the presence of other Executive Board members once during the year.

## **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 financial position of the Group and of the Company as at 31 July 2008 and of their financial performance and 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 have 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.

## **SECTION 6: COMPLIANCE STATEMENT**

Save as disclosed below, the Group has complied with the Best Practices set out in Part 2 of the Code throughout the financial year:

- The Code recommends that all members of the Audit Committee be comprised of non-executive directors. The Board is in the process of selecting a suitable candidate to be appointed to comply with this section referring to the composition of the Audit Committee.
- The Code recommends that the Audit Committee should meet with the external auditors without the executive board members present at least twice a year. The Audit Committee will meet with the external auditors more than once as and when the need arises.

# STATEMENT ON INTERNAL CONTROL

The Board of Director 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 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 has 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 as and when the need arises while new risks when arises shall continue to be identified. The RMC furnishes reports to the Audit Committee after each review 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 set up an independent audit function. During the financial year under review, the Group has conducted internal audit at the subsidiary level on the internal control system and certain identified process weaknesses with the objective of safeguarding the Group's assets and to prevent potential losses arising from these weaknesses. This was carried out using the Group's internal resources.

## **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 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, Chairman	(Independent Non-Executive Director)
En. Saffie Bin Bakar, Member	(Independent, Non-Executive Director)
Mr. Yeoh Yeow Cheang, Member	(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 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 Accountant Act 1967.

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

### AUTHORITY

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

The Committee is also authorised 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 the allocation of options pursuant to share scheme for employees, transactions, procedure or course of conduct that raises questions of management integrity;
- 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 Committee and the Board of Directors.

## RETIREMENT AND RESIGNATION

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

# AUDIT COMMITTEE REPORT (cont'd)

## REVIEW OF THE AUDIT COMMITTEE

The Board of Directors of the Company must review the terms of office and performance of a 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 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 year ended 31 July 2008, four (4) meetings were held and the table of attendance of each committee member is as follows:

NAME	NO. OF MEETINGS ATTENDED
Mr. Loh Chye Teik	5
Mr. Yeoh Yeow Cheang	4
En. Saffie bin Bakar	5

## 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 Executive Risk Management framework report.
3. Reviewing with the external auditors' their management letter and management's response.

# AUDIT COMMITTEE REPORT (cont'd)

## **INTERNAL AUDIT AND RISK MANAGEMENT**

The staff of the Group assists the Committee in discharging its duties and responsibilities. Their role 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.

During the financial year ended 31 July 2008, the Group has carried out the following activities:

- Reviewed operational and financial risks of the Group.
- Recommended and implemented appropriate actions to be taken and being carried out to mitigate probable risk areas.

## 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 public imposition of 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, there were no non-audit fees paid to the external auditors by the company or its subsidiaries incurred for services rendered.

### **PROFIT ESTIMATE, FORECAST OR PROJECTION**

The Company did not issue or announce any profit estimate, forecast or projection to the public for the financial year.

### **PROFIT GUARANTEE**

During the financial year, the Company did not receive any profit guarantee from any parties.

### **REVALUATION POLICY ON LANDED PROPERTIES**

The Company does not adopt any revaluation policy on landed properties.

### **MATERIAL CONTRACTS**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 July 2008 or entered into since the end of the previous financial year, except that on 31 July 2008, a subsidiary, Starix Collection Sdn. Bhd. subscribed for 64,000 shares of £1 each, comprising 64% of the issued and paid-up share capital of Twoagentsee International Ltd., a company incorporated in England & Wales for a total consideration of £960,000.

### **CORPORATE SOCIAL RESPONSIBILITY**

There were no corporate social responsibility activities or practices undertaken by the Group for the financial year.

### **UTILISATION OF PROCEEDS**

There were no corporate proposal implemented during the financial year ended 31 July 2008.

### **VARIATION IN RESULTS**

There were no material variations between the audited results for the financial year ended 31 July 2008 over the unaudited results released for the financial quarter ended 31 July 2008.

### **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The Group does not have any recurrent related party transaction of a revenue or trading nature for the financial year ended 31 July 2008 made pursuant to a shareholders' mandate.

# DIRECTORS' REPORT

for the year ended 31 July 2008

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 2008**.

## CHANGE OF NAME

The Company changed its name to Sequoia Holdings Berhad on 22 January 2008.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

## RESULTS

	<b>GROUP RM</b>	<b>COMPANY RM</b>
Profit after taxation for the year	638,297	8,605,927
Attributable to:		
Equity holders of the Company	677,854	8,605,927
Minority interests	(39,557)	–
	<u>638,297</u>	<u>8,605,927</u>

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 2008** have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, other than the allowance for doubtful debts amounting to RM4,193,473 charged to the results of the Group.

## DIVIDENDS

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

The directors do not recommend any dividend payment for the financial year.

## 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 AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

# DIRECTORS' REPORT

for the year ended 31 July 2008 (cont'd)

## DIRECTORS

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

**Kan Ah Chun**  
**Yeoh Yeow Cheang**  
**Saffie Bin Bakar**  
**Loh Chye Teik**  
**Dato' Yeap Beow Chong (resigned on 19.2.08)**

In accordance with the Company's Articles of Association, **Mr. Yeoh Yeow Cheang** and **Encik Saffie Bin Bakar** 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:

	← Number of ordinary shares of RM0.50 each →			
	Balance at 1.8.07	Bought	Sold	Balance At 31.7.08
<b>The Company</b>				
<b>Direct interest:</b>				
Kan Ah Chun	9,119,250	—	—	9,119,250
Yeoh Yeow Cheang	605,900	—	—	605,900
Saffie Bin Bakar	250,000	—	—	250,000
Loh Chye Teik	106,500	—	—	106,500
<b>Deemed interest:</b>				
Kan Ah Chun	31,159,000	—	—	31,159,000

By virtue of his interests in the shares of the Company, **Mr. Kan Ah Chun** is also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, 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, other than the related party transactions disclosed in the notes 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.

# DIRECTORS' REPORT

for the year ended 31 July 2008 (cont'd)

## 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 allowance 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 allowance 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, 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.

## AUDITORS

The auditors, **Grant Thornton (formerly known as JB Lau & Associates)**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

.....  
**Kan Ah Chun**

.....  
**Yeoh Yeow Cheang**

**Penang,**  
**Date: 10 November 2008**

## DIRECTORS' STATEMENT

We, **Kan Ah Chun** and **Yeoh Yeow Cheang**, being two of the directors of **Sequoia Holdings Berhad (formerly known as G.A. Blue International Bhd.)** state that in the opinion of the directors, the financial statements set out on pages 24 to 58 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2008** and of their financial performance and cash flows for the year then ended.

Signed in accordance with a resolution of the directors:

.....  
**Kan Ah Chun**

.....  
**Yeoh Yeow Cheang**

Date: 10 November 2008

## STATUTORY DECLARATION

I, **Yeoh Yeow Cheang**, the director primarily responsible for the financial management of **Sequoia Holdings Berhad (formerly known as G.A. Blue International Bhd.)** do solemnly and sincerely declare that the financial statements set out on pages 24 to 58 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 **10th** )  
day of **November 2008.** )

.....  
**Yeoh Yeow Cheang**

**Before me,**

.....  
**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

to the members of Sequoia Holdings Berhad (formerly known as G.A. Blue International Bhd.) 570396-d (incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of **Sequoia Holdings Berhad (formerly known as G.A. Blue International Bhd.)**, which comprise the balance sheet as at **31 July 2008** of the Group and of the Company, and the income statement, statement of changes in equity and cash flow statement of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 58.

## Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2008** and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements,
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
- (d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Grant Thornton**  
(formerly known as JB Lau & Associates)  
No. AF: 0042  
Chartered Accountants

**John Lau Tiang Hua, DJN**  
Partner  
No. 1107/03/10 (J)  
Chartered Accountant

**Date: 10 November 2008**  
**Penang**

# CONSOLIDATED BALANCE SHEET

at 31 July 2008

	NOTE	2008 RM	2007 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	12,097,264	13,045,875
Prepaid land lease payments	4	3,042,996	3,109,119
Investment in an associate	6	1	280,734
Intangible assets	7	5,237,319	2,235,149
		<b>20,377,580</b>	18,670,877
<b>Current assets</b>			
Inventories	8	33,614,387	29,609,126
Trade receivables	9	22,718,107	31,241,667
Other receivables, deposits and prepayments	10	4,617,038	2,930,896
Tax recoverable		1,471,702	942,261
Cash and cash equivalents	12	6,547,652	5,691,417
		<b>68,968,886</b>	70,415,367
Non-current assets held for sale	13	147,600	729,467
		<b>69,116,486</b>	71,144,834
<b>TOTAL ASSETS</b>		<b>89,494,066</b>	89,815,711
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	14	62,500,000	62,500,000
Share premium		21,145	21,145
Retained profits		13,084,253	12,406,399
		<b>75,605,398</b>	74,927,544
<b>Minority interests</b>		<b>1,689,334</b>	614,989
<b>Total equity</b>		<b>77,294,732</b>	75,542,533
<b>Non-current liabilities</b>			
Borrowings	16	2,516,372	3,566,745
Deferred tax liabilities	17	808,488	1,107,087
		<b>3,324,860</b>	4,673,832
<b>Current liabilities</b>			
Trade payables	18	2,959,274	3,424,174
Other payables and accruals	19	2,901,349	2,485,331
Borrowings	16	2,856,960	3,683,173
Dividends payable		2,837	6,668
Provision for taxation		154,054	–
		<b>8,874,474</b>	9,599,346
<b>Total liabilities</b>		<b>12,199,334</b>	14,273,178
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>89,494,066</b>	89,815,711

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 July 2008

	NOTE	2008 RM	2007 RM
Revenue	20	<b>56,772,009</b>	59,186,875
Cost of sales		<b>(36,336,492)</b>	(38,514,241)
<b>Gross profit</b>		<b>20,435,517</b>	20,672,634
Other income	21	<b>3,224,023</b>	981,298
Administrative expenses		<b>(13,786,963)</b>	(9,649,620)
Selling and distribution expenses		<b>(8,018,862)</b>	(6,628,180)
<b>Operating profit</b>		<b>1,853,715</b>	5,376,132
Finance costs		<b>(463,780)</b>	(332,278)
Share of results of an associate		<b>(87,888)</b>	(2,111)
<b>Profit before taxation</b>	22	<b>1,302,047</b>	5,041,743
Taxation	23	<b>(663,750)</b>	(731,812)
<b>Profit for the year</b>		<b>638,297</b>	4,309,931
<b>Attributable to:</b>			
Equity holders of the Company		<b>677,854</b>	4,546,816
Minority interests		<b>(39,557)</b>	(236,885)
		<b>638,297</b>	4,309,931
<b>Basic earnings per share attributable to equity holders of the Company</b>			
- Basic (sen)	24	<b>0.54</b>	3.64

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2008

	← Attributable to Equity Holders of the Company →				Minority	Total	
	NOTE	Share Capital RM	Non- distributable	Distributable	Interests RM	Equity RM	
			Share Premium RM	Retained Profits RM			Total RM
<b>2008</b>							
Balance at beginning		62,500,000	21,145	12,406,399	74,927,544	614,989	75,542,533
Profit for the year		-	-	677,854	677,854	(39,557)	638,297
Arising from acquisition of a subsidiary		-	-	-	-	1,113,902	1,113,902
Balance at end		62,500,000	21,145	13,084,253	75,605,398	1,689,334	77,294,732
<b>2007</b>							
Balance at beginning		62,500,000	21,145	9,684,583	72,205,728	851,874	73,057,602
Profit for the year		-	-	4,546,816	4,546,816	(236,885)	4,309,931
Dividend	25	-	-	(1,825,000)	(1,825,000)	-	(1,825,000)
Balance at end		62,500,000	21,145	12,406,399	74,927,544	614,989	75,542,533

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2008

	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,302,047	5,041,743
Adjustments for:		
Allowance for doubtful debts	4,193,473	438,194
Amortisation of prepaid land lease payments	66,123	66,123
Bad debts	30,660	35,930
Depreciation	1,849,219	1,877,478
Gain on disposal of property, plant and equipment	(217,949)	(131,194)
Impairment loss on investment in an associate	192,845	–
Interest expense	463,780	332,278
Interest income	(735,422)	(6,415)
Loss on disposal of non-current asset held for sale	6,867	–
Property, plant and equipment written off	492,998	27,345
Share of results of an associate	87,888	2,111
Unrealised loss on foreign exchange	116,344	–
Operating profit before working capital changes	7,848,873	7,683,593
Inventories	(43,738)	(5,077,286)
Receivables	3,212,109	(972,632)
Payables	(302,482)	1,426,538
Cash generated from operations	10,714,762	3,060,213
Income tax paid	(1,629,746)	(1,544,855)
Income tax refund	292,010	107,310
Interest paid	(463,780)	(332,278)
Net cash from operating activities	8,913,246	1,290,390
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow on acquisition of a subsidiary *	(5,858,160)	–
Interest received	20,254	6,415
Proceeds from disposal of non-current asset held for sale	575,000	–
Proceeds from disposal of property, plant and equipment	347,413	201,231
Purchase of investment in an associate	–	(282,845)
Purchase of property, plant and equipment	(1,261,101)	(1,157,687)
Purchase of trade mark	–	(475,077)
Withdrawal of fixed deposit	–	6,249
Net cash used in investing activities	(6,176,594)	(1,701,714)
Balance carried forward	2,736,652	(411,324)

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2008 (cont'd)

	2008	2007
	RM	RM
Balance brought forward	2,736,652	(411,324)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bankers acceptance	(1,867,000)	2,317,000
Dividend paid	(3,831)	(1,824,076)
Payment of hire purchase payable	(9,633)	(14,574)
Proceeds from term loans	2,000,000	3,000,000
Repayment of term loans	(1,999,953)	(1,494,319)
Net cash (used in)/from financing activities	(1,880,417)	1,984,031
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>856,235</b>	<b>1,572,707</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>5,691,417</b>	<b>4,118,710</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>6,547,652</b>	<b>5,691,417</b>
<b>Cash flow on acquisition of a subsidiary *</b>		
Property, plant and equipment	261,969	-
Goodwill	2,116,508	-
Inventories	3,961,523	-
Bank balances	228,240	-
Payables	(253,600)	-
Net assets of acquired subsidiary	6,314,640	-
Minority interests	(1,113,902)	-
Share of net assets acquired	5,200,738	-
Goodwill on consolidation	885,662	-
Total cash consideration paid	6,086,400	-
Less: Cash and cash equivalents	(228,240)	-
Net cash outflow on acquisition of a subsidiary	5,858,160	-

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# BALANCE SHEET

at 31 July 2008

		2008	2007
	NOTE	RM	RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	5	<b>60,485,609</b>	60,485,609
<b>Current assets</b>			
Sundry deposit	10	<b>1,000</b>	1,000
Amount due from subsidiaries	11	<b>27,750,671</b>	22,605,010
Tax recoverable		<b>74,261</b>	52,922
Bank balances	12	<b>15,573</b>	19,459
		<b>27,841,505</b>	22,678,391
<b>TOTAL ASSETS</b>		<b>88,327,114</b>	83,164,000
<b>EQUITY AND LIABILITIES</b>			
Share capital	14	<b>62,500,000</b>	62,500,000
Share premium		<b>21,145</b>	21,145
Retained profits	15	<b>19,590,328</b>	10,984,401
<b>Total equity</b>		<b>82,111,473</b>	73,505,546
<b>Current liabilities</b>			
Sundry payables and accruals	19	<b>75,512</b>	88,932
Amount due to subsidiaries	11	<b>6,137,292</b>	9,562,854
Dividends payable		<b>2,837</b>	6,668
<b>Total liabilities</b>		<b>6,215,641</b>	9,658,454
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>88,327,114</b>	83,164,000

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# INCOME STATEMENT

for the year ended 31 July 2008

		2008	2007
	NOTE	RM	RM
Revenue	20	<b>11,400,000</b>	9,800,000
Administrative expenses		<b>(153,264)</b>	(144,027)
<b>Profit before taxation</b>	22	<b>11,246,736</b>	9,655,973
Taxation	23	<b>(2,640,809)</b>	(2,601,078)
<b>Profit for the year</b>		<b>8,605,927</b>	7,054,895

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2008

		Non- distributable	Distributable	
	Share Capital	Share Premium	Retained Profits	Total Equity
NOTE	RM	RM	RM	RM
<b>2008</b>				
Balance at beginning	62,500,000	21,145	10,984,401	73,505,546
Profit for the year	-	-	8,605,927	8,605,927
Balance at end	<b>62,500,000</b>	<b>21,145</b>	<b>19,590,328</b>	<b>82,111,473</b>
<b>2007</b>				
Balance at beginning	62,500,000	21,145	5,754,506	68,275,651
Profit for the year	-	-	7,054,895	7,054,895
Dividend	-	-	(1,825,000)	(1,825,000)
25				
Balance at end	62,500,000	21,145	10,984,401	73,505,546

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# CASH FLOW STATEMENT

for the year ended 31 July 2008

	2008	2007
	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,246,736	9,655,973
Adjustment for:		
Dividend income	(11,400,000)	(9,800,000)
Operating loss before working capital changes	(153,264)	(144,027)
Payables	(13,420)	(29,987)
Cash used in operations	(166,684)	(174,014)
Dividend received	8,737,852	7,154,000
Income tax refund	-	5,711
Net cash from operating activities	8,571,168	6,985,697
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in a subsidiary	-	(200,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,831)	(1,824,076)
Subsidiaries	(8,571,223)	(4,952,040)
Net cash used in financing activities	(8,575,054)	(6,776,116)
<b>NET (DECREASE)/INCREASE IN CASH</b>	<b>(3,886)</b>	9,581
<b>CASH AT BEGINNING</b>	<b>19,459</b>	9,878
<b>CASH AT END</b>	<b>15,573</b>	19,459

The notes set out on pages 33 to 58 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008

## 1. CORPORATE INFORMATION

### General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company changed its name to Sequoia Holdings Berhad on 22 January 2008.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 10 November 2008.

### Principal Activities

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

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

### 2.1 Basis of Preparation

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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted new/revised Financial Reporting Standards ("FRSs") for financial periods beginning on or after 1 July 2007 as described fully in Note 2.22.

### 2.2 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed as follows:

#### (i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the property, plant and equipment to be 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore future depreciation charges could be revised.

#### (ii) Impairment of intangible assets

The Group determines whether goodwill and trade mark is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill and trade mark are allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.2 Significant Accounting Estimates and Judgements (cont'd)

#### (iii) Net realisable values of inventories

The management reviews for slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

#### (iv) Recoverability of receivables

The management reviews for bad and doubtful debts based on an assessment of the recoverability of receivables. Bad debts are written off and allowance for doubtful debts are made to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

### 2.3 Basis of Consolidation

The financial statements of the Group include the audited financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries 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. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition and up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the balance sheet. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses in goodwill is in accordance with the accounting policy as set out in Note 2.14.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition represents reserve on consolidation and is recognised immediately in the income statement.

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

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

### 2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.4 Property, Plant and Equipment (cont'd)

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold shoplot	2%
Buildings	2%
Machinery and factory equipment	10%
Renovation	2%
Furniture, fittings and office equipment	10% - 20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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.

### 2.5 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 2.4. 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.

### 2.6 Operating Leases

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land elements and buildings elements of the lease at the inception of the lease. The upfront payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Prepaid lease payments on leasehold land are amortised on a straight line basis over the lease term of the land of 48 years and 92 years.

### 2.7 Investments

#### Subsidiaries

Subsidiaries 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.

Investment in subsidiaries which is eliminated on consolidation is stated at cost less accumulated impairment losses in the Company's separate 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.7 Investments (cont'd)

#### Associates

An associate is defined as one in which the Company has significant influence, but not control, over the financial and operating policies.

Investment in associates is accounted for in the consolidated financial statements by the equity method of accounting based on audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits/losses of the associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

The equity method of accounting is discontinued when the Group's share of losses of the associates exceeds the carrying amount of investment, unless the Group has incurred obligations or guaranteed obligations in respect of the associates.

In the Company's separate financial statements, investment in associates is stated at cost less accumulated impairment losses.

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

Upon the disposal of investment in an associate, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

### 2.8 Intangible Assets

#### Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

#### Trade marks

Trade marks are measured initially at cost. Subsequent to initial recognition, trade marks with definite life are stated at cost less accumulated amortisation and impairment losses while trade marks with indefinite life are stated at cost less impairment losses. Trade marks with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of a trade mark with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

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

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average basis.

Cost of work-in-progress and finished goods includes materials, direct labour and attributable production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.10 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.

### 2.11 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell.

### 2.12 Payables

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

### 2.13 Provisions

Provisions 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.

### 2.14 Impairment of Assets

#### Goodwill

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

The Group reviews the carrying amount of its CGU at each balance sheet date to determine whether there is any indication of impairment or more frequently when indicators of impairment are identified. If any such indication exists, impairment is measured by comparing the carrying amount of the CGU with its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.14 Impairment of Assets (cont'd)

#### Goodwill (cont'd)

CGU's recoverable amount is the higher of CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Where the carrying amount of CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. Impairment loss recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period.

#### Other assets

At each balance sheet date, the Group reviews the carrying amounts of its assets other than prepaid land lease payments, inventories and financial 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.

### 2.16 Income 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 on the accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.17 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.

### 2.18 Income Tax

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

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

### 2.19 Foreign Currency Translations

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated into functional currency at the exchange rates ruling at that date. All exchange gains or losses are included in the income statement.

The financial statements of the foreign subsidiary are translated into Ringgit Malaysia at the approximate rate of exchange ruling on the balance sheet date for balance sheet items and at the approximate average rate of exchange ruling on transaction dates for income statement items. Exchange differences due to such currency translations are taken directly to foreign translation reserve.

### 2.20 Cash and Cash Equivalents

Cash comprises cash in hand, cash at bank 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.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### 2.21 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.

### 2.22 New and Revised Financial Reporting Standards ("FRSs")

The Group and the Company adopted the following new and revised FRSs and IC Interpretations during the financial year:

		<b>Effective date</b>
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
Amendment to FRS 119 <sub>2004</sub>	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 124	Related Party Disclosures	1 October 2006
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

The adoption of the above FRSs did not give rise to any adjustment to the opening balances of retained profits of the prior and current year or to changes in the comparative figures.

The Group and the Company have not early adopted FRS 139 Financial Instruments: Recognition and Measurement which is effective for financial periods beginning on or after 1 January 2010. The effects of FRS 139, if any, upon its initial recognition are exempted from disclosure.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 3. PROPERTY, PLANT AND EQUIPMENT

### GROUP

2008

	← At cost →					Balance at 31.7.08 RM
	Balance at 1.8.07 RM	Acquisition of a subsidiary RM	Additions RM	Disposals RM	Written off RM	
Buildings	8,673,234	–	37,540	–	–	8,710,774
Machinery and factory equipment	2,977,290	–	–	–	–	2,977,290
Renovation	114,713	–	419,796	–	–	534,509
Furniture, fittings and office equipment	6,915,235	261,969	803,765	(3,120)	(1,827,058)	6,150,791
Motor vehicles	2,094,635	–	–	(1,005,800)	–	1,088,835
	<b>20,775,107</b>	<b>261,969</b>	<b>1,261,101</b>	<b>(1,008,920)</b>	<b>(1,827,058)</b>	<b>19,462,199</b>

	← Accumulated depreciation →					Balance at 31.7.08 RM
	Balance at 1.8.07 RM	Acquisition of a subsidiary RM	Additions RM	Disposals RM	Written off RM	
Buildings	812,426	–	173,325	–	–	985,751
Machinery and factory equipment	1,780,254	–	282,216	–	–	2,062,470
Renovation	56,205	–	39,633	–	–	95,838
Furniture, fittings and office equipment	3,709,181	–	1,102,574	(468)	(1,334,060)	3,477,227
Motor vehicles	1,371,166	–	251,471	(878,988)	–	743,649
	<b>7,729,232</b>	<b>–</b>	<b>1,849,219</b>	<b>(879,456)</b>	<b>(1,334,060)</b>	<b>7,364,935</b>

	Net carrying amount at 31.7.08 RM
Buildings	7,725,023
Machinery and factory equipment	914,820
Renovation	438,671
Furniture, fittings and office equipment	2,673,564
Motor vehicles	345,186
	<b>12,097,264</b>

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### GROUP

2007

	← At cost →					Reclassified to non- current assets held for sale RM	Balance at 31.7.07 RM
	Balance at 1.8.06 RM	Additions RM	Disposals RM	Written off RM			
Freehold shoplot	180,000	–	–	–	(180,000)	–	
Buildings	8,666,234	7,000	–	–	–	8,673,234	
Long leasehold commercial lot	601,481	–	–	–	(601,481)	–	
Machinery and factory equipment	2,949,754	27,536	–	–	–	2,977,290	
Renovation	141,233	–	–	(26,520)	–	114,713	
Furniture, fittings and office equipment	6,052,914	934,186	(3,927)	(67,938)	–	6,915,235	
Motor vehicles	2,471,766	188,965	(566,096)	–	–	2,094,635	
	<b>21,063,382</b>	<b>1,157,687</b>	<b>(570,023)</b>	<b>(94,458)</b>	<b>(781,481)</b>	<b>20,775,107</b>	

	← Accumulated depreciation →					Reclassified to non- current assets held for sale RM	Balance at 31.7.07 RM
	Balance at 1.8.06 RM	Additions RM	Disposals RM	Written off RM			
Freehold shoplot	28,800	3,600	–	–	(32,400)	–	
Buildings	638,973	173,453	–	–	–	812,426	
Long leasehold commercial lot	13,076	6,538	–	–	(19,614)	–	
Machinery and factory equipment	1,488,537	291,717	–	–	–	1,780,254	
Renovation	64,160	12,639	–	(20,594)	–	56,205	
Furniture, fittings and office equipment	2,757,376	1,000,047	(1,723)	(46,519)	–	3,709,181	
Motor vehicles	1,479,945	389,484	(498,263)	–	–	1,371,166	
	<b>6,470,867</b>	<b>1,877,478</b>	<b>(499,986)</b>	<b>(67,113)</b>	<b>(52,014)</b>	<b>7,729,232</b>	

	Net carrying amount at 31.7.07 RM
Freehold shoplot	–
Buildings	7,860,808
Long leasehold commercial lot	–
Machinery and factory equipment	1,197,036
Renovation	58,508
Furniture, fittings and office equipment	3,206,054
Motor vehicles	723,469
	<b>13,045,875</b>

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

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

### GROUP

A motor vehicle with net carrying amount of RM Nil (2007: RM7,789) is being acquired under hire purchase loan.

## 4. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2008 RM	2007 RM
Balance at beginning	3,109,119	3,175,242
Less: Amortisation for the year	(66,123)	(66,123)
Balance at end	<b>3,042,996</b>	3,109,119
Represented by:		
Long leasehold land	1,026,420	1,038,195
Short leasehold land	2,016,576	2,070,924
	<b>3,042,996</b>	3,109,119

Long leasehold land refers to land with remaining lease period in excess of 50 years whilst short leasehold land refers to land with remaining lease period of less than 50 years determined as at balance sheet date.

The short leasehold land is stated at directors' valuation based on the report dated 15 March 2001 prepared by Henry Butcher, Lim & Long (N) Sdn. Bhd., an independent qualified valuers on the open market basis.

## 5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2008 RM	2007 RM
Unquoted shares, at cost	60,485,609	60,485,609

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Effective		Principal Activities
		Equity 2008	Interest 2007	
<b>Direct</b>				
G.A. Blue Corporation Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of jeanswear and its related products.
Uni Jeans Care Sdn. Bhd.	Malaysia	100%	100%	Provision of services relating to specialised treatment and finishing process of jeanswear.
Twin Access Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
Evatech Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and export of garments and apparels.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 5. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Place of Incorporation	Effective		Principal Activities
		Equity 2008	Interest 2007	
All Denim Sdn. Bhd.	Malaysia	100%	100%	Distributing and retailing of jeanswear, footwear and other accessories.
Topchamp Corporation Sdn. Bhd.	Malaysia	100%	100%	Marketing of jeanswear and its related products.
Delison Sdn. Bhd.	Malaysia	100%	100%	Distributing of accessories.
LKH Footwear Collection Sdn. Bhd.	Malaysia	60%	60%	Marketing and distributing of footwear and related products.
Lensan Sdn. Bhd.	Malaysia	100%	100%	Marketing and distributing of fashion watches and eyewear.
Starix Collection Sdn. Bhd.	Malaysia	51%	51%	Marketing and distributing of high fashion wear and manufacturing of apparels.
Sebico Jaya Trading Co. Sdn. Bhd.*	Malaysia	100%	100%	Retailing of ready-made clothing, handbags and personal effects.
Cosmotion Sdn. Bhd.	Malaysia	100%	100%	Trading and wholesaling in all kinds of fashion garments.
<b><u>Indirect - Held through Evatech Sdn. Bhd.</u></b>				
Lu Fa Industrial (M) Sdn. Bhd.	Malaysia	100%	100%	Dormant.
Quangcin Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
<b><u>Indirect - Held through Starix Collection Sdn. Bhd.</u></b>				
Twoagentsee International Ltd.#	United Kingdom	33%	-	Marketing and distribution of fashion wear.

\* Not audited by Grant Thornton (formerly known as JB Lau & Associates).

# The accounts as at 31 July 2008 were audited by Grant Thornton (formerly known as JB Lau & Associates) for the purpose of consolidation.

### 2008

On 31 July 2008, Starix Collection Sdn. Bhd. subscribed for 64,000 ordinary shares of £1 each at a premium of £14 each, which represents 64% equity interest in Twoagentsee International Ltd., for a total cash consideration of RM6,086,400.

The effect of the above mentioned acquisition on the financial position of the Group as at 31 July 2008 is as follows:

	RM
Property, plant and equipment	261,969
Goodwill	2,116,508
Inventories	3,961,523
Bank balances	228,240
Other payables and accruals	(253,600)
Increase in Group's net assets	<u>6,314,640</u>

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 5. INVESTMENT IN SUBSIDIARIES (cont'd)

### 2007

On 26 September 2006, the Company subscribed for an additional 200,000 ordinary shares of RM1 each at par for cash in Twin Access Sdn. Bhd.

On 16 April 2007, the Group through Evatech Sdn. Bhd. subscribed for an additional 499,998 ordinary shares of RM1 each at par for cash in Quangcin Sdn. Bhd.

The above share subscriptions did not create any change in the effective equity interest of the Group and of the Company in both subsidiaries.

## 6. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2008 RM	2007 RM
Unquoted shares, at cost	282,845	282,845
Less: Impairment loss	(192,845)	-
	<b>90,000</b>	282,845
Share of post-acquisition reserve	(89,999)	(2,111)
	<b>1</b>	280,734
Represented by:		
Share of net assets	1	272,101
Goodwill on acquisition	-	8,633
	<b>1</b>	280,734

Details of the associate are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activity
		2008	2007	
Vansen Pte. Ltd.	Singapore	40%	40%	Dormant.

### 2007

During the financial year, G.A. Blue Corporation Sdn. Bhd. acquired 120,000 ordinary shares of Singapore Dollar 1 each in Vansen Pte. Ltd. for a cash consideration of RM282,845.

The summarised financial information of the associate is as follow:

	GROUP	
	2008 RM	2007 RM
<b>Assets and liabilities</b>		
Current assets	232,348	683,371
Current liabilities	7,604	3,591
<b>Results</b>		
Revenue	-	-
Loss for the year	(459,378)	(5,278)

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 7. INTANGIBLE ASSETS

	GROUP	
	2008 RM	2007 RM
<b>Trade mark</b>		
Balance at beginning	2,235,149	1,760,072
Addition during the year	-	475,077
Balance at end	2,235,149	2,235,149
<b>Goodwill</b>		
Arising from		
- acquisition of a subsidiary	885,662	-
- acquisition of business operation by a subsidiary	2,116,508	-
	3,002,170	-
	<b>5,237,319</b>	2,235,149

The goodwill arising from the acquisition of Twoagentsee International Ltd. and trade mark have been allocated to their respective business segment as the cash-generating units ("CGU").

For annual impairment testing purposes, the recoverable amounts of the CGU are determined based on their value-in use, which apply a discounted cash flow model using cash flow projections based on financial budget and projections approved by management.

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

- (i) Cash flow projections and growth rate

The five-year cash flow projections are based on the most recent budget approved by the management and extrapolated using a steady growth rate for the subsequent years.

- (ii) Discount rate

The discount rate of 6.75% is applied to the cash flow projections.

## 8. INVENTORIES

	GROUP	
	2008 RM	2007 RM
At cost:		
Raw materials	2,497,792	1,506,175
Work-in-progress	528,228	634,240
Finished goods	11,277,697	14,674,168
Trading goods	19,277,442	12,759,286
Consumables	33,228	35,257
	<b>33,614,387</b>	29,609,126

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 9. TRADE RECEIVABLES

	GROUP	
	2008 RM	2007 RM
Total amount	<b>28,713,423</b>	34,293,313
Less: Allowance for doubtful debts		
Balance at beginning	<b>(3,051,646)</b>	(2,685,939)
Current year	<b>(4,193,473)</b>	(438,194)
Doubtful debts recovered	<b>17,122</b>	72,487
Written off	<b>1,232,681</b>	-
Balance at end	<b>(5,995,316)</b>	(3,051,646)
	<b>22,718,107</b>	31,241,667
Analysis by currencies:		
Ringgit Malaysia	<b>19,344,289</b>	22,777,954
Sterling Pound	<b>5,773,980</b>	8,157,128
US Dollar	<b>3,595,154</b>	3,347,313
Singapore Dollar	-	10,918
	<b>28,713,423</b>	34,293,313

Included herein is an amount of **RM276,225** (2007: RM238,741) due from a firm in which a director of a subsidiary has deemed interest.

The normal credit terms granted to trade receivables range from **30 to 180** days (2007: 30 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	<b>1,895,622</b>	2,359,802	-	-
Less: Allowance for doubtful debts				
Balance at beginning	<b>(126,515)</b>	(126,515)	-	-
Written off	<b>126,515</b>	-	-	-
Balance at end	-	(126,515)	-	-
	<b>1,895,622</b>	2,233,287	-	-
Deposits	<b>1,299,788</b>	391,769	<b>1,000</b>	1,000
Prepayments	<b>1,421,628</b>	305,840	-	-
	<b>4,617,038</b>	2,930,896	<b>1,000</b>	1,000
Analysis by currencies:				
Ringgit Malaysia	<b>3,849,130</b>	1,955,972	<b>1,000</b>	1,000
Hong Kong Dollar	<b>556,590</b>	895,638	-	-
Sterling Pound	<b>157,068</b>	157,068	-	-
US Dollar	<b>48,733</b>	48,733	-	-
Chinese Renminbi	<b>5,517</b>	-	-	-
	<b>4,617,038</b>	3,057,411	<b>1,000</b>	1,000

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 11. AMOUNT DUE FROM/TO SUBSIDIARIES

### COMPANY

The amount due from/to subsidiaries is unsecured, interest free and has no fixed terms of repayment.

## 12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term funds with a licensed financial institution	2,168,530	–	–	–
Cash and bank balances	4,379,122	5,691,417	15,573	19,459
	<b>6,547,652</b>	5,691,417	<b>15,573</b>	19,459

Short-term funds represent investments with redeemable period of less than 7 days (2007: Nil) and the interest rate at balance sheet date is 3.07% (2007: Nil) per annum.

Analysis by currencies:

Ringgit Malaysia	6,319,412	5,691,417	15,573	19,459
Sterling Pound	228,240	–	–	–
	<b>6,547,652</b>	5,691,417	<b>15,573</b>	19,459

## 13. NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2008	2007
Freehold shoplot	147,600	147,600
Long leasehold commercial lot	–	581,867
	<b>147,600</b>	729,467

## 14. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2008	2007	2008 RM	2007 RM
Authorised:				
Balance at beginning/end	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid:				
Balance at beginning/end	125,000,000	125,000,000	62,500,000	62,500,000

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 15. RETAINED PROFITS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances.

Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act, 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act, 2007.

As at balance sheet date, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank all of its retained profits if paid out as dividends.

## 16. BORROWINGS

	<b>GROUP</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Non-current liabilities		
Term loans:		
Total amount repayable	<b>4,643,332</b>	4,643,285
Less: Repayable within one year included in current liabilities	<b>(2,126,960)</b>	(1,076,540)
	<b>2,516,372</b>	3,566,745
Repayable more than one year and less than five years		
Hire purchase payable:		
Total amount payable	-	9,906
Less: Interest in suspense	-	(273)
	-	9,633
Less: Payable within one year included in current liabilities	-	(9,633)
	<b>2,516,372</b>	3,566,745

	<b>GROUP</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Current liabilities		
Bankers acceptance	<b>730,000</b>	2,597,000
Hire purchase payable	-	9,633
Term loans	<b>2,126,960</b>	1,076,540
	<b>2,856,960</b>	3,683,173

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 16. BORROWINGS (cont'd)

The particulars of the term loans are as follows:

Principal RM	Interest Rate		Security	Repayment Terms
	2008 %	2007 %		
(i) 720,000	8.00	4.50	Corporate guarantee of the Company	20 equal quarterly instalments of RM45,000 each commencing 1 October 2005.
(ii) 1,467,224	8.00	4.50	Corporate guarantee of the Company	12 equal monthly instalment of RM33,558 each for the first year, 12 equal monthly instalment of RM34,561 each for the second year and 36 equal monthly instalment of RM35,208 each for the following years commencing 17 September 2005.
(iii) 2,966,674	5.00	4.50	Corporate guarantee of the Company	12 equal monthly instalment of RM55,930 each for the first year, 12 equal monthly instalment of RM56,483 each for the second year and 36 equal monthly instalment of RM59,057 for the following years commencing July 2007.
(iv) 2,000,000	5.56	-	Corporate guarantee of the Company	24 equal monthly instalments of RM88,245 each commencing 5 September 2007.

The borrowings (other than term loans and hire purchase payable) are secured by way of:

- (i) Negative pledge over all the present and future assets of certain subsidiaries,
- (ii) Corporate guarantee of the Company, and
- (iii) Corporate guarantee of a subsidiary.

The interest rates per annum of borrowings other than term loans, as at balance sheet date are as follows:

	GROUP	
	2008 %	2007 %
Bankers acceptance	3.91 - 4.53	3.64 - 4.40
Hire purchase payable	-	3.90

The maturity of the bankers acceptance as at balance sheet date is 102 days (2007: 71 to 150 days).

## 17. DEFERRED TAX LIABILITIES

	GROUP	
	2008 RM	2007 RM
Balance at beginning	1,107,087	1,278,574
Transfer to income statement	(301,899)	(173,087)
	<b>805,188</b>	1,105,487
Under provision in prior year	3,300	1,600
Balance at end	<b>808,488</b>	1,107,087

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 17. DEFERRED TAX LIABILITIES (cont'd)

The deferred tax liabilities/(assets) are represented by temporary differences arising from:

	GROUP	
	2008 RM	2007 RM
Capital allowance in excess of depreciation on property, plant and equipment	1,060,346	1,387,480
Inventories - tax effect on unrealised profit	(251,858)	(280,393)
	<b>808,488</b>	<b>1,107,087</b>

## 18. TRADE PAYABLES

	GROUP	
	2008 RM	2007 RM
Analysis by currencies:		
Ringgit Malaysia	1,740,964	3,333,432
Hong Kong Dollar	527,880	-
US Dollar	690,430	90,742
	<b>2,959,274</b>	<b>3,424,174</b>

The normal credit terms granted by trade payables range from 30 to 120 days (2007: 30 to 120 days).

## 19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	2,325,911	2,054,427	1,512	76,932
Deposits	48,823	35,000	-	-
Accruals	526,615	395,904	74,000	12,000
	<b>2,901,349</b>	<b>2,485,331</b>	<b>75,512</b>	<b>88,932</b>
Analysis by currencies:				
Ringgit Malaysia	2,647,749	2,485,331	75,512	88,932
Sterling Pound	253,600	-	-	-
	<b>2,901,349</b>	<b>2,485,331</b>	<b>75,512</b>	<b>88,932</b>

### GROUP

Included herein is an amount of **RM922,500** (2007: RM100,000) due to a director of a subsidiary and is unsecured, interest free and has no fixed terms of repayment.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 20. REVENUE

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Invoiced value of goods sold less returns and discounts, and services rendered	<b>56,772,009</b>	59,186,875	-	-
Gross dividends from subsidiaries	-	-	<b>11,400,000</b>	9,800,000
	<b>56,772,009</b>	59,186,875	<b>11,400,000</b>	9,800,000

## 21. OTHER INCOME

	GROUP	
	2008 RM	2007 RM
Design fee	<b>719,920</b>	-
Interest	<b>735,422</b>	6,415
Management fee	<b>448,000</b>	-
Royalty	<b>742,961</b>	347,662
Others	<b>577,720</b>	627,221
	<b>3,224,023</b>	981,298

## 22. PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging:				
Allowance for doubtful debts	<b>4,193,473</b>	438,194	-	-
Amortisation of prepaid land lease payments	<b>66,123</b>	66,123	-	-
Audit fee				
- statutory audit				
- current year	<b>77,300</b>	71,430	<b>10,000</b>	10,000
- over provision in prior year	<b>(500)</b>	-	-	-
- other services	<b>2,000</b>	2,000	<b>2,000</b>	2,000
Bad debts	<b>30,660</b>	35,930	-	-
Depreciation	<b>1,849,219</b>	1,877,478	-	-
Directors' fee				
- non-executive directors	<b>30,000</b>	45,000	<b>30,000</b>	45,000
Impairment loss on investment in an associate	<b>192,845</b>	-	-	-
Interest expense	<b>463,780</b>	332,278	-	-
Loss on disposal of non-current asset held for sale	<b>6,867</b>	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 22. PROFIT BEFORE TAXATION (cont'd)

This is arrived at: (cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Property, plant and equipment written off	492,998	27,345	-	-
Rental of equipment	14,088	1,575	-	-
Rental of premises	1,951,738	1,554,132	-	-
* Staff costs	10,791,231	9,614,317	30,000	30,000
Unrealised loss on foreign exchange	116,344	-	-	-
And crediting:				
Bad debts recovered	58,800	20,892	-	-
Doubtful debts recovered	17,122	72,487	-	-
Gain on disposal of property, plant and equipment	217,949	131,194	-	-
Gross dividends from subsidiaries	-	-	11,400,000	9,800,000
Interest income	735,422	6,415	-	-
Realised gain on foreign exchange	45,284	124,078	-	-
Rental income	203,800	256,800	-	-

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
* Staff costs				
- Salaries, allowances and bonus	9,905,418	8,855,323	30,000	30,000
- EPF	780,324	664,128	-	-
- SOCSO	105,489	94,866	-	-
	10,791,231	9,614,317	30,000	30,000

Included in the staff costs of the Group and of the Company is directors' remunerations as shown below:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Executive Directors of the Company:</b>				
Directors' emoluments				
- Salaries, allowances and bonus	383,090	518,500	-	-
- EPF	45,252	61,920	-	-
	428,342	580,420	-	-
Directors' fee	30,000	30,000	30,000	30,000
	458,342	610,420	30,000	30,000
Benefits-in-kind	30,450	54,400	-	-
	488,792	664,820	30,000	30,000

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 22. PROFIT BEFORE TAXATION (cont'd)

Included in the staff costs of the Group and of the Company is directors' remunerations as shown below: (cont'd)

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Executive Director of a subsidiary:</b>				
Directors' emoluments				
- Salaries and bonus	8,517	77,000	-	-
- EPF	-	9,240	-	-
	8,517	86,240	-	-
Benefits-in-kind	-	4,800	-	-
	8,517	91,040	-	-
<b>Total executive directors' remuneration</b>	<b>497,309</b>	<b>755,860</b>	<b>30,000</b>	<b>30,000</b>
Represented by:				
- Present directors	409,847	755,860	30,000	30,000
- Past director	87,462	-	-	-
	497,309	755,860	30,000	30,000

## 23. TAXATION

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(1,096,016)	(1,227,959)	(2,641,000)	(2,622,000)
- Deferred tax	40	-	-	-
Relating to the origination and reversal of temporary differences	286,430	98,797	-	-
Relating to changes in tax rates	15,469	74,290	-	-
	301,899	173,087	-	-
	(794,117)	(1,054,872)	(2,641,000)	(2,622,000)
Over/(Under) provision in prior year				
- Current tax	133,667	324,660	191	20,922
- Deferred tax	(3,300)	(1,600)	-	-
	130,367	323,060	191	20,922
	(663,750)	(731,812)	(2,640,809)	(2,601,078)

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 23. TAXATION

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation	<b>1,302,047</b>	5,041,743	<b>11,246,736</b>	9,655,973
Share of results of an associate	<b>87,888</b>	2,111	-	-
	<b>1,389,935</b>	5,043,854	<b>11,246,736</b>	9,655,973
Income tax at Malaysian statutory tax rate of <b>26%</b> (2007: 27%)	<b>(361,383)</b>	(1,361,841)	<b>(2,924,151)</b>	(2,607,113)
Effects of:				
- Income not subject to tax	<b>177,335</b>	22,640	<b>301,852</b>	-
- Intangible asset deductible for tax purposes	<b>24,704</b>	-	-	-
- Double deduction expenses for tax purposes	<b>106,832</b>	47,921	-	-
- Expenses not deductible for tax purposes	<b>(221,050)</b>	(216,136)	<b>(18,701)</b>	(14,887)
- Utilisation of previously unabsorbed tax losses and capital allowances	<b>15,062</b>	137,511	-	-
- Utilisation of previously unabsorbed reinvestment allowances	-	130,044	-	-
- Reduced tax rate on first RM500,000 chargeable income	<b>141,847</b>	234,468	-	-
- Deferred tax assets not recognised	<b>(705,168)</b>	(134,603)	-	-
- Annual crystallisation of deferred tax	<b>10,834</b>	10,834	-	-
- Changes in tax rates	<b>16,870</b>	74,290	-	-
	<b>(794,117)</b>	(1,054,872)	<b>(2,641,000)</b>	(2,622,000)
Over provision in prior year	<b>130,367</b>	323,060	<b>191</b>	20,922
	<b>(663,750)</b>	(731,812)	<b>(2,640,809)</b>	(2,601,078)

The amount and future availability of unabsorbed tax losses and capital allowances of the Group at balance sheet date is estimated at **RM3,068,000** (2007: RM877,000) and **RM910,000** (2007: RM11,000) respectively. These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future taxable income of the relevant subsidiaries.

The corporate tax rate will be further reduced to 25% effective from the year of assessment 2009.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 24. EARNINGS PER SHARE

### GROUP

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

	2008	2007
Profit attributable to equity holders of the Company	677,854	4,546,816
Weighted average number of ordinary shares of RM0.50 each	125,000,000	125,000,000
Basic earnings per share (sen)	0.54	3.64

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at balance sheet date.

## 25. DIVIDEND

	2008 RM	2007 RM
First and final dividend of 4% less tax in respect of the financial year ended 31 July 2007	-	1,825,000

## 26. CONTINGENT LIABILITY (UNSECURED)

### COMPANY

The Company has issued corporate guarantee to financial institutions for banking facilities granted to subsidiaries up to a limit of **RM32,045,000** (2007: RM35,345,000) of which **RM5,373,331** (2007: RM7,240,285) of the said banking facilities have been utilised as at balance sheet date.

## 27. SEGMENTAL INFORMATION

### Business Segments

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.

### Geographical Segments

The business segment of the Group is managed principally in Malaysia and its products are distributed in Malaysia, the United Kingdom and the United States of America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	← 2008 →		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	47,115,937	81,165,754	1,261,101
United Kingdom	8,100,275	6,568,240	-
United States of America	1,555,797	1,760,072	-
	<b>56,772,009</b>	<b>89,494,066</b>	<b>1,261,101</b>

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 27. SEGMENTAL INFORMATION (cont'd)

	← 2007 →		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	49,046,895	88,055,639	1,157,687
United Kingdom	8,953,646	-	-
United States of America	1,186,334	1,760,072	-
	<b>59,186,875</b>	<b>89,815,711</b>	<b>1,157,687</b>

## 28. COMMITMENTS

	GROUP	
	2008 RM	2007 RM
Non-cancellable operating lease commitments		
(i) Future minimum rentals receivable:		
Not later than one year	<b>30,000</b>	90,000
Later than one year and not later than five years	<b>50,000</b>	-
	<b>80,000</b>	90,000

Operating lease commitments represent rentals receivable for use of buildings. Leases are negotiated for a term ranging from one to three years.

(ii) Future minimum rentals payable:		
Not later than one year	<b>432,007</b>	319,044
Later than one year and not later than five years	<b>465,774</b>	69,636
	<b>897,781</b>	388,680

Operating lease commitments represent rentals payable for use of buildings. Leases are negotiated for terms ranging from one to three years.

## 29. RELATED PARTY DISCLOSURE

	GROUP	
	2008 RM	2007 RM
(i) Related party transactions		
Sales to a firm in which a director of a subsidiary has deemed interest	<b>215,527</b>	97,769
Sales of property, plant and equipment to a director of a subsidiary	<b>85,013</b>	-
Sales of property, plant and equipment to a past director	<b>77,550</b>	-
Commissions paid to a firm in which a director of a subsidiary has deemed interest	<b>1,827</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

- 31 July 2008 (cont'd)

## 29. RELATED PARTY DISCLOSURE (cont'd)

### (ii) Compensation of key management personnel

The compensation of key management personnel are shown below:

	GROUP		COMPANY	
	2008 RM	2007 RM	2008 RM	2007 RM
Salaries and other short-term employee benefits				
- Directors	527,309	800,860	60,000	75,000
- Other key management personnel	303,240	-	-	-
	<hr/>			

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

## 30. 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 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.

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

### Interest rate risk

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

### Foreign currency risk

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

The Group does not hedge its foreign currency risk as the exposure is minimal.

### Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all 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.

# ANALYSIS OF SHAREHOLDINGS

as at 3 December 2008

<b>A. Authorised Share Capital:</b>	RM100,000,000.00
Issued and fully paid-up Share Capital:	RM62,500,000.00
Class of Shares:	Ordinary Shares of RM0.50 each
Voting Rights:	On show of hands - One vote
	On a poll - One vote for one ordinary share

## B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of total shareholders	No. of shares	% of total issued capital
Less than 100 shares	142	8.69	6,860	0.006
100 to 1,000 shares	65	3.978	25,150	0.020
1,001 to 10,000 shares	1,006	61.567	3,896,775	3.117
10,001 to 100,000 shares	352	21.542	10,581,315	8.465
100,001 to less than 5% of issued shares	64	3.917	52,345,275	41.876
5% and above of issued shares	5	0.306	58,144,625	46.516
<b>Total</b>	<b>1,634</b>	<b>100.000</b>	<b>125,000,000</b>	<b>100.0000</b>

## C. SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares Held					
	Direct	%	Deemed	%	Total	%
Kan Ah Chun	9,119,250	7.30	31,159,000 ①	24.93	40,278,250	32.23
Beach Capital Sdn. Bhd.	11,159,000	8.93	–	–	11,159,000	8.93
Dato' Yeap Beow Chong	35,866,375	28.69	870,600 ②	0.70	36,736,975	29.39
Lim Tiam Eng	870,600	0.70	35,866,375 ③	28.69	36,736,975	29.39
Kan Ky-shen	8,000,000	6.40	–	–	8,000,000	6.40

## D. DIRECTORS' SHAREHOLDINGS

Name	Number of Shares Held					
	Direct	%	Deemed	%	Total	%
Kan Ah Chun	9,119,250	7.30	31,159,000 ①	24.93	40,278,250	32.23
Yeoh Yeow Cheang	605,900	0.49	–	–	605,900	0.49
Saffie Bin Bakar	250,000	0.20	–	–	250,000	0.20
Loh Chye Teik	106,500	0.09	–	–	106,500	0.09

Notes:

- ① Deemed interested by virtue of his shareholdings of more than 15% equity interest in Beach Capital Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965 and by shares held by his spouse, Chong Lee Ying, and children, Kan Ky-vern and Kan Ky-shen.
- ② Deemed interested by virtue of shares held by his wife, Lim Tiam Eng.
- ③ Deemed interested by virtue of shares held by her husband, Dato' Yeap Beow Chong.

# ANALYSIS OF SHAREHOLDINGS

as at 3 December 2008 (cont'd)

Name	Number of Shares	% of Shares
1 YEAP BEOW CHONG	22,866,375	18.293
2 BEACH CAPITAL SDN. BHD.	11,159,000	8.927
3 KAN AH CHUN	9,119,250	7.295
4 KAN KY-SHEN	8,000,000	6.400
5 EB NOMINEES (ASING) SENDIRIAN BERHAD <i>PLEDGED SECURITIES ACCOUNT FOR YEAP BEOW CHONG (PEN)</i>	7,000,000	5.600
6 KAN KY-VERN	6,000,000	4.800
7 CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR YEAP BEOW CHONG (SFD)</i>	6,000,000	4.800
8 CHONG LEE YING	6,000,000	4.800
9 CHONG WANN KUEN	5,276,600	4.221
10 KANG CHIU YEE	3,150,000	2.520
11 LIM IN FOO	3,054,700	2.444
12 NG CHOO HAI	2,450,000	1.960
13 YEONG AI VEE	1,299,450	1.040
14 PM NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEOH MEI ING (D)</i>	1,201,100	0.961
15 TAN KHEOK CHUAN	1,152,650	0.922
16 HDM NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEOH TEIK TOE (M01)</i>	1,131,675	0.905
17 RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG TAI CHIN @ WONG TAI CHIN</i>	960,600	0.768
18 LIM TIAM ENG	870,600	0.696
19 INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG TAI CHIN @ WONG TAI CHIN (A00012)</i>	713,000	0.570
20 PLEDGED SECURITIES ACCOUNT FOR TAN KUI HEONG (804316)	621,300	0.497
21 LAU ENG FONG	619,750	0.496
22 CHONG IK POH	552,000	0.442
23 YEOH YEOW CHEANG	490,000	0.392
24 GAN LAM SEONG	479,000	0.383
25 NG YUEN WENG	466,800	0.373
26 HO SIEW POH	465,975	0.373
27 KAN ZI YAO	456,500	0.365
28 OOI LAY HOON	418,900	0.335
29 KANG CHIN CHIAT	402,175	0.322
30 ANUAL BIN HASSAN	400,000	0.320

# LIST OF PROPERTIES

as at 31 July 2008 (cont'd)

Acquisition Date	Beneficial Owner/ Location	Description/ Existing Usage	Tenure/Age of Building (Years)	Area (SQ. Feet)	NBV @ 31.07.08 (RM)
<b>EVATECH SDN.BHD.</b>					
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	2,301,904
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, Hala Kampung Jawa 1, Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas Pulau Pinang	Factory Land	7 Years	82,590	5,740,297
<b>UNI JEANS CARE SDN. BHD.</b>					
01.08.2001	Lot 9233, Hala Kampung Jawa 1, Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas Pulau Pinang	Factory Land	7 Years	9,840	1,410,549
<b>TWIN ACCESS SDN. BHD.</b>					
28.08.2003	No.23, Jalan PJS11/8 Bandar Sunway Petaling Jaya Selangor Darul Ehsan	Land and Commercial Building	99 years leasehold expire 28.12.2096/ 14 years	8,160	1,563,186
<b>G.A. BLUE CORPORATION SDN.BHD.</b>					
11.06.1996	Unit No.1236-1-5 Taman Indah Paya Terubong, 11060 Pulau Pinang	Residential Flat	Freehold/ 15 Years	1,400	145,200

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Tekukur Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Friday, 16 January 2009 at 2.30 p.m. for the following purposes:

## AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 July 2008 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of Directors' fees of RM60,000 in respect of the financial year ended 31 July 2008. **Ordinary Resolution 2**
3. To re-elect the following Directors retiring pursuant to Article 129 of the Company's Articles of Association:
  - (i) Mr. Yeoh Yeow Cheang; and **Ordinary Resolution 3**
  - (ii) Encik Saffie bin Bakar **Ordinary Resolution 4**
4. To re-appoint Messrs. Grant Thornton (Formerly known as JB Lau & Associates) as the Company's Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

### Special Business

To consider and if thought fit, to pass with or without modifications the following as Ordinary Resolutions:

5. **Authority to issue shares**

"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for 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." **Ordinary Resolution 6**
6. **Proposed Authority For The Company To Purchase Up To Ten Per Cent (10%) of Its Issued And Paid-Up Share Capital**

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association ("Articles") and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the passing of this resolution and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:

  - (i) the aggregate number of ordinary shares of RM0.50 each in SEQUOIA ("SEQUOIA Shares") which may be purchased or held by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company, subject to a restriction that the issued and paid-up ordinary share capital of SEQUOIA does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Board of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;
  - (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the SEQUOIA Shares under the Proposed Share Buy-Back shall not exceed the share premium account and/or retained profits of the Company for the time being which stood at RM21,145 and RM19,590,328 respectively as at 31 July 2008 based on the latest audited financial statements of SEQUOIA for the financial year ended 31 July 2008;
  - (iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
    - (a) the conclusion of our next annual general meeting ("AGM") following the General Meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## 6. Proposed Authority For The Company To Purchase Up To Ten Per Cent (10%) of Its Issued And Paid-Up Share Capital (cont'd)

- (b) the expiration of the period within which our next AGM after that date is required by law to be held; or whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the SEQUOIA Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and
  
- (iv) upon completion of the purchase(s) of the SEQUOIA Shares by the Company, the Directors of the Company be and are hereby authorised to cancel up to all the SEQUOIA Shares so purchased or to retain the SEQUOIA Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled or to be retained part of the SEQUOIA Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the SEQUOIA Shares.”

### Ordinary Resolution 7

- 7. To transact any other business of which due notices shall have been given.

BY ORDER OF THE BOARD,

**WONG YEE LIN** (MIA 15898)  
**GOH SAW KEE** (MIA 4973)  
**FOO LI LING** (MAICSA 7019557)  
Company Secretaries

Penang

Date: 23 December 2008

### Notes:

1. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-8-B Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)

## **Explanatory Notes on Special Business:**

6. Authority to directors to issue Shares

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.

7. Proposed of Share Buy-back

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits and/or share premium of the Company. Please refer to the Share Buy bank Circular dated 23 December 2008, which is dispatched together with the Company's Annual Report 2008.

**SEQUOIA HOLDINGS BERHAD**

(FORMERLY KNOWN AS G.A. BLUE INTERNATIONAL BHD.)  
 (Company No.: 570396-D) (Incorporated in Malaysia)

**PROXY FORM**

\* I/We.....  
 (Full Name in Block Letters)

of .....  
 (Address)

being a \* member/members of the abovenamed Company, hereby appoint .....  
 .....  
 (Full Name in Block Letters)

of .....  
 (Address)

or failing him, .....  
 (Full Name in Block Letters)

of .....  
 (Address)

as \* my/our proxy to vote for \* me/us on \* my/our behalf at the Seventh Annual General Meeting of the Company to be held at Tekukur Room, Hotel Equatorial Penang, 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Friday, 16 January 2009 at 2.30 p.m. and any adjournment thereof.

No. of Resolution	Resolutions	For	Against
Ordinary Resolution 1	To receive and adopt the Reports and Financial Statements		
Ordinary Resolution 2	To approve the payment of Directors' fees		
	To re-elect the following Directors retiring under the provisions of the Articles of Association of the Company:		
Ordinary Resolution 3	(i) Mr. Yeoh Yeow Cheang		
Ordinary Resolution 4	(ii) Encik Saffie Bin Bakar		
Ordinary Resolution 5	To re-appoint Auditors		
As Special Business			
Ordinary Resolution 6	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 7	To authorise the Company to purchase up to 10% of its issued and paid-up capital		

Please indicate with an "x" in the appropriate 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.

No. of shares held

Signed this ..... day of ....., 2009.

.....  
 Signature of Member (s)

**Notes:**

1. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company, 51-8-B Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Please fold across the line and close

STAMP

**THE COMPANY SECRETARY**

51-8-B, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

Please fold across the line and close



Penang, Malaysia T: 604 646 1600  
Petaling Jaya, Malaysia T: 603-5633 6488  
London, UK T: 2077 39 4355  
Orlando, US T: 1866 552 4847  
Dongguan City, China T: 769 2721 2069