

**GREENYIELD BERHAD**

(Company No. 582216-T)

# ANNUAL REPORT 2008



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# Notice of Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of GREENYIELD BERHAD will be held at Cempaka Room, Level 3, Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Monday, 22 December 2008 at 11.00 a.m. to transact the following businesses:-

## AGENDA

### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2008 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a final dividend of 1.8 sen per ordinary share for the financial year ended 31 July 2008 as recommended by the Directors. **Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 74 of the Articles of Association of the Company:-
  - i) Dr. Zainol Bin Md. Eusof **Resolution 3**
  - ii) Dr. Shaikh Awadz Bin Shaikh Abdullah **Resolution 4**
4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

### Special Business

To consider and, if thought fit, pass the following resolution with or without modifications as Ordinary Resolution of the Company:-

**5. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares**

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed ten per centum (10%) of the Issued Share Capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance.”

**Resolution 6**

## BY ORDER OF THE BOARD

**NG YEN HOONG (LS 008016)**  
**WONG PEIR CHYUN (MAICSA 7018710)**  
Secretaries

Kuala Lumpur

Date: 28 November 2008

# Notice of Sixth Annual General Meeting (Cont'd)

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Sixth Annual General Meeting of the Company, a final dividend of 1.8 sen per ordinary share in respect of the financial year ended 31 July 2008 will be payable to shareholders of the Company on 16 January 2009. The entitlement date for the said dividend shall be 9 January 2009.

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

- a) Shares transferred to the depositor's securities account before 4.00 p.m. on 9 January 2009 in respect of transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## BY ORDER OF THE BOARD

**NG YEN HOONG (LS 008016)**  
**WONG PEIR CHYUN (MAICSA 7018710)**  
Secretaries

Kuala Lumpur

Date: 28 November 2008

## NOTES :

1. *A member entitled to attend and vote at the meeting is entitled to appoint two (2) or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) or more proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting.*

## EXPLANATORY NOTES ON SPECIAL BUSINESS

5. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

*The proposed Resolution 6, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the Issued Share Capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.*

# Corporate Information

## BOARD OF DIRECTORS

<b>Tham Foo Keong</b>	<i>Executive Chairman and Group Managing Director</i>
<b>Tham Foo Choon</b>	<i>Deputy Group Managing Director</i>
<b>Loke Chee Kien</b>	<i>Executive Director</i>
<b>Dr. Sivakumaran A/L Seenivasagam</b>	<i>Executive Director</i>
<b>Tajuddin Bin Ismail</b>	<i>Executive Director</i>
<b>Dr. Zainol Bin Md. Eusof</b>	<i>Independent Non-Executive Director</i>
<b>Dr. Shaikh Awadz Bin Shaikh Abdullah</b>	<i>Independent Non-Executive Director</i>
<b>Y. Bhg. Tan Sri Datuk Arshad Bin Ayub</b> <i>(Resigned on 14 March 2008)</i>	<i>Independent Non-Executive Director</i>
<b>Ishak Bin Said</b> <i>(Resigned on 26 May 2008)</i>	<i>Non-Independent Non-Executive Director</i>

## AUDIT COMMITTEE

<b>Dr. Zainol Bin Md. Eusof</b> <i>Chairman, Independent Non-Executive Director</i>
<b>Dr. Shaikh Awadz Bin Shaikh Abdullah</b> <i>Member, Independent Non-Executive Director</i>
<b>Loke Chee Kien</b> <i>Member, Executive Director</i>

## REMUNERATION COMMITTEE

<b>Dr. Zainol Bin Md. Eusof</b> <i>Chairman, Independent Non-Executive Director</i>
<b>Dr. Shaikh Awadz Bin Shaikh Abdullah</b> <i>Member, Independent Non-Executive Director</i>
<b>Ishak Bin Said (Resigned on 26 May 2008)</b> <i>Member, Non-Independent Non-Executive Director</i>

## NOMINATION COMMITTEE

<b>Dr. Zainol Bin Md. Eusof</b> <i>Chairman, Independent Non-Executive Director</i>
<b>Dr. Shaikh Awadz Bin Shaikh Abdullah</b> <i>Member, Independent Non-Executive Director</i>
<b>Ishak Bin Said (Resigned on 26 May 2008)</b> <i>Member, Non-Independent Non-Executive Director</i>

# Corporate Information (Cont'd)

## REGISTERED OFFICE

Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03 – 2264 8888  
Fax: 03 – 2282 2733

## CORPORATE OFFICE

No. 21 & 23, Jalan Seksyen 3/7  
Taman Kajang Utama  
43000 Kajang  
Selangor Darul Ehsan  
Tel : 03 – 8736 8777  
Fax: 03 – 8737 2636 (Marketing)  
Fax: 03 – 8737 0723 (Finance)  
E-mail: enquiry@greenyield.com.my

## WEBSITE

[www.greenyield.com.my](http://www.greenyield.com.my)  
<http://greenyield.listedcompany.com>

## LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad  
Stock Name : GREENYB  
Stock Code : 0136

## SPONSOR

AmInvestment Bank Berhad  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 03 – 2036 2633  
Fax: 03 – 2070 2170

## AUDITORS

KPMG (AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya, Selangor  
Tel : 03 – 7721 3388  
Fax: 03 – 7721 3399

## REGISTRAR

PFA Registration Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 03 – 2264 3883  
Fax: 03 – 2282 1886

## COMPANY SECRETARIES

Ng Yen Hoong (LS 008016)  
Wong Peir Chyun (MAICSA 7018710)

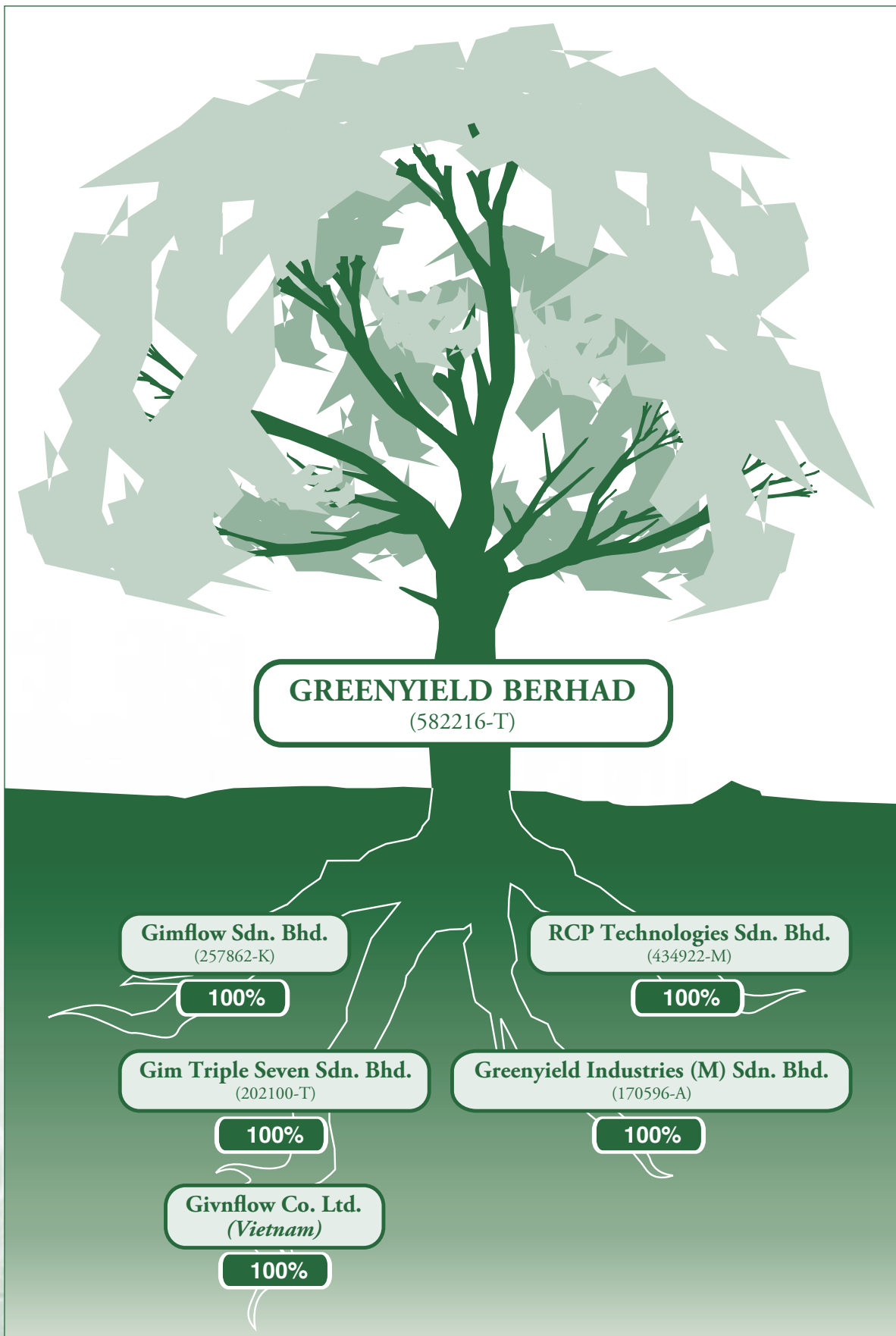
## SOLICITOR

Radzlan, Low & Partners  
Advocates & Solicitors  
Unit C-1-8, Block C  
Megan Avenue 1  
189 Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 03 – 2166 4616  
Fax: 03 – 2166 5616

## PRINCIPAL BANKER

Public Bank Berhad  
HSBC Bank Malaysia Berhad

# Corporate Structure



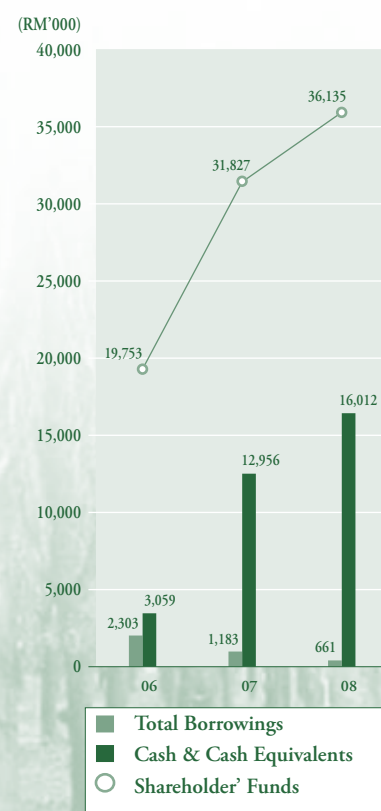
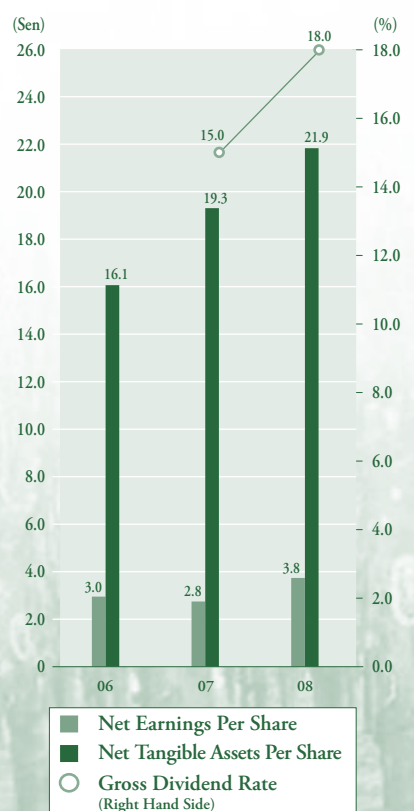
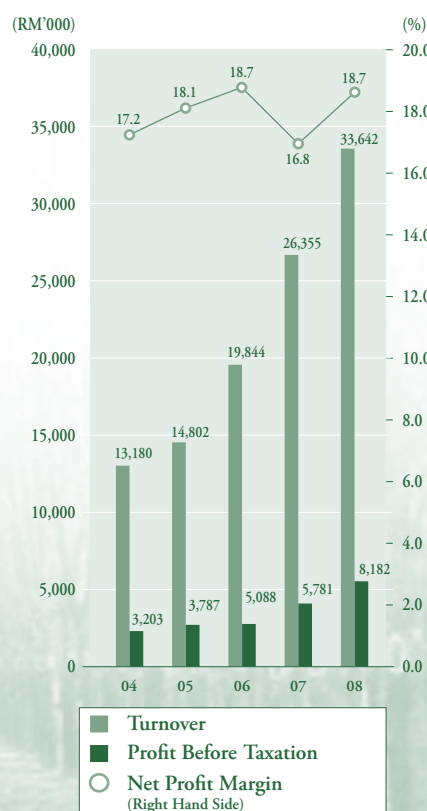
# Group Financial Review

Group	Financial Year Ended				
	31.7.2004* (RM'000)	31.7.2005* (RM'000)	31.7.2006 (RM'000)	31.7.2007 (RM'000)	31.7.2008 (RM'000)
Turnover	13,180	14,802	19,844	26,355	33,642
Earnings Before Interest, Depreciation, Amortisation and Taxation	4,176	4,759	6,053	6,753	9,476
Profit Before Taxation	3,203	3,787	5,088	5,781	8,182
Taxation	937	1,107	1,371	1,359	1,878
Profit After Taxation and Minority Interest	2,266	2,680	3,718	4,421	6,304
Net Profit Margin (%)	17.2	18.1	18.7	16.8	18.7
Net Tangible Assets	N/A	N/A	19,731	31,808 <sup>^</sup>	36,117
Net Tangible Assets Per Share (sen)	N/A	N/A	16.1	19.3 <sup>^</sup>	21.9
Net Earnings Per Share (sen)	1.8	2.2	3.0	2.8	3.8
Gross Dividend Rate (%)	-	-	-	15	18
Total Borrowings	N/A	N/A	2,303	1,183	661
Cash and Cash Equivalents	N/A	N/A	3,059	12,956	16,012
Shareholders' Fund	N/A	N/A	19,753	31,827 <sup>^</sup>	36,135
Gearing Ratio (%)	N/A	N/A	Net Cash	Net Cash	Net Cash
Fully Paid-Up Share Capital ('000 units)	N/A	N/A	122,740	165,000	165,000
Weighted Average Share Capital ('000 units)	N/A	N/A	122,740	155,738	165,000

\* The figures for financial years ended 31 July 2004 and 2005 are prepared based on a proforma consolidated basis for illustrative purposes only, based on the assumption that the current structure of the Group has been in existence throughout the financial years under review.

<sup>^</sup> Adjusted for the adoption of the revised FRS112 as mentioned in Note 24 to the financial statements.

The number of shares for financial years ended 2004, 2005 and 2006 was based on the issued and paid-up share capital of 122,740,000 ordinary shares.





# Profile of the Board of Directors

## MR THAM FOO KEONG

*52 years of age, Malaysian*

*Executive Chairman and Group Managing Director*

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Mr Tham Foo Keong was appointed to the Board on 26 March 2005. He is responsible for the direction of the Group's business with emphasis in business development and corporate strategy. He graduated with a Bachelor of Science degree with Second Class Honours (First Division) in Production Engineering from Leeds Polytechnic, United Kingdom.

He started his career in 1981 as a Production Planning Engineer in ASEA Manufacturing Sdn. Bhd. He joined Scientex Industries Berhad as a Planning and Maintenance Manager in 1983, before moving to Brown Boveri Corporation (M) Sdn. Bhd. as Factory Manager in 1985 and subsequently, he was promoted to Divisional Manager. In 1988, he took over the position of Managing Director of Greenfield Industries (M) Sdn. Bhd., a wholly-owned subsidiary of the Company.

## MR THAM FOO CHOON

*48 years of age, Malaysian*

*Deputy Group Managing Director*

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Mr Tham Foo Choon was appointed to the Board on 26 March 2005. He is responsible for the marketing activities of the Group. He has undergone marketing and management training courses, and has over 20 years of experience in the marketing of agriculture related products and services.

## MR LOKE CHEE KIEN

*39 years of age, Malaysian*

*Executive Director*

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Mr Loke Chee Kien was appointed to the Board on 26 March 2005. He is a member of the Audit Committee of the Company. Mr Loke is the Group's Director of Corporate Planning, Finance and Operations. He graduated with a Bachelor of Business (Accountancy) degree with Distinction from the Royal Melbourne Institute of Technology, Australia (now known as RMIT University) and obtained his Master of Business Administration (Finance) degree with Distinction from the University of Hull, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants ("MIA") and also a Certified Practising Accountant ("CPA") of CPA Australia.

Mr Loke started his career with the Arab-Malaysian Corporation Group as an Executive before moving to Chase Manhattan Bank Berhad as an Analyst in Corporate and Investment Banking. In 1995, he joined the investment research industry and has worked for several stockbroking and research firms. He was a Head of Research in Sarawak Securities Sdn. Bhd. and OSK Research Sdn. Bhd. Mr Loke was a pioneer Consultant when he joined the Minority Shareholders' Watchdog Group in early 2002. He joined the Greenfield Group in 2002.

## Profile of the Board of Directors (Cont'd)

### **DR. SIVAKUMARAN A/L SEENIVASAGAM**

*63 years of age, Malaysian*

*Executive Director*

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Dr. Sivakumaran a/l Seenivasagam was appointed to the Board on 26 March 2005. He is also the Director of Research & Development (“R&D”), responsible for the R&D activities of the Group. He holds a Bachelor of Science degree with Second Class Upper Honours in Botany from the University of Malaya and a Ph. D in Plant Physiology from the University of Wales (Aberyswyth), United Kingdom.

He started his career with the Federal Land Development Authority (“FELDA”) in 1970 as a Plant Protection Officer for Oil Palm and Cocoa before joining the Rubber Research Institute of Malaysia (“RRIM”) and later the Malaysian Rubber Board (“MRB”). During his tenure with the RRIM and MRB, he held various positions ranging from Research Officer, Project Leader to Head of the Crop Management Division. His last position with the MRB was as Director of the Production Research and Development Division from 1998 to July 2000. He was also a Specialist Officer on Exploitation and Physiology for the International Rubber Research and Development Board for approximately three (3) years prior to his retirement from the MRB in 2000. Since retiring from the MRB, he has worked as a Plantation Advisor for Felcra Berhad and Rubber Plantations in Camerouns, Malawi and Papua New Guinea and as a Consultant for the Common Fund for Commodities based in Amsterdam.

Dr Sivakumaran was responsible for the development of the RRIMFLOW system for which a patent was granted to the MRB. He received the RRIM Gold Medal in 1993 and the service excellence award from the RRIM in 1992 for his research contributions in the field of rubber exploitation and, in particular, the development of labour saving technologies. He was a member of the Task Force on the Rubber Eco-Project under the auspices of the International Rubber Study Group of the United Kingdom from 2004 to 2006.

### **ENCIK TAJUDDIN BIN ISMAIL**

*59 years of age, Malaysian*

*Executive Director*

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Encik Tajuddin Bin Ismail was appointed to the Board on 26 March 2005. He is responsible for the Group’s Marketing Division, in charge of marketing and resource planning. He graduated from Louisiana State University, USA with a Bachelor of Science degree and obtained a Master of Science degree from the same university.

He started his career in the rubber industry as a Rubber Instructor with the Rubber Research Institute of Malaysia (“RRIM”) in 1971 before being promoted to Research Officer in the Soil & Crop Management Division. He had been a Group Leader of the Integrated Farming Group of the RRIM and Advisor to Federal Land Consolidation and Rehabilitation Authority on the implementation of integrated farming projects in rubber and oil palm plantations and RRIM State Advisory Officer for Selangor. He was later promoted to Manager of the RRIM Experimental Station in Sungai Buloh where he was involved in the management and supervision of approximately 420 staff and plantation workers. In 1994, he received the Malaysian Rubber Research and Development Board’s Gold Medal Award for his contributions in integrated farming research. He last served as the Deputy General Manager/Senior Consultant of RRIM-Consult during his employment with the RRIM.

He was the Head of the Taman Warisan Pertanian Project in Putrajaya, a project undertaken by Marditech Corporation Sdn. Bhd., from 1 December 2002 to 30 June 2004. He is currently an alternate Board member of the Rubber Industry Smallholders Development Authority.

## Profile of the Board of Directors (Cont'd)

### **DR. ZAINOL BIN MD. EUSOF**

*58 years of age, Malaysian*

*Independent Non - Executive Director*

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Dr. Zainol Bin Md. Eusof was appointed to the Board on 26 March 2005. He is the chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Dr Zainol holds a Bachelor of Science degree in Geology from Universiti Malaya, and obtained his Master of Science and Doctor of Philosophy in Soil Science from the State University of Ghent, Belgium.

He was attached to the Rubber Research Institute of Malaysia from 1974 until 2002, where he last served as Head of the Crop Management Unit. During his tenure with the RRIM, he represented RRIM in several national and international conferences and headed the RRIM collaborative research projects with the International Board for Soil Research and Management. He has published over 72 papers in soil science, agronomy and land management during the course of his career, and carried out post-doctorate research at the Ohio State University and the University of West Indies. He was also involved in a joint research effort with the Australian Centre for International Agricultural Research from 1986 to 1992 and with the International Water Management Institute from 2000 to 2002.

In 1995, Dr. Zainol received the RRIM service excellence award for his contribution to research in soil management systems. From 1998 to 2002, he headed the programme on the development of Low Intensity Tapping Systems at the RRIM. During the same period, he was a member of the Urea Research Council for Petroliaam Nasional Berhad and an external examiner for the Ph.D programme of Universiti Putra Malaysia.

Dr. Zainol currently is the Director of Operations with Leadhardware Sdn. Bhd., a company specializes in energy and communication projects. His role is to monitor the progress of the company's projects, from implementation to financial performance, and reports to public agencies concerned.

### **DR. SHAIKH AWADZ BIN SHAIKH ABDULLAH**

*61 years of age, Malaysian*

*Independent Non - Executive Director*

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Dr. Shaikh Awadz Bin Shaikh was appointed to the Board on 26 March 2005. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He holds a Diploma in Agriculture from the College of Agriculture, Serdang and a Bachelor of Science in Crop Production and Soil Fertility from the Louisiana State University, USA. He also obtained a Master of Science in Forage Crops Production and a Ph. D in Philosophy in Forage Legume Production and Physiology from the University of Arkansas, USA.

He started his career as an Agriculture Assistant with Muda Agricultural and Development Authority (MADA) in Alor Setar, Kedah Darul Aman in 1969. Thereafter, he was attached to ESSO Chemical (M) Sdn. Bhd. as a Technical Sales Executive before joining Dunlop Estate Berhad as an Assistant Manager. Between 1974 and 2001, he held various positions in Universiti Putra Malaysia, Serdang, ranging from Agricultural Assistant to Farm Director responsible for the planning, budgeting, management and implementation of farm programmes. He was a Board member of the Malaysian Rubber Research Development Board and a Director of the Universiti Agriculture Park. He is presently a contract Associate Professor attached to the Faculty of Agriculture of Universiti Putra Malaysia.

## Profile of the Board of Directors (Cont'd)

### Conflict of Interest

None of the Directors have any conflict of interest with the Company.

### Family Relationship

None of the Directors have any family relationship with other Directors and/or substantial shareholders except for the following:-

- (a) Mr Tham Foo Keong and Mr Tham Foo Choon together with deemed substantial shareholders, namely, Mr Tham Chong Sing and Mr Tham Fau Sin are brothers.
- (b) Mr Tham Foo Keong is the spouse of substantial shareholder, Madam Twong Yoke Peng. He is also the brother in-law of Mr Loke Chee Kien.

### Conviction of Offences

None of the Directors have been convicted of any offence within the past 10 years, other than traffic offences, if any.

# Chairman's Statement

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Greenyield Berhad, I am delighted to report another year of record results for the financial year ended 31 July 2008.

## OPERATING RESULTS

For the financial year ended 31 July 2008, Greenyield recorded a consolidated profit after tax of RM6.3 million on the back of a turnover of RM33.6 million. The audited consolidated profit after tax reflects a growth of 42.6% as compared to the consolidated profit after tax of RM4.4 million achieved during the financial year ended 31 July 2007. The encouraging increase in consolidated profit after tax was a result of a marked increase in sales from RM26.4 million for the financial year ended 31 July 2007 to RM33.6 million for the financial year ended 31 July 2008.

## MARKET OUTLOOK

The global economic growth for the year ahead is expected to be unfavorable as a result of the current financial meltdown in the USA and some European countries. Whilst we will not be immune from slowing economic growth rates amongst major world economies and the impact this may have on our customers, the fundamental strength and diversity of our business gives us confidence that the business will continue to generate profits.

## RESEARCH & DEVELOPMENT

We continue to invest in Research and Development and increased expenditure to RM0.7 million, equivalent to 2.0% of revenue for financial year ended 31 July 2008. Programmes are on going to introduce new products in the years ahead and enhancements of existing products during the current year.

## BOARD CHANGES

During the financial year ended 31 July 2008, Y. Bhg. Tan Sri Datuk Arshad Bin Ayub and Encik Ishak Bin Said resigned from our Board as Independent Non-Executive Director and Non-Independent Non-Executive Director respectively. On behalf of the Board of Directors, I wish to record our sincere thanks and appreciation for their contributions rendered during their tenure as Directors in our Company.

## DIVIDEND

The Board is recommending a final dividend of 1.8 sen per ordinary share for the financial year ended 31 July 2008. This proposed dividend is subject to your approval at the forthcoming Annual General Meeting.

## ACKNOWLEDGEMENT

The continued success of the group is a tribute to the effort and enthusiasm of our employees and the group's commitment to being a trusted and reliable partner to the companies we served both locally and globally. On behalf of the Board, I would like to express our thanks to our shareholders, customers, business associates, financiers, suppliers and regulatory authorities for their continuous support and understanding extended to us during the year.

Lastly, I would like to thank my fellow Board members, management and staff for their support, guidance and contributions.

**Tham Foo Keong**  
Executive Chairman

# Management's Discussion

## INDUSTRY TREND AND DEVELOPMENT

### Plantation-related Systems, Products and Services

Robust demand growth for natural rubber continued from previous financial year due to firm demand arising from economic growth from China and India. High crude oil prices and robust commodity prices during the period also helped natural rubber SMR20 price to surpass the RM10.00 per kg mark in July 2008.

As a result, rubber plantation owners around the world intensified its demand for agro-technology based systems, products and services to boost the yield of their rubber trees, in order to meet the firm demand for natural rubber and to capture the high natural rubber prices. The experience and expertise as well as the proven track record of Greenyfield as a total plantation solutions provider enabled it to ride on the positive demand growth especially in the overseas markets during the financial year ended 31 July 2008.

### Non-Plantation Related Products

Greenyfield achieved very encouraging response in its Artstone plant pots from the USA consumer market, although America was undergoing an economic crisis as a result of its subprime problems. Greenyfield worked very closely with its buyer in the USA to ensure that any change in demand is addressed in the most efficient and effective manner. We tirelessly participated in several trade and garden fairs around the world to continuously introduce and promote the beauty of Artstone plant pots to potential buyers and agents. This is also to reduce our dependency on the USA market. Towards the end of the financial year, Greenyfield has started exporting the Artstone plant pots to Australia and several parts of Europe.

## Review of Group's Performance During the Financial Year

The financial year ended 31 July 2008 was another challenging year for Greenyfield, in spite of registering record sales again for plantation-related systems, products and services and Artstone plant pots. High crude oil prices and rising raw material prices as well as increasing labour cost kept margin under intense pressure as management seek various ways to mitigate the adverse impact. In addition, export sales of Greenyfield rose from about 75% (previous financial year) to about 80% of total group turnover during the financial year, resulting in greater exposure to the US Dollar. The downtrend of the US Dollar against the Ringgit during the financial year further trimmed margin.

For the financial year ended 31 July 2008, Greenyfield achieved an increase of 27.6% in its turnover from RM26.4 million to RM33.6 million. Meanwhile, consolidated net profit improved by 42.6% from RM4.4 million to RM6.3 million.

## Research & Development ("R & D")

The R & D Division of Greenyfield reached a new milestone as the Division (through wholly-owned subsidiary RCP Technologies Sdn Bhd) entered into a Memorandum of Understanding ("MOU") with Rubber Research Institute of Vietnam ("RRIV") on 18 September 2008. The MOU will enable the R & D team to explore together with RRIV ways for further collaboration in research and development in areas of common interest related to the development of systems, products and services based on agro-technology for rubber trees and rubber plantations.

The MOU will enable both organizations to synergize their inherent strengths in the development of state of the art technologies and products for the rubber industry both in Vietnam and elsewhere in the World. The R & D collaboration between the two organizations will result in better use of resources and minimize duplication of efforts in pursuit of common goals.

The R & D Division is presently discussing with RRIV on several possible collaborative projects. Greenyfield will enter into a separate R&D agreement once the details of the collaborative projects are finalized.

## Management's Discussion (Cont'd)

The R & D Division is continuing its on going research on the development of Biopesticide and Organic Plus Fertilizer. Additionally it is also carrying out necessary R & D work to improve existing products for value addition. In view of the increasing importance of the R & D Division in driving the Greenyield Group to a higher level to meet the expected rise in demand for agro-technology systems, products and services, the R & D Division is planning a recruitment drive to attract the top brains to join its expansion program.

During the financial year ended 31 July 2008, Greenyield increased its investment in R & D to RM0.67 million from RM0.53 million in the previous financial year. The Group continues to commit by investing between 2.0% and 2.5% of its revenue in R & D each year.

Greenyield has not utilized the RM1.5 million allocated from its initial public offering proceeds, to purchase land planted with mature rubber trees to be used as field laboratories and for setting up of a nursery to conduct R & D on fertilizers, growth enhancers and chemicals. This is due to lack of suitable land in Malaysia with the targeted acreage and pricing as the high commodity prices during the financial year pushed the price of plantation land to astronomical levels. Greenyield will continue to source for the appropriate land for R & D purposes at a more reasonable pricing.

### Corporate Social Responsibility ("CSR")

In our effort to achieve a sustainable growth in the Group's financial performance, Greenyield recognizes the traditional responsibility of showing profits to our shareholders is inadequate. Greenyield also realizes that it must play a part, in whatever size, to ensure that there is a sustainable environment to enable us to deliver the results. As a result, social and environmental issues hold dearly to our heart.

During the financial year ended 31 July 2008, Greenyield has participated in several events in support of various charities and fund raising exercises. The Group had supported good causes through donations to non-profitable organizations, hospitals and schools. On the education front, the Group is working with various local universities by offering employment to their undergraduates who are undergoing industrial training. Within our working environment, Greenyield encourages its staff and workers to look into various ways to conserve energy and resources, such as recycling the use of papers and to reduce wastages. In addition, we try to use energy-saving lightings as much as possible, in an effort to reduce the effect of global warming. Meanwhile, we also emphasize on quality work environment by adopting strict health and safety measures where safety values are inculcated into our staff force as part of their work ethics.

### Prospect

The year 2008 is the year of roller coaster ride. It is definitely not for the faint hearted. The price of natural rubber SMR20 spiraled past the RM10.00 per kg mark in July 2008, and plunged to the RM6.00 per kg mark in November 2008. The wild swing in price of natural rubber was actually in tandem with the plunge in prices of other commodities, such as crude palm oil and crude oil. The shakeout was mainly due to economic crisis triggered around the world, resulting in massive slowdown of economic activities.

Greenyield foresees the financial year ending 31 July 2009 will be a very challenging year and is planning various strategies to mitigate the adverse effects from the present sharp slowdown in economic activities and marked decline in prices of all major commodities. In addition, it is also working closely with its customers on how to cope with the current change in demand in the global market.

# Statement of Corporate Governance

The Board of Directors of Greenyield Berhad (“the Company”) continues to fully recognize and appreciate the importance of maintaining good corporate governance by constantly having an effective corporate governance framework. The Board ensures that high standards of fairness, accountability, responsibility, transparency and integrity are attained and maintained in running the Group’s operations and business. The Board is confident that an effective corporate governance framework will enable the Company to enhance shareholders’ value on a sustainable basis while protecting shareholders and stakeholders’ interests.

The statement below sets out how the Group has applied the principles and the best practices as governed by the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market (“Listing Requirements”) and the Malaysian Code on Corporate Governance (“the Code”) and the extent of compliance with the best practices of good corporate governance as set out in Part 1 and Part 2 of the Code. Unless otherwise stated, the Board has throughout the financial year ended 31 July 2008 complied with best practices indicated in the Code.

## A. DIRECTORS

### Board Composition, Balance and Responsibilities

The Board comprises directors with different qualification, expertise and experience that are highly relevant to the management of the Group’s businesses. The profile of each Director is presented on pages 8 and 11 of this Annual Report.

The current Board comprises seven (7) members, including five (5) Executive Directors and two (2) Independent Non-Executive Directors. This composition has complied with the minimum one-third requirement for Independent Directors to be on the Board.

Mr Tham Foo Keong holds the roles of Chairman and Group Managing Director (“Group MD”) due to his proven track-record in displaying his entrepreneurship and leadership skills, business acumen and in-depth experience in the plantation industry, especially the natural rubber industry. Although the roles are combined, the Board is of the view that there are sufficient Independent Directors on the Board to ensure fair and objective deliberations at Board Meetings and who are capable of exercising independent judgements. The Chairman/Group MD always abstains from all deliberations and voting on matters, which he is directly or deemed interested.

The presence of two (2) Independent Directors fulfils the pivotal role in corporate accountability. They collectively provide the necessary checks and balances i.e. unbiased and independent views, advice and judgments on issues of strategies, performance and resources.

Dr. Zainol Bin Md. Eusof serves the Group as the Senior Independent Non-Executive Director. If there are any concerns pertaining to the Group, please do not hesitate to contact Dr. Zainol at Greenyield’s registered address.

The Board has overall responsibility for the performance of the Group. This includes strategic planning, continuous review of the Group’s business operations and performance, monitoring, implementing and review of appropriate processes and internal controls to manage business risk, and generally, ensuring that the Group is being managed and its businesses are conducted in accordance with high standards of accountability and transparency.



# Statement of Corporate Governance (Cont'd)

## Board Meetings

During the financial year ended 31 July 2008, four (4) Board Meetings were held on the following dates:-

- i. 21 September 2007
- ii. 21 December 2007
- iii. 26 March 2008
- iv. 24 June 2008

Details of attendance at the Board Meeting are as follows:-

Directors	No. of Board Meetings attended	Percentage of Attendance (%)
Tham Foo Keong	4/4	100
Tham Foo Choon	4/4	100
Loke Chee Kien	4/4	100
Dr. Sivakumaran A/L Seenivasagam	4/4	100
Tajuddin Bin Ismail	4/4	100
Dr. Zainol Bin Md. Eusof	4/4	100
Dr. Shaikh Awadz Bin Shaikh Abdullah	3/4	75
Y. Bhg. Tan Sri Datuk Arshad Bin Ayub (Resigned on 14 March 2008)	2/2	100
Ishak Bin Said (Resigned on 26 May 2008)	3/3	100

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated by the Listing Requirements.

All proceedings of the Board Meetings are minuted which are then circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board Meeting.

## Supply and Access of Information

The agenda together with Board papers are circulated on a timeliness manner prior to Board meetings to enable the Directors to review and consider matters to be deliberated and if necessary, seek additional information or clarification from the Management in order to be fully briefed before the meeting. The Board papers include reports relevant to the issues of the meeting covering the areas of:-

- i) financial report (e.g. quarterly financial results);
- ii) business development report;
- iii) operational matters;
- iv) corporate developments of the Group;
- v) audit reports; and
- vi) regulatory compliance matters and updates issued by the various regulatory authorities.

In furtherance of their duties, the Directors have unrestricted access to any information pertaining to the Group as well as the advice and services of the Company Secretary and external auditors as well as independent professional advisers whenever necessary, at the Company's expense in accordance with established procedure which has been communicated to them.

# Statement of Corporate Governance (Cont'd)

## Directors' Training

The Directors have attended various conferences, seminars and briefings to keep abreast with the latest development in the industry and the global environment, in order for them to be effective in performing their fiduciary duties and responsibilities. These trainings range from many areas that include latest developments in the rubber industry, global economic situation, corporate governance issues, financial-related developments and strategic planning.

The Directors will continue to undergo other relevant training programs that can further enhance their knowledge in the latest development relevant to the Group, to enable them to discharge their responsibilities effectively.

## Retirement and Re-election

The Articles of Association of the Company provide that at least one third of the Directors are subject to retirement by rotation at every Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their appointment or re-appointment. In addition, new Director(s) appointed to the Board shall also retire at the next coming Annual General Meeting following the appointment.

All Directors are further required to retire from office once at least in three (3) years. All retiring Directors are eligible for re-election/re-appointment.

## Board Committees

The Board has delegated specific responsibilities to subcommittees to assist the Board in carrying out its fiduciary duties. They are:-

- i) Audit Committee
- ii) Nomination Committee
- iii) Remuneration Committee

All the above committees have written terms of reference and operating procedures that have been adopted by the Board.

### *i) Audit Committee*

The primary objective of the Audit Committee is to assist the Board of Directors to review the adequacy and integrity of the Group's internal control/systems, financial accounting and reporting matters.

The Audit Committee comprises majority of Independent Non-Executive Directors. The committee is chaired by Dr. Zainol Bin Md. Eusof, while the other members are Independent Non-Executive Director, Dr. Shaikh Awadz Bin Shaikh Abdullah and Executive Director, Mr Loke Chee Kien.

The composition and terms of reference of the Audit Committee are as set in the Audit Committee Report on pages 23 to 27.

In accordance with the latest amendments to the Listing Requirements, Greenyield will meet the requirement to have Non-Executive Directors only as members of the Audit Committee by 31 January 2009.

## Statement of Corporate Governance (Cont'd)

### (ii) *Nomination Committee*

The Nomination Committee reviews the Board structure, size and composition, and makes recommendation to the Board suitable candidates for appointment as Directors and the Committees of the Board. The Nomination Committee also assists the Board in reviewing, on an annual basis, the required mix of skills, experience and effectiveness of the Board and the performance of the Directors.

The Nomination Committee comprises two (2) Independent Non-Executive Directors. The committee is chaired by Dr. Zainol Bin Md. Eusof, while the other member is Dr. Shaikh Awadz Bin Shaikh Abdullah.

For the financial year ended 31 July 2008, the Nomination Committee met once to review of the structure, size and composition of the Board, the effectiveness of the Board and the performance of the directors.

### (iii) *Remuneration Committee*

The Remuneration Committee is entrusted, among others, with the responsibility for setting the policy framework and for making recommendations to the Board on all elements of the remuneration of Directors including key senior management officers. Directors' remuneration will be a matter to be determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The Remuneration Committee comprises two (2) Independent Non-Executive Directors. The committee is chaired by Dr. Zainol Bin Md. Eusof, while the other member is Dr. Shaikh Awadz Bin Shaikh Abdullah.

The Remuneration Committee met twice during the financial year ended 31 July 2008.

## B. DIRECTORS' REMUNERATION

The Remuneration Committee recommends to the Board the framework for the remuneration of the Executive and Non-Executive Directors. The remuneration of the Directors of the Company for the financial year ended 31 July 2008 is paid by the Group and the details are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
• Fees	-	41
• Salaries	1,003	-
• Bonuses & other emoluments	286	8
• Share options granted under ESOS	30	6
	1,319	55

The number of Directors of the Company whose total remuneration fall within the following band are as follows:-

Remuneration Band	No of Directors	
	Executive Directors	Non-Executive Directors
• Less than RM50,000	-	4
• RM50,000 – RM100,000	-	-
• RM100,001 – RM150,000	1	-
• RM150,001 – RM200,000	1	-
• RM200,001 – RM250,000	-	-
• RM250,001 – RM300,000	-	-
• RM300,001 – RM350,000	2	-
• RM350,001 – RM400,000	1	-
• More than RM400,001	-	-
	5	4

# Statement of Corporate Governance (Cont'd)

## C. RELATIONSHIP WITH SHAREHOLDERS & INVESTORS

The Board recognises and acknowledges the importance of being accountable to its investors and as such has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with its investors.

The various channels of communication are through the quarterly results, research reports, announcements on material corporate exercise, circulars and the holding of Annual General Meeting (“AGM”). However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder Group.

The Annual Report of Greenyard is a key channel of communication with its shareholders and investors. Greenyard strives to present its Annual Report as comprehensive and information as possible.

Greenyard’s AGM remains the principal forum for dialogue with shareholders. The Company will hold its third public AGM on 22 December 2008. The Board welcomes shareholders’ participation at the AGM. Shareholders who are unable to attend are encouraged to appoint proxy(ies) to attend and vote on their behalf. The Executive Chairman, and where appropriate, the members of the Board shall be available to respond to shareholders’ queries during the AGM.

Greenyard also responds to requests for meetings with institutional shareholders and analysts to provide them a better understanding of the business activities of the Group.

Shareholders can also obtain up-to-date information on the Group’s various activities by accessing its website at [www.greenyard.com.my](http://www.greenyard.com.my) or <http://greenyard.listedcompany.com>.

In September 2008, Greenyard has joined the Malaysian Investor Relations Association (“MIRA”) and has been selected to participate in the Investor Relations Incentive Programme (“IRIP”). MIRA is Malaysia’s first professional association committed to developing and advancing the proficiency of its members in the field of investor relations (“IR”). Greenyard plans to utilize MIRA’s expertise in establishing and implementing an IR programme.

Any queries to Greenyard may be conveyed to the following person:-

Mr Loke Chee Kien, Executive Director  
Tel : 03 – 8736 8777; Fax: 03 – 8737 0723

## D. ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is committed in presenting a balanced and meaningful assessment of the Group’s financial position and prospects through its annual financial statements and quarterly announcements to its shareholders. The Audit Committee assists the Board in overseeing the Group’s financial reporting processes and the quality of its financial reporting.

The statement by the Directors of their responsibilities in relation to the financial statements is set out on page 20 of this Annual Report.

# Statement of Corporate Governance (Cont'd)

## Internal Controls

The Directors acknowledge their responsibilities for the Company to maintain a sound system of internal controls covering financial, operations and compliance controls and to safeguard shareholders' investment and the Company's assets. While every effort is made to manage the significant risks, by its nature, the system can only provide reasonable but not absolute assurance against material misstatement or loss. Ongoing reviews are carried out by the Board, with the assistance of the Audit Committee, internal auditors and external auditors, to safeguard the Group's assets.

On 28 September 2007, the Board has engaged an independent professional firm for the provision of Internal Audit ("IA") services to Greenyfield Berhad. The professional firm shall identify auditable areas and risk significance of each business processes, taking into consideration of the following aspects:-

- Core business and activities of the Group;
- Risk profile of the Group;
- Need for compliance auditing;
- Management expectations and concerns; and
- Improvement opportunities.

The Board is confident that the above aspects will improve the Group's risk coverage and allow the Group to receive an efficient and effective level of audit coverage.

The Statement on Internal Control is set out on pages 21 to 22 of the Annual Report.

## Relationship with Auditors

Through the Audit Committee, Greenyfield maintains a formal and transparent relationship with the Group's external auditors. The Audit Committee is able to convene meetings with the external auditors without the attendance of the executive members of the committee. The role of the Audit Committee in relation to the external auditors is more particularly described in the Audit Committee Report on pages 23 to 27 of this Annual Report.

## E. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the Financial Reporting Standards and give a true and fair view of the financial positions of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 July 2008, the Directors have :-

- adopted suitable accounting policies and applied them consistently;
- ensured that applicable accounting standards have been followed;
- made judgements and estimates that are reasonable and prudent;
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial positions of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

This Statement on Corporate Governance was made by the Board of Directors in accordance with a resolution passed by the Board of Director on 14 November 2008.

# Statement of Internal Control

## INTRODUCTION

The Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market require directors of listed companies to make a statement in the annual report about the state of their internal controls. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and the Groups' assets.

The Board is pleased to provide the following statement on the state of internal control of the Group for the financial year ended 31 July 2008. The statement has been prepared in accordance with the "Internal Control Statement – Guidance for Directors of Public Listed Companies".

## BOARD RESPONSIBILITIES

The Board recognises the importance of a sound system of internal control and effective risk management practices to good corporate governance. The Board affirms its overall responsibility for reviewing the adequacy and the integrity of the Group's internal control system.

However, there are limitations that are inherent in any system of internal control and such systems are designed to manage and control risks appropriately rather than to eliminate them. Hence, it is imperative to note that any internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board will continue taking necessary measures to strengthen its internal control system to address any weakness identified.

## RISK MANAGEMENT

On 28 September 2007, the Board has engaged an independent professional firm for the provision of Enterprise Risk Management ("ERM") services to Greenyfield Berhad. The overall engagement objectives for ERM services are to assist the Board in the following areas:-

- Development of an ERM framework which incorporates a suitable oversight structure, risk management policy, reporting mechanisms, risk parameters, and process and mechanisms for risk identification, profiling, assessment and treatment;
- Development of an enterprise risk profile to be used as a baseline for the deployment of the ERM framework referred to above; and
- Enhancing risk consciousness, to create an impetus to change amongst key personnel.

During the financial year ended 31 July 2008, the independent professional firm has completed the provision of ERM services to Greenyfield and a Risk Management Policy ("RMP") has been adopted by the Board on 26 March 2008. The RMP addresses key elements of the risk management framework to be implemented and maintained by the Greenyfield Group. This will allow for a consistent management of risks within defined risk/return parameters and tolerances. As such, the RMP will provide a framework for the effective identification, evaluation, management and reporting of Greenyfield Group's risks.

# Statement of Internal Control (Cont'd)

## INTERNAL CONTROL FRAMEWORK

On 28 September 2007, the Board has engaged an independent professional firm for the provision of Internal Audit ("IA") services to Greenyard Berhad. The professional firm has proposed an Internal Audit Charter ("IAC") and an Internal Audit Plan ("IAP") for the three (3) financial years ending 31 July 2010 to the Company and the Audit Committee has approved the IAC and IAP on 26 March 2008.

For the financial year under review, the internal auditors have carried out their review according to the approved IAP. The review covered the assessment on the adequacy and effectiveness internal controls of selected key processes for one of the Group's subsidiaries. The internal audit for the rest of the subsidiaries within the Group is currently in progress. Upon completion of the internal audit, the internal audit observations, recommendations and management comments will be reported to the Audit Committee.

The Board is ultimately responsible for the implementation and maintenance of the Group's internal processes and procedures. The Board has put in place the following internal control elements for the current year under review:

- The Executive Directors are closely involved in the running of the day-to-day business and operations of the Group by attending monthly meetings both at management and operational levels. The Executive Directors report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large;
- Review of statutory annual financial statements and quarterly reports by evaluating the reasons for unusual variances noted thereof by the Board and Audit Committee before the announcement to Bursa Malaysia;
- The Board has in place an organisational structure with defined lines of responsibilities, proper segregation of duties and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and monitoring of credit terms to reduce the exposure of credit risks;
- The organisational structure of the Company and its subsidiaries has defined lines of accountability and authorities for all aspects of the business;
- Internal control procedures include the publication of the Employees Handbook, which highlights policies on health and safety, staff performance and serious misconduct. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of management and finally to the Board;
- The engagement of an independent professional firm to assist the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of internal control system and ensuring operational compliance with standard operating procedures within the Group;
- Annual audit by external quality auditors to ensure the quality system of Greenyard Industries (M) Sdn. Bhd. and RCP Technologies Sdn. Bhd. are in compliance with all requirements of the ISO 9001:2000 certifications. The certification serves as an assurance to customers of the delivery of the highest quality of systems, products and services by the Group; and
- Terms of reference have been written for the Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee.

The Board believes that the aspects above will improve the Group's risk coverage and allow the Group to receive an efficient and effective level of audit coverage.

## CONCLUSION

The Board is of the view that there were no significant weaknesses in the system of internal control of the Group that may have a material impact on the operations of the Group for the financial year ended 31 July 2008. The Board will continue to take necessary measures to strengthen and improve its internal control structure in order to manage the risks more effectively.

This statement has been made in accordance with a resolution passed by the Board of Director on 14 November 2008.

# Audit Committee Report

## MEMBERSHIP & MEETINGS OF AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 15.09 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market (“Listing Requirements”) and comprises 3 members as follows:-

	<b>Composition of the Audit Committee</b>	<b>Attendance at the Audit Committee Meeting during the financial year ended 31 July 2008</b>
Chairman	: <b>Dr. Zainol Bin Md. Eusof</b> <i>Independent Non-Executive Director</i>	5/5
Members	: <b>Dr. Shaikh Awadz Bin Shaikh Abdullah</b> <i>Independent Non-Executive Director</i>	4/5
	: <b>Loke Chee Kien</b> <i>Executive Director</i>	5/5

In accordance with the amendments to the Listing Requirements, Greenyield will meet the requirement to have Non-Executive Directors only as members of the Audit Committee by 31 January 2009.

## SUMMARY OF ACTIVITIES OF COMMITTEE

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

- reviewed the quarterly reports and audited financial statements of the Group prior to submission to the Board for consideration and approval;
- in conjunction with the quarterly reports, review is made for the Company’s compliance with the Listing Requirements, MASB and applicable regulatory requirements;
- reviewed the related party transactions entered into by the Group;
- reviewed the fees of the external auditors;
- consider the re-appointment of the external auditors;
- reviewed with the external auditors the audit plan, scope of work and audit report; and
- reviewed the management letter issues and Management ‘s response.

## TERMS OF REFERENCE OF AUDIT COMMITTEE

### 1. Composition

The Board of Directors (“BOD”) of Greenyield Berhad (the “Company”) resolved to establish a Committee of the BOD to be known as the Audit Committee on 30 May 2005.

The Audit Committee shall be appointed by the BOD from among their number (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three (3) members, exclusively of Non-Executive Directors by 31 January 2009 who are financially literate and the majority of whom shall be Independent Directors. The Group Managing Director / Group Chief Executive Officer of the Company or alternate director shall not be a member of the Audit Committee.



# Audit Committee Report (Cont'd)

At least one member of the Audit Committee and / or the person primarily responsible for the financial management of the Company, who signs the statutory declaration:-

- a) must be a member of the Malaysian Institute of Accountants; or
- b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:
  - aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- c) fulfil such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from among their number who is an Independent Director.

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the BOD so that a replacement may be appointed before he leaves.

In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy not later than three (3) months.

The Audit Committee must ensure the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

The Audit Committee shall function independently of the other Directors and Officers of the Company and its Group. Such other Directors and Officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation specific to the relevant meeting.

Other than as provided herein, an Audit Committee may regulate its own procedures including the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

## 2. Functions

The functions of the Audit Committee are as follows:-

- (i) To review the nomination of external auditors and their audit fees;
- (ii) To review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (iii) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (iv) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

## Audit Committee Report (Cont'd)

- (v) To review the quarterly results and financial statements of the Company with both the external auditors, if applicable, and management focusing particularly on:-
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant and unusual events; and
  - (c) compliance with accounting standards and other legal requirements;
- (vi) To review with the external auditors, the audit report and audit plan and evaluation of the system of internal controls;
- (vii) To review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (viii) To review any letter of resignation from the Company's external auditors;
- (ix) To review the assistance given by the Company's officers to the external auditors;
- (x) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- (xi) To review all related-party transactions and potential conflict of interests situations;
- (xii) To consider all other matters delegated by the BOD; and
- (xiii) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.

### 3. Access

The Audit Committee shall:-

- (i) Have explicit authority to investigate any matters within its terms of reference;
- (ii) Have the resources which it needs to perform its duties;
- (iii) Have full access to any information which it requires in the course of performing its duties;
- (iv) Have unrestricted access to the Group Managing Director / Group Chief Executive Officer, Director of Finance / Chief Financial Officer / Head of Group Finance Division and any other senior management staff of the Company and its subsidiaries;
- (v) Have direct communication channels with the external auditors and internal auditors (if any);
- (vi) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- (vii) Be able to invite outsiders with relevant experience to attend its meetings if necessary; and
- (viii) Monitor and ensure that any transactions entered into between the Company and its subsidiaries and parties or companies connected to the promoters, directors and substantial shareholders of the Company and its subsidiaries are at arm's length and not on terms that are detrimental to the Group. The Directors of the Company are required to report such transactions in the annual report of the Company every year.

Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee. Where the Audit Committee is of the view that a matter reported by it to the BOD has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the MESDAQ Market, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

# Audit Committee Report (Cont'd)

## 4. Meetings

The Audit Committee shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfil its duties. Upon the request of the external auditors or internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the BOD or shareholders.

Apart from the external auditors or internal auditors, the Chairman shall call for a meeting of the Audit Committee if requested to do so by any member of the Audit Committee, the BOD or the Senior Management. Prior notice shall be given for the Audit Committee's meetings.

The external auditors or internal auditors have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.

The Audit Committee should meet at least twice a year with the external auditors without executive board members and Management present.

The Chairman of the Audit Committee should engage on continuous discussion with senior management, e.g. chairman, chief executive officer, finance director, head of internal audit and external auditors to be kept informed of matters affecting the Company.

The Company Secretary or other appropriate senior official shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting and taking attendance for the Audit Committee meeting.

The Secretary shall also be responsible for keeping the minutes of the Audit Committee and circulating them to committee members and to the other members of the BOD.

The Audit Committee is to provide opportunity to resigning internal audit staff / internal audit function service provider to submit his / their reason for resigning.

A quorum shall consist of a minimum of two (2) Audit Committee members including at least one (1) Independent Director.

The Audit Committee shall function independently of the other directors and officers of the Company and its subsidiaries. Such other directors and officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

## 5. Reporting Procedures

The Audit Committee shall assist the Board in preparing the following for publication in the Company's Annual Report:-

- (a) A summary of the activities of the Audit Committee;
- (b) Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
- (c) Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;

## Audit Committee Report (Cont'd)

- (d) Statement on the BOD's responsibility for preparing the annual audited financial statements;
- (e) Statement about the state of internal control of the Company and its subsidiaries;
- (f) A statement relating to the internal audit function for the Company, whether the internal audit function is performed in-house or is outsourced and the costs incurred for the internal audit function in respect of the financial year; and
- (g) Details of training attended by each Audit Committee member is to be disclosed in the Corporate Governance Statement or the Audit Committee report.

### INTERNAL AUDIT FUNCTION

On 28 September 2007, the Board has engaged an independent professional firm for the provision of Internal Audit ("IA") services to Greenyield Berhad. The professional firm has proposed an Internal Audit Charter ("IAC") and an Internal Audit Plan ("IAP") for the three (3) financial years ending 31 July 2010 to the Company and the Audit Committee has approved the IAC and IAP. The IAP takes into consideration of the following aspects:-

- Core business and activities of the Group;
- Risk profile of the Group;
- Need for compliance auditing;
- Management expectations and concerns; and
- Improvement opportunities.

The Board is confident that the above aspects will improve the Group's risk coverage and allow the Group to receive an efficient and effective level of audit coverage.

# Additional Compliance Information

## 1. UTILISATION OF PROCEEDS

Greenyard Berhad was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad through an initial public offering. A total of RM8,875,000 was raised from the initial public offering. The status of the allocation and utilisation of the proceeds from the public issue as at 31 July 2008 is as follows:

Purpose	Allocation of proceeds (RM'000)	Amount utilised from 20 October 2006 to 31 July 2008 (RM'000)	Amount unutilised (RM'000)
Research and development	1,500	-	1,500
Capital expenditure	1,850	-	1,850
Setting up of marketing and technical support service centres	300	-	300
Repayment of borrowings	1,500	1,500	-
Working capital	2,223	*428	1,795
Estimated listing expenses	1,502	*1,502	-
<b>Total</b>	<b>8,875</b>	<b>3,430</b>	<b>5,445</b>

\* Reclassification of utilization

# The remaining unutilized proceeds allocated to defray listing expenses amounting to approximately RM0.029 million has been reallocated as working capital of the Group.

The Company had obtained the approval of the Securities Commission ("SC") vide its letter dated 14 July 2008 for the extension of time for the utilization of proceeds as stated in Table 1.

In addition to the above, it was also stated in the said letter that Greenyard need not apply for approval from the SC for any extension of time or revision to the utilization of proceeds from the public issue of Greenyard in the future.

**Table 1**

Description	Previously approved utilisation schedule		Revised utilisation schedule	
	RM'000	Timeframe	RM'000	Timeframe
Research and Development	1,500	20 October 2008	1,500	19 October 2009
Capital expenditure	1,850	20 October 2008	1,850	19 October 2009
Setup of marketing and technical support service centres	300	20 October 2008	300	19 October 2009
Repayment of borrowings	1,500	20 October 2007	1,500	-
Working capital	2,223	20 October 2008	2,252	19 October 2009
Listing expenses	1,502	20 October 2007	1,473	-
<b>Total</b>	<b>8,875</b>		<b>8,875</b>	

## **Additional Compliance Information (Cont'd)**

### **2. SHARE BUY-BACK**

During the financial year ended 31 July 2008, the Company did not enter into any share buy-back transaction.

### **3. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES**

During the financial year ended 31 July 2008, there were no exercise of options, warrants and convertible securities.

### **4. DEPOSITORY RECEIPT PROGRAMME**

During the financial year ended 31 July 2008, the Company did not sponsor any depository receipt programme.

### **5. SANCTIONS AND/OR PENALTIES**

During the financial year ended 31 July 2008, there were no public sanctions or penalties imposed on the Company and its subsidiary companies, directors or management by the relevant regulatory bodies.

### **6. NON-AUDIT FEES**

For the financial year ended 31 July 2008, the amount of non-audit fees to external auditors by the Group is RM9,000.

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

No profit estimate, forecast or projection has been given by the Company in respect of the financial year.

### **8. VARIATION IN RESULTS**

There is no significant variance between the results for the financial year ended 31 July 2008 and the unaudited results previously released by the Company.

### **9. PROFIT GUARANTEE**

No profit guarantee had been given by the Company in respect of the financial year.

### **10. MATERIAL CONTRACTS**

There were no material contracts involving directors and/or major shareholders.

### **11. MATERIAL CONTRACTS RELATING TO LOANS**

There were no material contracts relating to loans involving directors and / or major shareholders.

## Additional Compliance Information (Cont'd)

### 12. REVALUATION POLICY ON LANDED PROPERTIES

The Group does not have any policy on revaluation of properties.

### 13. OPTIONS GRANTED TO DIRECTORS PURSUANT TO THE EMPLOYEE SHARE OPTION SCHEME

Name of Directors	Amount of Options Offered	Amount of Options Exercised
<b>Executive Directors</b>		
1. Tham Foo Keong	335,000	-
2. Tham Foo Choon	335,000	-
3. Loke Chee Kien	335,000	-
4. Dr. Sivakumaran A/L Seenivasagam	335,000	-
5. Tajuddin Bin Ismail	335,000	-
<b>Non-Executive Directors</b>		
6. Y. Bhg. Tan Sri Datuk Arshad Bin Ayub <i>(Resigned on 14 March 2008)</i>	85,000*	-
7. Dr. Zainol Bin Md. Eusof	85,000	-
8. Dr. Shaikh Awadz Bin Shaikh Abdullah	85,000	-
9. Ishak Bin Said <i>(Resigned on 26 May 2008)</i>	85,000*	-

\* Options offered lapsed

# Financial Statements

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# Directors' Report

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.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Profit for the year	6,304,000	2,135,739

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review, except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the Company paid a final dividend of 1.5 sen per ordinary share, consisting of tax exempt dividend of 0.5 sen per share and dividend, less tax 26%, of 1 sen per share, totalling RM2,046,000 (1.2 sen net per share) in respect of the year ended 31 July 2007 on 28 January 2008.

The final dividend recommended by the Directors in respect of the year ended 31 July 2008 is 1.8 sen per share totalling RM2,970,000.

## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tham Foo Keong

Tham Foo Choon

Loke Chee Kien

Dr. Sivakumaran A/L Seenivasagam

Tajuddin Bin Ismail

Dr. Zainol Bin Md. Eusof

Dr. Shaikh Awadz Bin Shaikh Abdullah

Tan Sri Datuk Arshad Bin Ayub (resigned on 14 March 2008)

Ishak Bin Said (resigned on 26 May 2008)

# Directors' Report (Cont'd)

## DIRECTORS' INTEREST

The interests and deemed interests in the ordinary shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.8.2007	Bought	Sold	At 31.07.2008
<b>Company</b>				
Direct interest				
Tham Foo Keong	5,151,580	-	-	5,151,580
Tham Foo Choon	3,714,580	-	-	3,714,580
Loke Chee Kien	20,000	-	-	20,000
Dr. Sivakumaran A/L Seenivasagam	765,710	-	-	765,710
Tajuddin Bin Ismail	20,000	-	-	20,000
Dr. Zainol Bin Md. Eusof	20,000	-	-	20,000
Dr. Shaikh Awadz Bin Shaikh Abdullah	20,000	-	-	20,000
Deemed interest				
Tham Foo Keong*	-	9,531,280	-	9,531,280
Loke Chee Kien#	-	7,380,610	-	7,380,610
<b>Ultimate holding company, Greenfield Holdings Sdn. Bhd.</b>				
Deemed interest				
Tham Foo Keong	83,390,920	-	-	83,390,920
Tham Foo Choon	83,390,920	-	-	83,390,920

	Number of options over ordinary shares of RM0.10 each			
	At 1.8.2007	Granted	Exercised	At 31.7.2008
Direct interest in the Company				
Tham Foo Keong	335,000	-	-	335,000
Tham Foo Choon	335,000	-	-	335,000
Loke Chee Kien	335,000	-	-	335,000
Dr. Sivakumaran A/L Seenivasagam	335,000	-	-	335,000
Tajuddin Bin Ismail	335,000	-	-	335,000
Dr. Zainol Bin Md. Eusof	85,000	-	-	85,000
Dr. Shaikh Awadz Bin Shaikh Abdullah	85,000	-	-	85,000

\* In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interests of the spouse of Tham Foo Keong in the shares of the Company shall be treated as the interests of Tham Foo Keong.

# In accordance with Section 134(12)(c) of the Companies Act, 1965, the deemed interests of the spouse of Loke Chee Kien in the shares of the Company shall be treated as the interests of Loke Chee Kien.

## Directors' Report (Cont'd)

By virtue of their interests in the shares of the Company, Tham Foo Keong and Tham Foo Choon are also deemed interested in the shares of all subsidiaries during the financial year to the extent that Greenyield Berhad has an interest.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

There were no arrangements during and at the end of the financial year which had the object 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 apart from the issue of the Employees' Share Option Scheme (ESOS).

### ISSUE OF SHARES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees' Share Option Scheme (ESOS).

The salient features of the ESOS scheme are, inter alia, as follows:

- i) The aggregate number of options exercised and options offered and to be offered under the scheme shall not exceed 15,000,000 at any one time during the duration of the scheme as provided by the Bye-Law and the following shall be complied with:-
  - (a) Not more than fifty per cent (50%) of the shares available under the scheme shall be allocated, in aggregate, to Directors and senior management; and
  - (b) The allocation to an eligible employee who, either singly or collectively through persons connected with the eligible employee, holds twenty per cent (20%) or more of the issued and paid-up capital of the Company, must not exceed ten per cent (10%) of the shares available under the scheme,
- ii) The exercise price shall not be at a discount of more than ten per cent (10%) (or such discount as the relevant authorities shall permit) from the 5 market day weighted average market price of the shares of the Company proceeding the date of offer and shall, in no event, be less than the par value of the shares of the Company,
- iii) An option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the grantee save and except in the event of the death of the grantee. Any such transfer, assignment, disposal or encumbrances shall result in the automatic cancellation of the option,
- iv) The new shares to be issued upon the exercise of the option will, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up shares of the Company, except that the new shares will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the said shares,

# Directors' Report (Cont'd)

## OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

- v) An option holder may, in particular year, exercise up to some maximum number of shares in the option certificate as determined by the Board of Directors or as specified in the option certificate,
- vi) The option granted to eligible employees will lapse when they are no longer in employment of the Group, and
- vii) The ESOS will be in force for a period of three (3) years commencing 13 October 2006. The ESOS may at the discretion of the options committee to be extended for up to seven (7) years.

The options offered to take up unissued ordinary shares of RM0.10 each and the exercise price are as follows:

Date of offer	Exercise price (RM)	Number of options over ordinary shares of RM0.10 each				
		At 1.8.2007	Granted	Exercised	At Forfeited	31.7.2008
13 October 2006	0.21	3,441,000	-	-	284,000	3,157,000

## OTHER STATUTORY INFORMATION

Before the balance sheets and income 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 no provision need to be 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 it necessary to write off any bad debts or provide for any doubtful debts, 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) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 July 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.

# Directors' Report (Cont'd)

## AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

**Tham Foo Keong**

.....

**Tham Foo Choon**

Kajang, Selangor Darul Ehsan  
Date: 14 November 2008

# Balance Sheets

At 31 July 2008

	Note	Group		Company	
		2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Assets</b>					
Property, plant and equipment	3	12,131,497	11,860,224	-	-
Prepaid lease payments	4	2,196,211	1,528,124	-	-
Intangible assets	5	18,390	19,746	-	-
Investments in subsidiaries	6	-	-	12,273,998	12,273,998
<b>Total non-current assets</b>		14,346,098	13,408,094	12,273,998	12,273,998
Inventories	7	5,292,093	4,751,683	-	-
Receivables, deposits and prepayments	8	4,906,727	6,235,117	2,010,745	1,813,900
Current tax assets		200,710	235,636	-	-
Cash and cash equivalents	9	16,012,113	12,956,340	5,602,832	5,662,048
<b>Total current assets</b>		26,411,643	24,178,776	7,613,577	7,475,948
<b>Total assets</b>		40,757,741	37,586,870	19,887,575	19,749,946
<b>Equity</b>					
Share capital		16,500,000	16,500,000	16,500,000	16,500,000
Reserves		19,635,227	15,327,375	3,366,740	3,227,149
<b>Total equity</b>	10	36,135,227	31,827,375	19,866,740	19,727,149
<b>Liabilities</b>					
Loans and borrowings	11	95,122	316,907	-	-
Deferred tax liabilities	12	1,365,782	1,346,513	-	-
<b>Total non-current liabilities</b>		1,460,904	1,663,420	-	-
Payables and accruals	14	2,596,031	3,179,837	20,835	22,797
Loans and borrowings	11	565,579	866,041	-	-
Taxation		-	50,197	-	-
<b>Total current liabilities</b>		3,161,610	4,096,075	20,835	22,797
<b>Total liabilities</b>		4,622,514	5,759,495	20,835	22,797
<b>Total equity and liabilities</b>		40,757,741	37,586,870	19,887,575	19,749,946

The notes on page 43 to 71 are an integral part of these financial statements.

# Income Statements

For the Year Ended 31 July 2008

	Note	Group		Company	
		2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Revenue</b>		33,641,809	26,355,209	2,118,932	-
Cost of sales		(19,914,504)	(15,726,125)	-	-
<b>Gross profit</b>		13,727,305	10,629,084	2,118,932	-
Other income		266,280	141,922	-	49
Distribution expenses		(1,013,937)	(826,302)	-	-
Administrative expenses		(4,733,407)	(3,911,780)	(155,241)	(169,739)
Other expenses		(274,011)	(302,058)	-	-
<b>Results from operating activities</b>		7,972,230	5,730,866	1,963,691	(169,690)
Finance costs		(91,386)	(156,866)	(37)	(91)
Interest income		301,113	206,823	173,185	149,235
<b>Profit/(Loss) before tax</b>	15	8,181,957	5,780,823	2,136,839	(20,546)
Tax expense	17	(1,877,957)	(1,359,387)	(1,100)	(180)
<b>Profit/(Loss) for the year</b>		6,304,000	4,421,436	2,135,739	(20,726)
<b>Basic earnings per ordinary share (sen):</b>	18	3.82	2.84		
<b>Diluted earnings per ordinary share (sen):</b>	18	3.82	2.79		

The notes on page 43 to 71 are an integral part of these financial statements.

# Statements of Changes in Equity

For the Year Ended 31 July 2008

	Note	Attributable to shareholders of the Company			Retained earnings RM	Total RM
		Share capital RM	Share premium RM	Share option reserve RM		
<b>Group</b>						
<b>At 1 August 2006</b>						
As previously stated		12,274,000	-	-	7,478,518	19,752,518
Adoption of FRS 112		-	-	-	130,135	130,135
<b>At 1 August 2006, restated</b>		12,274,000	-	-	7,608,653	19,882,653
Issue of new shares		4,226,000	4,648,600	-	-	8,874,600
Listing expenses		-	(1,472,991)	-	-	(1,472,991)
Share-based payment	13	-	-	121,677	-	121,677
Profit for the year		-	-	-	4,421,436	4,421,436
Total recognised income and expense for the year		-	-	-	4,421,436	4,421,436
<b>At 31 July 2007/1 August 2007, restated</b>		16,500,000	3,175,609	121,677	12,030,089	31,827,375
Listing expenses		-	(7,125)	-	-	(7,125)
Share-based payment	13	-	-	56,977	-	56,977
Profit for the year		-	-	-	6,304,000	6,304,000
Total recognised income and expense for the year		-	-	-	6,304,000	6,304,000
Dividends to shareholders	19	-	-	-	(2,046,000)	(2,046,000)
<b>At 31 July 2008</b>		16,500,000	3,168,484	178,654	16,288,089	36,135,227
		Note 10	Note 10	Note 10		



# Statements of Changes in Equity (Cont'd)

For the Year Ended 31 July 2008

	Note	Attributable to shareholders of the Company				Total RM
		Share capital RM	Share premium RM	Share option reserve RM	Distributable Retained earnings RM	
<b>Company</b>						
<b>At 1 August 2006</b>		12,274,000	-	-	(49,411)	12,224,589
Issue of new shares		4,226,000	4,648,600	-	-	8,874,600
Listing expenses		-	(1,472,991)	-	-	(1,472,991)
Share-based payment		-	-	121,677	-	121,677
Loss for the year		-	-	-	(20,726)	(20,726)
<b>At 31 July 2007/1 August 2007</b>		16,500,000	3,175,609	121,677	(70,137)	19,727,149
Listing expenses		-	(7,125)	-	-	(7,125)
Share-based payment		-	-	56,977	-	56,977
Profit for the year		-	-	-	2,135,739	2,135,739
Dividend to shareholders	19	-	-	-	(2,046,000)	(2,046,000)
<b>At 31 July 2008</b>		16,500,000	3,168,484	178,654	19,602	19,866,740
		Note 10	Note 10	Note 10		

The notes on page 43 to 71 are an integral part of these financial statements.

# Cash Flow Statements

For the Year Ended 31 July 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	8,181,957	5,780,823	2,136,839	(20,546)
Adjustments for:				
Depreciation	1,182,765	795,920	-	-
Amortisation of prepaid lease payments	18,481	18,479	-	-
Amortisation of intangible assets	1,356	1,357	-	-
(Gain)/Loss on disposal of property, plant and equipment - net	(11,213)	75,950	-	-
Write off of property, plant and equipment	21,281	-	-	-
Interest expense	91,386	156,866	37	-
Interest income	(301,113)	(206,823)	(173,185)	(149,235)
Share-based payment	56,977	121,677	5,623	11,877
<b>Operating profit/(loss) before changes in working capital</b>	9,241,877	6,744,249	1,969,314	(157,904)
Inventories	(540,410)	(1,921,068)	-	-
Trade and other receivables	1,328,390	2,574,956	(145,491)	(1,367,333)
Trade and other payables	(583,806)	(397,380)	(1,962)	(363,881)
<b>Cash from/(used in) operations</b>	9,446,051	7,000,757	1,821,861	(1,889,118)
Tax paid	(2,122,967)	(1,392,948)	(1,100)	(180)
Tax refund	249,008	81,140	-	-
Interest paid	(45,336)	(41,168)	(37)	-
<b>Net cash from/(used in) operation activities</b>	7,526,756	5,647,781	1,820,724	(1,889,298)
<b>Cash flows from investing activities</b>				
(Increased)/Decrease in pledged deposits placed with licensed banks	(949,392)	126,266	-	-
Purchase of property, plant and equipment (ii)	(1,422,166)	(1,848,072)	-	-
Purchase of prepaid lease-leasehold land	(686,568)	-	-	-
Proceeds from disposal of property, plant and equipment	78,060	374,450	-	-
Interest received	301,113	206,823	173,185	149,235
<b>Net cash (used in)/from investing activities</b>	(2,678,953)	(1,140,533)	173,185	149,235

# Cash Flow Statements (Cont'd)

For the Year Ended 31 July 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash flows from financing activities</b>				
Dividends paid to shareholders of the company	(2,046,000)	-	(2,046,000)	-
Proceeds from other borrowings	-	285,000	-	-
Repayment of loans and borrowings	(252,000)	(1,418,663)	-	-
Repayment of hire purchase liabilities	(390,247)	(194,931)	-	-
Proceeds from issue of shares	-	8,874,600	-	8,874,600
Listing expenses	(7,125)	(1,472,991)	(7,125)	(1,472,991)
Interest paid	(46,050)	(115,698)	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(2,741,422)</b>	<b>5,957,317</b>	<b>(2,053,125)</b>	<b>7,401,609</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,106,381</b>	<b>10,464,565</b>	<b>(59,216)</b>	<b>5,661,546</b>
<b>Cash and cash equivalents at 1 August (i)</b>	<b>12,873,497</b>	<b>2,408,932</b>	<b>5,662,048</b>	<b>502</b>
<b>Cash and cash equivalents at 31 July (i)</b>	<b>14,979,878</b>	<b>12,873,497</b>	<b>5,602,832</b>	<b>5,662,048</b>

## i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deposits with licensed banks	10,544,906	9,786,416	5,402,165	5,637,304
Cash and bank balances	5,467,207	3,169,924	200,667	24,744
	16,012,113	12,956,340	5,602,832	5,662,048
Less: Deposits pledged	(1,032,235)	(82,843)	-	-
	14,979,878	12,873,497	5,602,832	5,662,048

## ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,542,166 (2007 - 2,498,073) of which RM120,000 (2007 - RM650,000) were acquired by means of hire purchase.

The notes on page 43 to 71 are an integral part of these financial statements.

# Notes to the Financial Statements

Greenyard Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the MESDAQ market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business  
21 & 23, Jalan Seksyen 3/7  
Taman Kajang Utama  
43000 Kajang Selangor

Registered office  
Level 18, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Malaysia.

The consolidated financial statements of the Company as at and for the year ended 31 July 2008 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 July 2008 do not include other entities.

The Company is principally engaged in investment holding while the other Group entities are primarily involved in manufacturing, marketing and distribution of agricultural systems and products, plastic-related and wood-related products.

The ultimate holding company during the financial year is Greenyard Holdings Sdn. Bhd., a company incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 14 November 2008.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

FRS 139, Financial Instruments: Recognition and Measurement, is effective for the financial period commencing on or after 1 January 2010. The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

# Notes to the Financial Statements (Cont'd)

## 1. BASIS OF PREPARATION (Cont'd)

### (d) Use of 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

The comparative consolidated financial statements have been restated to take into account the change in accounting policies (see Note 24). Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 25).

### (a) Basis of consolidation

#### (i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (ii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

# Notes to the Financial Statements (Cont'd)

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

### (b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

### (c) Property, plant and equipment

#### (i) *Recognition and measurement*

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bring the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

#### (ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

#### (iii) *Reclassification to prepaid lease payments*

Leasehold land with title that is not expected to pass to the lessee by the end of the lease term is treated as operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments except for leasehold land classified as investment property.

The Group has previously classified a leasehold land as finance lease and had recognised the amount of prepaid lease payments as property, plant and equipment.

On adoption of FRS 117, Leases, the Group treats such lease of land as an operating lease with unamortised amount classified as the surrogate carrying amount of prepaid lease payments in accordance with the traditional provisions in FRS 117.67A. Such prepaid lease payments are amortised over the remaining lease terms.

This reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparative figures have been restated as disclosed in Note 25.

# Notes to the Financial Statements (Cont'd)

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

### (c) Property, plant and equipment (Cont'd)

#### (iv) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

	2008	2007
• Leasehold buildings	50 years	50 years
• Plant and machinery	10 years	12 years
• Motor vehicles	10 years	10 years
• Computer	5 years	12 years
• Renovation	10 years	12 years
• Furniture and fittings, office equipment, air-conditioner, empty cylinder and electrical installation	10 years	12 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

#### (v) Change in estimates

During the year ended 31 July 2008, the Group conducted an operational efficiency review on the Group's plant and machinery; computer; renovation; office and factory furniture and fittings, office equipment, air-conditioner, empty cylinder and electrical installation. The expected useful lives of these assets, which management previously estimated to be 12 years, are now changed to 10 years, and 5 years for computers, so as to reflect more realistically the estimated useful life of these assets.

The effect of this change in accounting estimates is not significant to the Group.

#### (d) Prepaid lease payments

Prepaid lease payments consist of leasehold land as fully explained in Note 2(c)(iii).

The leasehold land are amortised on a straight-line basis over the lease term of 82 years.

### (e) Intangible assets

#### (i) Trademarks

Trademarks that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any.

#### (ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

# Notes to the Financial Statements (Cont'd)

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

### (e) Intangible assets (Cont'd)

#### (iii) *Amortisation*

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives of trademarks are over a period of 10 to 20 years.

### (f) Inventories

Raw materials, work-in-progress, finished goods, agricultural parts, packaging materials and trading inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and manufactured inventories, cost includes an appropriate proportion of fixed and variable production overheads based on normal operating capacity. Net realisable value is 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.

### (g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

### (i) Impairment of assets

The carrying amounts of assets except for financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.



# Notes to the Financial Statements (Cont'd)

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

### (i) Impairment of assets (Cont'd)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

### (j) Share capital

#### *Shares issue expenses*

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

### (k) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

All interest and other costs incurred in connection with borrowings are expensed as incurred.

#### *Hire purchase liability*

Property, plant and equipment under hire purchase plans are capitalised at their purchase cost and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as a liability. Finance charges for the hire purchase are charged to the income statement over the period of the hire purchase agreement using the sum of digits method.

### (l) Employee benefits

#### (i) *Short term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

The Group's contribution to statutory pension fund is charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (ii) *Share-based payment transactions*

The share option programme allows Group employees to acquire shares of the Company. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2007 as provided in the transitional provision of FRS 2. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

# Notes to the Financial Statements (Cont'd)

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

### (l) Employee benefits (Cont'd)

#### (ii) *Share-based payment transactions (Cont'd)*

The fair value of employee stock options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### (m) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

### (n) Revenue recognition

#### i) *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

#### (ii) *Dividend income*

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

### (o) Interest income and borrowing cost

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

### (p) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

# Notes to the Financial Statements (Cont'd)

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

### (p) Tax expense (Cont'd)

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

In the previous year, unutilised reinvestment allowance or investment tax allowance was recognised as a reduction of tax expense as and when it was utilised. Following the adoption of the revised FRS 112, a tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised. This change in accounting policy is applied retrospectively and the effects are set out in Note 24.

### (q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### (r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### (s) Derivative financial instruments

The Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange risk arising from operational activities.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Any outstanding forward foreign exchange contracts are disclosed as unrecognised financial instruments.

## Notes to the Financial Statements (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building* RM	Leasehold land RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture and fittings, office equipment, air- conditioner, empty cylinder and electrical installation RM	Total RM
<b>Cost</b>								
At 1 August 2006	1,490,000	1,578,249	4,921,806	1,665,425	1,412,650	413,603	1,718,711	13,200,444
Adoption of FRS 117 (Note 4)	-	(1,578,249)	-	-	-	-	-	(1,578,249)
At 1 August 2006, restated	1,490,000	-	4,921,806	1,665,425	1,412,650	413,603	1,718,711	11,622,195
Additions	-	-	-	531,951	1,325,854	102,814	537,453	2,498,072
Disposals	-	-	-	(41,500)	(795,365)	-	(12,450)	(849,315)
At 31 July 2007								
1 August 2007, restated	1,490,000	-	4,921,806	2,155,876	1,943,139	516,417	2,243,714	13,270,952
Additions	-	-	-	1,002,843	222,990	64,987	251,346	1,542,166
Disposals	-	-	-	(202,500)	-	-	(11,349)	(213,849)
Write off	-	-	-	-	-	-	(122,329)	(122,329)
At 31 July 2008	1,490,000	-	4,921,806	2,956,219	2,166,129	581,404	2,361,382	14,476,940

## Notes to the Financial Statements (Cont'd)

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

Group	Freehold land and building* RM	Leasehold land RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture and fittings, office equipment, air- conditioner, empty cylinder and electrical installation RM	Total RM
<b>Accumulated depreciation</b>								
At 1 August 2006	-	31,646	140,451	305,469	245,150	54,625	268,028	1,045,369
Adoption of FRS 117 (Note 4)	-	(31,646)	-	-	-	-	-	(31,646)
At 1 August 2006, restated	-	-	140,451	305,469	245,150	54,625	268,028	1,013,723
Depreciation for the year	-	-	91,633	237,291	205,183	43,297	218,516	795,920
Disposals	-	-	-	(17,751)	(371,047)	-	(10,117)	(398,915)
At 31 July 2007/ 1 August 2007, restated	-	-	232,084	525,009	79,286	97,922	476,427	1,410,728
Depreciation for the year	-	-	91,635	371,880	234,206	69,309	415,735	1,182,765
Disposals	-	-	-	(142,146)	-	-	(4,856)	(147,002)
Write off	-	-	-	-	-	-	(101,048)	(101,048)
At 31 July 2008	-	-	323,719	754,743	313,492	167,231	786,258	2,345,443

## Notes to the Financial Statements (Cont'd)

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

Group	Freehold land and building* RM	Leasehold land RM	Leasehold buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture and fittings, office equipment, air- conditioner, empty cylinder and electrical installation RM	Total RM
<b>Carrying amounts</b>								
At 1 August 2006, restated	1,490,000	-	4,781,355	1,359,956	1,167,500	358,978	1,450,683	10,608,472
At 31 July 2007/ 1 August 2007, restated	1,490,000	-	4,689,722	1,630,867	1,863,853	418,495	1,767,287	11,860,224
At 31 July 2008	1,490,000	-	4,598,087	2,201,476	1,852,637	414,173	1,575,124	12,131,497

\* The cost and carrying value of the freehold land are not segregated from the building as required records are not available.

#### Property, plant and equipment acquired under hire purchase plans

The carrying amounts of property, plant and equipment acquired under hire purchase plans are as follows:

	2008 RM	2007 RM
Motor vehicles	1,362,705	1,331,643
Plant and machinery	-	52,906

# Notes to the Financial Statements (Cont'd)

## 4. PREPAID LEASE PAYMENTS

	Group	
	2008 RM	2007 RM Restated
<b>Cost</b>		
At 1 August	1,578,249	-
Adoption of FRS 117 (Note 3)	-	1,578,249
At 1 August	1,578,249	1,578,249
Addition	686,568	-
At 31 July	2,264,817	1,578,249
<b>Amortisation</b>		
At 1 August	50,125	-
Adoption of FRS 117 (Note 3)	-	31,646
At 1 August	50,125	31,646
Amortisation for the year	18,481	18,479
At 31 July	68,606	50,125
<b>Carrying amounts</b>		
At 31 July	2,196,211	1,528,124

## 5. INTANGIBLE ASSETS

	Trademarks	
	2008 RM	2007 RM
<b>Cost</b>		
At 1 August/31 July	24,822	24,822
<b>Amortisation</b>		
At 1 August	5,076	3,719
Amortisation charge for the year	1,356	1,357
At 31 July	6,432	5,076
<b>Carrying amounts</b>		
At 31 July	18,390	19,746

# Notes to the Financial Statements (Cont'd)

## 6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
At Cost:		
Unquoted shares	12,273,998	12,273,998

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective ownership interest	
			2008 %	2007 %
Greenyield Industries (M) Sdn. Bhd.	Malaysia	Manufacturing and marketing of agricultural systems and products, plastic related and wood-related products.	100	100
Gim Triple Seven Sdn. Bhd.	Malaysia	Marketing and distribution of agricultural related systems and products	100	100
Gimflow Sdn. Bhd.	Malaysia	Marketing and distribution of agricultural related systems and products	100	100
RCP Technologies Sdn. Bhd.	Malaysia	Trading of agricultural and plantation tools and providing technical and consultancy services	100	100
Givnflow Company Limited*#	Vietnam	Dormant	100	-

\* During the financial year, the Company, via Gim Triple Seven Sdn. Bhd., incorporated a new subsidiary in Vietnam, known as Givnflow Company Limited, at the initial share capital of USD50,000 (equivalent to RM162,550). This subsidiary is not audited by KPMG.

# Consolidated based on management accounts.



# Notes to the Financial Statements (Cont'd)

## 7. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost:		
Raw materials	1,767,547	1,250,977
Work-in-progress	461,336	993,653
Finished goods	518,831	182,840
Agricultural parts	2,474,470	2,078,970
Packaging materials	69,909	245,243
	5,292,093	4,751,683

## 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Trade</b>					
Trade receivables		4,603,088	5,076,019	-	-
<b>Non-trade</b>					
Amount due from subsidiaries	8.2	-	-	2,001,124	1,809,800
Other receivables		199,345	296,372	8,621	4,100
Deposits		41,203	144,468	1,000	-
Prepayments		63,091	718,258	-	-
		303,639	1,159,098	2,010,745	1,813,900
		4,906,727	6,235,117	2,010,745	1,813,900

### 8.1 Analysis of foreign currency exposure

Foreign currency profile of receivables, deposits and prepayments that are not in the functional currencies of the Group and the Company are as follows:

Functional currency	Foreign currency	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
RM	-	2,440,427	3,714,110	2,010,745	1,813,900
RM	USD	2,433,049	2,756,643	-	-
RM	GBP	27,345	-	-	-
USD	USD	5,906	-	-	-
		4,906,727	6,470,753	2,010,745	1,813,900

### 8.2 Amount due from subsidiaries

The amount due from subsidiaries are unsecured, interest free and repayable on demand.

# Notes to the Financial Statements (Cont'd)

## 9. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Deposits with licensed banks	9.2	10,544,906	9,786,416	5,402,165	5,637,304
Cash and bank balances		5,467,207	3,169,924	200,667	24,744
		16,012,113	12,956,340	5,602,832	5,662,048

### 9.1 Analysis of foreign currency exposure

Foreign currency profile of cash and cash equivalents that are not in the functional currencies of the Group and the Company are as follows:

Functional currency	Foreign currency	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
RM	-	15,661,696	12,544,034	5,602,832	5,662,048
RM	USD	187,867	412,306	-	-
USD	USD	162,550	-	-	-
		16,012,113	12,956,340	5,602,832	5,662,048

### 9.2 Deposits with licensed banks pledged for bank facilities

Included in deposits placed with licensed banks are RM1,032,235 (2007 - RM82,843) pledged for bank facilities granted to subsidiaries.

## 10. SHARE CAPITAL AND RESERVES

### Share capital

	Group and Company			
	Amount 2008 RM	Number of shares 2008	Amount 2007 RM	Number of shares 2007
Authorised				
Ordinary shares of RM0.10 each	25,000,000	250,000,000	25,000,000	250,000,000
Issued and fully paid				
Ordinary shares of RM0.10 each	16,500,000	165,000,000	16,500,000	165,000,000

# Notes to the Financial Statements (Cont'd)

## 10. SHARE CAPITAL AND RESERVES (Cont'd)

Reserves	Group		Company	
	2008 RM	2007 RM Restated	2008 RM	2007 RM
<b>Non-distributable</b>				
Share premium reserve	3,168,484	3,175,609	3,168,484	3,175,609
Share option reserve	178,654	121,677	178,654	121,677
	3,347,138	3,297,286	3,347,138	3,297,286
<b>Distributable</b>				
Retained earnings/ (Accumulated losses)	16,288,089	12,030,089	19,602	(70,137)
	19,635,227	15,327,375	3,366,740	3,227,149

The movements in each category of reserves are disclosed in the statement of changes in equity.

### 10.1 Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

### 10.2 Share premium reserve

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

### 10.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

### 10.4 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit to frank all of its distributable reserves at 31 July 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 July 2008 will be available to the Company until such time the credit is fully utilised or upon expiry on 31 December 2013, whichever is earlier.

# Notes to the Financial Statements (Cont'd)

## 11. LOANS AND BORROWINGS

	Note	Group	
		2008 RM	2007 RM
<b>Non-current</b>			
Hire purchase liabilities	11.2	95,122	316,907
<b>Current</b>			
Bills payable- secured	11.1	243,000	495,000
Hire purchase liabilities	11.2	322,579	371,041
		<b>565,579</b>	<b>866,041</b>

### 11.1 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
<b>Group 2008</b>						
Bill payable - secured	2009	243,000	243,000	-	-	-
<b>2007</b>						
Bill payable - secured	2008	495,000	495,000	-	-	-

The bills payables are subject to interest ranging from 3.5% to 7.75% (2007 - 3.5% to 7.75%)

### 11.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2008 RM	Interest 2008 RM	Principal 2008 RM	Payments 2007 RM	Interest 2007 RM	Principal 2007 RM
Less than one year	333,937	(11,358)	322,579	395,018	(23,977)	371,041
Between one and five years	97,135	(2,013)	95,122	326,112	(9,205)	316,907
	<b>431,072</b>	<b>(13,371)</b>	<b>417,701</b>	<b>721,130</b>	<b>(33,182)</b>	<b>687,948</b>

The hire purchase liabilities are subject to a flat interest rate ranging 2.25% to 2.95% (2007 - 2.5% to 4.2%) per annum.

# Notes to the Financial Statements (Cont'd)

## 12. DEFERRED TAX LIABILITIES

The recognised deferred tax liabilities are as follows:

	Group	
	2008 RM	2007 RM Restated
Property, plant and equipment		
- capital allowances	758,558	491,051
- revaluation	607,224	855,462
	1,365,782	1,346,513

### Movement in temporary differences during the year

Group	At 1.8.2006 RM Restated	Recognised in income statement RM (Note 17)	At 31.7.2007 RM Restated	Recognised in income statement RM (Note 17)	At 31.7.2008 RM
	Property, plant and equipment				
- capital allowances	507,952	(16,901)	491,051	267,507	758,558
- revaluation	622,680	232,782	855,462	(248,238)	607,224
	1,130,632	215,881	1,346,513	19,269	1,365,782

## 13. EMPLOYEE BENEFITS

### Share-based payments

On 13 October 2006, the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. In accordance with these programmes options are exercisable at the market price of the shares at the date of grant.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
At 1 August	0.21	3,441,000	-	-
Granted during the year	-	-	0.21	3,462,000
Forfeited during the year	0.21	(284,000)	0.21	(21,000)
At 31 July	0.21	3,157,000	0.21	3,441,000
Exercisable at 31 July	0.21	1,060,850	0.21	1,156,950

# Notes to the Financial Statements (Cont'd)

## 13. EMPLOYEE BENEFITS (Cont'd)

### Share-based payments (Cont'd)

	2008 RM	2007 RM
<b>Employee expenses</b>		
<b>Group</b>		
Total expense recognised as share-based payments (Note 15)	56,977	121,677
<b>Company</b>		
Total expense recognised as share-based payments (Note 15)	5,623	11,877

## 14. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
<b>Trade</b>					
Trade payables		2,101,833	2,641,745	-	-
<b>Non-trade</b>					
Other payables		451,963	511,166	20,718	22,749
Accrued expenses		38,460	24,693	-	-
Amount due to Directors	14.2	3,775	2,233	-	-
Amount due to subsidiaries	14.2	-	-	117	48
		494,198	538,092	20,835	22,797
		2,596,031	3,179,837	20,835	22,797

### 14.1 Analysis of foreign currency exposure

Foreign currency profile of payables and accruals that are not in the functional currencies of the Group and the Company are as follows:

Functional currency	Foreign currency	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
RM	-	2,331,016	2,814,418	20,835	22,797
RM	USD	193,150	180,444	-	-
RM	EURO	-	184,975	-	-
USD	USD	71,865	-	-	-
		2,596,031	3,179,837	20,835	22,797

### 14.2 Amounts due to Directors and subsidiaries

The amounts due to Directors and subsidiaries are unsecured, interest free and repayable on demand.

## Notes to the Financial Statements (Cont'd)

### 15. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Profit/(Loss) before tax is arrived at after charging:</b>				
Amortisation of prepaid lease payments (Note 4)	18,481	18,479	-	-
Amortisation of trademarks (Note 5)	1,356	1,357	-	-
Auditors' remuneration:				
- Current	65,000	49,375	11,500	8,600
- Others	(425)	14,925	150	7,000
Bad debts written off	4,798	1,700	-	-
Depreciation of property, plant and equipment (Note 3)	1,182,765	795,920	-	-
Loss on disposal of property, plant and equipment	4,766	108,352	-	-
Realised loss on foreign exchange	271,065	193,325	-	-
Interest expense on:				
- Bank overdraft	-	4,581	-	-
- Hire purchase	25,763	21,684	-	-
- Term loan	-	63,724	-	-
- Other borrowings	20,287	25,710	-	-
- Others	45,336	41,169	37	91
Personnel expenses (including key management personnel):				
- Wages, salaries and others	3,532,916	3,011,128	-	-
- Contribution to Employees' Provident Fund	302,687	247,319	-	-
- Share-based payments (Note 13)	56,977	121,677	5,623	11,877
Rental of premises	230,453	128,030	-	-
Write off of property, plant and equipment	21,281	-	-	-
<b>and after crediting</b>				
Gain on disposal of property, plant and equipment	15,979	32,402	-	-
Interest income on fixed deposits	301,113	206,823	173,185	149,235
Realised gain on foreign exchange	240,660	97,541	-	-

## Notes to the Financial Statements (Cont'd)

### 16. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors' emoluments				
- Fees	41,452	32,000	41,452	32,000
- Remuneration	1,013,589	835,106	-	-
- Contribution to Employees' Provident Fund	103,154	84,769	-	-
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	7,800	4,800	7,800	4,800
	1,165,995	956,675	49,252	36,800

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise primarily of all the Directors of the Company.

### 17. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Current tax expense</b>				
Malaysian - current year	1,835,518	1,167,438	1,100	180
- prior year	23,170	(23,932)	-	-
	1,858,688	1,143,506	1,100	180
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	31,982	193,067	-	-
Under/(Over)provided in prior year	(12,713)	22,814	-	-
	19,269	215,881	-	-
	1,877,957	1,359,387	1,100	180



# Notes to the Financial Statements (Cont'd)

## 17. TAX EXPENSE (Cont'd)

### Reconciliation of tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/ (Loss) before tax	8,181,957	5,780,823	2,136,838	(20,546)
Tax calculated using Malaysian tax rate of 26% (2007 - 27%)*	1,724,529	1,281,458	555,578	(5,547)
Effect of lower tax rate for all subsidiaries	315,351	279,364	-	-
Tax incentive	(225,535)	(81,686)	-	-
Effect of change in tax rate**	(32,444)	(48,610)	-	-
Non-deductible expenses	133,388	86,220	41,472	5,367
Non taxable income	(46,151)	(124,030)	(595,950)	-
Other items	(1,638)	(32,211)	-	-
	1,867,500	1,360,505	1,100	180
Under/(Over) provided in prior years	10,457	(1,118)	-	-
	1,877,957	1,359,387	1,100	180

\* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

\*\* The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

## 18. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008 RM	2007 RM
Profit attributable to ordinary shareholders	6,304,000	4,421,436
Weighted average number of ordinary shares:		
Issued ordinary shares at beginning of year	165,000,000	122,740,000
Effect of shares issued during the year	-	32,998,000
Weighted average number of ordinary shares at year end	165,000,000	155,738,000
Basic earnings per share (in sen)	3.82	2.84

# Notes to the Financial Statements (Cont'd)

## 18. EARNINGS PER SHARE (Cont'd)

### Diluted earnings per share

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2008 RM	2007 RM
Profit attributable to ordinary shareholders (diluted)	6,304,000	4,421,436
<b>Diluted earnings per share</b>		
Weighted average number of ordinary shares at year end	165,000,000	155,738,000
Effects of share options on issue*	-	2,596,500
	165,000,000	158,334,500
Diluted earnings per share (in sen)	3.82	2.79

\* The share option on issue has no effect on the calculation of diluted earnings per share for the current year as the exercise price of the ESOS exceeds the average market price of ordinary shares.

## 19. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM	Date of payment
<b>2008</b>			
Final 2007 ordinary	1.24	2,046,000	28 January 2008

The final dividend recommended by the Directors in respect of the year ended 31 July 2008 is 1.8 sen per share totalling RM2,970,000.

## 20. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and related revenue; and interest-bearing loans, borrowings and related expenses.

The Group's revenue is mainly generated from the sale of plantation products and non-plantation products.

# Notes to the Financial Statements (Cont'd)

## 20. SEGMENTAL REPORTING (Cont'd)

### Business segments

The Group comprises the following main business segments:

Plantation products	Development, manufacture and marketing of agricultural products and services based on agro-technology.
Non-plantation products	Manufacturing and marketing of plastic-related and wood-related products.

### Geographical segments

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

	Plantation		Non-plantation		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM	RM	RM
<i>Business segments</i>								
Revenue from external customers	37,355,443	31,295,626	8,429,276	4,232,341	(12,142,910)	(9,172,758)	33,641,809	26,355,209
<b>Segment results*</b>							13,727,305	10,629,084
Unallocated income							266,280	141,922
Unallocated expenses							(6,021,355)	(5,040,140)
Operating profit							7,972,230	5,730,866
Interest expense							(91,386)	(156,866)
Interest income							301,113	206,823
Profit before tax							8,181,957	5,780,823
Tax expense							(1,877,957)	(1,359,387)
<b>Profit for the year</b>							6,304,000	4,421,436

\* The breakdown of segment results between plantation and non-plantation is not available.

# Notes to the Financial Statements (Cont'd)

## 20. SEGMENTAL REPORTING (Cont'd)

	Malaysia		South East Asia other than Malaysia		North Asia	
	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM
<i>Geographical segments</i>						
Revenue from external customers by location of customers	6,579,832	6,409,340	17,577,376	13,932,599	1,324,004	1,752,834
	North America		Others		Consolidated	
	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM
<i>Geographical segments</i>						
Revenue from external customers by location of customers	4,708,845	1,744,091	3,451,752	2,516,345	33,641,809	26,355,209

## 21. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

The Group's and the Company's activities expose it to a variety of financial risks, including foreign currency, credit and interest rate risks. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to the Group's and the Company's financial risk management policies. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### Foreign currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the functional currencies of the Company. The currencies giving rise to this risk are primarily United States Dollars (USD) and Pounds Sterling (GBP).

The Group hedges this exposure by purchasing forward currency contracts. The Group has set up USD bank accounts as a natural hedge against any fluctuation in USD. However, the Board keeps this policy under review.

### Credit risk

The Group's primary exposure to credit risk arises from trade receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of receivable aging.

At the balance sheet date, there were no significant concentrations of credit risk other than 29% (2007 – 37%) of trade receivables owed by one (2007 – one) debtor. The maximum exposure to credit risk is represented by the carrying amount of the receivables presented in the balance sheet.

# Notes to the Financial Statements (Cont'd)

## 21. FINANCIAL INSTRUMENTS (Cont'd)

### Interest rate risk

The Group's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

### Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
<b>2008</b>								
<b>Financial assets</b>								
Deposits with licensed banks	3.5	10,544,906	10,544,906	-	-	-	-	-
<b>Financial liabilities</b>								
Bills payable – secured	4.6	243,000	243,000	-	-	-	-	-
Hire purchase	2.5	417,701	322,579	90,488	4,634	-	-	-
		660,701	565,579	90,488	4,634	-	-	-
<b>2007</b>								
<b>Financial assets</b>								
Deposits with licensed banks	3.4	9,786,416	9,786,416	-	-	-	-	-
<b>Financial liabilities</b>								
Bills payable - secured	4.6	495,000	495,000	-	-	-	-	-
Hire purchase	2.5	687,948	371,041	316,907	-	-	-	-
		1,182,948	866,041	316,907	-	-	-	-

# Notes to the Financial Statements (Cont'd)

## 21. FINANCIAL INSTRUMENTS (Cont'd)

### Fair values

As at balance sheet date, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and amounts due from/(to) related companies and ultimate holding company approximate fair value due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial liabilities carried on the balance sheet as at 31 July are shown below:

Group	2008 Carrying amount RM	2008 Fair value RM	2007 Carrying amount RM	2007 Fair value RM
<b>Financial liabilities</b>				
Hire purchase liabilities	417,701	405,142	687,948	680,219

### Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The carrying amount and fair value of financial instruments not recognised in the balance sheet are as follows:

	2008 Carrying amount RM	2008 Fair value RM	2007 Carrying amount RM	2007 Fair value RM
Forward exchange contracts:				
Assets denominated in: USD	-	(10,355)	-	-

2008                      2007

The nominal value of derivative is as follow:

Forward exchange contracts in USD	360,000	-
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Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

## 22. CAPITAL COMMITMENT

Group	2008 RM	2007 RM
<b>Property, plant and equipment</b>		
<i>Contracted but not provided for and payable</i>		
Within one year	73,244	629,197

## Notes to the Financial Statements (Cont'd)

### 23. SUBSEQUENT EVENT

On 18 September 2008, the Company has signed a 3-year Memorandum of Understanding (“MOU”) with Rubber Research Institute of Vietnam to look into further collaboration in research and development in areas of common interest related to the development of systems, products and services based on agro-technology for rubber trees and rubber plantations. This MOU provides the foundation for a broader co-sponsored program that would improve efficiencies and avoid redundant and overlapping research and development activities, through leveraging resources, capabilities and capacities of both parties.

### 24. CHANGES IN ACCOUNTING POLICIES

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 July 2008. The changes in accounting policies arising from the adoption of the revised FRS 112, Income Taxes are summarised below:

In the previous year, unutilised reinvestment allowance or investment tax allowance was recognised as a reduction of tax expense as and when it was utilised. Following the adoption of the revised FRS 112, a tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

This change in accounting policy is applied retrospectively and the effects are as follows:

	2008 RM	2007 RM
<b>Balance sheet</b>		
Deferred tax liabilities at 31 July	1,365,782	1,476,648
Over recognition of deferred tax liabilities	-	(130,135)
Deferred tax liabilities at 31 July, if restated	1,365,782	1,346,513
<b>Balance sheet</b>		
Retained earnings brought forward at 31 July	12,030,089	7,478,518
Effect of adoption of FRS 112	-	130,135
Retained earnings brought forward at 31 July, if restated	12,030,089	7,608,653

This change in accounting policy has no impact on the Group’s profit for the years ended 31 July 2008 and 2007.

## Notes to the Financial Statements (Cont'd)

### 25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of adoption of FRS 117, Leases, and FRS 112, Income Taxes.

	<b>As previously stated RM</b>	<b>Adjustments RM</b>	<b>As restated RM</b>
<b>Balance sheet as at 31 July 2007</b>			
Property, plant and equipment	13,388,348	(1,528,124)	11,860,224
Prepaid lease payments	-	1,528,124	1,528,124
Deferred tax liabilities	1,476,648	(130,135)	1,346,513
<b>Statement of changes in equity</b>			
Retained earnings as at 1 August 2006	7,478,518	130,135	7,608,653



## Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 37 to 71 are drawn up in accordance with the Financial Reporting Standards and the provisions of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company at 31 July 2008 and of their financial performances and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tham Foo Keong**

.....  
**Tham Foo Choon**

Kajang, Selangor Darul Ehsan

Date: 14 November 2008

## Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Loke Chee Kien, the Director primarily responsible for the financial management of Greenyfield Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 71 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 in Kajang, Selangor Darul Ehsan on 14 November 2008.

.....  
**Loke Chee Kien**

Before me:

# Independent Auditors' Report

To the Members of Greenyfield Berhad

## Report on the Financial Statements

We have audited the financial statements of Greenyfield Berhad, which comprise the balance sheets as at 31 July 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 37 to 71.

### *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 judgment, 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 positions of the Group and of the Company as of 31 July 2008 and of their financial performances 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 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.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# Independent Auditors' Report (Cont'd)

To the Members of Greenyfield Berhad

## 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.

### **KPMG**

Firm Number: AF 0758

Chartered Accountants

### **Peter Ho Kok Wai**

Partner

Approval Number: 1745/12/09(J)

Chartered Accountant

Date: 14 November 2008

Petaling Jaya, Selangor

## List of Properties

Registered Owner & Address of Property	Title	Date of Acquisition (A)/ Revaluation (R)	Age of Building (Years)	Tenure	Existing Use	Land Area / Build-Up Area	Audited Net Book Value As At 31.07.2008 (RM)
<b>Greenyield Industries (M) Sdn. Bhd.</b> No. 116, Jalan Lapan Kompleks Perabot Olak Lempit Tg. Duabelas, 42700 Banting Selangor Darul Ehsan	Land and building held under PT 4055, H.S. (M) 5725 Mukim of Tg Duabelas District of Kuala Langat Selangor Darul Ehsan	31.01.1995 (A)	7	Leasehold (Expiry on 26.09.2087)	Factory	130,680 sq ft / 75,110 Sq ft*	6,107,730
<b>Gim Triple Seven Sdn. Bhd.</b> No. 21 & 23 Jalan Seksyen 3/7 Taman Kajang Utama 43000 Kajang Selangor Darul Ehsan	PT 35634 & PT 35635 Mukim of Kajang District of Hulu Langat Selangor Darul Ehsan	24.01.1997 (A)	11	Freehold	Office Building	3,728 sq ft	1,490,000

Note : \* Building only

# Analysis of Shareholdings

As at 31 October 2008

Authorised Share Capital	:	RM25,000,000.00
Issued and Paid-Up Share Capital	:	RM16,500,000.00
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
1 – 99	3	0.251	70	0.000
100 – 1,000	135	11.335	124,800	0.075
1,001 – 10,000	552	46.347	3,696,250	2.240
10,001 – 100,000	423	35.516	14,913,300	9.038
100,001 to less than 5% of issued shares	76	6.381	53,343,380	32.329
5% and above of issued shares	2	0.167	92,922,200	56.316
<b>Total</b>	<b>1,191</b>	<b>100.00</b>	<b>165,000,000</b>	<b>100.00</b>

## LIST OF TOP 30 HOLDERS

No.	Name	No. of Shares Held	% of Issued Shares
1	Greenyield Holdings Sdn. Bhd.	83,390,920	50.539
2	Twong Yoke Peng	9,531,280	5.776
3	Yap Kim Lian	7,380,610	4.473
4	Tham Foo Keong	5,151,580	3.122
5	Tham Foo Choon	3,714,580	2.251
6	Tham Fau Sin	2,598,510	1.574
7	Tham Chong Sing	2,568,510	1.556
8	Teo Kwee Hock	2,539,800	1.539
9	Saw Kee Thiam	2,054,500	1.245
10	Citigroup Nominees (Asing) Sdn. Bhd. (PLL for Thomas Mialkos)	1,819,100	1.102
11	Chi Bee Chin	1,453,000	0.880
12	Saw Kee Thiam	1,217,000	0.737
13	Tham Kin Wai	966,000	0.585
14	Lim Seng Keong	936,200	0.567
15	Chang Mun Lin	900,000	0.545
16	Tham Kin Leet	843,000	0.510
17	Er Wan Inn	813,900	0.493
18	Tham Kinyiq	783,000	0.474
19	Sivakumaran A/L Seenivasagam	765,710	0.464
20	Tham Chui Ping	646,000	0.391
21	HDM Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Kok Boon Lim (M05))	600,000	0.363
22	Ang Lip Chee	575,000	0.348
23	Citigroup Nominees (Asing) Sdn. Bhd. (Pershing LLC for Gregory Alexander)	500,000	0.303

# Analysis of Shareholdings (Cont'd)

As at 31 October 2008

No.	Name	No. of Shares Held	% of Issued Shares
24	Kay Yew Kiang	500,000	0.303
25	Kenanga Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Cheng Siok Wah)	500,000	0.303
26	Ang Lip Chee	498,900	0.302
27	Chong Yoon Fook	450,000	0.272
28	JF Apex Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teo Siew Lai (Margin))	427,900	0.259
29	HLG Nominee (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tan Chu Liong (CCTS))	420,300	0.254
30	Tan Li Seng	420,000	0.254
	Total	134,965,300	81.797

## DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of Shares Held			
	Direct	%	Indirect	%
Tham Foo Keong	5,151,580	3.12	(i) 92,922,200	56.32
Tham Foo Choon	3,714,580	2.25	(ii) 83,390,920	50.54
Loke Chee Kien	20,000	0.01	(iii) 7,380,610	4.47
Dr. Sivakumaran A/L Seenivasagam	765,710	0.46	-	-
Tajuddin Bin Ismail	20,000	0.01	-	-
Dr. Zainol Bin Md. Eusof	20,000	0.01	-	-
Dr. Shaikh Awadz Bin Shaikh Abdullah	20,000	0.01	-	-

Note:

- (i) Deemed interested via his substantial shareholdings in Greenyfield Holdings Sdn. Bhd. and shareholding held by his spouse.
- (ii) Deemed interested via his substantial shareholdings in Greenyfield Holdings Sdn. Bhd.
- (iii) Deemed interested in shareholdings held by his spouse.

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	No. of Shares Held			
	Direct	%	Indirect	%
Greenyfield Holdings Sdn. Bhd.	83,390,920	50.54	-	-
Tham Foo Keong (a)	5,151,580	3.12	(b) 92,922,200	56.32
Tham Foo Choon (a)	3,714,580	2.25	(c) 83,390,920	50.54
Tham Chong Sing (a)	2,568,510	1.56	(c) 83,390,920	50.54
Tham Fau Sin (a)	2,598,510	1.57	(c) 83,390,920	50.54
Twong Yoke Peng	9,531,280	5.78	-	-

Notes

- (a) Brothers
- (b) Deemed interested via his substantial shareholdings in Greenyfield Holdings Sdn. Bhd. and shareholding held by his spouse.
- (c) Deemed interested via their substantial shareholdings in Greenyfield Holdings Sdn. Bhd.

# PROXY FORM

**GREENYIELD BERHAD**  
**(Company No. 582216-T)**  
**(Incorporated in Malaysia)**

No. of shares held

I/We, ..... (NRIC/Company No. ....)  
of .....  
being a member of GREENYIELD BERHAD, hereby appoint .....  
..... (NRIC/Company No. ....)  
of .....  
or failing him/her, ..... (NRIC/Company No. ....)  
of .....

as my/our proxy to vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Cempaka Room, Level 3, Hotel Equatorial Bangi-Putrajaya, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Monday, 22 December 2008 at 11.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

RESOLUTIONS	For	Against
<b>ORDINARY BUSINESS</b>		
1. Receipt of Audited Financial Statements for the financial year ended 31 July 2008 and the Reports of the Directors and Auditors		
2. Declaration a final dividend of 1.8 sen per ordinary share for the financial year ended 31 July 2008.		
3. Re-election of Dr. Zainol Bin Md. Eusof		
4. Re-election of Dr. Shaikh Awadz Bin Shaikh Abdullah		
5. Re-appointment of Messrs KPMG as Auditors		
<b>SPECIAL BUSINESS</b>		
6. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

.....  
Signature / Common Seal of Shareholder

Dated this ..... day of ..... 2008.

**NOTES :**

- A member entitled to attend and vote at the meeting is entitled to appoint two (2) or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
- Where a member appoints two (2) or more proxies, the appointment shall be invalid unless the member specifies the proportions of his shareholdings to be represented by each proxy.*
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting.*

PLEASE FOLD HERE

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**Affix  
Stamp**

**The Company Secretary**  
**GREENYIELD BERHAD** (582216-T)

Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

PLEASE FOLD HERE

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**GTM**<sup>®</sup>  
**GREENYIELD BERHAD**  
(Company No. 582216-T)