



annual report 2006

GTM[®]
GREENYIELD BERHAD
(Company No. 582216-T)

GREENYIELD BERHAD annual report 2006

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NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of **GREENYIELD BERHAD** will be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 21 December 2006 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | | |
|----|---|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 July 2006 together with the Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2. | To approve the aggregate Directors' fees payable to the Directors of the Company of an amount not exceeding RM60,000.00 per annum. | Ordinary Resolution 2 |
| 3. | To re-elect the following Directors retiring by rotation pursuant to Article 74 of the Company's Articles of Association:- | |
| | i) Mr. Tham Foo Keong | Ordinary Resolution 3 |
| | ii) Mr. Loke Chee Kien | Ordinary Resolution 4 |
| | iii) En Tajuddin Bin Ismail | Ordinary Resolution 5 |
| 4. | To consider and if thought fit, pass the following resolution:- | |
| | "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri Datuk Arshad Bin Ayub be re-appointed as Director to hold office until the next Annual General Meeting." | Ordinary Resolution 6 |
| 5. | To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business

To consider and, if thought fit, to pass the following Resolution:

6. **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 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 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 issue."

Ordinary Resolution 8

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
SAW BEE LEAN (MAICSA 0793472)
Secretaries

Kuala Lumpur

Date: 29 November 2006

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 and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he 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 appointor or of his attorney duly authorised in writing or, if the appointor 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 7, Setia 1, 15 Lorong Dungun, Damansara Heights, 50490 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 Ordinary Resolution 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 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.

STATEMENT ACCOMPANYING NOTICE OF FOURTH ANNUAL GENERAL MEETING

- (1) The following are the Directors standing for re-election at the Fourth Annual General Meeting:-

Pursuant to Article 74 of the Company's Articles of Association

- (a) Mr Tham Foo Keong
- (b) Mr Loke Chee Kien
- (c) En Tajuddin Bin Ismail

Pursuant to Section 129(6) of the Companies Act, 1965

- (a) Y. Bhg. Tan Sri Datuk Arshad Bin Ayub

- (2) Number of Board Meeting held during the financial year ended 31 July 2006 : Nil #
- (3) Attendance of Directors at Board Meetings : Not Applicable

- (4) Place, Date and Time of Fourth Annual General Meeting

Venue : Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur

Date : Thursday, 21 December 2006

Time : 11.00 a.m.

- (5) Further details of Directors standing for re-election

Profile of Directors who are standing for re-election are set out in pages 9 to 12 of the Annual Report. Their shareholdings in the Company are stated in page 55.

The Company was listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 20 October 2006

CORPORATE INFORMATION

BOARD OF DIRECTORS

THAM FOO KEONG *Executive Chairman and Group Managing Director*

THAM FOO CHOON *Deputy Group Managing Director*

LOKE CHEE KIEN *Executive Director*

DR. SIVAKUMARAN A/L SEENIVASAGAM *Executive Director*

TAJUDDIN BIN ISMAIL *Executive Director*

ISHAK BIN SAID *Non-Executive Director*

Y. BHG. TAN SRI DATUK ARSHAD BIN AYUB *Independent Non-Executive Director*

DR. ZAINOL BIN MD. EUSOF *Independent Non-Executive Director*

DR. SHAIKH AWADZ BIN SHAIKH ABDULLAH *Independent Non-Executive Director*

AUDIT COMMITTEE

DR. ZAINOL BIN MD. EUSOF
Chairman, Independent Non-Executive Director

DR. SHAIKH AWADZ BIN SHAIKH ABDULLAH
Member, Independent Non-Executive Director

LOKE CHEE KIEN
Member, Executive Director

NOMINATION COMMITTEE

DR. ZAINOL BIN MD. EUSOF
Chairman, Independent Non-Executive Director

DR. SHAIKH AWADZ BIN SHAIKH ABDULLAH
Member, Independent Non-Executive Director

ISHAK BIN SAID
Member, Non-Executive Director

REMUNERATION COMMITTEE

DR. ZAINOL BIN MD. EUSOF
Chairman, Independent Non-Executive Director

DR. SHAIKH AWADZ BIN SHAIKH ABDULLAH
Member, Independent Non-Executive Director

ISHAK BIN SAID
Member, Non-Executive Director

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Saw Bee Lean (MAICSA 0793472)

SPONSOR

AmMerchant Bank Berhad
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-2078 2633 / 44 / 55
Fax: 03-2070 2170

REGISTERED OFFICE

Level 7, Setia 1
15 Lorong Dungun, Damansara Heights
50490 Kuala Lumpur
Tel: 03-2095 7188
Fax: 03-2095 0988

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@greenyeld.com.my

AUDITORS

KPMG (AF 0758)
Chartered Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2095 3388
Fax : 03-2095 0971

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2364
Fax: 03-2721 2530

PRINCIPAL BANKERS

Malayan Banking Berhad
Public Bank Berhad

WEBSITE

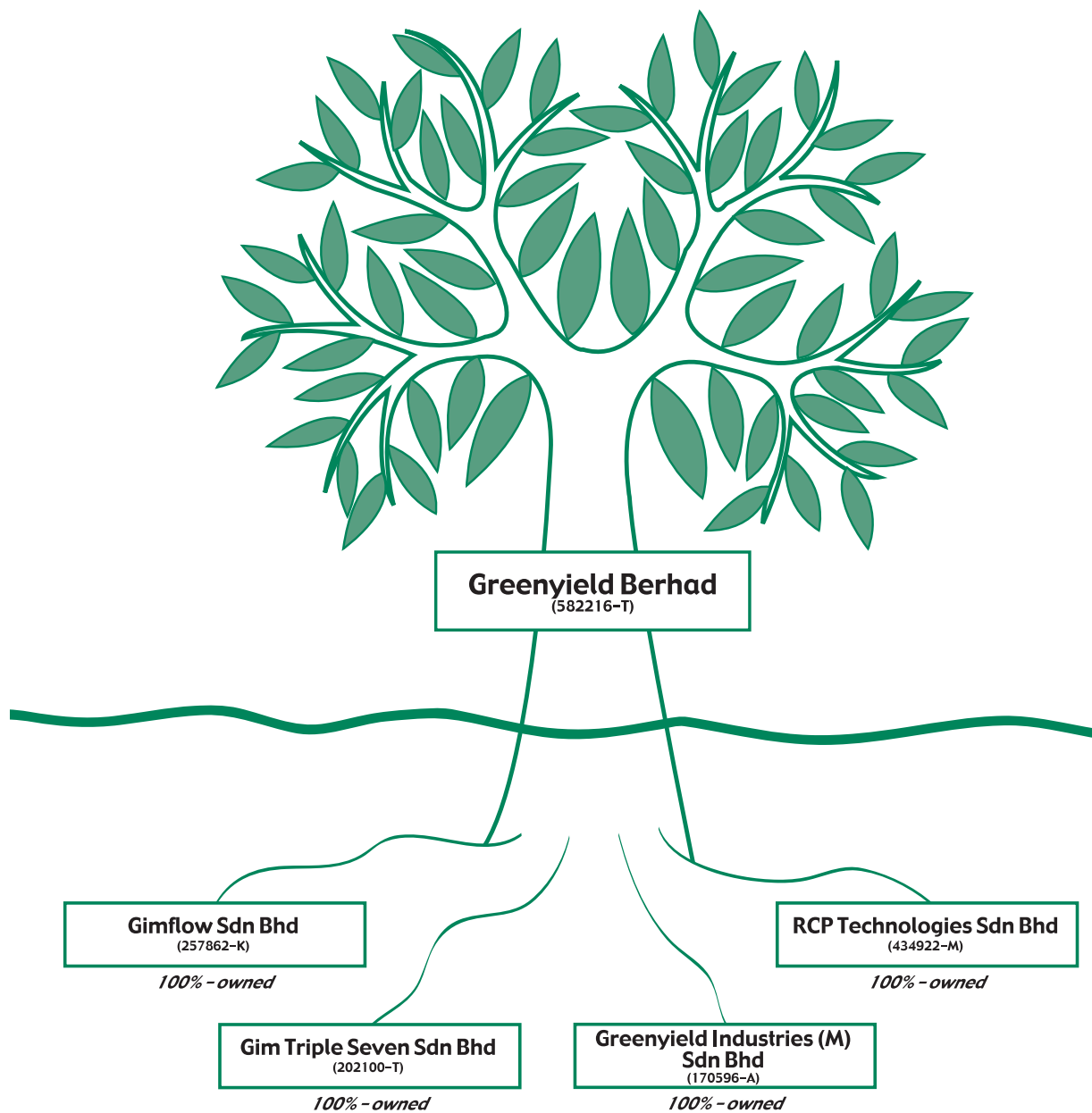
www.greenyeld.com.my

LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad

Stock Name : GREENYB
Stock Code : 0136

CORPORATE STRUCTURE

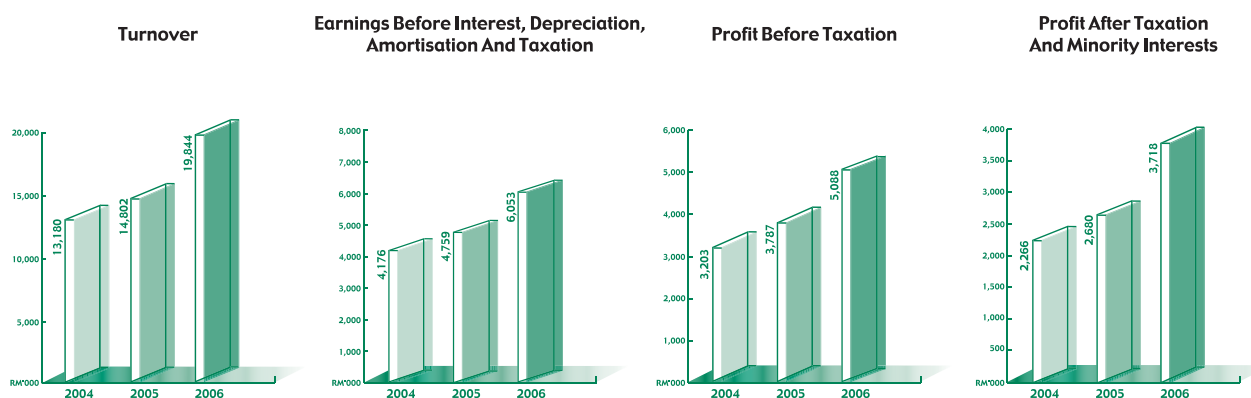


THREE-YEARS GROUP FINANCIAL REVIEW

Group	FINANCIAL YEAR ENDED		
	31.07.2004 RM'000	31.07.2005 [*] RM'000	31.07.2006 RM'000
Turnover	13,180	14,802	19,844
Earnings Before Interest, Depreciation, Amortisation And Taxation	4,176	4,759	6,053
Profit Before Taxation	3,203	3,787	5,088
Taxation	937	1,107	1,371
Profit After Taxation And Minority Interests	2,266	2,680	3,718
Net Tangible Assets	N/A	N/A	19,731
Gross Earnings Per Share (RM)	0.05	0.06	0.08
Net Earnings Per Share (RM)	0.02	0.02	0.03
Gross Dividend Rate (%)	–	–	–
Net Tangible Assets Per Share (RM)	N/A	N/A	0.16

* 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.

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

50 years of age, Malaysian
Executive Chairman and Group Managing Director

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 on 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, UK.

Mr Tham 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. Thereafter, he was promoted to Divisional Manager of the company. In 1988, he took over the position of Managing Director of Greenyield Industries (M) Sdn Bhd, a wholly owned subsidiary of the Company.

MR THAM FOO CHOON

46 years of age, Malaysian
Deputy Group Managing Director

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

37 years of age, Malaysian
Executive Director



Mr Loke Chee Kien was appointed to the Board on 26 March 2005. He 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, UK. He is a Chartered Accountant of the Malaysian Institute of Accountants and also a Certified Practising Accountant ("CPA") of CPA Australia.

Mr Loke has collectively over ten (10) years of experience in corporate planning, corporate finance and investment research.

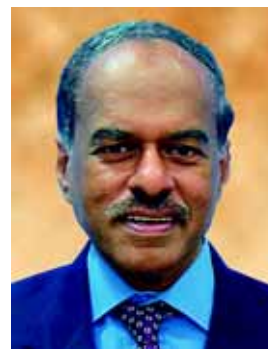
He joined Arab-Malaysian Corporation Berhad as an Executive before moving to Chase Manhattan Bank Berhad as an Analyst in Corporate and Investment Banking. In 1995, he joined Jupiter Securities Sdn. Bhd. as a Research Analyst and was subsequently promoted to Assistant Manager of Research. Thereafter, he was attached to Deutsche Morgan Grenfell as an Analyst. Between 1997 and 2002, he held several senior positions in the field of corporate investments-Head of Research in Sarawak Securities Sdn. Bhd. and OSK Research Sdn. Bhd.; Consultant of the Minority Shareholders' Watchdog Group; and Director of VC Corporate Services Sdn. Bhd. He joined the Greenyield Group in 2002.

DR. SIVAKUMARAN A/L SEENIVASAGAM
61 years of age, Malaysian
Executive Director

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), UK.

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 his retirement 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 UK from 2004 to 2006. He is currently a member of the Editorial Board of the Journal of Rubber Research of the MRB.



ENCIK TAJUDDIN BIN ISMAIL
57 years of age, Malaysian
Executive Director

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 ("FELCRA") 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.

ENCIK ISHAK BIN SAID
59 years of age, Malaysian
Non - Executive Director

Encik Ishak Bin Said was appointed to the Board on 26 March 2005. He graduated with a Bachelor of Science degree in Statistics and Quantitative Methods, and a Master of Science degree in Marketing from Louisiana State University, USA. From 1971 to 2001, he was attached to the Rubber Research Institute of Malaysia ("RRIM") where he held various senior positions and last served as the Director of the Eastern Region of Peninsular Malaysia. Between 2001 and February 2005, he was the Manager of the Orchard Complex for the Taman Warisan Pertanian Project in Putrajaya. He is presently also a Plantation Consultant on a freelance basis.



**Y. BHG. TAN SRI DATUK ARSHAD BIN AYUB**

78 years of age, Malaysian
Independent Non - Executive Director

Y. Bhg. Tan Sri Datuk Arshad Bin Ayub joined the Board on 28 July 2006. Y. Bhg. Tan Sri graduated with a Diploma in Agriculture from Serdang Agricultural College, Selangor and holds a Bachelor of Science (Honours) in Economics and Statistics from University College of Wales, Aberystwyth, UK. He had a distinguished career in the Malaysian Civil Service. Among the senior positions he held were Deputy Governor of Bank Negara Malaysia, Deputy Director General in the Economic Planning Unit of the Prime Minister's Department and Secretary General in the Ministry of Agriculture and the Ministry of Land and Regional Development.

He currently also sits on the Board of Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Sindora Berhad, LBI Capital Berhad, Audrey International (M) Berhad, Tomypak Holdings Berhad, Top Glove Corporation Berhad and Malayan Flour Mills Berhad. Y. Bhg. Tan Sri also serves on the Board of several non - listed public company and private limited companies, among others, Bata (M) Sdn Bhd, CSR Building Materials (M) Sdn Bhd, PFM Capital Holdings Berhad and ARB-JMF Asset Management Sdn Bhd.

Y. Bhg. Tan Sri is presently the President of the Malaysian Rubber Products Manufacturers Association, Chairman of the Malaysian Rubber Export Promotion Council and a member of the Malaysian Rubber Board. He is also the Chairman of Lembaga Pengarah Universiti Malaya and a member of Lembaga Bersekutu Pemegang Amanah Pengajian Tinggi Islam Malaysia.

DR. ZAINOL BIN MD. EUSOF

56 years of age, Malaysian
Independent Non - Executive Director

Dr. Zainol Bin Md. Eusof was appointed on the Board on 26 March 2005. He holds a Bachelor of Science in Geology from Universiti Malaya. He also obtained a Master of Science and a Ph. D in Soil Science from the State University of Ghent, Belgium.

He was attached to the Rubber Research Institute of Malaysia ("RRIM") 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 is presently a director and Vice-President for Operations of Apac-Aces (M) Sdn Bhd, a company involved in satellite communications.

**DR. SHAIKH AWADZ BIN SHAIKH ABDULLAH**

59 years of age, Malaysian
Independent Non - Executive Director

Dr. Shaikh Awadz Bin Shaikh was appointed to the Board on 26 March 2005. 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.

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 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 Valued Shareholders,

On behalf of the Board of Directors of Greenyield Berhad, it gives me great pleasure to present you the inaugural Annual Report for the financial year ended 31 July 2006.

The year **2006** has been a remarkable and eventful year for the Group (or "Greenyield"). Firstly, Greenyield achieved its highest turnover and pre-tax profit to date. This is a result of the Board's decision to expand its foray into the overseas market in an effort to reduce its exposure to seasonal factors while diversifying its customer base. Secondly, the successful listing of Greenyield Berhad on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 October 2006, marked a significant milestone in the history of Greenyield which started in the 1930s as a specialist in the manufacturing of the humble rubber tapping knives. Greenyield has evolved and established itself as a business leader in agro-technology by providing total plantation solutions and technical support services to the agriculture sector.

For the **financial year** ended 31 July 2006, Greenyield achieved an audited consolidated profit after tax of RM3.7 million on the back of a turnover of RM19.8 million (Proforma consolidated turnover FYE 31 July 2005: RM14.8 million). The audited consolidated profit after tax reflects a growth of 37.0% as compared to the previous financial year proforma consolidated profit after tax of RM2.7 million. The encouraging increase in consolidated profit after tax was mainly due to an increase in the export sales of plantation-related systems and products, supported by a robust global demand for natural rubber.

Research & Development ("R&D") forms an integral part of the activities of Greenyield in its effort to enhance the performance of its existing products while at the same time generating new cutting edge systems and technologies that will enhance the profitability of the Group. R&D will play an important role in underpinning the continuing growth of Greenyield through the introduction of commercially viable systems and products to support Greenyield's business model.

For the **next financial year** ending 31 July 2007, Greenyield's profit forecast is expected to continue to be derived mainly from plantation-related systems and products especially from overseas market. Demand for natural rubber is expected to remain firm and therefore yield enhancement systems such as RRIMFLOW system and Ethephon Plus are expected to enjoy strong demand particularly from major natural rubber producing countries.

The Board intends to pursue a **dividend policy** in line with the Group's profitability, which would allow shareholders to participate in the Group's profits while at the same time leaving sufficient funds for the Group's future expansion. However, the Board is of the opinion that it would be more beneficial for the Group to conserve any excess cash flow for its expansion and accordingly, the Board has decided not to declare any dividend for the financial year ended 31 July 2006.

Finally I would like to take this opportunity to extend our sincere **appreciation and thanks** to all our valued customers, suppliers, business associates, the regulatory bodies as well as shareholders for their strong support and confidence in Greenyield. I would also like to express my most sincere appreciation and thanks to my fellow Board members and staff for their unwavering dedication and commitment to the Group in making Greenyield's IPO exercise a success. Moving ahead, I look forward to the continuing support and dedication from my Board members, management, staff and shareholders of Greenyield Berhad.

THAM FOO KEONG
Executive Chairman



MANAGEMENT'S DISCUSSION

INDUSTRY TREND AND DEVELOPMENT

Global demand for natural rubber during our financial year ended 31 July 2006 was encouraging due to robust demand from China and India as a result of their healthy economic growth, while persistent threats from diseases such as avian flu, underpinned firm demand for natural rubber glove. Coupled with high crude oil prices and jump in commodity prices, natural rubber prices hit a new high in 2006.

Such encouraging demand for natural rubber has triggered the need for rubber plantations around the world to increase their production. However, traditional methods of rubber tapping do not significantly boost the yield of natural rubber especially in the short-to-medium term. In addition, new planting of rubber trees will take between 5 and 7 years before the trees start producing latex, and it normally takes about 12 years before the trees achieve optimum yield based on traditional methods of rubber tapping.

In order to meet the increase in demand for natural rubber and to capture the high natural rubber prices, many rubber plantation owners and smallholders turn to plantation consultancy and technical support services and agro-technology based systems and products, to boost the yield of their rubber trees.

RESEARCH & DEVELOPMENT ("R&D")

The Group (or "Greenyield") conducts its R&D activities internally, through collaboration with other parties, and through strategic alliances with customers and suppliers. Greenyield has a dedicated R&D team with strong agricultural research background. During the financial year ended 31 July 2006, a total of RM0.4 million was incurred in R&D (FYE 31 July 2005: RM0.26 million).

Greenyield's R&D projects will focus on development of new systems and products to complement the Group's business model and mission, while existing systems and products are constantly being enhanced to ensure that they are more effective and user-friendly. The successful listing of Greenyield Berhad on the MESDAQ Market of Bursa Malaysia Securities Berhad will provide the much needed capital and investment to accelerate the process in bringing the results of the R&D projects to the commercial market.

The Group has allocated RM1.5 million of the proceeds from the IPO exercise for the acquisition of land to be used as field laboratories for R&D on yield enhancement technologies, fertilizers, growth promoters and chemicals.

REVIEW OF GROUP'S PERFORMANCE DURING THE FINANCIAL YEAR

For the financial year ended 31 July 2006, Greenyield has achieved its year 2006 consolidated profit forecast of RM3.6 million by recording an audited consolidated profit after tax of RM3.7 million on the back of a turnover of RM19.8 million (Proforma consolidated turnover FYE 31 July 2005: RM14.8 million). The audited consolidated profit after tax reflects a growth of 37.0% as compared to the previous financial year proforma consolidated profit after tax of RM2.7 million. The encouraging increase in consolidated profit after tax was mainly due to an increase in the sales of plantation-related systems and products especially the RRIMFLOW system, underpinned by robust global demand for natural rubber.

The year 2006 consolidated profit forecast was achieved in spite of challenges during the first 8 months of the financial year ended 31 July 2006 where consolidated profit after tax was RM0.4 million, as demand for plantation-related systems and products was affected by a long rainy season during the second half of year 2005 which affected the ability of rubber smallholders and tappers to tap rubber trees and use of stimulation systems, due to wet panels or trunks following heavy late evening or early morning rains. The erratic weather had adversely affected the tapping of rubber trees in Thailand and Malaysia. The inability to use stimulation systems on rubber trees due to adverse seasonal weather conditions, had affected our sales of agricultural-related systems and products, particularly the RRIMFLOW system. Furthermore, Greenyield's revenue was affected by the wintering season in Malaysia and Thailand during the early part of year 2006, which further hindered rubber tapping activities.

During the 4 months before 31 July 2006, the aggressive marketing trips to overseas market bore fruits as orders surged during that period, while local government-related agencies and plantation owners stepped up their orders for plantation-related systems and products, to enable them to capture the firm demand for natural rubber and to enjoy the high natural rubber prices.

Robust global demand for natural rubber continues to drive demand for increase in production of latex from rubber trees. This resulted in the increase in demand for RRIMFLOW system and Ethephon Plus, which enable rubber trees to increase its production of latex significantly without any long term adverse effect. In addition, the increase in rubber tapping activities and latex production also provided a boost in the demand for other plantation-related products, such as latex cups, tapping knives and tapping utensils.

The encouraging demand for such agro-technology based systems and products, has enabled Greenyield to expand its customer base to many major natural rubber producing countries like Indonesia, Thailand, and Papua New Guinea.

During the financial year ended 31 July 2006, Greenyield enjoyed the maiden profit contribution from its new non-plantation products, namely Artstone plant pots that was marketed to the USA on a commercial trial basis. As the Board believes that the Artstone plant pots have encouraging potential due to its unique features, including travertine-like appearance, Greenyield has applied for a patent in Malaysia related to an invention entitled "Moulded Thermoplastic Resin Articles with Travertine-like Appearance" on 1 June 2006. Priority claims are available for filing in other countries.

PROSPECT

Greenyield's consolidated profit forecast for the financial year ending 31 July 2007 is RM4.6 million with a turnover of RM23.7 million.

Robust demand for natural rubber is expected to continue as healthy economic growth in China and India is not expected to decelerate while supply of natural rubber around the world is unlikely to increase significantly if traditional rubber tapping methods continue to be adopted. As a result of anticipated firm demand for natural rubber and encouraging natural rubber prices, yield enhancement systems such as RRIMFLOW system and Ethephon Plus, are expected to enjoy strong demand particularly from major natural rubber producing countries.

For the financial year ending 31 July 2007, Greenyield's profit forecast is expected to continue to be derived mainly from plantation-related systems and products especially from overseas market. Demand from the domestic market is expected to climb, in view of the Government's strong support for higher contribution from the plantation sector.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Greenyield Berhad (“the Company”) fully recognises and appreciates the importance of good corporate governance and is committed to achieving high standards of corporate governance within the Group towards enhancing shareholders’ value.

The statement below sets out how the Group has applied the principles of 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 2006 complied with best practices indicated in the Code.

A. DIRECTORS

Board Composition, Balance and Responsibilities

The Company is led and managed by an experienced Board comprising members with a good mix of the necessary knowledge, skills and wide range of experience relevant to the Group.

As at the date of this report, the Board comprises nine (9) members, including five (5) Executive Directors and four (4) Non-Executive Directors, three (3) of whom are independent. This composition has complied with the minimum one-third requirement for Independent Directors to be on the Board.

The profile of each Director is presented in pages 9 to 12 of this Annual Report.

The role of Chairman and Group Managing Director (“Group MD”) are not separated in view of the incumbent’s special knowledge of the business. 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 three (3) independent directors and one (1) non-executive director fulfils the pivotal role in corporate accountability. They collectively provide the necessary checks and balances ie. unbiased and independent views, advice and judgements on issues of strategies, performance and resources.

Dr. Zainol Bin Md. Eusof has been identified as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

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 business conducted in accordance with high standards of accountability and transparency.

Board Meetings

The Board plans at least four (4) scheduled meetings annually, with additional meetings to be held, as and when necessary. 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.

During the financial year ended 31 July 2006, the Board did not have a meeting since the Company was only recently listed on 20 October 2006. However, prior to the listing date, the Board has convened a meeting on 25 September 2006 to review and approve the unaudited results for the fourth quarter ended 31 July 2006 for release to Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Securities Commission.

Supply of Information

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 independent professional advisers whenever necessary, at the Company's expense in accordance with established procedure which has been communicated to them.

The agenda together with Board papers are circulated on a timely 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 areas of financial, operational, technology matters, corporate developments of the Company and regulatory compliance matters. In addition, the Board is also kept informed of the updates issued by the various regulatory authorities.

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 following committees have been established to assist the Board in carrying out its fiduciary duties:-

- (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 Audit Committee with the majority being Independent Non-Executive Directors comprises the following members:-

Chairman	:	Dr. Zainol Bin Md. Eusof <i>(Independent Non-Executive Director)</i>
Members	:	Dr. Shaikh Awadz Bin Shaikh Abdullah <i>(Independent Non-Executive Director)</i>
		Loke Chee Kien <i>(Executive Director)</i>

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 composition and terms of reference of the Audit Committee are as set in the Audit Committee Report on pages 23 to 26.

(ii) Nomination Committee

The Nomination Committee comprises wholly of Non-Executive Directors, with the majority consisting of Independent Non-Executive Directors as follows:-

Chairman	:	Dr. Zainol Bin Md. Eusof <i>(Independent Non-Executive Director)</i>
Members	:	Dr. Shaikh Awadz Bin Shaikh Abdullah <i>(Independent Non-Executive Director)</i>
		Ishak Bin Said <i>(Non-Executive Director)</i>

The Nomination Committee reviews the Board structure, size, composition and makes recommendation to the Board suitable candidates for appointment as Directors and the Committees of the Board.

The Nomination Committee also assist the Board in reviewing, on an annual basis, the required mix of skills, experience and effectiveness of the Board and the Committees of the Board.

(iii) Remuneration Committee

The Remuneration Committee with the majority being Independent Non-Executive Directors comprises the following members:-

Chairman	:	Dr. Zainol Bin Md. Eusof <i>(Independent Non-Executive Director)</i>
Members	:	Dr. Shaikh Awadz Bin Shaikh Abdullah <i>(Independent Non-Executive Director)</i>
		Ishak Bin Said <i>(Non-Executive Director)</i>

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.

B. DIRECTORS' REMUNERATION

The remuneration of the Directors of the Company for the financial year ended 31 July 2006 are paid by the Group and the details are as follows:-

	Fees (RM)	Salaries/ Allowances (RM)	Bonuses (RM)	Benefits-in-kind (RM)	Other emoluments (RM)	Total (RM)
Group						
Executive Directors	-	596,000	12,000	-	-	608,000
Non-Executive Directors	-	-	-	-	-	-

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

Range of Remuneration	Group	
	Executive Directors	Non-Executive Directors
• Less than RM50,000	–	–
• RM50,000 – RM100,000	4	–
• RM100,001 – RM150,000	–	–
• RM150,001 – RM200,000	–	–
• RM200,001 – RM250,000	1	–
• RM250,001 – RM300,000	–	–
• RM300,001 – RM350,000	–	–
• More than RM350,000	–	–

C. DIRECTORS' TRAINING

Save for Y. Bhg. Tan Sri Datuk Arshad Bin Ayub, all Directors have yet to complete the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. However, they will ensure that they complete the MAP within four months from the listing date of 20 October 2006.

Further, as an integral part of orientation and education programme for Directors, the Management provides them with a comprehensive understanding of the operations of the Group through briefings on its history, financial control systems and site visits.

The Board of Directors will assess the training needs of the Directors to enhance their skills and knowledge and to keep abreast with developments in the market, industry and business environment.

D. 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 channel of communications 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 Company will hold its first public AGM on 21 December 2006. The Board welcomes shareholder participation at the AGM. Shareholders who are unable to attend are encouraged to appoint proxies 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.

Shareholders can also obtain up-to-date information on the Group's various activities by accessing its website at www.greenyield.com.my.

E. 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 in page 20 of this Annual Report.

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 and external auditors, to safeguard the Group's assets.

The Group currently does not have an internal audit department and the Audit Committee relied on discussions with the Management and Executive Directors, review of financial statements and input from the external auditors to discharge its duties. However, the Management will look into establishing an internal audit function in due course.

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

Relationship with Auditors

The Board maintains a formal and transparent relationship with the external auditors through the Audit Committee to meet their professional requirements. The role of the Audit Committee in relation to the external auditors is more particularly described in the Audit Committee Report in pages 23 to 26 of this Annual Report.

F. 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 applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results 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 2006, the Directors have :-

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that applicable accounting standards have been followed;
- 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 position 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 at the Board of Directors' Meeting held on 31 October 2006.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Listing Requirements of Bursa Malaysia Securities Berhad require directors of listed companies to include a statement in annual reports on the state of their internal controls. 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 2006. The statement has been prepared in accordance with the "Statement on Internal Control – 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 and reviews the adequacy and integrity of the system of internal control.

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, internal control 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

The Board is in the process of establishing a risk management framework for identifying, evaluating and managing the significant risks faced by the Group. Presently, the Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. However, a structured risk management process will be developed together with the assistance of an independent professional firm to ensure that all major risk areas will be adequately addressed at various levels within the Group.

INTERNAL CONTROL FRAMEWORK

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 processes to provide a certain degree of assurance to the Board as to the operation and validity of the system on internal control within the Group:-

- Review of statutory annual financial statements and reports by evaluating the reasons for unusual variances noted thereof by the Board and Audit Committee before the announcement to Bursa Malaysia;
- The Executive Directors are closely involved in the running of the business and operations of the Group and report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large; and
- 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 limits and terms to reduce the exposure of credit risks.

The organisational structure of the Company and its subsidiaries have defined lines of accountability and authorities for all aspects of the business. Terms of reference have been written for the Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Option Committee.

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 Group does not have an internal audit department and the Audit Committee relied on discussions with the management and Executive Directors, review of financial statements and input from the external auditors to discharge its duties.

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 2006. 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 the resolution passed in the Board of Directors' meeting held on 31 October 2006.

AUDIT COMMITTEE REPORT

MEMBERSHIP & MEETINGS OF AUDIT COMMITTEE

The Audit Committee was established in compliance with Rule 15.10 of the Listing Requirements of the Mesdaq Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and comprises 3 members as follows:-

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

During the financial year ended 31 July 2006, the Audit Committee ("AC") did not meet as Greenyild Berhad was only listed on 20 October 2006. Nevertheless, prior to the listing, on 25 September 2006 the AC met to review the fourth quarter results ended 31 July 2006 of the Company before recommending to the Board for approval and release to Bursa Securities and Securities Commission.

INTERNAL AUDIT FUNCTION

The Group currently does not have an internal audit department and the Audit Committee relied on discussions with the Management and Executive Directors, review of financial statements and input from the external auditors to discharge its duties. However, the Management will look into establishing an internal audit function in due course.

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. COMPOSITION

The Board of Directors ("BOD") of Greenyild Berhad (the "Company") has resolved to establish a Committee of the BOD to be known as the Audit Committee.

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 of whom the majority shall be Independent Directors. The Group Managing Director / Group Chief Executive Officer of the Company shall not be a member of the Audit Committee.

At least one member of the Audit Committee:

- 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; or
- c) fulfil such other requirements as prescribed 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 within two (2) months, but in any case not later than three (3) months.

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 effectiveness of the internal audit function (if any);
- (iv) To review the effectiveness of the internal control and management information systems;
- (v) To review the quarterly results and financial statements of the Company with both the external auditors, if applicable, and management;
- (vi) To review the external auditors' audit report;
- (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; and
- (xi) To review all related-party transactions and potential conflict of interests situations; and
- (xii) To consider all other matters delegated by the BOD.

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 MESDAQ Market of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Malaysia Securities Berhad.

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 (if any), 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 (if any), 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 (if any) 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 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 Audit Committee and circulating them to committee members and to the other members of the BOD.

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;
- (d) Statement on the BOD's responsibility for preparing the annual audited financial statements; and
- (e) Statement about the state of internal control of the Company and its subsidiaries.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 31 July 2006.

2. SHARE BUY-BACKS

During the financial year ended 31 July 2006, the Company did not enter into any share buy-back transaction.

3. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There were no exercise of options, warrants and convertible securities during the financial year ended 31 July 2006.

4. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any depository receipt programme.

5. SANCTIONS AND/OR PENALTIES

There were no public sanctions or penalties imposed on the Company and its subsidiary companies, directors or management by the relevant regulatory bodies during the financial year under review.

6. NON-AUDIT FEES

The amount of non-audit fees paid out or payable to external auditors by the Group for the financial year ended 31 July 2006 is RM15,750.00.

7. PROFIT ESTIMATE, FORECAST OR PROJECTION

The Group has met the profit forecast for the financial year ended 31 July 2006 released in the Prospectus dated 27 September 2006.

8. VARIATION IN RESULTS

There is no significant variance between the results for the financial year ended 31 July 2006 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. MATERIALS CONTRACTS RELATING TO LOANS

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

12. REVALUATION POLICY ON LANDED PROPERTIES

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying value.

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DIRECTORS' REPORT

for the year ended 31 July 2006

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 2006.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit/(loss) for the year	3,717,679	(16,100)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review.

DIVIDEND

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

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
 Ishak Bin Said
 Dr. Zainol Bin Md Eusof
 Dr. Shaikh Awadz Bin Shaikh Abdullah
 Tan Sri Datuk Arshad Bin Ayub (appointed on 28.7.2006)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.8.2005	Bought	Sold	At 31.7.2006
Direct interest in the Company				
Tham Foo Keong	5,851,580	-	-	5,851,580
Tham Foo Choon	5,851,580	-	-	5,851,580
Dr. Sivakumaran A/L Seenivasagam	745,710	-	-	745,710
	Number of ordinary shares of RM1.00 each			
	At 1.8.2005	Bought	Sold	At 31.7.2006
Direct interest in ultimate holding company, Greenyield Holdings Sdn Bhd				
Tham Foo Keong	312,500	-	-	312,500
Tham Foo Choon	312,500	-	-	312,500

None of the other Directors holding office at 31 July 2006 had any interest in the ordinary shares of the Company and of its related corporations during the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration 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.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the 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.

OTHER STATUTORY INFORMATION

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

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

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements 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 2006 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.

AUDITORS

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

Signed in accordance with a resolution of the Directors:

Tham Foo Keong

Tham Foo Choon

Kajang,

Date: 31 October 2006

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 35 to 52 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 July 2006 and of their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Tham Foo Keong

Tham Foo Choon

Kajang,

Date: 31 October 2006

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 Greenyield Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 52 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 on 31 October 2006.

Before me:

Kajan Singh
B042

Commissioner For Oaths

Loke Chee Kien

REPORT OF THE AUDITORS

to the members of Greenyield Berhad

We have audited the financial statements set out on pages 35 to 52. The preparation of the financial statements is the responsibility of the Company's Directors.

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

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 July 2006 and of their results and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Partner
Approval Number: 2613/12/06(J)

Kuala Lumpur,

Date: 31 October 2006

BALANCE SHEETS

at 31 July 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Property, plant and equipment	2	12,155,075	11,891,481	–	–
Intangible assets	3	21,103	22,257	–	–
Investments in subsidiaries	4	–	–	12,273,998	12,273,998
Current assets					
Inventories	5	2,830,615	2,622,824	–	–
Trade and other receivables	6	9,028,666	10,805,664	336,767	234,806
Cash and cash equivalents	7	3,059,225	354,611	502	502
		14,918,506	13,783,099	337,269	235,308
Current liabilities					
Trade and other payables	8	3,577,217	5,305,612	386,678	268,617
Borrowings	9	1,346,058	1,467,630	–	–
Taxation		201,457	82,356	–	–
		5,124,732	6,855,598	386,678	268,617
Net current assets/(liabilities)		9,793,774	6,927,501	(49,409)	(33,309)
		21,969,952	18,841,239	12,224,589	12,240,689
Financed by:					
Capital and reserves					
Share capital	10	12,274,000	12,274,000	12,274,000	12,274,000
Reserves		7,478,518	3,760,839	(49,411)	(33,311)
Shareholders' funds		19,752,518	16,034,839	12,224,589	12,240,689
Long term and deferred liabilities					
Borrowings	9	956,667	1,602,222	–	–
Deferred tax liabilities	11	1,260,767	1,204,178	–	–
		21,969,952	18,841,239	12,224,589	12,240,689

The financial statements were approved and authorised for issue by the Board of Directors on 31 October 2006.

The notes set out on pages 40 to 52 form an integral part of, and should be read in conjunction with, these financial statements.

INCOME STATEMENTS

for the year ended 31 July 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue		19,843,814	8,302,602	-	-
Cost of sales		(9,771,774)	(3,304,886)	-	-
Gross profit		10,072,040	4,997,716	-	-
Administrative expenses		(2,937,944)	(1,621,040)	(16,100)	(11,679)
Distribution costs		(1,843,445)	(68,123)	-	-
Other operating expenses		(133,223)	(1,165)	-	-
Other operating income		151,331	1,333,487	-	-
Profit/(Loss) from operations	12	5,308,759	4,640,875	(16,100)	(11,679)
Finance costs	14	(220,263)	(92,541)	-	-
Profit/(Loss) before taxation		5,088,496	4,548,334	(16,100)	(11,679)
Tax expense	15	(1,370,817)	(765,863)	-	-
Profit/(Loss) after taxation		3,717,679	3,782,471	(16,100)	(11,679)

The notes set out on pages 40 to 52 form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 July 2006

Group	Share capital RM	<i>Distributable</i> (Accumulated losses)/ Retained profits RM	Total RM
At 1 August 2004	2	(21,632)	(21,630)
Issue of shares	12,273,998	–	12,273,998
Net profit for the year	–	3,782,471	3,782,471
At 31 July 2005/1 August 2005	12,274,000	3,760,839	16,034,839
Net profit for the year	–	3,717,679	3,717,679
At 31 July 2006	12,274,000	7,478,518	19,752,518
Company			
At 1 August 2004	2	(21,632)	(21,630)
Issue of shares	12,273,998	–	12,273,998
Net loss for the year	–	(11,679)	(11,679)
At 31 July 2005/1 August 2005	12,274,000	(33,311)	12,240,689
Net loss for the year	–	(16,100)	(16,100)
At 31 July 2006	12,274,000	(49,411)	12,224,589

Note 10

The notes set out on pages 40 to 52 form an integral part of, and should be read in conjunction with, these financial statements.

CASH FLOW STATEMENTS

for the year ended 31 July 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash flows from operating activities				
Profit/(Loss) before taxation	5,088,496	4,548,334	(16,100)	(11,679)
Adjustments for:				
Depreciation	743,011	311,309	-	-
Amortisation of trade marks	3,194	525	-	-
Gain on disposal of property, plant and equipment	(151,033)	(2,640)	-	-
Property, plant and equipment written off	-	4,190	-	-
Loss on disposal of property, plant and equipment	1,365	1,460	-	-
Negative goodwill on acquisition	-	(1,301,665)	-	-
Interest expense	220,263	92,541	-	-
Interest income	(2,454)	(6,563)	-	-
Operating profit/(loss) before working capital changes	5,902,842	3,647,491	(16,100)	(11,679)
Changes in working capital:				
Inventories	(153,425)	(716,720)	-	-
Trade and other receivables	(902,356)	3,826,064	(101,962)	(234,805)
Trade and other payables	(179,979)	(5,011,797)	118,062	57,705
Cash generated from/(used in) operations	4,667,082	1,745,038	-	(188,779)
Interest paid	(56,598)	(55,467)	-	-
Tax paid	(1,345,008)	(543,465)	-	-
Tax refunded	180,817	-	-	-
Net cash generated from/(used in) operating activities	3,446,293	1,146,106	-	(188,779)
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash acquired	-	(390,702)	-	(12,273,998)
Purchase of property, plant and equipment	(928,835)	(68,563)	-	-
Proceeds from disposal of property, plant and equipment	188,535	9,686	-	-
Increase in pledged deposits placed with licensed banks	(2,425)	(206,684)	-	-
Renewal of trade marks	(2,040)	-	-	-
Interest received	2,454	6,563	-	-
Net cash used in investing activities	(742,311)	(649,700)	-	(12,273,998)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash flows from financing activities				
Proceeds from drawdown of term loan and other borrowings	1,176,548	-	-	-
Repayment of term loan	(751,540)	(217,603)	-	-
Repayment of other borrowings	-	(476,847)	-	-
Repayment of hire purchase liabilities	(207,195)	(114,082)	-	-
Proceeds from issue of shares	-	-	-	12,273,998
Interest paid	(163,665)	(37,074)	-	-
Advance from a subsidiary	-	-	-	189,279
Net cash generated from/(used in) financing activities	54,148	(845,606)	-	12,463,277
Net increase/(decrease) in cash and cash equivalents	2,758,130	(349,200)	-	500
Cash and cash equivalents at beginning of year	(349,198)	2	502	2
Cash and cash equivalents at end of year	2,408,932	(349,198)	502	502

i) Cash and cash equivalents

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	209,109	206,684	-	-
Cash and bank balances	2,850,116	147,927	502	502
Bank overdraft	(441,184)	(497,125)	-	-
	2,618,041	(142,514)	502	502
Less: Deposits pledged	(209,109)	(206,684)	-	-
	2,408,932	(349,198)	502	502

ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,099,835 (2005:RM68,563) of which RM171,312 (2005 - Nil) were acquired by means of hire purchase.

The notes set out on pages 40 to 52 form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group's financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intra-group transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Freehold land is stated at cost less impairment loss if any. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (cont'd)

Depreciation

Freehold land is not amortised. Leasehold land is amortised in equal instalments over the remaining period of 82 years while buildings are depreciated on a straight-line basis over the shorter of 50 years or leasehold period.

The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Plant and machinery	8%
Motor vehicles	10%
Computer	8%
Renovation	8%
Furniture and fittings, office equipment, air-conditioner, empty cylinder and electrical installation	8%

(d) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than 10 years.

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill, not exceeding the fair values of non-monetary assets acquired is recognised in the income statement over the weighted average useful life of those assets that are depreciable / amortisable. Negative goodwill in excess of the fair values on the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of the negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

Trade marks

Trade marks are stated at cost less accumulated amortisation and are amortised on a straight line basis over a period of 20 years.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined on a first-in-first-out basis (FIFO) and include all direct expenditure incurred in bringing the inventories to their present location and condition.

(f) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(g) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement.

(i) Liabilities

Borrowings and trade and other payables are stated at cost.

(j) Assets acquired under hire purchase arrangements

Hire purchase

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as plant and equipment and the corresponding obligations are treated as liabilities. The plant and equipment capitalised are depreciated on the same basis as owned assets.

(k) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee benefits

i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(m) Foreign currency

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

1USD	RM3.63	(2005 : 1USD	RM3.80)
1EURO	RM4.62	(2005 : 1EURO	RM4.58)

(n) Revenue

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Interest income

Interest income is recognised in the income statements as it accrues, taking into account the effective yield on the asset.

(o) Financing costs

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

The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

2. PROPERTY, PLANT AND EQUIPMENT

Group Cost/Valuation	Freehold land and building RM	Leasehold land RM	Leasehold building RM	Plant and machinery RM	Motor vehicles RM	Computer RM	Renovation RM	Furniture and fittings, office equipment, air-conditioner, empty cylinder and electrical installation RM	Total RM
At 1 August 2005	1,490,000	1,578,249	4,921,806	996,107	1,269,338	25,291	413,603	1,505,899	12,200,293
Additions	-	-	-	695,570	143,312	40,594	-	220,359	1,099,835
Disposals	-	-	-	(26,252)	-	-	-	(17,478)	(43,730)
Transfer to inventories	-	-	-	-	-	-	-	(55,954)	(55,954)
At 31 July 2006	1,490,000	1,578,249	4,921,806	1,665,425	1,412,650	65,885	413,603	1,652,826	13,200,444
Accumulated depreciation									
At 1 August 2005	-	13,167	48,816	85,880	69,391	-	16,066	75,492	308,812
Charge for the year	-	18,479	91,635	224,683	175,759	5,455	38,559	188,441	743,011
Disposals	-	-	-	(5,094)	-	-	-	(371)	(5,465)
Transfer to inventories	-	-	-	-	-	-	-	(989)	(989)
At 31 July 2006	-	31,646	140,451	305,469	245,150	5,455	54,625	262,573	1,045,369
Net book value									
At 31 July 2006	1,490,000	1,546,603	4,781,355	1,359,956	1,167,500	60,430	358,978	1,390,253	12,155,075
At 31 July 2005	1,490,000	1,565,082	4,872,990	910,227	1,199,947	25,291	397,537	1,430,407	11,891,481
Depreciation charge for the year ended 31 July 2005	-	13,167	48,816	85,880	69,391	1,462	16,066	76,527	311,309

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

Revaluation

Land and buildings of the Group were stated at Directors' valuation based on professional valuations made by Sr Elvin Fernandez, a registered valuer in Khong & Jaafar Sdn Bhd, an independent firm of professional valuers on the open market basis conducted in June 2004.

Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year would be as follows:

	Group	
	2006 RM	2005 RM
Freehold land and buildings	1,401,984	1,401,984
Leasehold land	796,729	805,834
Leasehold buildings	3,323,093	3,396,500
At 31 July	5,521,806	5,604,318

2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Security**

Freehold and leasehold land and buildings are charged to a financial institution as security for credit facilities granted to the Group as disclosed in Note 9 to the financial statements.

Asset under lease

Included in property, plant and equipment of the Group are motor vehicles acquired under lease agreements with a net book value of RM128,981 (2005: RM857,164).

3. INTANGIBLE ASSETS

Trade marks	Group	
	2006 RM	2005 RM
Cost		
At 1 August	22,782	-
Additions	2,040	-
Acquisition of subsidiaries	-	22,782
At 31 July	24,822	22,782
Amortisation		
At 1 August	525	-
Amortisation charge for the year	3,194	525
At 31 July	3,719	525
Net book value		
At 31 July	21,103	22,257

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	12,273,998	12,273,998

The principal activities of subsidiaries, their place of incorporation and the interest of Greenyild Berhad are as follows:

Name of company	Principal activities	Place of incorporation	Effective equity interest	
			2006 %	2005 %
Greenyild Industries (M) Sdn. Bhd.	Manufacturing and marketing of agricultural systems and products, plastic related and wood-related products.	Malaysia	100	100
Gim Triple Seven Sdn. Bhd.	Marketing and distribution of agricultural related systems and products	Malaysia	100	100
Gimflow Sdn. Bhd.	Marketing and distribution of agricultural related systems and products	Malaysia	100	100
RCP Technologies Sdn. Bhd.	Trading of agricultural and plantation tools and providing technical and consultancy services	Malaysia	100	100

5. INVENTORIES

	Group	
	2006 RM	2005 RM
At cost:		
Raw materials	941,106	1,026,206
Work-in-progress	588,176	584,980
Finished goods	226,989	162,846
Agricultural parts	581,599	454,774
Packaging materials	139,367	120,413
Trading inventories	359,544	273,605
	2,836,781	2,622,824
Less : Allowance for obsolescence	(6,166)	-
	2,830,615	2,622,824

6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	6,591,895	9,604,063	-	-
Less: Allowance for doubtful debts	(26,425)	(26,425)	-	-
	6,565,470	9,577,638	-	-
Other receivables, deposits and prepayments	2,111,819	878,825	318,556	234,806
Tax recoverable	219,248	250,185	-	-
Amount due from subsidiaries	-	-	18,211	-
Amount due from ultimate holding company	132,129	99,016	-	-
	9,028,666	10,805,664	336,767	234,806

The amount due from subsidiaries is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

The amount due from ultimate holding company is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

7. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits with licensed banks	209,109	206,684	-	-
Cash and bank balances	2,850,116	147,927	502	502
	3,059,225	354,611	502	502

The fixed deposits are pledged for bank overdraft and bank guarantee facilities granted to the Group.

8. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	2,850,463	3,609,836	-	-
Other payables and accruals	725,444	1,118,522	95,274	79,338
Amount due to Directors	1,310	577,254	-	-
Amount due to subsidiaries	-	-	291,404	189,279
	3,577,217	5,305,612	386,678	268,617

The amount due to Directors is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

The amount due to subsidiaries is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

9. BORROWINGS

	Group	
	2006 RM	2005 RM
Current		
Term loans - secured	618,210	666,469
Bank overdraft - secured	441,184	497,125
Bills payable- secured	210,000	133,453
Hire purchase liabilities	76,664	170,583
	1,346,058	1,467,630
Non-current		
Term loans - secured	800,453	1,503,733
Hire purchase liabilities	156,214	98,489
	956,667	1,602,222

Terms and debt repayment schedule

Group	Total RM	Within	
		1 year RM	1 - 5 years RM
Term loans - secured			
- variable at 1.75% above BLR	152,003	79,664	72,339
- fixed at 6%	1,266,660	538,546	728,114
Bank overdraft - secured			
- variable at 2% above Bank Negara Malaysia's funding rate	441,184	441,184	-
Bills payable - secured			
- variable at 3.5% to 7.75% per annum	210,000	210,000	-
Hire purchase liabilities			
- flat at 3.0% to 3.7% per annum	232,878	76,664	156,214

The Group's term loans are secured by way of a fixed charge over the Group's freehold and leasehold land and buildings (see Note 2) and are jointly and severally guaranteed by the Directors of the Group. The bank overdraft facility is secured by the fixed deposits of the Group.

9. BORROWINGS (CONT'D)*Hire purchase liabilities*

Hire purchase liabilities are payable as follows:

Group	Payments 2006 RM	Interest 2006 RM	Principal 2006 RM	Payments 2005 RM	Interest 2005 RM	Principal 2005 RM
Less than one year	86,836	(10,172)	76,664	180,595	(10,012)	170,583
Between one and five years	166,469	(10,255)	156,214	107,307	(8,818)	98,489
	253,305	(20,427)	232,878	287,902	(18,830)	269,072

10. SHARE CAPITAL

	2006 RM	Company 2005 RM
Ordinary shares of RM0.10 each: Authorised	25,000,000	25,000,000
Issued and fully paid	12,274,000	12,274,000

11. DEFERRED TAX LIABILITIES

The recognised deferred tax liabilities are as follows:

	2006 RM	Group 2005 RM
Property, plant and equipment		
- capital allowances	638,087	566,042
- revaluation	622,680	638,136
	1,260,767	1,204,178

12. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit/(Loss) from operations is arrived at after charging:				
Audit fee - current	26,700	26,700	6,000	6,000
- others	33,100	13,500	-	-
Amortisation of trade marks	3,194	525	-	-
Depreciation of property, plant and equipment	743,011	311,309	-	-
Directors' remuneration	705,580	304,522	-	-
Loss on disposal of property, plant and equipment	1,365	1,460	-	-
Loss on realised foreign exchange	175,477	3,742	-	-
Property, plant and equipment written off	-	4,190	-	-
Rental of premises	39,900	15,870	-	-
Allowance for doubtful debts	-	26,425	-	-
Allowance for inventory obsolescence	6,166	-	-	-
Bad debt written off	-	4,949	-	-

12. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
And after crediting:				
Gain on disposal of property, plant and equipment	151,033	2,640	-	-
Rental of cylinder	-	185	-	-
Fixed deposit interest income	2,454	-	-	-
Gain on realised foreign exchange	23,813	-	-	-
Negative goodwill on acquisition	-	1,301,665	-	-

13. EMPLOYEE INFORMATION

	Group	
	2006 RM	2005 RM
Staff costs	1,809,046	1,708,709
EPF	143,189	131,420
	1,952,235	1,840,129

The number of employees of the Group and of the Company (excluding Directors) at the end of the year was 124 (2005 - 113) and Nil (2005 - Nil), respectively.

14. FINANCE COSTS

	Group	
	2006 RM	2005 RM
Interest expense		
Term loans	119,833	60,879
Bank overdraft	22,270	10,207
Hire purchase liabilities	15,591	8,854
Others	62,569	12,601
	220,263	92,541

15. TAX EXPENSE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax expense				
- Current	1,346,954	625,821	-	-
- Overprovision in prior year	(32,726)	-	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	57,154	140,042	-	-
- Overprovision in prior year	(565)	-	-	-
	1,370,817	765,863	-	-

15. TAX EXPENSE (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Reconciliation of tax expense				
Profit/(Loss) before taxation	5,088,496	4,548,334	(16,100)	(11,679)
Income tax using Malaysian tax rate	1,359,038	1,182,344	(4,508)	(3,270)
Non-deductible expenses	62,130	(53,072)	4,508	3,270
Non taxable item	-	(364,466)	-	-
Other items	(17,060)	1,057	-	-
Overprovision in prior year	1,404,108 (33,291)	765,863 -	- -	- -
Tax expenses	1,370,817	765,863	-	-

16. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business 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. The Group's revenue is mainly generated from the sale of plantation products and non-plantation products.

Business segments

The main business segments of the Group comprise the following:

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.

	Plantation		Non-plantation		Eliminations		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Business segments								
Revenue from external customers	24,330	10,821	2,404	657	(6,890)	(3,175)	19,844	8,303
Segment results*							10,072	4,998
Unallocated expenses							(4,763)	(357)
Operating profit							5,309	4,641
Interest expense							(220)	(93)
Profit before taxation							5,089	4,548
Tax expense							(1,371)	(766)
Net profit for the year							3,718	3,782

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

Geographical segments

The plantation and non-plantation segments are operated solely in Malaysia. However, the Group has a sizeable export market with export sales representing 65% (2005:68%) of the Group revenue.

17. HOLDING COMPANY

The holding company is Greenyeld Holdings Sdn. Bhd, a company incorporated in Malaysia.

18. FINANCIAL INSTRUMENTS**Financial risk management objectives and policies**

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's and of the Company's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group and the Company's exposure to credit risk arises through its receivables. Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of receivables ageing.

As at balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of the receivable presented in the balance sheet.

Interest rate risk

In the current low interest rate scenario, the Group and the Company borrows at variable rates using its term loan to finance capital expenditure and uses bank overdrafts and bills payable to finance its operations.

Currency risk

The Group and the Company incur foreign currency risk on sales that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollars and Euro. The Group and the Company do not hedge these exposures by purchasing forward currency contracts. The Board does not anticipate any major movement in foreign exchange between Ringgit Malaysia and US Dollars and Euro. However, the Board keeps this policy under review.

The following table shows information about the Group's exposure to interest rate risk.

Effective interest rates and repricing analysis

Group 2006	Effective interest rate %	Total RM	Within 1 year RM	1 - 5 years RM	After 5 years RM
Financial assets					
Fixed deposits	3.3	209,109	209,109	-	-
Financial liabilities					
Bank overdraft - secured	8.0	441,184	441,184	-	-
Bills payable - secured	3.5	210,000	210,000	-	-
Term loans - secured	6.2	1,418,663	618,210	800,453	-
Hire purchase	5.5	232,878	76,664	156,214	-
2005					
Financial assets					
Fixed deposits	3.4	206,684	206,684	-	-
Financial liabilities					
Bank overdraft - secured	8.0	497,125	497,125	-	-
Bills payable - secured	3.5	133,453	133,453	-	-
Term loans - secured	8.0	2,170,202	666,469	1,454,843	48,890
Hire purchase	6.6	269,072	170,583	98,489	-

18. 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, short term borrowings, amounts due from/(to) subsidiaries and amount due from 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:

Financial liabilities	2006 Carrying amount RM	2006 Fair value RM	2005 Carrying amount RM	2005 Fair value RM
Hire purchase liabilities	232,878	199,573	269,072	231,218
Term loans -secured	1,418,663	1,219,588	2,170,202	1,765,316

19. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (i) On 24 February 2005, the Securities Commission approved the listing of and quotation for the entire issued and paid-up share capital of the Company. The listing scheme involve the following:

Issue of 42,260,000 new ordinary shares of RM0.10 each at an issue price of RM0.21 per ordinary share by way of private placement and public offer payable in full on application comprising:-

- 35,260,000 new ordinary shares of RM0.10 each available for placement to selected investors;
- 3,000,000 new ordinary shares of RM0.10 each available for application by the public; and
- 4,000,000 new ordinary shares of RM0.10 each available for application by the eligible directors and employees of the Group, and other persons who have contributed to the success of the Group.

The Company has on 15 August 2006 entered into a sponsorship agreement with AmMerchant Bank Berhad whereby the Company has appointed AmMerchant Bank Berhad to act as sponsor from the date of listing of the Company until 31 July 2008.

The Company has on 17 August 2006 entered into an underwriting agreement with AmMerchant Bank Berhad and Alliance Investment Bank Berhad to underwrite 3,000,000 shares which will be made available for application under the public offer; and 4,000,000 shares which will be made available for application by the eligible directors and employees of the Group, and other persons who have contributed to the success of the Group.

The Company was listed and quoted on the MESDAQ Market of Bursa Malaysia Securities Berhad on 20 October 2006.

- (ii) A debt guarantee agreement dated 23 August 2006 was signed between the Company and Greenyild Holdings Sdn Bhd, Tham Foo Keong and Tham Foo Choon respectively ("Promoters") whereby the Promoters unconditionally and irrevocably obtained the sum of RM2,055,000 being an irrevocable, unconditional and enforceable bank guarantee facility in favour of the Company to guarantee the collection of all the trade receivables of the Group that were in dispute, under legal course of action or exceeding 4 months as at 31 July 2006, as well as those which would be more than 6 months as at 30 September 2006 if it remained unpaid. On 28 August 2006, the Company had called upon the bank guarantee and the amount of RM2,055,000 has been paid to the Company on 29 August 2006 in settlement of all the trade receivables of the Group that were in dispute, under legal case of action or exceeding 4 months as at 31 July 2006.

LIST OF PROPERTIES

REGISTERED OWNER AND 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 31.07.2006 (RM)
Greenyield Industries (M) Sdn Bhd No. 116, Jalan Lapan, Kompleks Perabot Olak Lempit, Tg. Duabelas, 42700 Banting, Selangor.	Land and building held under PT 4055, H.S. (M) 5725, Mukim of Tg DuaBelas, District of Kuala Langat, Selangor.	31.01.1995 (A) *23.03.2004 (R)	5	Leasehold (Expiry on 26.09.2087)	Factory	130,680 sq. ft./ *75,110 sq. ft.	6,327,958.00
Gim Triple Seven Sdn Bhd No. 21 & 23, Jalan Seksyen 3/7, Taman Kajang Utama, 43000 Kajang, Selangor.	PT 35634 & PT35635, Mukim of Kajang, District of Hulu Langat, Selangor.	24.01.1997 (A) 07.07.2002 (R)	9	Freehold	Office Building	3,728 sq. ft.	1,490,000.00

Note : * Building only

ANALYSIS OF SHAREHOLDINGS

as at 10 November 2006

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issue Share Capital
1 - 99 shares	3	0.15	70	0.00
100 - 1,000 shares	330	16.94	321,000	0.19
1,001 - 10,000 shares	919	47.18	6,188,050	3.75
10,001 - 100,000 shares	616	31.62	22,126,500	13.41
100,001 - 8,249,999 shares	79	4.06	52,973,460	32.11
8,250,000 shares and above	1	0.05	83,390,920	50.54
TOTAL	1,948	100.00	165,000,000	100.00

30 LARGEST SHAREHOLDERS

Name	No. of Shares Held	% of Issued Shares
1 Greenyield Holdings Sdn Bhd	83,390,920	50.54
2 Twong Yoke Peng	7,864,280	4.77
3 Yap Kim Lian	5,713,610	3.46
4 Tham Foo Choon	4,074,580	2.47
5 Tham Foo Keong	3,784,580	2.29
6 HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Pik Chai (M05)	3,100,000	1.88
7 Tham Chong Sing	3,068,510	1.86
8 Tham Fau Sin	2,958,510	1.79
9 Khoo Boo Lye	1,150,000	0.70
10 Er Wan Inn	930,000	0.56
11 Tham Voon Nyuk	874,500	0.53
12 Sivakumaran A/L Seenivasagam	765,710	0.46
13 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Boo Lye	750,000	0.45
14 Chi Bee Chin	743,000	0.45
15 Wong Ling Poh	630,000	0.38
16 Malacca Securities Sdn Bhd lvt (002)	564,700	0.34
17 Siti Norafidah Binti Jantan	530,000	0.32
18 Kwa Eng Hsiong	520,000	0.32
19 Tan Chooi Ho	500,000	0.30

30 LARGEST SHAREHOLDERS (CONT'D)

Name	No. of Shares Held	% of Issued Shares
20 Kay Yew Kiang	500,000	0.30
21 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yang Lee Wah	500,000	0.30
22 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Siok Wah	490,000	0.30
23 Amanah Raya Berhad SBB Dana Al-Faiz	475,000	0.29
24 Lim Khye Hin	400,000	0.24
25 Chang Mun Lin	400,000	0.24
26 Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lo Ga Lung	400,000	0.24
27 Leong Eoi Chun	400,000	0.24
28 Sazali Bin Hussein	393,000	0.24
29 Armaru @ Tharmalingam	372,850	0.23
30 Cheah Teng Lim	368,000	0.22

DIRECTORS' INTERESTS

(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Directors	Direct	No. of Shares Held		%
		%	Indirect	
Tham Foo Keong	3,784,580	2.29	^a 83,390,920	50.54
Tham Foo Choon	4,074,580	2.47	^a 83,390,920	50.54
Loke Chee Kien	20,000	0.01	–	–
Dr. Sivakumaran A/L Seenivasagam	765,710	0.46	–	–
Tajuddin Bin Ismail	20,000	0.01	–	–
Ishak Bin Said	20,000	0.01	–	–
Y. Bhg. Tan Sri Datuk Arshad Bin Ayub	20,000	0.01	–	–
Dr. Zainol Bin Md. Eusof	20,000	0.01	–	–
Dr. Shaikh Awadz Bin Shaikh Abdullah	20,000	0.01	–	–

Note:

a Deemed substantial interests via their substantial shareholdings in Greenyield Holdings Sdn Bhd.

SUBSTANTIAL SHAREHOLDERS

(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

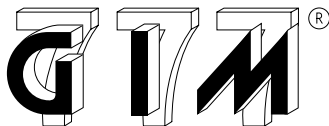
Name of Substantial Shareholders	Direct	No. of Shares Held		%
		%	Indirect	
Greenyield Holdings Sdn Bhd	83,390,920	50.54	–	–
Tham Foo Keong ^a	3,784,580	2.29	^b 83,390,920	50.54
Tham Foo Choon ^a	4,074,580	2.47	^b 83,390,920	50.54
Tham Chong Sing ^a	3,068,510	1.86	^b 83,390,920	50.54
Tham Fau Sin ^a	2,958,510	1.79	^b 83,390,920	50.54

Note:

a Brothers

b Deemed substantial interests via their substantial shareholdings in Greenyield Holdings Sdn Bhd.

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GREENYIELD BERHAD

(Company No. 582216-T)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held

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

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Cempaka Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 21 December 2006 at 11.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

No.	Resolution	For	Against
Ordinary Resolution 1	Receipt of Audited Financial Statements for the financial year ended 31 July 2006 and the Reports of the Directors and Auditors		
Ordinary Resolution 2	Approval of the aggregate Directors' fees		
Ordinary Resolution 3	Re-election of Mr. Tham Foo Keong		
Ordinary Resolution 4	Re-election of Mr. Loke Chee Kien		
Ordinary Resolution 5	Re-election of En Tajuddin Bin Ismail		
Ordinary Resolution 6	Re-appointment of Y. Bhg. Tan Sri Datuk Arshad Bin Ayub as Director pursuant to Section 129(6) of the Companies Act, 1965		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	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 2006.

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 and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he 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 appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
4. This proxy form must be deposited at the Registered Office of the Company at Level 7, Setia 1, 15 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time for holding the meeting.



PLEASE FOLD HERE

Affix
Stamp

The Company Secretary
GREENYIELD BERHAD (582216-T)
Level 7, Setia 1,
15 Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur

PLEASE FOLD HERE