

# STATEMENT ON CORPORATE GOVERNANCE



The Board of Directors acknowledges the importance of maintaining good corporate governance within the Group to safeguard the interest of its shareholders and is pleased to provide the following statement on how the Company has applied the Principles of Corporate Governance set out in Part 1 of the Malaysian Code on Corporate Governance as revised on 1 October 2007 ("the Code").

## SECTION 1: DIRECTORS

### BOARD RESPONSIBILITIES

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

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

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

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

The Board meets on a scheduled basis once in every quarter to primarily discuss the financial statements, corporate and strategic issues, performance of business units and factors relating to potential risk in the business of the Group. During the financial year under review, four (4) Board meetings were held and the record of attendance of the members are as follows:

NAME OF DIRECTORS	NO OF MEETINGS ATTENDED
Mr. Goh Kok Beng (appointed on 9.1.09)	2
Mr. Goh Kok Heng (appointed on 9.1.09)	2
Mr. Yeoh Yeow Cheang	4
Mr. Kan Ah Chun	4
En. Saffie bin Bakar	4
Mr. Loh Chye Teik	4

### BOARD BALANCE

The Board composition comprises of six (6) members with Mr. Goh Kok Beng at the helm as Executive Chairman. Three of the Directors are Executive Directors, one is a Non-Independent Non-Executive Director, while the remaining two are Independent Non-Executive Directors.

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

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

Mr. Loh Chye Teik, Chairman of the Audit Committee has professional accounting and audit background to continuously provide inputs for check and balance. He also reviews the internal control system, risk management system and published financial reports. He has also been identified as the Independent Non-Executive Director, with the assistance of the Company's Corporate Division personnel, to whom concerns of shareholders, management or other matters concerning the Group may be conveyed.

### SUPPLY OF INFORMATION

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

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

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)



## APPOINTMENTS TO THE BOARD

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

- Mr. Loh Chye Teik, Independent Non-Executive Director (Chairman)
- En. Saffie bin Bakar, Independent Non-Executive Director (Member)

The Nomination Committee was established with defined terms of reference to assist them in discharging their duties. However, the Nomination Committee met once during the year to review the performance of the Directors seeking re-election at the forthcoming AGM.

## RE-ELECTION OF DIRECTORS

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

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

## DIRECTORS' TRAINING

The Directors are aware of the need for continuous update of their skills and knowledge to maximize their effectiveness as Directors and assist them in discharging their duties during their tenure of service.

During the financial year, members of the Board have attended various training programmes and seminars.

The newly appointed Directors, Mr. Goh Kok Beng and Mr. Goh Kok Heng, have attended the Mandatory Accreditation Program as required by Bursa Securities and have also been briefed on the Group's operations. Training attended by the other directors are as follows:

NAME OF DIRECTOR	PROGRAM ATTENDED	DATE ATTENDED
Kan Ah Chun	• 2008 PLC Directors' Training	27 September 2008
Yeoh Yeow Cheang	• Impact of the 2009 Budget on business and tax updates • Tax Implications on New and Revised FRSs	14 October 2008 26 November 2008
Loh Chye Teik	• Implementing an Effective System of Internal Control for SMEs and Public Companies - Compliance to the New Statutory & Corporate Governance Framework • ISQC 1 & Practice Review Findings • National Seminar on Taxation 2008 • Internal Controls Masterclass • MIT Workshop On Understanding Deferred Taxation • MIT Workshop On Practitioners Update • MIT - Crossborder Transactions • Seminar On Effective Financial Management And Access To Financing For SME	4 August 2008  27 August 2008 16 September 2008 14 - 15 October 2008 17 October 2008 5 November 2008 6 November 2008 3 March 2009
Saffie bin Bakar	• CCM & IIAM - Implementing an Effective System of Internal Control for SMEs and Public Companies • CCH Asia - Forensic Accounting: Detecting, Controlling & Preventing Fraud • DOA Seminar on Investment in Agriculture Sector for Private Co. and Entrepreneurs • CCM - Analyzing and Interpreting Financial Statements • LexisNexis Conference: Internal Controls Masterclass • MAICSA - SSM Seminar 2008: Transactions by Directors and Implications of S131 to S135 of the Companies Act 1975, • Bar Council - Law, Practice and Procedure of Arbitration - The Arbitration Act 2005 Perspective • Halal Entrepreneur Development Seminar • Northern Region Investment & Trade Workshop On The Manufacturing & Trade Services Sector. • HDC - SMIDEC Industries Seminar: Effective Entry Into Middle East Market • USM - REHDA Course on Property & Housing Development • Bursa Malaysia: Main Market Technical Briefing • Bursa Malaysia: ACE Market Technical Briefing • SSM/CCM Corporate Director Training Programme	4 August 2008  11 August 2008 19 August 2008  22 September 2008 14 - 15 October 2008 11 December 2008  25 February 2009  5 - 6 May 2009 12 - 13 May 2009  2 - 3 June 2009 17 - 19 June 2009 6 July 2009 10 July 2009 13 July 2009

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)



## SECTION 2: DIRECTORS' REMUNERATION

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

- Mr. Loh Chye Teik, Independent Non-Executive Director (Chairman)
- En. Saffie bin Bakar, Independent Non-Executive Director (Member)
- Mr. Yeoh Yeow Cheang, Executive Director (Member)

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

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

The details of Directors' remuneration for the financial year ended 31 July 2009 are as follows:

PARTICULAR	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL RM
Fees	60,000	60,000	120,000
Salaries & Allowances	731,058	–	731,058
Benefits in kind	6,500	–	6,500
<b>Total</b>	<b>797,558</b>	<b>60,000</b>	<b>857,558</b>

The remuneration of the Directors summarised in bands of RM50,000 for the financial year ended 31 July 2009 are as follows:

RANGE OF REMUNERATION	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
Below RM50,000	–	2
RM50,000 to RM100,000	–	–
RM100,001 to RM150,000	–	–
RM150,001 to RM200,000	2	–
RM200,001 to RM250,000	1	–
RM250,001 to RM300,000	1	–

Notes:

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

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

## SECTION 3: SHAREHOLDERS

### DIALOGUE BETWEEN THE COMPANY AND INVESTORS

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

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

### ANNUAL GENERAL MEETING ("AGM")

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

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

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

[www.sequoiahb.com](http://www.sequoiahb.com)

# STATEMENT ON CORPORATE GOVERNANCE (cont'd)



## SECTION 4: ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

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

### INTERNAL CONTROL

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

### RELATIONSHIP WITH AUDITORS

The Group has, through the Audit Committee, established a transparent and appropriate relationship with the Group's external auditors. A report of the Audit Committee and their terms of reference is included on pages 14 to 16. In addition, the Chairman of the Audit Committee has met with the external auditors without the presence of other Executive Board members twice during the year.

## SECTION 5: STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The financial statements of the Group as set out in this Report are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2009 and of their financial performance and cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

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

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

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

## SECTION 6: COMPLIANCE STATEMENT

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

- The Code recommends that the Audit Committee should meet with the external auditors without the executive board members present at least twice a year. The Audit Committee will meet with the external auditors more than twice as and when the need arises.

# STATEMENT ON INTERNAL CONTROL



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

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

## INTERNAL AUDIT DIVISION

The Group has set up an independent audit function. During the financial year under review, the Group has conducted internal audit at the subsidiary level on the internal control system and certain identified process weaknesses with the objective of safeguarding the Group's assets and to prevent potential losses arising from these weaknesses. This was carried out using the Group's internal resources.

## OTHER RISK AND CONTROL PROCESS

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

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

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

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

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

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

# AUDIT COMMITTEE REPORT



## COMPOSITION

Mr. Loh Chye Teik, Chairman (Independent, Non-Executive Director)  
En. Saffie Bin Bakar, Member (Independent, Non-Executive Director)  
Mr. Kan Ah Chun, Member (Non-Independent, Non-Executive Director)

## TERMS OF REFERENCE

### OBJECTIVES

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

### COMPOSITION

The Committee shall consist of at least three (3) members appointed by the Board from amongst the directors, comprising a majority of Independent Non-Executive Directors.

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

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

An alternate director shall not be appointed as a member of the Committee. The members of the Committee shall select a chairman from amongst the Independent Non-Executive Directors.

### AUTHORITY

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

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

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

### DUTIES

The duties of the Committee shall include the following:

- To consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal;
- To discuss with the external auditor their audit plan before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- To discuss problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
- To review the system of internal control, and in particular review the external auditor's management letter and management's response;
- To ensure that adequate assistance is given by the employees of the Company to the external auditors;
- To ensure the adequacy of the scope and resources of the internal audit functions with the necessary authority for implementation;
- To review the internal audit programme and its findings, ensure that investigation is undertaken with the appropriate remedial action based on the recommendations of the internal audit function;

# AUDIT COMMITTEE REPORT (cont'd)



## DUTIES (cont'd)

- To review any appraisal or assessment of the performance of members of the internal audit function;
- To approve any appointment or termination of senior staff members of the internal audit function;
- To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
- To review the quarterly and year-end financial statements, prior to the approval by the board of directors, focusing particularly on:
  - i. Changes in or implementation of major accounting policies;
  - ii. Significant and unusual events;
  - iii. The going concern assumption; and
  - iv. Compliance with accounting standards and other legal requirements;
- To review management's monitoring of compliance with the Company's code of corporate conduct;
- To review with the Company's council, any legal matters that could have a significant impact on the Company's financial statements;
- To review the major findings of internal investigations and management's responses as well as any examinations by regulatory authorities;
- To review the allocation of options pursuant to share scheme for employees, transactions, procedure or course of conduct that raises questions of management integrity;
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- Such other responsibilities as may be agreed to or by the Committee and the Board of Directors.

## RETIREMENT AND RESIGNATION

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

## REVIEW OF THE AUDIT COMMITTEE

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

## MEETINGS

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

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

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

The procedures of the meeting are as follows:

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

# AUDIT COMMITTEE REPORT (cont'd)



## MEETINGS (cont'd)

- The minutes of the meetings shall be kept at the registered office of the Company;
- The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee.

During the financial year ended 31 July 2009, four (4) meetings were held and the table of attendance of each committee member is as follows:

NAME	NO. OF MEETINGS ATTENDED
Mr. Loh Chye Teik	4
Mr. Yeoh Yeow Cheang (resigned on 5.3.09)	2
En. Saffie bin Bakar	4
Mr. Kan Ah Chun (appointed on 5.3.09)	2

## SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

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

1. Reviewing and recommending for the Board's approval on the quarterly financial results and audited financial statements.
2. Reviewing with the external auditors' their management letter and management's response.

## INTERNAL AUDIT AND RISK MANAGEMENT

The staff of the Group assists the Committee in discharging its duties and responsibilities. Their role is to provide the Committee with independent and objective reports on the state of internal controls for high risk areas of the Group and the extent of compliance with established policies and procedures.

During the financial year ended 31 July 2009, the Group has carried out the following activities:

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

# OTHER INFORMATION



## SHARE BUY-BACKS

During the financial year, a total of 179,000 units of its own shares were purchased and retained as Treasury Shares pursuant to the Share Buy-Back Scheme. There was no resale or cancellation of Treasury Shares during the financial year.

Details of the shares bought back during the financial year were as follows:

	NUMBER OF SHARES	PRICE PER SHARE			TOTAL CONSIDERATION
		← LOWEST	HIGHEST →	AVERAGE	
June 2009	11,000	0.35	0.39	0.38	4,181.15
July 2009	168,000	0.33	0.40	0.35	59,025.41

## OPTIONS OR WARRANTS

During the financial year, the Company did not issue any options or warrants.

## AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT PROGRAMME ("GDR")

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

## IMPOSITION OR SANCTION AND PENALTIES

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

## NON-AUDIT FEES

During the financial year, there were no non-audit fees paid to the external auditors by the company or its subsidiaries incurred for services rendered.

## PROFIT ESTIMATE, FORECAST OR PROJECTION

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

## PROFIT GUARANTEE

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

## REVALUATION POLICY ON LANDED PROPERTIES

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

## **OTHER INFORMATION** (cont'd)



### **MATERIAL CONTRACTS**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 July 2009 or entered into since the end of the previous financial year, except that on 23 December 2008, a sub-subsidiary, Yen Denim (M) Sdn. Bhd. (formerly known as Lu Fa Industrial (M) Sdn. Bhd.) entered into two licensing agreements with Wrangler Apparel Corp to use the Licensed Trademark of Wrangler in Malaysia and Brunei and Singapore on jeanswear and casual apparel for a term of three years from 1 July 2008 to 30 June 2011.

### **CORPORATE SOCIAL RESPONSIBILITY**

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

### **UTILISATION OF PROCEEDS**

There were no corporate proposal implemented during the financial year ended 31 July 2009.

### **VARIATION IN RESULTS**

There were no material variations between the audited results for the financial year ended 31 July 2009 over the unaudited results released for the financial quarter ended 31 July 2009.

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

The Group does not have any recurrent related party transaction of a revenue or trading nature for the financial year ended 31 July 2009 made pursuant to a shareholders' mandate.

# DIRECTORS' REPORT

for the year ended 31 July 2009



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 2009**.

## PRINCIPAL ACTIVITIES

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

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

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

## RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) after taxation for the year	3,108,878	(210,929)
Attributable to :		
Equity holders of the Company	2,742,792	(210,929)
Minority interests	366,086	-
	<b>3,108,878</b>	<b>(210,929)</b>

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 2009** 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.

## DIVIDENDS

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

At the forthcoming Annual General Meeting, a first and final dividend of 3% less tax amounting to RM1,404,236 for the financial year ended 31 July 2009 will be proposed for the shareholders' approval.

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL AND DEBENTURE

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

## TREASURY SHARES

During the financial year, the Company repurchased **179,000** of its issued ordinary shares from the open market at an average price of **RM0.35** per share. The total consideration paid for the repurchase including transaction costs was **RM63,207**. The repurchase was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

Out of the total **125,000,000** issued and fully paid ordinary shares as at 31 July 2009, **179,000** are held as treasury shares by the Company. As at 31 July 2009, the number of outstanding ordinary shares in issue and fully paid is therefore **124,821,000** ordinary shares of RM0.50 each.

Further relevant details are disclosed in Note 15 to the financial statements.

# DIRECTORS' REPORT (cont'd)

for the year ended 31 July 2009



## DIRECTORS

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

Goh Kok Beng (appointed on 9.1.09)  
Goh Kok Heng (appointed on 9.1.09)  
Yeoh Yeow Cheang  
Saffie Bin Bakar  
Loh Chye Teik  
Kan Ah Chun

In accordance with the Company's Articles of Association, **Mr. Goh Kok Beng**, **Mr. Goh Kok Heng** and **Mr. Loh Chye Teik** retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			
	Balance at 1.8.08	Bought	Sold	Balance At 31.7.09
<b>The Company</b>				
<b>Direct interest:</b>				
Kan Ah Chun	9,119,250	20,000,000	(29,119,250)	–
Yeoh Yeow Cheang	605,900	–	–	605,900
Saffie Bin Bakar	250,000	–	–	250,000
Loh Chye Teik	106,500	–	–	106,500
<b>Deemed interest:</b>				
Goh Kok Beng	–	40,000,000	–	40,000,000
Goh Kok Heng	–	40,000,000	–	40,000,000
Kan Ah Chun	31,159,000	–	(30,880,750)	278,250

By virtue of their interests in the shares of the Company, **Mr. Goh Kok Beng** and **Mr. Goh Kok Heng** are also deemed interested in the shares of all the subsidiaries, to the extent that the Company has interests.

## DIRECTORS' BENEFITS

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

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

# DIRECTORS' REPORT (cont'd)

for the year ended 31 July 2009



## OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts in respect of the financial statements of the Group. The directors were also satisfied that there were no known bad debts and that adequate allowance had been made for doubtful debts, and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, or
- (iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

## AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

\_\_\_\_\_  
**Goh Kok Heng**

\_\_\_\_\_  
**Yeoh Yeow Cheang**

**Penang,**  
**Date: 24 November 2009**

# DIRECTORS' STATEMENT



We, **Goh Kok Heng** and **Yeoh Yeow Cheang**, being two of the directors of **Sequoia Holdings Berhad** state that in the opinion of the directors, the financial statements set out on pages 24 to 57 are properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2009** and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the directors:

\_\_\_\_\_  
**Goh Kok Heng**

\_\_\_\_\_  
**Yeoh Yeow Cheang**

**Date: 24 November 2009**

# STATUTORY DECLARATION

I, **Yeoh Yeow Cheang**, the director primarily responsible for the financial management of **Sequoia Holdings Berhad** do solemnly and sincerely declare that the financial statements set out on pages 24 to 57 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this **24th** )  
day of **November 2009**. )

\_\_\_\_\_  
**Yeoh Yeow Cheang**

**Before me,**

\_\_\_\_\_  
**Karupayee Kamalam**  
**Commissioner for Oaths**  
**(PO15)**

# INDEPENDENT AUDITORS' REPORT

to the members of SEQUOIA HOLDINGS BERHAD Company No. 570396-D (Incorporated In Malaysia)



## Report on the Financial Statements

We have audited the financial statements of **Sequoia Holdings Berhad**, which comprise the balance sheets as at **31 July 2009** of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 57.

## Directors' Responsibility for the Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 July 2009** and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

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

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

## Other Matters

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

**Grant Thornton**  
**No. AF: 0042**  
**Chartered Accountants**

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

**Date: 24 November 2009**  
**Penang**

[www.sequoiahb.com](http://www.sequoiahb.com)

# CONSOLIDATED BALANCE SHEET

at 31 July 2009



	NOTE	2009 RM	2008 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	11,543,539	12,097,264
Prepaid land lease payments	4	2,976,873	3,042,996
Investment in an associate	6	1	1
Intangible assets	7	4,878,316	5,237,319
		<b>19,398,729</b>	<b>20,377,580</b>
<b>Current assets</b>			
Inventories	8	39,025,913	33,614,387
Trade receivables	9	30,266,214	22,718,107
Other receivables, deposits and prepayments	10	6,634,422	4,617,038
Tax recoverable		672,256	1,471,702
Cash and cash equivalents	12	3,293,743	6,547,652
		<b>79,892,548</b>	<b>68,968,886</b>
Non-current assets held for sale	13	147,600	147,600
		<b>80,040,148</b>	<b>69,116,486</b>
<b>TOTAL ASSETS</b>		<b>99,438,877</b>	<b>89,494,066</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	14	62,500,000	62,500,000
Share premium		21,145	21,145
Treasury shares	15	(63,207)	–
Exchange translation reserve	16	142,900	–
Retained profits		15,827,045	13,084,253
		<b>78,427,883</b>	<b>75,605,398</b>
<b>Minority interests</b>		<b>1,263,507</b>	<b>1,689,334</b>
<b>Total equity</b>		<b>79,691,390</b>	<b>77,294,732</b>
<b>Non-current liabilities</b>			
Borrowings	18	1,199,454	2,516,372
Deferred tax liabilities	19	860,080	808,488
		<b>2,059,534</b>	<b>3,324,860</b>
<b>Current liabilities</b>			
Trade payables	20	8,015,048	2,959,274
Other payables and accruals	21	3,033,320	2,901,349
Borrowings	18	6,311,518	2,856,960
Dividends payable		20	2,837
Provision for taxation		328,047	154,054
		<b>17,687,953</b>	<b>8,874,474</b>
<b>Total liabilities</b>		<b>19,747,487</b>	<b>12,199,334</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>99,438,877</b>	<b>89,494,066</b>

# CONSOLIDATED INCOME STATEMENT

for the year ended 31 July 2009



	NOTE	2009 RM	2008 RM
Revenue	22	69,434,435	56,772,009
Cost of sales		(39,539,483)	(36,336,492)
<b>Gross profit</b>		<b>29,894,952</b>	<b>20,435,517</b>
Other income	23	2,137,227	3,224,023
Administrative expenses		(18,733,369)	(13,786,963)
Selling and distribution expenses		(8,596,152)	(8,018,862)
<b>Operating profit</b>		<b>4,702,658</b>	<b>1,853,715</b>
Finance costs		(496,566)	(463,780)
Share of results of an associate		-	(87,888)
<b>Profit before taxation</b>	24	<b>4,206,092</b>	<b>1,302,047</b>
Taxation	25	(1,097,214)	(663,750)
<b>Profit for the year</b>		<b>3,108,878</b>	<b>638,297</b>
<b>Attributable to:</b>			
Equity holders of the Company		2,742,792	677,854
Minority interests		366,086	(39,557)
		<b>3,108,878</b>	<b>638,297</b>
<b>Basic earnings per share (sen)</b>	26	<b>2.19</b>	<b>0.54</b>

The notes set out on pages 33 to 57 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2009

NOTE	Attributable to Equity Holders of the Company						Minority Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Exchange Translation Reserve	Retained Profits	Total		
	RM	RM	RM	RM	RM	RM	RM	
<b>2009</b>								
Balance at beginning	62,500,000	21,145	-	-	13,084,253	75,605,398	77,294,732	
Foreign currency translation Profit for the year	-	-	-	142,900	-	142,900	190,533	
Total recognised income and expense for the period	-	-	-	-	2,742,792	2,742,792	3,108,878	
Purchase of treasury shares	-	-	(63,207)	-	-	(63,207)	(63,207)	
Acquisition of additional equity interests of existing subsidiaries from minority interests	-	-	-	-	-	-	(839,546)	
Balance at end	<b>62,500,000</b>	<b>21,145</b>	<b>(63,207)</b>	<b>142,900</b>	<b>15,827,045</b>	<b>78,427,883</b>	<b>79,691,390</b>	
<b>2008</b>								
Balance at beginning	62,500,000	21,145	-	-	12,406,399	74,927,544	75,542,533	
Profit for the year	-	-	-	-	677,854	677,854	638,297	
Arising from acquisition of a subsidiary	-	-	-	-	-	-	1,113,902	
Balance at end	62,500,000	21,145	-	-	13,084,253	75,605,398	77,294,732	

The notes set out on pages 33 to 57 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 July 2009



	2009 RM	2008 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,206,092	1,302,047
Adjustments for:		
Allowance for doubtful debts	278,203	4,193,473
Amortisation of prepaid land lease payments	66,123	66,123
Bad debts	184,501	30,660
Depreciation	1,679,423	1,849,219
Gain on disposal of property, plant and equipment	23,375	(217,949)
Goodwill on consolidation written off	9,913	–
Impairment loss on investment in an associate	170,096	192,845
Interest expense	496,566	463,780
Interest income	(17,909)	(735,422)
Loss on disposal of non-current asset held for sale	–	6,867
Property, plant and equipment written off	18,428	492,998
Reserve on consolidation written off	(688,851)	–
Share of results of an associate	–	87,888
Unrealised loss on foreign exchange	(402,814)	116,344
Operating profit before working capital changes	6,023,146	7,848,873
Increase in inventories	(5,411,526)	(43,738)
(Increase)/Decrease in receivables	(9,725,901)	3,212,109
Increase/(Decrease) in payables	5,288,265	(302,482)
Cash (used in)/generated from operations	(3,826,016)	10,714,762
Income tax paid	(1,453,645)	(1,629,746)
Income tax refund	1,380,559	292,010
Interest paid	(496,566)	(463,780)
Net cash (used in)/from operating activities	(4,395,668)	8,913,246
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash flow on acquisition of a subsidiary *	–	(5,858,160)
Cash flow on acquisition of additional equity interests in existing subsidiaries **	(65,702)	–
Interest received	17,909	20,254
Proceeds from disposal of non-current asset held for sale	–	575,000
Proceeds from disposal of property, plant and equipment	516,130	347,413
Purchase of property, plant and equipment	(1,709,267)	(1,261,101)
Purchase of treasury shares	(63,207)	–
Net cash used in investing activities	(1,304,137)	(6,176,594)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bankers acceptance	3,410,000	(1,867,000)
Dividend paid	(2,817)	(3,831)
Drawdown of factoring liabilities	891,602	–
Payment of hire purchase loans	–	(9,633)
Proceeds from term loans	–	2,000,000
Repayment of term loans	(2,163,962)	(1,999,953)
Net cash from/(used in) financing activities	2,134,823	(1,880,417)
Effects of changes in exchange rates	330,621	–
Net (decrease)/increase in cash and cash equivalents carried forward	(3,234,361)	856,235

Sequoia Holdings Berhad (570396-D)

The notes set out on pages 33 to 57 form an integral part of these financial statements.

# CONSOLIDATED CASH FLOW STATEMENT (cont'd)

for the year ended 31 July 2009



	2009 RM	2008 RM
Net (decrease)/increase in cash and cash equivalents brought forward	(3,234,361)	856,235
<b>Effects of changes in exchange rates on cash</b>	<b>(19,548)</b>	–
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>6,547,652</b>	5,691,417
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>3,293,743</b>	6,547,652
<b>Cash flow on acquisition of a subsidiary *</b>		
Property, plant and equipment	–	261,969
Goodwill	–	2,116,508
Inventories	–	3,961,523
Bank balances	–	228,240
Payables	–	(253,600)
Net assets of acquired subsidiary	–	6,314,640
Minority interest	–	(1,113,902)
Share of net assets acquired	–	5,200,738
Goodwill on consolidation	–	885,662
Total cash consideration paid	–	6,086,400
Less: Cash and cash equivalents	–	(228,240)
Net cash outflow on acquisition of a subsidiary	–	5,858,160
<b>Cash flow on acquisition of additional equity interests in existing subsidiaries **</b>		
Property, plant and equipment	69,101	–
Goodwill	998,769	–
Inventories	1,247,306	–
Receivables	1,682,875	–
Tax recoverable	35,406	–
Bank balances	94,906	–
Payables	(3,288,817)	–
Net assets of acquired subsidiaries	839,546	–
Goodwill on consolidation written off	9,913	–
Reserve on consolidation written off	(688,851)	–
Share of net assets acquired	160,608	–
Less: Cash and cash equivalents	(94,906)	–
Cash flow on acquisition of additional equity interests in existing subsidiaries	65,702	–

# BALANCE SHEET

at 31 July 2009



	NOTE	2009 RM	2008 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	5	61,410,109	60,485,609
<b>Current assets</b>			
Sundry deposit	10	1,000	1,000
Amount due from subsidiaries	11	32,901,389	27,750,671
Tax recoverable		72,618	74,261
Bank balances	12	13,660	15,573
		<b>32,988,667</b>	27,841,505
<b>TOTAL ASSETS</b>		<b>94,398,776</b>	88,327,114
<b>EQUITY AND LIABILITIES</b>			
Share capital	14	62,500,000	62,500,000
Share premium		21,145	21,145
Treasury shares	15	(63,207)	–
Retained profits	17	19,379,399	19,590,328
<b>Total equity</b>		<b>81,837,337</b>	82,111,473
<b>Current liabilities</b>			
Sundry payables and accruals	21	136,812	75,512
Amount due to subsidiaries	11	12,424,607	6,137,292
Dividends payable		20	2,837
<b>Total liabilities</b>		<b>12,561,439</b>	6,215,641
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,398,776</b>	88,327,114

Sequoia Holdings Berhad (57096-0)

The notes set out on pages 33 to 57 form an integral part of these financial statements.

# INCOME STATEMENT

for the year ended 31 July 2009



	NOTE	2009 RM	2008 RM
Revenue	22	–	11,400,000
Other income		24,500	–
Administrative expenses		(233,786)	(153,264)
		<hr/>	<hr/>
<b>(Loss)/Profit before taxation</b>	24	<b>(209,286)</b>	11,246,736
Taxation	25	(1,643)	(2,640,809)
		<hr/>	<hr/>
<b>(Loss)/Profit for the year</b>		<b>(210,929)</b>	8,605,927
		<hr/>	<hr/>

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 July 2009



	NOTE	← Non-distributable →			Distributable	Total Equity RM
		Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Profits RM	
<b>2009</b>						
Balance at beginning		62,500,000	21,145	–	19,590,328	82,111,473
Loss for the year		–	–	–	(210,929)	(210,929)
Purchase of treasury shares	15	–	–	(63,207)	–	(63,207)
Balance at end		<b>62,500,000</b>	<b>21,145</b>	<b>(63,207)</b>	<b>19,379,399</b>	<b>81,837,337</b>
<b>2008</b>						
Balance at beginning		62,500,000	21,145	–	10,984,401	73,505,546
Profit for the year		–	–	–	8,605,927	8,605,927
Balance at end		62,500,000	21,145	–	19,590,328	82,111,473

# CASH FLOW STATEMENT

for the year ended 31 July 2009



	2009 RM	2008 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(209,286)	11,246,736
Adjustment for:		
Dividend income	–	(11,400,000)
Operating loss before working capital changes	(209,286)	(153,264)
Increase/(Decrease) in payables	61,300	(13,420)
Cash used in operations	(147,986)	(166,684)
Dividends received	–	8,737,852
Net cash (used in)/from operating activities	(147,986)	8,571,168
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment in subsidiaries	(924,500)	–
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,817)	(3,831)
Net change in subsidiaries balances	1,136,597	(8,571,223)
Purchase of treasury shares	(63,207)	–
Net cash from/(used in) financing activities	1,070,573	(8,575,054)
<b>NET DECREASE IN CASH</b>	(1,913)	(3,886)
<b>CASH AT BEGINNING</b>	15,573	19,459
<b>CASH AT END</b>	13,660	15,573

# NOTES TO THE FINANCIAL STATEMENTS

- 31 JULY 2009



## 1. CORPORATE INFORMATION

### General

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 November 2009.

### Principal Activities

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 Basis of Preparation

The financial statements of the Group are prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

### 2.2 Significant Accounting Estimates and Judgements

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

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

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

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

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

#### (ii) Impairment of intangible assets

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

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

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



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

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

#### (iv) Recoverability of receivables

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

### 2.3 Subsidiaries and Basis of Consolidation

#### Subsidiaries

Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating activities so as to obtain benefits therefrom.

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

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

#### Basis of Consolidation

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

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

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities represents goodwill and is retained in the balance sheet. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

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

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

### 2.4 Property, Plant and Equipment

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

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

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



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

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

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

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

### 2.5 Operating Leases

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

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

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

### 2.6 Investment in an Associate

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

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

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

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

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

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

### 2.7 Intangible Assets

#### Goodwill

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



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

### 2.7 Intangible Assets (cont'd)

#### Trade marks

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

### 2.8 Inventories

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

Cost is determined on the weighted average basis.

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

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

### 2.9 Receivables

Receivables are stated at their anticipated realisable values.

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

### 2.10 Non-current Assets Held for Sale

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

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

### 2.11 Payables

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

### 2.12 Provisions

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

### 2.13 Impairment of Assets

#### Goodwill

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

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



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

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

#### Goodwill (cont'd)

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

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

#### Other assets

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

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

### 2.14 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, production or preparation of assets until they are ready for their intended use or sale are capitalised as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred.

### 2.15 Income Recognition

- (i) Revenue from sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.
- (ii) Revenue arising from the provision of services is recognised on the dates the services are rendered and completed.
- (iii) Dividend income is recognised in the income statement when the right to receive payment is established.

### 2.16 Employee Benefits

#### Short term benefits

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

#### Defined contribution plans

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



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

### 2.17 Income Tax

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

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

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

### 2.18 Foreign Currency Translations

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

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

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

### 2.19 Cash and Cash Equivalents

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

### 2.20 Equity Instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

When issued shares of the Company are repurchased, the consideration paid, including directly attributable costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, reissuance or cancellation of treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by resale, the difference between the sale consideration net of directly attributable costs and the carrying amount of the treasury shares is shown as a movement in equity.



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

### 2.21 Financial Instruments

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

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

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

### 2.22 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised Financial Reporting Standards ("FRSs") and Interpretations were issued but not yet effective and have not been early adopted by the Group and by the Company:

	<b>Effective for financial period beginning on or after</b>
FRS 8: Operating Segments	1 July 2009
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
* Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
* FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurements	1 January 2010
* IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 - Group and Treasury Shares Transactions	1 January 2010
* IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
* IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

\* Not relevant to the Group and to the Company.

The effects of FRS 7 and FRS 139, if any, upon its initial recognition are exempted from disclosure.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 3. PROPERTY, PLANT AND EQUIPMENT

GROUP  
2009

	← At cost →					Balance at end RM
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Foreign currency translation RM	
Buildings	8,710,774	33,854	-	-	-	8,744,628
Machinery and factory equipment	2,977,290	-	-	-	-	2,977,290
Renovation	534,509	7,656	(295,235)	-	-	246,930
Furniture, fittings and office equipment	6,150,791	1,667,757	(342,641)	(43,277)	(22,436)	7,410,194
Motor vehicles	1,088,835	-	-	-	-	1,088,835
	<b>19,462,199</b>	<b>1,709,267</b>	<b>(637,876)</b>	<b>(43,277)</b>	<b>(22,436)</b>	<b>20,467,877</b>

	← Accumulated depreciation →					Balance at end RM
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Foreign currency translation RM	
Buildings	985,751	176,027	-	-	121	1,161,899
Machinery and factory equipment	2,062,470	281,746	-	-	-	2,344,216
Renovation	95,838	17,464	(37,110)	-	-	76,192
Furniture, fittings and office equipment	3,477,227	1,006,236	(61,261)	(24,849)	3,079	4,400,432
Motor vehicles	743,649	197,950	-	-	-	941,599
	<b>7,364,935</b>	<b>1,679,423</b>	<b>(98,371)</b>	<b>(24,849)</b>	<b>3,200</b>	<b>8,924,338</b>

	Net carrying amount at end RM
Buildings	7,582,729
Machinery and factory equipment	633,074
Renovation	170,738
Furniture, fittings and office equipment	3,009,762
Motor vehicles	147,236
	<b>11,543,539</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



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

GROUP  
2008

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

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

**Net carrying amount at end RM**

Buildings	7,725,023
Machinery and factory equipment	914,820
Renovation	438,671
Furniture, fittings and office equipment	2,673,564
Motor vehicles	345,186
	12,097,264

Sequoia Holdings Berhad (570396-D)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 4. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2009 RM	2008 RM
Balance at beginning	3,042,996	3,109,119
Less: Amortisation for the year	(66,123)	(66,123)
Balance at end	<b>2,976,873</b>	3,042,996
Represented by:		
Long leasehold land	1,014,645	1,026,420
Short leasehold land	1,962,228	2,016,576
	<b>2,976,873</b>	3,042,996

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

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

## 5. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2009 RM	2008 RM
Unquoted shares, at cost	61,410,109	60,485,609

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Effective		Principal Activities
		Equity 2009	Interest 2008	
<b>Direct:</b>				
G.A. Blue Corporation Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of jeanswear and its related products.
Uni Jeans Care Sdn. Bhd.	Malaysia	100%	100%	Provision of services relating to specialised treatment and finishing process of jeanswear.
Twin Access Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.
Evatech Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and export of garments and apparels.
Yen Retailing (M) Sdn. Bhd. (formerly known as All Denim Sdn. Bhd.)	Malaysia	100%	100%	Distributing and retailing of jeanswear, footwear and other accessories.
Mustang Jeans (M) Sdn. Bhd. (formerly known as Topchamp Corporation Sdn. Bhd.)	Malaysia	100%	100%	Marketing of jeanswear and its related products.
Delison Sdn. Bhd.	Malaysia	100%	100%	Distributing of accessories.
LKH Footwear Collection Sdn. Bhd.	Malaysia	100%	60%	Marketing and distributing of footwear and related products.
Lensan Sdn. Bhd.	Malaysia	100%	100%	Marketing and distributing of fashion watches and eyewear.
Starix Collection Sdn. Bhd.	Malaysia	75%	51%	Marketing and distributing of high fashion wear and manufacturing of apparels.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



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

Name of Company	Place of Incorporation	Effective		Principal Activities
		Equity 2009	Interest 2008	
Sebico Jaya Trading Co. Sdn. Bhd.*	Malaysia	100%	100%	Retailing of ready-made clothing, handbags and personal effects.
Cosmotion Sdn. Bhd.	Malaysia	100%	100%	Trading and wholesaling in all kinds of fashion garments.

### Indirect - Held through Evatech Sdn. Bhd.

Yen Denim (M) Sdn. Bhd. (formerly known as Lu Fa Industrial (M) Sdn. Bhd.)	Malaysia	100%	100%	Dormant.
Quangcin Sdn. Bhd.	Malaysia	100%	100%	Marketing, distributing and retailing of jeanswear and other fashion apparels.

### Indirect - Held through Starix Collection Sdn. Bhd.:

Twoagentsee International Ltd. *	United Kingdom	48%	33%	Marketing and distribution of fashion wear.
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\* Not audited by Grant Thornton

### 2009

- (i) On 11 August 2008, the Company acquired an additional 24% equity interest comprising 724,500 ordinary shares of RM1 each in its subsidiary Starix Collection Sdn. Bhd. for a total cash consideration of RM724,500. Consequent to the acquisition, the Company's equity interest increased from 51% to 75%.
- (ii) On 31 July 2009, the Company acquired the remaining 40% equity interest comprising 200,000 ordinary shares of RM1 each in its subsidiary LKH Footwear Sdn. Bhd. for a total cash consideration of RM200,000.

The above acquisitions did not have a material effect on the financial results and financial position of the Group for the year ended 31 July 2009.

### 2008

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 6. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2009 RM	2008 RM
Unquoted shares, at cost	282,845	282,845
Less: Impairment loss	(192,845)	(192,845)
	<b>90,000</b>	90,000
Share of post-acquisition reserve	(89,999)	(89,999)
	<b>1</b>	1
Represented by:		
Share of net assets	<b>1</b>	1

Details of the associate are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activity
		2009	2008	
Vansen Pte. Ltd.	Singapore	40%	40%	Dormant

The summarised financial information of the associate is as follow:

	GROUP	
	2009 RM	2008 RM
<b>Assets and liabilities</b>		
Current assets	241,376	232,348
Current liabilities	236,878	7,604
<b>Results</b>		
Revenue	-	-
Loss for the year	(232,569)	(459,378)

The group has discontinued the recognition of its share of losses of the associate as the share of losses of this associate has exceeded the Group's interest in the associate. The Group's unrecognised share of losses of this associate for the current year and cumulatively were **RM93,028** (2008: RM93,752) and **RM186,780** (2008: RM93,752) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 7. INTANGIBLE ASSETS

	GROUP	
	2009 RM	2008 RM
<b>Trade mark</b>		
Balance at beginning/end	2,235,149	2,235,149
<b>Goodwill</b>		
Balance at beginning	3,002,170	-
Arising from		
- acquisition of a subsidiary	-	885,662
- acquisition of business operation by a subsidiary	-	2,116,508
Foreign currency translation	(188,907)	-
	<b>2,813,263</b>	3,002,170
Less: Impairment loss	(170,096)	-
Balance at end	<b>2,643,167</b>	3,002,170
	<b>4,878,316</b>	5,237,319

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

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

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

(i) Cash flow projections and growth rate

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

(ii) Discount rate

The discount rate of **5.55%** (2008: 6.75%) is applied to the cash flow projections.

## 8. INVENTORIES

	GROUP	
	2009	2008
At cost:		
Raw materials	1,501,324	2,497,792
Work-in-progress	113,328	528,228
Finished goods	17,134,091	11,277,697
Trading goods	20,277,170	19,277,442
Consumables	-	33,228
	<b>39,025,913</b>	33,614,387

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 9. TRADE RECEIVABLES

	GROUP	
	2009 RM	2008 RM
Total amount	35,300,240	28,713,423
Less: Allowance for doubtful debts		
Balance at beginning	(5,995,316)	(3,051,646)
Current year	(229,470)	(4,193,473)
Doubtful debts recovered	64,530	17,122
Written off	1,126,230	1,232,681
Balance at end	(5,034,026)	(5,995,316)
	<b>30,266,214</b>	<b>22,718,107</b>
Analysis by currencies:		
Ringgit Malaysia	17,197,403	19,344,289
Sterling Pound	15,626,655	5,773,980
US Dollar	1,225,740	3,595,154
Euro	1,250,442	-
	<b>35,300,240</b>	<b>28,713,423</b>

Included herein is an amount of **RM Nil** (2008: RM276,225) due from a firm in which a director of a subsidiary has deemed interest.

The normal credit terms granted to trade receivables range from **30 to 180 days** (2008: 30 to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	5,598,636	1,895,622	-	-
Less: Allowance for doubtful debts				
Balance at beginning	-	(126,515)	-	-
Current year	(48,733)	-	-	-
Written off	-	126,515	-	-
Balance at end	(48,733)	-	-	-
	<b>5,549,903</b>	<b>1,895,622</b>	<b>-</b>	<b>-</b>
Deposits	552,178	1,299,788	1,000	1,000
Prepayments	532,341	1,421,628	-	-
	<b>6,634,422</b>	<b>4,617,038</b>	<b>1,000</b>	<b>1,000</b>
Analysis by currencies:				
Ringgit Malaysia	2,708,014	3,849,130	1,000	1,000
Hong Kong Dollar	244,713	556,590	-	-
Sterling Pound	3,677,116	157,068	-	-
US Dollar	-	48,733	-	-
Chinese Renminbi	4,579	5,517	-	-
	<b>6,634,422</b>	<b>4,617,038</b>	<b>1,000</b>	<b>1,000</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 11. AMOUNT DUE FROM/TO SUBSIDIARIES

### COMPANY

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

## 12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term funds with a licensed financial institution	56,347	2,168,530	-	-
Cash and bank balances	3,237,396	4,379,122	13,660	15,573
	<b>3,293,743</b>	<b>6,547,652</b>	<b>13,660</b>	<b>15,573</b>

Short term funds represent investments with redeemable period of less than **7 days** (2008: 7 days) and the interest rate at balance sheet date is **2.46%** (2008: 3.07%) per annum.

Analysis by currencies:

Ringgit Malaysia	3,183,258	6,319,412	13,660	15,573
Sterling Pound	110,485	228,240	-	-
	<b>3,293,743</b>	<b>6,547,652</b>	<b>13,660</b>	<b>15,573</b>

## 13. NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2009 RM	2008 RM
Freehold shoplot		
Balance at beginning/end	147,600	147,600

## 14. SHARE CAPITAL

	Number of ordinary shares of RM0.50 each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised:				
Balance at beginning/end	200,000,000	200,000,000	100,000,000	100,000,000
Issued and fully paid:				
Balance at beginning/end	125,000,000	125,000,000	62,500,000	62,500,000

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 15. TREASURY SHARES

This amount represents the acquisition cost of treasury shares.

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 16 January 2009, approved the Company's plan and mandate to authorise the directors of the Company to buy back its own shares up to 10% of the existing total issued and paid up share capital.

The details of the shares repurchased during the year are as follows:

Month	← Price per share →			Number of shares	Total consideration RM
	Lowest	Highest	Average		
June 2009	0.35	0.39	0.38	11,000	4,181
July 2009	0.33	0.40	0.35	168,000	59,026
				<u>179,000</u>	<u>63,207</u>

During the financial year, the Company repurchased **179,000** of its issued ordinary shares from the open market at an average price of **RM0.35** per share. The total consideration paid for the repurchase including transaction costs was **RM63,207**. The repurchase was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

Out of the total **125,000,000** issued and fully paid ordinary shares as at 31 July 2009, **179,000** are held as treasury shares by the Company. As at 31 July 2009, the number of outstanding ordinary shares in issue and fully paid is therefore **124,821,000** ordinary shares of RM0.50 each.

## 16. EXCHANGE TRANSLATION RESERVE

This is in respect of foreign exchange differences on translation of the financial statements of a foreign subsidiary.

## 17. RETAINED PROFITS

### COMPANY

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 18. BORROWINGS

	GROUP	
	2009 RM	2008 RM
<b>Non-current liabilities</b>		
Term loans:		
Total amount repayable	2,479,370	4,643,332
Less: Repayable within one year included in current liabilities	(1,279,916)	(2,126,960)
	1,199,454	2,516,372
<b>Current liabilities</b>		
Bankers acceptance	4,140,000	730,000
Factoring liabilities	891,602	-
Term loans	1,279,916	2,126,960
	6,311,518	2,856,960

The particulars of the term loans are as follows:

Principal RM	Effective Interest Rate Per Annum		Security	Repayment Terms
	2009	2008		
	%	%		
(i) 720,000	6.80	8.00	Corporate guarantee of the Company	20 equal quarterly instalments of RM45,000 each commencing 1 October 2005.
(ii) 1,467,224	6.80	8.00	Corporate guarantee of the Company	12 equal monthly instalments of RM33,558 each for the first year, 12 equal monthly instalments of RM34,561 each for the second year and 36 equal monthly instalments of RM35,208 each for the following years commencing 17 September 2005.
(iii) 2,966,674	6.80	5.00	Corporate guarantee of the Company	12 equal monthly instalments of RM55,930 each for the first year, 12 equal monthly instalments of RM56,483 each for the second year and 36 equal monthly instalments of RM59,057 for the following years commencing July 2007.
(iv) 2,000,000	5.56	5.56	Corporate guarantee of the Company	24 equal monthly instalments of RM88,245 each commencing 5 September 2007.

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

- (i) Negative pledge over all the present and future assets of certain subsidiaries,
- (ii) Corporate guarantee of the Company,
- (iii) Corporate guarantee of a subsidiary, and
- (iv) Fixed charged on non-vesting debts and a floating charge of a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 18. BORROWINGS (cont'd)

A summary of the effective interest rates and the maturities of the borrowings are as follows:

	Average Effective Interest Rate Per Annum (%)	Total RM	Within 1 year RM	2 - 5 years RM
<b>2009</b>				
Bankers acceptance	1.25 - 2.70	4,140,000	4,140,000	-
Factoring liabilities	3.06	891,602	891,602	-
Term loans	5.56 - 6.80	2,479,370	1,279,916	1,199,454
<b>2008</b>				
Bankers acceptance	3.91 - 4.53	730,000	730,000	-
Term loans	5.00 - 8.00	4,643,332	2,126,960	2,516,372

## 19. DEFERRED TAX LIABILITIES

	GROUP	
	2009 RM	2008 RM
Balance at beginning	808,488	1,107,087
Foreign currency translation	903	-
Transfer from/(to) income statement	49,789	(301,899)
	<b>859,180</b>	805,188
Under provision in prior year	900	3,300
Balance at end	<b>860,080</b>	808,488

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

	GROUP	
	2009 RM	2008 RM
Capital allowance in excess of depreciation on property, plant and equipment	1,027,320	1,060,346
Inventories - tax effect on unrealised profit	(167,240)	(251,858)
	<b>860,080</b>	808,488

## 20. TRADE PAYABLES

	GROUP	
	2009 RM	2008 RM
Analysis by currencies:		
Ringgit Malaysia	1,534,352	1,740,964
Sterling pound	4,055,906	-
Hong Kong Dollar	2,360,150	527,880
US Dollar	64,640	690,430
	<b>8,015,048</b>	2,959,274

The normal credit terms granted by trade payables range from **30 to 120 days** (2008: 30 to 120 days).

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 21. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	1,858,283	2,325,911	1,812	1,512
Deposits	25,000	48,823	-	-
Accruals	1,150,037	526,615	135,000	74,000
	<b>3,033,320</b>	<b>2,901,349</b>	<b>136,812</b>	<b>75,512</b>
Analysis by currencies:				
Ringgit Malaysia	2,354,584	2,647,749	136,812	75,512
Sterling Pound	678,736	253,600	-	-
	<b>3,033,320</b>	<b>2,901,349</b>	<b>136,812</b>	<b>75,512</b>

### GROUP

Included herein is an amount of **RM697,000** (2008: RM922,500) due to a director of a subsidiary and is unsecured, interest free and has no fixed terms of repayment.

## 22. REVENUE

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Invoiced value of goods sold less returns and discounts, and services rendered	69,434,435	56,772,009	-	-
Gross dividends from subsidiaries	-	-	-	11,400,000
	<b>69,434,435</b>	<b>56,772,009</b>	<b>-</b>	<b>11,400,000</b>

## 23. OTHER INCOME

	GROUP	
	2009 RM	2008 RM
Design fee	-	719,920
Interest	17,909	735,422
Management fee	-	448,000
Realised gain on foreign exchange	148,516	-
Reserve on consolidation written off	688,851	-
Royalty	624,216	742,961
Others	254,921	577,720
Unrealised gain on foreign exchange	402,814	-
	<b>2,137,227</b>	<b>3,224,023</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 24. PROFIT/(LOSS) BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2009	2008	2009	2008
	RM	RM	RM	RM
After charging:				
Allowance for doubtful debts	278,203	4,193,473	-	-
Amortisation of prepaid land lease payments	66,123	66,123	-	-
Audit fee				
- statutory audit				
- current year	124,536	77,300	13,000	10,000
- over provision in prior year	(7,000)	(500)	(2,000)	-
- other services	2,000	2,000	2,000	2,000
Bad debts	184,501	30,660	-	-
Depreciation	1,679,423	1,849,219	-	-
Directors' fee				
- non-executive directors	60,000	30,000	60,000	30,000
Goodwill on consolidation written off	9,913	-	-	-
Impairment loss on goodwill	170,096	-	-	-
Impairment loss on investment in an associate	-	192,845	-	-
Interest expense	496,566	463,780	-	-
Loss on disposal of non-current asset held for sale	-	6,867	-	-
Loss on disposal of property, plant and equipment	23,375	-	-	-
Property, plant and equipment written off	18,428	492,998	-	-
Rental of equipment	(504)	14,088	-	-
Rental of premises	2,834,969	1,951,738	-	-
* Staff costs	14,402,570	10,791,231	60,000	30,000
Unrealised loss on foreign exchange	-	116,344	-	-
And crediting:				
Bad debts recovered	49,769	58,800	-	-
Doubtful debts recovered	64,530	17,122	-	-
Gain on disposal of property, plant and equipment	-	217,949	-	-
Gross dividends from subsidiaries	-	-	-	11,400,000
Interest income	17,909	735,422	-	-
Realised gain on foreign exchange	108,769	45,284	-	-
Rental income	40,800	203,800	-	-
Reserve on consolidation written off	688,851	-	-	-
Unrealised loss on foreign exchange	402,814	-	-	-
* Staff costs				
- Salaries, allowances and bonus	13,092,893	9,905,418	60,000	30,000
- EPF	802,311	780,324	-	-
- SOCSO	507,366	105,489	-	-
	<b>14,402,570</b>	<b>10,791,231</b>	<b>60,000</b>	<b>30,000</b>

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



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

### Directors' emoluments

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

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Executive directors of the Company:</b>				
Directors' emoluments				
- Salaries, allowances and bonus	652,355	383,090	-	-
- EPF	78,703	45,252	-	-
	<b>731,058</b>	428,342	-	-
Directors' fee	60,000	30,000	60,000	30,000
	<b>791,058</b>	458,342	60,000	30,000
Benefits-in-kind	6,500	30,450	-	-
	<b>797,558</b>	488,792	60,000	30,000
 Executive director of a subsidiary:				
Directors' emoluments				
- Salaries and bonus	822,064	8,517	-	-
Total executive directors' remuneration	<b>1,619,622</b>	497,309	60,000	30,000
Represented by:				
- Present directors	1,619,622	409,847	60,000	30,000
- Past director	-	87,462	-	-
	<b>1,619,622</b>	497,309	60,000	30,000

## 25. TAXATION

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(1,047,614)	(1,096,016)	-	(2,641,000)
- Deferred tax				
Relating to the origination and reversal of temporary differences				
- Malaysia	(29,649)	286,430	-	-
- Foreign	(20,140)	-	-	-
Relating to changes in tax rates	-	15,469	-	-
	<b>(49,789)</b>	301,899	-	-
	<b>(1,097,403)</b>	(794,117)	-	(2,641,000)
 Over/(Under) provision in prior year				
- Current tax	1,089	133,667	(1,643)	191
- Deferred tax	(900)	(3,300)	-	-
	<b>189</b>	130,367	<b>(1,643)</b>	191
	<b>(1,097,214)</b>	(663,750)	<b>(1,643)</b>	(2,640,809)

Sequoia Holdings Berhad (570396-D)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 25. TAXATION (cont'd)

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

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit/(Loss) before taxation	4,206,092	1,302,047	(209,286)	11,246,736
Share of results of an associate	-	87,888	-	-
	<b>4,206,092</b>	<b>1,389,935</b>	<b>(209,286)</b>	<b>11,246,736</b>
Income tax at Malaysian statutory tax rate of <b>25%</b> (2008: 26%)	(1,051,523)	(361,383)	52,322	(2,924,151)
Effects of:				
- Different tax rate in other country	(22,902)	-	-	-
- Income not subject to tax	209,287	177,335	(18,231)	301,852
- Intangible asset deductible for tax purposes	23,754	24,704	-	-
- Double deduction of expenses for tax purposes	-	106,832	-	-
- Expenses not deductible for tax purposes	(100,481)	(221,050)	-	(18,701)
- Utilisation of previously unabsorbed tax losses and capital allowances	197,514	15,062	-	-
- Reduced tax rate on first RM500,000 chargeable income	-	141,847	-	-
- Deferred tax assets not recognised	(353,052)	(705,168)	(34,091)	-
- Annual crystallisation of deferred tax	-	10,834	-	-
- Changes in tax rates	-	16,870	-	-
	<b>(1,097,403)</b>	<b>(794,117)</b>	<b>-</b>	<b>(2,641,000)</b>
Over/(Under) provision in prior year	189	130,367	(1,643)	191
	<b>(1,097,214)</b>	<b>(663,750)</b>	<b>(1,643)</b>	<b>(2,640,809)</b>

The amount and future availability of unabsorbed tax losses and capital allowances of the Group at balance sheet date is estimated at **RM3,647,600** (2008: RM3,068,000) and **RM340,000** (2008: RM910,000) respectively. These unabsorbed tax losses and capital allowances are available to be carried forward for set off against future taxable income of the relevant subsidiaries.

## 26. EARNINGS PER SHARE

### GROUP

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

	2009	2008
Profit attributable to equity holders of the Company	2,742,792	677,854
Weighted average number of ordinary shares of RM0.50 each	124,997,242	125,000,000
Basic earnings per share (sen)	2.19	0.54

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 27. CONTINGENT LIABILITY (UNSECURED)

### COMPANY

The Company has issued corporate guarantee to financial institutions for banking facilities granted to subsidiaries up to a limit of **RM14,900,000** (2008: RM32,045,000) of which **RM5,098,369** (2008: RM5,373,331) of the said banking facilities have been utilised as at balance sheet date.

## 28. SEGMENTAL INFORMATION

### Business Segments

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

### Geographical Segments

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

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

	← 2009 →		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	44,479,116	82,151,100	1,596,312
United Kingdom	24,622,035	15,527,705	112,955
United States of America	333,284	1,760,072	-
	<b>69,434,435</b>	<b>99,438,877</b>	<b>1,709,267</b>
	← 2008 →		
	Revenue RM	Total assets RM	Capital expenditure RM
Malaysia	47,115,937	81,165,754	1,261,101
United Kingdom	8,100,275	6,568,240	-
United States of America	1,555,797	1,760,072	-
	<b>56,772,009</b>	<b>89,494,066</b>	<b>1,261,101</b>

Sequoia Holdings Berhad (570996-D)

# NOTES TO THE FINANCIAL STATEMENTS (cont'd)

- 31 JULY 2009



## 29. COMMITMENTS

	GROUP	
	2009 RM	2008 RM
Cancellable operating lease commitments		
(i) Future minimum rentals receivable:		
Not later than one year	30,000	30,000
Later than one year and not later than five years	10,000	50,000
	<b>40,000</b>	<b>80,000</b>

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

(ii) Future minimum rentals payable:		
Not later than one year	126,216	432,007
Later than one year and not later than five years	1,021,771	465,774
	<b>1,147,987</b>	<b>897,781</b>

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

## 30. RELATED PARTY DISCLOSURES

	GROUP	
	2009 RM	2008 RM
(i) <b>Related party transactions</b>		
Sales to a firm in which a director of a subsidiary has deemed interest	-	215,527
Sales of property, plant and equipment to a director of a subsidiary	-	85,013
Sales of property, plant and equipment to a past director	-	77,550
Commissions paid to a firm in which a director of a subsidiary has deemed interest	-	1,827

### (ii) Compensation of key management personnel

The compensation of key management personnel are shown below:

	GROUP		COMPANY	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries and other short-term employee benefits				
- Directors	1,679,662	527,309	120,000	60,000
- Other key management personnel	376,020	303,240	-	-

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



## 31. FINANCIAL INSTRUMENTS

### Financial risk management objectives and policies

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

### Credit risk

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

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

### Interest rate risk

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

The information on repricing or maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### Foreign currency risk

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

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

### Liquidity risk

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

### Fair values

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

# ANALYSIS OF SHAREHOLDINGS

as at 30 November 2009



A. Authorised Share Capital:	RM100,000,000.00
Issued and fully paid-up Share Capital:	RM62,399,500.00 (excluding 201,000 treasury shares)
Class of Shares:	Ordinary Shares of RM0.50 each
Voting Rights:	On show of hands - One vote On a poll - One vote for one ordinary share

## B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	% of total shareholders	No. of shares	% of total issued capital
Less than 100 shares	159	10.481	7,661	0.006
100 to 1,000 shares	64	4.219	23,694	0.019
1,001 to 10,000 shares	903	59.526	3,454,080	2.763
10,001 to 100,000 shares	319	21.028	9,618,715	7.695
100,001 to less than 5% of issued shares	70	4.614	51,694,850	41.517
5% and above of issued shares	2	0.132	60,000,000	48.000
<b>Total</b>	<b>1,517</b>	<b>100.000</b>	<b>124,799,000</b>	<b>100.0000</b>

## C. SUBSTANTIAL SHAREHOLDERS

Name	Number of Shares Held					
	Direct	%	Deemed	%	Total	%
Goh Kok Beng	-	-	40,000,000 ①	32.05	40,000,000	32.05
Goh Kok Heng	-	-	40,000,000 ①	32.05	40,000,000	32.05
Extreme Lifestyle (M) Sdn. Bhd.	40,000,000	32.05	-	-	40,000,000	32.05
Kwan Siu Cheung	20,000,000	16.03	-	-	20,000,000	16.03

## D. DIRECTORS' SHAREHOLDINGS

Name	Number of Shares Held					
	Direct	%	Deemed	%	Total	%
Goh Kok Beng	-	-	40,000,000 ①	32.05	40,000,000	32.05
Goh Kok Heng	-	-	40,000,000 ①	32.05	40,000,000	32.05
Kan Ah Chun	-	-	278,250 ②	0.22	278,250	0.22
Yeoh Yeow Cheang	605,900	0.49	-	-	605,900	0.49
Saffie Bin Bakar	250,000	0.20	-	-	250,000	0.20
Loh Chye Teik	106,500	0.09	-	-	106,500	0.09

Notes:

- ① Deemed interested by virtue of his shareholdings of more than 15% equity interest in Extreme Lifestyle (M) Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.
- ② Deemed interested by virtue of his shareholdings of more than 15% equity interest in Beach Capital Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

# ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 30 November 2009



## E. THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	% of total issued capital
1.	HDM NOMINEES (TEMPATAN) SDN BHD HDM CAPITAL SDN BHD FOR EXTREME LIFESTYLE (M) SDN BHD	40,000,000	32.052
2.	HDM NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAN SIU CHEUNG (M01)	20,000,000	16.026
3.	LEOW CHENG CHENG	6,000,000	4.808
4.	CHONG WANN KUEN	5,306,600	4.252
5.	HDM NOMINEES (TEMPATAN) SDN BHD HDM CAPITAL SDN BHD FOR TAN KOO CHING	5,000,000	4.006
6.	KANG CHIU YEE	3,150,000	2.524
7.	NG CHOO HAI	2,650,000	2.123
8.	LO KOH WAH	2,450,000	1.963
9.	GOH SIEW LAN	2,025,700	1.623
10.	YEONG AI VEE	1,299,450	1.041
11.	AMELIA TAN GIM YOONG	1,248,700	1.001
12.	TAN KHEOK CHUAN	1,175,050	0.942
13.	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH TEIK TOE (M01)	1,131,675	0.907
14.	TEH SUAT HOON	1,019,500	0.817
15.	LOH PIN HOCK	1,000,000	0.801
16.	JOLENE YEOH WEI LING	1,000,000	0.801
17.	CHONG SIEW PIN	1,000,000	0.801
18.	LIM TIAM ENG	870,600	0.698
19.	TAN LENG GUAN	832,000	0.667
20.	HO SIEW POH	578,475	0.464
21.	LAU ENG FONG	569,750	0.457
22.	CHONG IK POH	552,000	0.442
23.	CHONG MIN KUIN	517,500	0.415
24.	YEOH YEOW CHEANG	490,000	0.393
25.	GAN LAM SEONG	479,000	0.384
26.	YEAP BEOW CHONG	466,375	0.374
27.	KAN ZI YAO	456,500	0.366
28.	TAN BENG LAY	415,400	0.333
29.	PHANG LI KOON	415,000	0.333
30.	HDM NOMINEES (TEMPATAN) SDN BHD CHEW CHOON HAR	414,600	0.332

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# LIST OF PROPERTIES

as at 31 July 2009



ACQUISITION DATE	BENEFICIAL OWNER/ LOCATION	DESCRIPTION/ EXISTING USAGE	TENURE/AGE OF BUILDING (YEARS)	AREA (SQ. FEET)	NBV @ 31.07.09 (RM)
<b>EVATECH SDN. BHD.</b>					
21.03.2001	PT 1608 (Plot 108) held under H.S(D) 4173, Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 13.08.2050	21,780	2,210,144
21.03.2001	PT 1626 (Plot 106b) held under H.S(D) 14179 Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 10.12.2050	26,136	
21.03.2001	PT 1625(plot 106a) held under H.S(D) 14259 Mukim 12 South-west District Penang	Industrial Land	60 years leasehold expire 10.12.2050	47,045	
01.08.2001	Lot 9233, Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas Pulau Pinang	Factory Land	8 Years	82,590	5,648,997
<b>UNI JEANS CARE SDN. BHD.</b>					
01.08.2001	Lot 9233, Hala Kampung Jawa 1 Kawasan Perindustrian Bayan Lepas (Fasa 3), 11900 Bayan Lepas Pulau Pinang	Factory Land	8 Years	9,840	1,377,808
<b>TWIN ACCESS SDN. BHD.</b>					
28.08.2003	No.23, Jalan PJS11/8 Bandar Sunway Petaling Jaya Selangor Darul Ehsan	Land and Commercial Building	99 years leasehold expire 28.12.2096/15 years	8,160	1,539,538
<b>G.A. BLUE CORPORATION SDN. BHD.</b>					
11.06.1996	Unit No.1236-1-5 Taman Indah Paya Terubong 11060 Pulau Pinang	Residential Flat	Freehold/16 Years	1,400	147,600

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Angsana Room, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Friday, 15 January 2010 at 2.30 p.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 July 2009 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of a first and final dividend of 3% less Income Tax of 25% for the financial year ended 31 July 2009. **Ordinary Resolution 2**
3. To approve the payment of Directors' fees of RM120,000 in respect of the financial year ended 31 July 2009. **Ordinary Resolution 3**
4. To re-elect Mr. Loh Chye Teik who retiring pursuant to Article 129 of the Company's Articles of Association. **Ordinary Resolution 4**
5. To re-elect the following Directors who retiring pursuant to Article 134 of the Company's Articles of Association.  
a. Mr. Goh Kok Beng **Ordinary Resolution 5**  
b. Mr. Goh Kok Heng **Ordinary Resolution 6**
6. To re-appoint Messrs Grant Thornton as the Company's Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**  
**Special Business**  
To consider and if thought fit, to pass with or without modifications the following as Ordinary Resolutions:  
7. **Authority to issue shares**  
"That pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 8**
8. **Proposed Renewal of Shareholders' Approval for Share Buy-Back**  
"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association ("Articles") and the requirements of Bursa Securities, the passing of this resolution and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following:
  - (i) the aggregate number of ordinary shares of RM0.50 each in SEQUOIA ("SEQUOIA Shares") which may be purchased or held by the Company shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company, subject to a restriction that the issued and paid-up ordinary share capital of SEQUOIA does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Board of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;
  - (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the SEQUOIA Shares under the Proposed Share Buy-Back shall not exceed the share premium account and/or retained profits of the Company which stood at RM21,145 and RM15,827,045 respectively as at 31 July 2009 based on the latest audited financial statements of SEQUOIA for the financial year ended 31 July 2009;
  - (iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)



## Proposed Renewal of Shareholders' Approval for Share Buy-Back (cont'd)

- (a) the conclusion of our next annual general meeting ("AGM") following the General Meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- (b) the expiration of the period within which our next AGM after that date is required by law to be held; or

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the SEQUOIA Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

- (iv) upon completion of the purchase(s) of the SEQUOIA Shares by the Company, the Directors of the Company be and are hereby authorised to cancel up to all the SEQUOIA Shares so purchased or to retain the SEQUOIA Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled or to be retained part of the SEQUOIA Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

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

## Ordinary Resolution 9

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

BY ORDER OF THE BOARD,

**ALLEN CHEE WAI HONG** (MIA 17181)  
**WONG YEE LIN** (MIA 15898)  
**FOO LI LING** (MAICSA 7019557)  
Company Secretaries

Penang

Date: 21 December 2009

## Notes:

1. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

# NOTICE OF ANNUAL GENERAL MEETING (cont'd)



## Explanatory Notes on Special Business:

6. Authority to directors to issue Shares  
The ordinary resolution proposed under item 7, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting.
7. Proposed Renewal of Shareholders' Approval for Share Buy-Back  
The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits and/or share premium of the Company. Please refer to the Share Buy Back Circular dated 21 December 2009, which is dispatched together with the Company's Annual Report 2009.

# NOTICE OF DIVIDEND ENTITLEMENT



NOTICE IS HEREBY GIVEN that a First and Final Dividend of 3% less 25% Malaysian Income Tax in respect of the financial year ended 31 July 2009, if approved, will be paid on 8 February 2010 to depositors registered in the Record of Depositors at the close of business on 25 January 2010.

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

- a. Shares transferred into the depositor's securities account before 4.00 p.m. on 25 January 2010 in respect of transfers.
- b. Shares bought on the Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of the Bursa Securities.

By Order of the Board,

**ALLEN CHEE WAI HONG** (MIA 17181)

**WONG YEE LIN** (MIA 15898)

**FOO LI LING** (MAICSA 7019557)

Company Secretaries

Penang

Date: 21 December 2009

# PROXY FORM

## SEQUOIA HOLDINGS BERHAD

(Company No.: 570396-D)

(Incorporated in Malaysia)

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

of \_\_\_\_\_  
(Address and Contact No.)

being a \* member/members of the abovenamed Company, hereby appoint \_\_\_\_\_

\_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address and Contact No.)

or failing him, \_\_\_\_\_  
(Full Name in Block Letters)

of \_\_\_\_\_  
(Address)

as \* my/our proxy to vote for \* me/us on \* my/our behalf at the Eighth Annual General Meeting of the Company to be held at Angsana Room, Eastin Hotel Penang, 1 Solok Bayan Indah, Queensbay, 11900 Bayan Lepas, Penang on Friday, 15 January 2010 at 2.30 p.m. and any adjournment thereof.

No. of Resolution	Resolutions	For	Against
Ordinary Resolution 1	To receive the Reports and Financial Statements		
Ordinary Resolution 2	To approve the payment of a first and final dividend of 3% less Income Tax of 25% for the financial year ended 31 July 2009		
Ordinary Resolution 3	To approve the payment of Directors' fees		
	To re-elect the following Directors retiring under the provisions of the Articles of Association of the Company:		
Ordinary Resolution 4	(i) Mr. Loh Chye Teik		
Ordinary Resolution 5	(ii) Mr. Goh Kok Beng		
Ordinary Resolution 6	(iii) Mr. Goh Kok Heng		
Ordinary Resolution 7	To re-appoint Messrs Grant Thornton as auditors of the Company		
As Special Business			
Ordinary Resolution 8	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9	To renew the authority for the Company to purchase up to 10% of its issued and paid-up capital		

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

No. of shares held

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2009/2010.

\_\_\_\_\_  
Signature of Member(s)

### Notes:

1. A proxy may but need not be a member of the Company and the proxy need not be an advocate or an approved company auditor or a person approved by the Companies Commission of Malaysia and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the registered office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

Please fold across the line and close



**The Company Secretary**

51-13-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

Please fold across the line and close