



**MAGNI-TECH INDUSTRIES BERHAD**  
(422585-V)

*Annual Report 2000*

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## **CORPORATE INFORMATION**

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### **BOARD OF DIRECTORS**

Chairman	Dato' Tengku Adnan bin Tengku Mansor
Deputy Chairman and Chief Executive Officer	Tan Sri Dato' Tan Kok Ping
Managing Director	Tan Poay Seng
Directors	Tan Kok Aun Lee Koong Chen @ Lee Kong Chew Ahmad Fizri bin Abu Bakar Chang Chuen Hwa H'ng Cheok Seng Noor Zahidi bin Omar Abdul Jalil bin Ismail

### **COMPANY SECRETARY**

Lee Peng Loon (LS 00405)

### **AUDITORS**

Arthur Andersen & Co., Public Accountants  
Penthouse 11th Floor, Kompleks Mutiara  
Jalan Anson, 10400 Penang.

### **REGISTERED OFFICE**

51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah,  
10050 Penang.  
Tel: 04-2276888  
Fax: 04-2298118

### **SHARE REGISTRAR**

Berjaya Registration Services Sdn Bhd (No. 293743-X)  
Lot C1-C3, Block C, 2nd Floor, KL Plaza,  
179 Jalan Bukit Bintang,  
55100 Kuala Lumpur.  
Tel: 03-2450533  
Fax: 03-2459702

### **SUBSIDIARIES**

Inter-Pacific Packaging Sdn Bhd No. 186388-V (100%)  
South Island Plastics Sdn Bhd No. 89385-D (100%)  
South Island Packaging (Penang) Sdn Bhd No. 23225-D (99.64%)

### **STOCK EXCHANGE LISTING**

Second Board, Kuala Lumpur Stock Exchange

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE THIRD ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT BERJAYA 1, 7th FLOOR, BERJAYA GEORGETOWN HOTEL, 1-STOP, MIDLANDS PARK CENTRE, JALAN BURMAH, 10350 PENANG ON WEDNESDAY, 18 OCTOBER 2000 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES:-

### **AGENDA**

1. To receive and adopt the Audited Accounts for the year ended 30 April 2000 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To re-elect the following Directors retiring pursuant to Article 101 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
  - i) Dato' Tengku Adnan Bin Tengku Mansor **Ordinary Resolution 2**
  - ii) Tan Sri Dato' Tan Kok Ping **Ordinary Resolution 3**
  - iii) Mr. Tan Kok Aun **Ordinary Resolution 4**
  - iv) Encik Ahmad Fizri Bin Abu Bakar **Ordinary Resolution 5**
  - v) Mr. Lee Koong Chen @ Lee Kong Chew **Ordinary Resolution 6**
  - vi) Mr. Chang Chuen Hwa **Ordinary Resolution 7**
  - vii) Mr. H'ng Cheok Seng **Ordinary Resolution 8**
  - viii) Encik Noor Zahidi Bin Omar **Ordinary Resolution 9**
  - ix) Encik Abdul Jalil Bin Ismail **Ordinary Resolution 10**
3. To approve the payment of a first and final dividend of 6% less Income Tax of 28% for the financial year ended 30 April 2000. **Ordinary Resolution 11**
4. To approve the payment of Directors' fees for the financial year ended 30 April 2000 **Ordinary Resolution 12**
5. To re-appoint Messrs. Arthur Andersen & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 13**
6. **As special business:**

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

"That subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act 1965, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing and quotation for the additional shares to be issued."

**Ordinary Resolution 14**



**MAGNI-TECH INDUSTRIES BERHAD**  
(422585-V)

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## **NOTICE OF ANNUAL GENERAL MEETING (cont'd.)**

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7. To transact any other business of which due notices shall be given.

By Order of the Board

**LEE PENG LOON (LS 00405)**  
Secretary

Penang

Date: 3 October, 2000

- Notes:**
1. A proxy may but need not be a member of the Company and the provisions of the Section 149(1) (a) and (b) of the Act shall not apply to the Company.
  2. For a proxy to be valid, the proxy form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
  3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
  4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
  5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

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

#### **Item 6**

The Ordinary Resolution proposed under item 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in General Meeting will expire at the conclusion of the next Annual General Meeting.

**NOTICE IS ALSO HEREBY GIVEN** that a depositor shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred into the depositor's securities account before 12.30 p.m. on 30 October, 2000 in respect of ordinary transfers; and
- b. Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

The dividend, if approved will be paid on 10 November, 2000 to shareholders on the Register of the Company at the close of business on 30 October, 2000.

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## **CHAIRMAN'S STATEMENT**

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On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Accounts for the year ended 30 April 2000. The year under review is our inaugural report as a Company listed on the Second Board of the Kuala Lumpur Stock Exchange.

### **Financial Results**

For the financial year ended 30 April 2000, the Group had achieved a higher turnover of RM85.736 mil (1999: RM74.586 mil), a 15% increase from the previous year.

The Group recorded a profit before taxation of RM8.532 million, an increase of 8% compared with RM7.898 mil in the previous year. It had also exceeded the forecast profit before taxation of RM8.251 million made in the Company Prospectus dated 7 March 2000.

### **Performance Review**

In line with the strong growth in the manufacturing sector boosted by improved in domestic demand and strong export performance, the demand for packaging products have increased during the year under review.

However, due to excess capacity in the industry, price competition is still very keen even though raw material costs, in particular that of paper, have increased substantially.

I am pleased to report that despite the tough operating environment, the Group has been able to achieve better profits mainly due to increased sales volume and improved efficiency in its operations through higher productivity.

### **Dividends**

The Board had recommended a first and final dividend of 6 sen gross per share which is in line with the dividend forecast given in the Prospectus. The recommended dividend is cover 3.6 times by the group profit after taxation.

### **Future Outlook**

We remain optimistic that the Group will perform satisfactorily for the coming year in view of the general upturn in the economy. Our optimism is also based on the ongoing management effort to enhance operating efficiency and product quality.

### **Acknowledgment**

I wish to record my appreciation to the management team and staff for their dedication and loyalty and to extend my thanks to our shareholders, our clients, bankers and government agencies for their co-operation and support.

**DATO' TENGKU ADNAN BIN TENGKU MANSOR**  
Chairman

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## **COMPOSITION AND TERMS OF REFERENCE OF AUDIT COMMITTEE**

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### **COMPOSITION**

The following 3 directors have been appointed as members:

1. H'ng Cheok Seng [\*], Chairman
2. Noor Zahidi bin Omar [\*]
3. Tan Poay Seng

[\*] Independent Non-Executive Director

### **FUNCTIONS**

The functions of the Committee shall be:

- (i) to review with the auditors:
  - ~ the audit plan
  - ~ their evaluation of the system of internal accounting records
  - ~ the audit report on the financial statements;
- (ii) to review the assistance given by the Company's officers to the auditors;
- (iii) to review the scope and results of the internal audit procedures;
- (iv) to review the quarterly and annual financial statements before submission to the Board;
- (v) to review any significant related party transactions that may arise within the Company or Group;
- (vi) to consider the nomination of a person or persons as auditors.
- (vii) such other functions as may be agreed to by the Committee and the Board.

### **MEETING**

- (i) Meetings shall be held not less than four times a year;
- (ii) The Company Secretary shall act as the secretary to the Committee;
- (iii) A quorum shall consist of a majority of Committee members.



## DIRECTORS' REPORT

The directors hereby submit their report together with the audited accounts of the Group and of the Company for the financial year ended 30 April, 2000.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of management services and to act as an investment holding company.

The principal activities of the subsidiaries are described in Note 12 to the accounts.

There were no significant changes in these principal activities during the financial year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit after taxation	6,256,896	1,874,689
Minority interest	(2,985)	-
Profit after taxation and minority interest	6,253,911	1,874,689
Retained profits brought forward	21,158,030	-
Profit available for appropriation	27,411,941	1,874,689
Dividends		
- interim dividend paid by a subsidiary prior to the merger:		
20% tax exempt dividend	(2,000,000)	-
- proposed first and final dividend: 6% less 28% tax	(1,738,800)	(1,738,800)
Retained profits carried forward	23,673,141	135,889

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors now recommend a first and final dividend of 6% less 28% tax amounting to RM1,738,800 in respect of the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than that as disclosed in Note 18 to the accounts.

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## **DIRECTORS' REPORT** (cont'd.)

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### **BAD AND DOUBTFUL DEBTS**

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts for the Group. The directors are satisfied that no known bad debts need to be written off and that no provision for doubtful debts is required for the Company.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or the amount of provision for doubtful debts in the accounts of the Group inadequate to any substantial extent nor are they aware of any circumstances which would require any debts to be written off as bad or provided for as doubtful in the accounts of the Company.

### **CURRENT ASSETS**

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have 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 which would render the values attributed to the current assets in the accounts of the Group and of the Company misleading.

### **VALUATION METHODS**

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

### **CONTINGENT AND OTHER LIABILITIES**

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in Note 26 to the accounts.

No contingent or other liability 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 its obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Group and of the Company which would render any amount stated in the accounts misleading.

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## **DIRECTORS' REPORT** (cont'd.)

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### **SHARE CAPITAL**

During the financial year, the Company increased its:

- i) authorised share capital from RM100,000 to RM100,000,000 by the creation of 99,900,000 ordinary shares of RM1 each; and
- ii) issued and paid-up share capital from RM2 to RM40,250,000 by the issuance of 31,649,998 ordinary share capital of RM1 each for the acquisitions of its subsidiaries and the public issue of 8,600,000 new ordinary shares of RM1 each at an issue price of RM1.50 per ordinary share for cash.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### **SIGNIFICANT EVENTS**

Significant events are disclosed in Note 25 to the accounts.

### **DIRECTORS**

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

Dato' Tengku Adnan bin Tengku Mansor – appointed on 18 February, 2000  
Tan Sri Dato' Tan Kok Ping – appointed on 18 February, 2000  
Tan Poay Seng – appointed on 18 February, 2000  
Tan Kok Aun – appointed on 18 February, 2000  
Lee Koong Chen @ Lee Kong Chew – appointed on 18 February, 2000  
Ahmad Fizri bin Abu Bakar – appointed on 18 February, 2000  
Chang Chuen Hwa – appointed on 18 February, 2000  
H'ng Cheok Seng – appointed on 18 February, 2000  
Noor Zahidi bin Omar – appointed on 18 February, 2000  
Abdul Jalil bin Ismail – appointed on 24 April, 2000  
Ang Gaik Min – resigned on 18 February, 2000  
P'ng Chiew Keem – resigned on 19 February, 2000

In accordance with the Company's Articles of Association, all directors except Tan Poay Seng retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

## DIRECTORS' REPORT (cont'd.)

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the accounts or the fixed salary of directors who are full time employees of the Company and the subsidiaries) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

		Number of ordinary shares of RM1 each			
		1 May, 1999	Bought	Sold	30 April, 2000
<b>Magni-Tech Industries Berhad</b>					
Dato' Tengku Adnan bin Tengku Mansor		–	1,260,000	–	1,260,000
Tan Sri Dato' Tan Kok Ping	– direct	–	13,730,280	(4,250,000)	9,480,280
	– indirect*	–	3,912,627	(805,000)	3,107,627
Tan Kok Aun	– direct	–	601,454	–	601,454
	– indirect*	–	3,912,627	(805,000)	3,107,627
Tan Poay Seng		–	686,508	–	686,508
Lee Koong Chen @ Lee Kong Chew		–	120,000	(10,000)	110,000
Ahmad Fizri bin Abu Bakar		–	2,007,937	–	2,007,937
Chang Chuen Hwa		–	97,374	–	97,374
H'ng Cheok Seng		–	10,000	–	10,000
Noor Zahidi bin Omar		–	10,000	–	10,000

\* By virtue of their interests in South Island Holdings Sdn. Bhd. ("SIH"), Tan Sri Dato' Tan Kok Ping and Tan Kok Aun are deemed interested in the shares of the Company to the extent SIH has an interest.

		Number of ordinary shares of RM1 each			
		1 May, 1999	Bought	Sold	30 April, 2000
<b>Inter-Pacific Packaging Sdn. Bhd. ("IPP")</b>					
Tan Sri Dato' Tan Kok Ping	– direct	4,200,000	–	(4,200,000)	–
	– indirect**	2,350,000	–	(2,350,000)	–
Tan Kok Aun	– indirect**	2,350,000	–	(2,350,000)	–
Ahmad Fizri bin Abu Bakar		1,200,000	–	(1,200,000)	–

\*\* By virtue of their interests in South Island Holdings Sdn. Bhd. ("SIH"), Tan Sri Dato' Tan Kok Ping and Tan Kok Aun are deemed interested in the shares of IPP to the extent SIH has an interest.



**DIRECTORS' REPORT** (cont'd.)

**Number of ordinary shares of RM1 each**

	<b>1 May, 1999</b>	<b>Bought</b>	<b>Sold</b>	<b>30 April, 2000</b>
<b>South Island Packaging (Penang) Sdn. Bhd.</b>				
Tan Sri Dato' Tan Kok Ping	3,095,507	-	(3,095,507)	-
Tan Kok Aun	310,732	-	(310,732)	-
<b>South Island Plastics Sdn. Bhd.</b>				
Tan Sri Dato' Tan Kok Ping	1,121,253	-	(1,121,253)	-
Tan Kok Aun	78,000	-	(78,000)	-
Chang Chuen Hwa	36,000	-	(36,000)	-

Other than stated above, none of the directors in office at the end of the financial year had any interest in shares in the Company or its other related corporations during the financial year.

**AUDITORS**

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with  
a resolution of the directors

**TAN SRI DATO' TAN KOK PING**

**TAN POAY SENG**

Penang

Dated: 28 July, 2000

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**STATEMENT BY DIRECTORS**

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We, TAN SRI DATO' TAN KOK PING and TAN POAY SENG, being two of the directors of MAGNI-TECH INDUSTRIES BERHAD, do hereby state that, in the opinion of the directors, the accompanying balance sheets of the Group and of the Company as at 30 April, 2000 and the profit and loss accounts of the Group and of the Company and cash flow statement of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Group and of the Company as at 30 April, 2000 and of the results of the Group and of the Company and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

Signed on behalf of the Board in accordance  
with a resolution of the directors

**TAN SRI DATO' TAN KOK PING**

**TAN POAY SENG**

Penang

Dated: 28 July, 2000

**STATUTORY DECLARATION**

I, TAN POAY SENG, the director primarily responsible for the financial management of MAGNI-TECH INDUSTRIES BERHAD, do solemnly and sincerely declare that the accompanying balance sheets of the Group and of the Company as at 30 April, 2000 and the profit and loss accounts of the Group and of the Company and cash flow statement of the Group for the year then ended, together with the notes thereto 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 TAN POAY SENG )  
at Georgetown in the State of Penang )  
on 28 July, 2000 ) **TAN POAY SENG**

Before me:

**BADARUDDIN BIN HI OTHMAN**  
Commissioner for Oaths  
Penang



**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

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## **AUDITORS' REPORT**

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To the Shareholders of  
MAGNI-TECH INDUSTRIES BERHAD

We have audited the accounts of MAGNI-TECH INDUSTRIES BERHAD (the Company) and the consolidated accounts of MAGNI-TECH INDUSTRIES BERHAD AND ITS SUBSIDIARIES (the Group) as at 30 April, 2000. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 April, 2000 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia; and
- (b) 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, as indicated in Note 12 to the accounts, being accounts that have been included in the consolidated accounts.

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

The audit reports on the accounts of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of section 174 of the Act.

**ARTHUR ANDERSEN & CO.**

No. AF 0103  
Public Accountants

Dated: 28 July, 2000

**LIM FOO CHEW**

No. 1748/01/02(J)  
Partner of the Firm

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

**CONSOLIDATED BALANCE SHEET** - 30 APRIL, 2000

	Note	2000 RM	1999 RM
<b>CURRENT ASSETS</b>			
Cash and bank balances		<b>1,568,676</b>	518,436
Deposits with licensed banks	3	<b>10,000,000</b>	1,004,672
Trade debtors	4	<b>20,182,079</b>	18,172,642
Other debtors	5	<b>342,350</b>	438,933
Stocks	6	<b>16,273,177</b>	11,843,144
		<b>48,366,282</b>	31,977,827
<b>CURRENT LIABILITIES</b>			
Short term borrowings	7	<b>3,065,920</b>	3,866,943
Trade creditors	8	<b>4,327,180</b>	3,575,170
Other creditors	9	<b>6,106,960</b>	5,946,327
Taxation		<b>2,096,972</b>	1,283,154
Proposed dividend		<b>1,738,800</b>	-
		<b>17,335,832</b>	14,671,594
<b>NET CURRENT ASSETS</b>		<b>31,030,450</b>	17,306,233
<b>INTANGIBLE ASSETS</b>	11	-	41,740
<b>FIXED ASSETS</b>	13	<b>41,112,291</b>	41,417,140
<b>HIRE PURCHASE CREDITORS</b>	14	-	(169,771)
<b>TERM LOAN (SECURED)</b>	15	-	(634,375)
<b>DEFERRED TAXATION</b>	16	<b>(5,008,000)</b>	(5,103,000)
<b>MINORITY INTEREST</b>		<b>(52,922)</b>	(49,849)
		<b>67,081,819</b>	52,808,118
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	17	<b>40,250,000</b>	31,650,000
Reserves	18	<b>26,831,819</b>	21,158,118
		<b>67,081,819</b>	52,808,118

The accompanying notes are an integral part of this balance sheet.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT** FOR THE YEAR ENDED 30 APRIL, 2000

	Note	2000 RM	1999 RM
Turnover	19	<b>85,735,556</b>	74,585,656
Profit before taxation	20	<b>8,531,760</b>	7,898,568
Taxation	21	<b>(2,274,864)</b>	7,604
Profit after taxation		<b>6,256,896</b>	7,906,172
Minority interest		<b>(2,985)</b>	(5,262)
Profit after taxation and minority interest		<b>6,253,911</b>	7,900,910
Retained profits brought forward		<b>21,158,030</b>	25,443,520
Profit available for appropriation		<b>27,411,941</b>	33,344,430
Merger deficit		-	(12,186,400)
Dividends			
- interim dividend paid by a subsidiary prior to the merger: 20% tax exempt dividend		<b>(2,000,000)</b>	-
- proposed first and final dividend: 6% less 28% tax	22	<b>(1,738,800)</b>	-
Retained profits carried forward		<b>23,673,141</b>	21,158,030
Earning per share (sen)	23	<b>19.48</b>	24.96

The accompanying notes are an integral part of this account.

**CONSOLIDATED CASH FLOW STATEMENT** FOR THE YEAR ENDED 30 APRIL, 2000

	Note	2000 RM	1999 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>8,531,760</b>	7,898,568
Adjustments for:			
Bad debts written off		<b>30,144</b>	-
Depreciation		<b>3,046,163</b>	2,973,363
Fixed assets written off		<b>232,060</b>	96,520
Interest expense		<b>181,990</b>	674,692
Provision for doubtful debts		<b>271,022</b>	340,633
Provision for slow moving stocks		<b>29,780</b>	-
Gain on disposal of fixed assets		<b>(73,707)</b>	(26,518)
Interest income		<b>(37,543)</b>	(29,531)
Operating profit before working capital changes		<b>12,211,669</b>	11,927,727
(Increase)/Decrease in debtors		<b>(790,283)</b>	1,226,214
Increase in stocks		<b>(4,555,669)</b>	(879,140)
(Decrease)/Increase in creditors		<b>(440,122)</b>	547,729
Cash generated from operations		<b>6,425,595</b>	12,822,530
Interest paid		<b>(179,830)</b>	(744,117)
Tax paid		<b>(1,435,013)</b>	(2,642,670)
Net cash generated from operating activities		<b>4,810,752</b>	9,435,743
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>37,543</b>	29,531
Purchase of fixed assets		<b>(2,980,667)</b>	(1,208,249)
Proceed from disposal of fixed assets		<b>81,000</b>	35,890
Net cash used in investing activities		<b>(2,862,124)</b>	(1,142,828)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed from issuance of shares		<b>12,900,000</b>	-
Listing expenses incurred		<b>(1,099,582)</b>	-
Repayment of term loan		<b>(996,875)</b>	(575,000)
Repayment of hire-purchase creditors		<b>(268,080)</b>	(268,080)
Dividend paid by a subsidiary prior to merger		<b>(2,000,000)</b>	-
Net change in bankers' acceptance and revolving credits		<b>(478,828)</b>	(1,424,142)
Net cash generated from/(used in) financing activities		<b>8,056,635</b>	(2,267,222)
Net increase in cash and cash equivalents		<b>10,005,263</b>	6,025,693
Cash and cash equivalents at beginning of year		<b>1,253,665</b>	(4,772,028)
Cash and cash equivalents at end of year	A	<b>11,258,928</b>	1,253,665

**CONSOLIDATED CASH FLOW STATEMENT** FOR THE YEAR ENDED 30 APRIL, 2000 (cont'd.)

**A. CASH AND CASH EQUIVALENTS**

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

	<b>2000</b>	1999
	<b>RM</b>	RM
Cash and bank balances	<b>1,568,676</b>	518,436
Deposits with licensed banks	<b>10,000,000</b>	1,004,672
Bank overdraft	<b>(309,748)</b>	(269,443)
	<b><u>11,258,928</u></b>	<u>1,253,665</u>

The accompanying notes are an integral part of this statement.

**BALANCE SHEET** - 30 APRIL, 2000

	Note	2000 RM	1999 RM
<b>CURRENT ASSETS</b>			
Cash and bank balances		<b>154,608</b>	2
Deposits with licensed banks	3	<b>500,000</b>	-
Due from subsidiaries	10	<b>8,528,500</b>	-
		<b>9,183,108</b>	2
<b>CURRENT LIABILITIES</b>			
Other creditors	9	<b>505,741</b>	41,740
Due to a subsidiary	10	<b>42,953</b>	-
Taxation		<b>1,045</b>	-
Proposed dividend		<b>1,738,800</b>	-
		<b>2,288,539</b>	41,740
<b>NET CURRENT ASSETS/LIABILITIES DUE FROM A SUBSIDIARY</b>			
	10	<b>6,894,569</b>	(41,738)
<b>INTANGIBLE ASSETS INVESTMENT</b>	11	<b>5,000,000</b>	-
	12	<b>-</b>	41,740
		<b>31,649,998</b>	-
		<b>43,544,567</b>	2
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	17	<b>40,250,000</b>	2
Reserves	18	<b>3,294,567</b>	-
		<b>43,544,567</b>	2

The accompanying notes are an integral part of this balance sheet.

**PROFIT AND LOSS ACCOUNT** FOR THE YEAR ENDED 30 APRIL, 2000

	<b>Note</b>	<b>2000 RM</b>	<b>1999 RM</b>
Turnover	19	<b>2,634,277</b>	-
Profit before taxation	20	<b>2,603,734</b>	-
Taxation	21	<b>(729,045)</b>	-
Profit after taxation		<b>1,874,689</b>	-
Proposed first and final dividend: 6% less 28% tax (1999: Nil)		<b>(1,738,800)</b>	-
Retained profit carried forward		<b>135,889</b>	-

The accompanying notes are an integral part of this account.



**NOTES TO THE ACCOUNTS** - 30 APRIL, 2000

**1. PRINCIPAL ACTIVITIES**

The principal activity of the Company is the provision of management services and to act as an investment holding company.

The principal activities of the subsidiaries are described in Note 12 to the accounts.

There were no significant changes in these principal activities during the financial year.

**2. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets in a subsidiary and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

Subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisition and Mergers, are accounted for using merger accounting principles. When merger method is used, the cost of investment in the Company's book is recorded as the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of the shares acquired is treated as merger reserve. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

Inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

(c) Investments

Investments in subsidiaries are stated at cost less any provision for permanent diminution in value.

(d) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Freehold land is not depreciated. Leasehold land and buildings are amortised over the period of the leases which vary from 51 to 71 years.

Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Buildings	2% to 4%
Plant and machinery	5% to 7.5%
Electrical and piping installation	5% to 7.5%
Office furniture, equipment and fittings	10% to 33.33%
Motor vehicles	20%

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)

## (e) Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of raw materials used in producing corrugated fibreboards, cartons and boxes is determined on the weighted average cost basis. The cost of materials used in producing flexible plastic packaging materials and inner packaging and display boxes are determined on the first-in, first-out basis.

Cost of raw materials consists of the purchase price plus the cost of bringing the stocks to their locations. The cost of finished goods and work-in-progress includes cost of raw materials, direct labour and attributable overheads.

## (f) Currency Conversion and Translations

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss accounts.

## (g) Intangible Assets

Intangible assets comprise preliminary and pre-operating expenses and are stated at cost. Preliminary and pre-operating expenses are offset against share premium reserve during the year.

## (h) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

**3. DEPOSITS WITH LICENSED BANKS**

	<b>Group</b>		<b>Company</b>
	<b>2000</b>	1999	<b>2000</b>
	<b>RM</b>	RM	<b>RM</b>
Short term deposits	<b>7,000,000</b>	1,004,672	<b>500,000</b>
Fixed deposit	<b>3,000,000</b>	–	–
	<b>10,000,000</b>	1,004,672	<b>500,000</b>

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**4. TRADE DEBTORS**

<b>Group</b>	<b>2000</b>	1999
	<b>RM</b>	RM
Trade debtors	<b>21,299,696</b>	18,550,027
Due from companies with common directors	<b>814,618</b>	1,288,432
Less: Provision for doubtful debts	<b>(1,932,235)</b>	(1,665,817)
	<b>20,182,079</b>	18,172,642

**5. OTHER DEBTORS****Group**

Included in other debtors for the Group is prepayment for purchase of machinery amounting to RM35,750 (1999: RM Nil).

**6. STOCKS****Group**

	<b>2000</b>	1999
	<b>RM</b>	RM
Raw materials	<b>13,132,730</b>	9,075,612
Work in progress	<b>1,200,561</b>	748,421
Finished goods	<b>1,566,444</b>	1,059,587
Consumables, tools and spare parts	<b>325,086</b>	340,302
Goods in transit	<b>78,136</b>	619,222
Less: Provision for slow moving stocks	<b>(29,780)</b>	-
	<b>16,273,177</b>	11,843,144

**7. SHORT TERM BORROWINGS****Group**

	<b>2000</b>	1999
	<b>RM</b>	RM
Unsecured		
Overdrafts	<b>309,748</b>	269,443
Bankers' acceptance	<b>1,605,172</b>	1,530,000
Revolving credit	<b>500,000</b>	-
Term loan, current portion	-	362,500
	<b>2,414,920</b>	2,161,943
Secured		
Bankers' acceptance	<b>651,000</b>	1,705,000
	<b>3,065,920</b>	3,866,943

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**7. SHORT TERM BORROWINGS** (cont'd.)

The short term borrowings of the Group are secured by:

- (i) a first fixed charge on certain machinery of a subsidiary;
- (ii) a collateral charge over the leasehold land and building of a subsidiary as disclosed in Note 13;
- (iii) a debenture over the entire assets of a subsidiary;
- (iv) guarantees by the Company, a director of the Company, a third party and jointly and severally guaranteed by certain directors of the subsidiaries; and
- (v) negative pledges over the assets of the subsidiaries.

The bank borrowings bear interest rates of between 3.75% to 9.65% (1999: 8.05% to 13.05%) per annum.

**8. TRADE CREDITORS****Group**

Included in trade creditors for the Group is RM60,800 (1999: RM79,183) due to companies with common directors.

**9. OTHER CREDITORS**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	RM	RM	RM	RM
Other creditors and accruals	<b>5,862,023</b>	5,632,419	<b>505,741</b>	41,740
Due to companies with common directors	<b>75,166</b>	45,828	–	–
Hire-purchase creditors	<b>169,771</b>	268,080	–	–
	<b>6,106,960</b>	5,946,327	<b>505,741</b>	41,740

**10. DUE FROM/TO SUBSIDIARIES****Company**

The amount due from a subsidiary, Inter-Pacific Packaging Sdn. Bhd. is unsecured and interest free. It is not the intention of the Company to recall this amount within the next 12 months.

Other amounts due from other subsidiaries are unsecured, interest free and have no fixed term of repayment. These amounts are included under current assets.

The amount due to a subsidiary is unsecured, interest free and has no fixed term of repayment.

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**11. INTANGIBLE ASSETS**

	<b>2000</b>	1999
	<b>RM</b>	RM
As at 1 May	<b>41,740</b>	37,515
Add: Listing expenses for the year	<b>1,099,582</b>	176,159
	<b>1,141,322</b>	213,674
Transfer to Share Premium Reserve	<b>(1,141,322)</b>	–
Charged to third parties	–	(171,934)
As at 30 April	–	41,740

**12. INVESTMENT**

<b>Company</b>	<b>2000</b>
	<b>RM</b>
Unquoted shares, at cost in subsidiaries	<b>31,649,998</b>

The following are the subsidiaries, all of which are incorporated in Malaysia:

	<b>Effective interests</b>		<b>Principal Activities</b>
	<b>2000</b>	1999	
	%	%	
South Island Packaging (Penang) Sdn. Bhd.*	<b>99.64</b>	–	Manufacturing and distribution of inner packaging boxes for industrial and commercial uses.
South Island Plastics Sdn. Bhd.*	<b>100</b>	–	Manufacturing and distribution of flexible plastic packaging materials for industrial and commercial uses.
Inter-Pacific Packaging Sdn. Bhd.	<b>100</b>	–	Manufacturing and distribution of fibreboards, cartons and boxes for industrial and commercial uses.

\* Audited by a public accounting firm other than Arthur Andersen & Co.

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**13. FIXED ASSETS**

<b>Group 2000</b>	<b>Beginning of year RM</b>	<b>Additions RM</b>	<b>Write-offs/ Disposals RM</b>	<b>End of year RM</b>	<b>Net Book Value RM</b>
<b>VALUATION/COST</b>					
At valuation:					
Long leasehold land	500,000	-	-	500,000	
Long leasehold building	1,640,000	-	-	1,640,000	
Plant and machinery	4,692,500	-	-	4,692,500	
Electrical and piping installations	98,030	-	-	98,030	
Office furniture, equipment and fittings	5,710	-	-	5,710	
Motor vehicles	10,600	-	-	10,600	
	<b>6,946,840</b>	-	-	<b>6,946,840</b>	
At cost:					
Freehold land	2,924,133	-	-	2,924,133	
Freehold building	8,785,988	-	-	8,785,988	
Long leasehold land	447,252	-	-	447,252	
Long leasehold building	3,840,422	5,638	-	3,846,060	
Plant and machinery	35,692,017	2,222,924	(471,983)	37,442,958	
Electrical and piping installations	284,880	-	-	284,880	
Office furniture, equipment and fittings	2,245,662	298,623	(253,279)	2,291,006	
Motor vehicles	3,107,177	300,110	(252,352)	3,154,935	
Construction-in-progress	-	153,372	-	153,372	
<b>Total</b>	<b>64,274,371</b>	<b>2,980,667</b>	<b>(977,614)</b>	<b>66,277,424</b>	
<b>ACCUMULATED DEPRECIATION</b>					
At valuation:					
Long leasehold land	63,272	6,173	-	69,445	430,555
Long leasehold building	336,200	32,800	-	369,000	1,271,000
Plant and machinery	2,536,709	237,225	-	2,773,934	1,918,566
Electrical and piping installations	95,930	2,100	-	98,030	-
Office furniture, equipment and fittings	5,710	-	-	5,710	-
Motor vehicles	10,600	-	-	10,600	-
	<b>3,048,421</b>	<b>278,298</b>	-	<b>3,326,719</b>	<b>3,620,121</b>

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)13. **FIXED ASSETS** (cont'd.)

<b>Group 2000</b>	<b>Beginning of year RM</b>	<b>Additions RM</b>	<b>Write-offs/ Disposals RM</b>	<b>End of year RM</b>	<b>Net Book Value RM</b>
<b>ACCUMULATED DEPRECIATION</b> (cont'd.)					
At cost:					
Freehold land	-	-	-	-	<b>2,924,133</b>
Freehold building	<b>1,466,540</b>	<b>175,720</b>	-	<b>1,642,260</b>	<b>7,143,728</b>
Long leasehold land	<b>69,300</b>	<b>6,947</b>	-	<b>76,247</b>	<b>371,005</b>
Long leasehold buildings	<b>667,159</b>	<b>82,686</b>	-	<b>749,845</b>	<b>3,096,215</b>
Plant and machinery	<b>13,419,874</b>	<b>1,829,998</b>	<b>(289,218)</b>	<b>14,960,654</b>	<b>22,482,304</b>
Electrical and piping installations	<b>154,015</b>	<b>13,082</b>	-	<b>167,097</b>	<b>117,783</b>
Office furniture, equipment and fittings	<b>1,562,759</b>	<b>216,791</b>	<b>(202,724)</b>	<b>1,576,826</b>	<b>714,180</b>
Motor vehicles	<b>2,469,163</b>	<b>442,641</b>	<b>(246,319)</b>	<b>2,665,485</b>	<b>489,450</b>
Construction-in-progress	-	-	-	-	<b>153,372</b>
<b>Total</b>	<b>22,857,231</b>	<b>3,046,163</b>	<b>(738,261)</b>	<b>25,165,133</b>	<b>41,112,291</b>

1999

## VALUATION/COST

At valuation:					
Long leasehold land	500,000	-	-	500,000	
Long leasehold building	1,640,000	-	-	1,640,000	
Plant and machinery	4,692,500	-	-	4,692,500	
Electrical and piping installations	98,030	-	-	98,030	
Office furniture, equipment and fittings	5,710	-	-	5,710	
Motor vehicles	13,300	-	(2,700)	10,600	
	6,949,540	-	(2,700)	6,946,840	
At cost:					
Freehold land	2,924,133	-	-	2,924,133	
Freehold building	8,785,988	-	-	8,785,988	
Long leasehold land	447,252	-	-	447,252	
Long leasehold building	3,827,422	13,000	-	3,840,422	
Plant and machinery	34,884,020	894,547	(86,550)	35,692,017	
Electrical and piping installations	284,880	-	-	284,880	
Office furniture, equipment and fittings	2,126,273	160,170	(40,781)	2,245,662	
Motor vehicles	3,085,033	140,532	(118,388)	3,107,177	
<b>Total</b>	<b>63,314,541</b>	<b>1,208,249</b>	<b>(248,419)</b>	<b>64,274,371</b>	

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**13. FIXED ASSETS** (cont'd.)

Group 1999	Beginning of year RM	Additions RM	Write-offs/ Disposals RM	End of year RM	Net Book Value RM
<b>ACCUMULATED DEPRECIATION</b>					
At valuation:					
Long leasehold land	57,099	6,173	–	63,272	436,728
Long leasehold building	303,400	32,800	–	336,200	1,303,800
Plant and machinery	2,299,484	237,225	–	2,536,709	2,155,791
Electrical and piping installations	92,780	3,150	–	95,930	2,100
Office furniture, equipment and fittings	5,710	–	–	5,710	–
Motor vehicles	13,300	–	(2,700)	10,600	–
	<u>2,771,773</u>	<u>279,348</u>	<u>(2,700)</u>	<u>3,048,421</u>	<u>3,898,419</u>
At cost:					
Freehold land	–	–	–	–	2,924,133
Freehold building	1,290,820	175,720	–	1,466,540	7,319,448
Long leasehold land	62,353	6,947	–	69,300	377,952
Long leasehold buildings	584,619	82,540	–	667,159	3,173,263
Plant and machinery	11,651,965	1,767,909	–	13,419,874	22,272,143
Electrical and piping installations	140,905	13,110	–	154,015	130,865
Office furniture, equipment and fittings	1,380,435	210,747	(28,423)	1,562,759	682,903
Motor vehicles	2,143,525	437,042	(111,404)	2,469,163	638,014
<b>Total</b>	<u>20,026,395</u>	<u>2,973,363</u>	<u>(142,527)</u>	<u>22,857,231</u>	<u>41,417,140</u>

Certain fixed assets have been charged to financial institutions as disclosed in Note 7.

Included in the fixed assets are assets held under hire-purchase and finance lease agreements with net book value amounting to RM822,538 (1999: RM918,903).

Certain assets were revalued in 1979 and 1989 by an independent firm of professional valuers based on fair market value. Deferred taxation is not provided as it is not the intention of the board of directors to dispose off the properties in the near future.

Had the revalued fixed assets been carried out at historical cost less depreciation, the net book value of each class of fixed assets that would have been in the accounts of the Group as at 30 April, 2000 would be as follows:

	<b>2000 RM</b>	1999 RM
Long leasehold land	<b>67,061</b>	68,217
Long leasehold buildings	<b>1,000,381</b>	1,032,985
Plant and machinery	<b>24,043</b>	128,011

**NOTES TO THE ACCOUNTS** - 30 APRIL, 2000 (cont'd.)**14. HIRE-PURCHASE CREDITORS**

<b>Group</b>	<b>2000 RM</b>	1999 RM
Hire-purchase creditors	<b>175,361</b>	478,879
Less: Interest in suspense	<b>(5,590)</b>	(41,028)
	<b>169,771</b>	437,851
Less: Amount due within 12 months (included under current liabilities)	<b>(169,771)</b>	(268,080)
	-	169,771

**15. TERM LOAN (UNSECURED)**

	<b>2000 RM</b>	1999 RM
Bank loan bearing interest at 1.5% per annum above the lending bank's base lending rate and repayable in 16 quarterly instalments of RM106,250 each commencing 6 November, 1994	-	996,875
Less: Due within 12 months (included under current liabilities)	-	(362,500)
	-	634,375

**16. DEFERRED TAXATION**

<b>Group</b>	<b>2000 RM</b>	1999 RM
(a) Arising from merger with subsidiaries	<b>5,103,000</b>	5,134,000
Provision for deferred taxation no longer required	<b>(95,000)</b>	(31,000)
At 30 April	<b>5,008,000</b>	5,103,000
(b) Deferred taxation is in respect of the following:		
Timing differences between depreciation and corresponding capital allowances	<b>15,806,000</b>	16,545,000
Timing differences on provisions	<b>2,080,000</b>	1,680,000
Net amount of all timing differences	<b>17,886,000</b>	18,225,000

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)17. **SHARE CAPITAL**

	<b>Group</b>		<b>Company</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>RM</b>	RM	<b>RM</b>	RM
Ordinary shares of RM1 each:				
Authorised:				
As at 1 May	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Created during the year	<b>99,900,000</b>	–	<b>99,900,000</b>	–
As at 30 April	<b>100,000,000</b>	100,000	<b>100,000,000</b>	100,000
Issued and fully paid:				
As at 1 May	<b>2</b>	2	<b>2</b>	2
Issued as consideration for the acquisition of the subsidiaries during the year	<b>31,649,998</b>	–	<b>31,649,998</b>	–
Public issue	<b>8,600,000</b>	–	<b>8,600,000</b>	–
	<b>40,250,000</b>	2	<b>40,250,000</b>	2
Increase in share capital to reflect the merger*	–	31,649,998	–	–
As at 30 April	<b>40,250,000</b>	31,650,000	<b>40,250,000</b>	2

\* During the year, the Company issued 31,649,998 ordinary shares of RM1 each as consideration for the acquisition of South Island Packaging (Penang) Sdn. Bhd., South Island Plastics Sdn. Bhd. and Inter-Pacific Packaging Sdn. Bhd. The acquisition is accounted for under the merger method of accounting. Consequently, this issue is presented above as if it had already been effected prior to the first day of the previous accounting period. The comparative figure for the issued and paid-up capital of the Group has therefore been restated accordingly.



**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)

18. **RESERVES**

	<b>Group</b>		<b>Company</b>
	<b>2000</b>	1999	<b>2000</b>
	<b>RM</b>	RM	<b>RM</b>
Non-distributable reserves:			
Share premium:			
Arising from the public issue	<b>4,300,000</b>	–	<b>4,300,000</b>
Share issue and listing expenses transferred from intangible assets	<b>(1,141,322)</b>	–	<b>(1,141,322)</b>
As at 30 April	<b>3,158,678</b>	–	<b>3,158,678</b>
Distributable reserves:			
Retained profits	<b>23,673,141</b>	21,158,118	<b>135,889</b>
	<b>26,831,819</b>	21,158,118	<b>3,294,567</b>

19. **TURNOVER**

Turnover for the Group comprises invoiced value of sales of goods net of discounts, allowances and sales taxes. The cost of sales incurred in relation to the Group's turnover was RM66,912,037 (1999: RM57,305,641). The cost of sales consists of cost of raw materials purchased, direct labour and related overheads.

Turnover for the Company comprises management fee received from subsidiaries and dividend income and interest received and receivable.

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**20. PROFIT BEFORE TAXATION**

	<b>Group</b>		<b>Company</b>
	<b>2000</b>	1999	<b>2000</b>
	<b>RM</b>	RM	<b>RM</b>
Profit before taxation is stated after charging/(crediting):			
Auditors' fees	<b>63,000</b>	41,000	<b>3,000</b>
Bad debts written off	<b>30,144</b>	-	-
Depreciation	<b>3,046,163</b>	2,973,363	-
Directors' remuneration			
– fees	<b>126,000</b>	120,000	<b>6,000</b>
– other emoluments	<b>1,140,150</b>	1,070,016	<b>17,520</b>
Fixed assets written off	<b>232,060</b>	96,520	-
Interest expense	<b>181,990</b>	674,692	-
Provision for doubtful debts	<b>271,022</b>	343,933	-
Provision for slow moving stocks	<b>29,780</b>	-	-
Rental expenses	<b>376,200</b>	307,200	-
Realised loss on foreign exchange	<b>2,370</b>	491	-
Bad debts recovered	<b>(4,604)</b>	-	-
Gain on disposal of fixed assets	<b>(73,707)</b>	(26,518)	-
Interest income	<b>(37,543)</b>	(29,531)	<b>(10,777)</b>
Management fee received from a subsidiary	-	-	<b>(23,500)</b>
Rental income	<b>(60,000)</b>	(60,000)	-
Dividend receivable from the subsidiary	-	-	<b>(2,600,000)</b>

\* The estimated monetary value of other benefits not included in the above received by a director was RM7,800 (1999: RM7,800).

**21. TAXATION**

	<b>Group</b>		<b>Company</b>
	<b>2000</b>	1999	<b>2000</b>
	<b>RM</b>	RM	<b>RM</b>
Current year's provision	<b>2,367,045</b>	-	<b>1,045</b>
Tax on dividend income	-	-	<b>728,000</b>
Provision for deferred taxation no longer required	<b>(95,000)</b>	(31,000)	-
	<b>2,272,045</b>	(31,000)	<b>729,045</b>
Taxation under provided in respect of prior year	<b>2,819</b>	23,396	-
	<b>2,274,864</b>	(7,604)	<b>729,045</b>

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank additional dividends of approximately RM2,700 out of the retained profits as at 30 April, 2000, without incurring any additional tax liability, subject to agreement by the Inland Revenue Board. Should the balance of the entire retained profits be distributed in the form of dividends, there will be a Section 108 shortfall of approximately RM37,000.

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)

**22. PROPOSED DIVIDEND**

The proposed dividend for the financial year ended 30 April, 2000, has been calculated based on the enlarged share capital of the Company of RM40,250,000.

**23. EARNING PER SHARE**

The basic earning per share has been calculated based on Group's profit after taxation and minority interest of RM6,253,911 and the weighted average number of ordinary shares in issue of 32,096,448.

**24. SIGNIFICANT RELATED PARTIES TRANSACTIONS**

	<b>Group</b>	
	<b>2000</b>	1999
	<b>RM</b>	RM
Sales of finished goods	2,184,957	3,499,315
Purchases of goods and services	460,673	4,994,929
Rental paid	260,400	343,200
Rental received	<u>60,000</u>	<u>150,000</u>

Related parties refer to companies in which certain directors of the Company are also directors of these companies.

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with third parties.

**25. SIGNIFICANT EVENTS**

During the financial year,

(a) the Company:

- (i) acquired 10,000,000 ordinary shares of RM1 each, representing 100% equity interest in Inter-Pacific Packaging Sdn. Bhd. for a purchase consideration of RM22,571,250 satisfied by an issuance of 16,649,478 new ordinary shares of RM1 each at an issue price of approximately RM1.36 per ordinary share credited as fully paid up;
- (ii) acquired 2,430,006 ordinary shares of RM1 each, representing 100% equity interest in South Island Plastics Sdn. Bhd. for a purchase consideration of RM7,995,466 satisfied by an issuance of 5,897,783 new ordinary shares of RM1 each at an issue price of approximately RM1.36 per ordinary share credited as fully paid up; and
- (iii) acquired 7,033,592 ordinary shares of RM1 each, representing 99.64% equity interest in South Island Packaging (Penang) Sdn. Bhd. for a purchase consideration of RM12,340,336 satisfied by an issuance of 9,102,737 new ordinary shares of RM1 each at an issue price of approximately RM1.36 per ordinary share credited as fully paid up.

**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)**25. SIGNIFICANT EVENTS** (cont'd.)

- (b) the issued and paid-up capital was increased from RM2 to RM40,250,000 by the issuance of 31,649,998 ordinary share capital of RM1 each for the acquisitions of its subsidiaries and the public issue of 8,600,000 new ordinary shares of RM1 each at an issue price of RM1.50 per ordinary share for cash.
- (c) the listing and quotation for the entire issued and paid-up share capital of the Company comprising 40,250,000 ordinary shares of RM1 each on the Second Board of the Kuala Lumpur Stock Exchange was completed.

**26. CONTINGENT LIABILITIES**

<b>Company</b>	<b>2000 RM</b>	<b>1999 RM</b>
Undertaking given to provide guarantees for banking facilities granted to subsidiaries	<b>3,065,920</b>	–

**27. CAPITAL COMMITMENTS**

<b>Group</b>	<b>2000 RM</b>	<b>1999 RM</b>
Contracted but not provided for	<b>227,000</b>	–

**28. SEGMENTAL REPORTING**

No segmental reporting has been prepared as the Group is principally involved in manufacturing and distribution of packaging materials for industrial and commercial uses in Malaysia.

**29. COMPARATIVE FIGURES**

The acquisition of the subsidiaries during the year has been accounted for using the merger method of accounting in accordance with Malaysian Accounting Standard 2. The details of the acquisition are as follows:

<b>Subsidiaries</b>	<b>Ordinary shares of RM1 each acquired</b>	<b>RM</b>
Inter-Pacific Packaging Sdn. Bhd.	10,000,000	10,000,000
South Island Plastics Sdn. Bhd.	2,430,006	2,430,006
South Island Packaging (Penang) Sdn. Bhd.	7,033,592	7,033,592
		19,463,598
Number of ordinary shares of RM1 each in the Company issued as purchase consideration		31,649,998
Merger deficit, applied against retained profits		12,186,400



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**NOTES TO THE ACCOUNTS** – 30 APRIL, 2000 (cont'd.)

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**29. COMPARATIVE FIGURES** (cont'd.)

In accordance with the principles of merger accounting, the results and financial position of the Group have been presented as if the subsidiaries had been combined with the Group throughout the current and previous accounting periods. Accordingly, comparative figures are provided for the Group based on the audited accounts of the Company and its subsidiaries for the year ended 30 April, 1999.

**30. CURRENCY**

All amounts are stated in Ringgit Malaysia (RM).

**LIST OF PROPERTIES OWNED BY THE GROUP**

<b>Company</b>	<b>Location</b>	<b>Land Area/ Built-up Area</b>	<b>Existing Use</b>	<b>Tenure</b>	<b>Net Book Value @ 30-4-2000 RM000</b>
Inter-Pacific Packaging Sdn Bhd	Lot 897, 984 & 985, Batu 13, Jalan Kelang 47100 Puchong Selangor Dahrul Ehsan	27,797 sq.m./ 15,362 sq.m.	Factory and Office Premises	Freehold	10,068
South Island Plastics Sdn Bhd	H.S.(D) No. 40 Plot No. 21 Mk. 1 Kawasan Perusahaan Perai, Penang (No. 983 Kawasan MIEL Prai, Prai Industrial Estate, 13600 Prai, Penang)	1,995 sq.m./ 1,528 sq.m.	Warehouse	99 years Leasehold expiring on 28-9-2071	265
	H.S.(D) No. 4694 P.T. No. 3406 Mk. 1 Kawasan Perusahaan Perai, Penang (Plot 541 Jalan Perusahaan Baru 2, Prai Industrial Estate, 13600 Prai, Penang)	7,050 sq.m./ 4,462 sq.m.	Factory and Office Premises	60 years Leasehold expiring on 23-7-2051	2,625
South Island Packaging (Penang) Sdn Bhd	H.S.(D) No. 34 & 61 Mk. 1 Kawasan Perusahaan, Perai, Penang (Lot 689 & 652 Phase 1, Prai Industrial Estate, 13600 Prai, Penang)	8,027 sq.m./ 6,334 sq.m.	Factory and Office Premises	90 years Leasehold expiring on 10-7-2071 and 26-11-2071 respectively	2,278

**STATISTICS ON SHAREHOLDINGS** as at 28 August 2000

**ANALYSIS OF SHAREHOLDINGS**

Size of Shareholdings	No. of Shares	%	No. of Shareholders	%
1 - 1,000	2,952,002	7.34	2,954	70.89
1,001 - 5,000	2,446,000	6.08	850	20.40
5,001 - 10,000	1,451,000	3.60	178	4.27
ABOVE 10,001	33,400,998	82.98	185	4.44
	<b>40,250,000</b>	<b>100.00</b>	<b>4,167</b>	<b>100.00</b>

Note: There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.

**TWENTY LARGEST SHAREHOLDERS AS AT 28 AUGUST 2000**

Name	No. of shares held	%
1. ARAB-MALAYSIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SRI DATO' TAN KOK PING (BK 7/763-3)	9,056,855	22.50
2. ARAB-MALAYSIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' KAMARUDIN BIN JAFFAR (BK 7/767-6)	5,702,938	14.17
3. SOUTH ISLAND HOLDINGS SDN BHD	2,917,627	7.25
4. AHMAD FIZRI BIN ABU BAKAR	1,997,937	4.96
5. DATO' TENGKU ADNAN BIN TENGKU MANSOR	1,260,000	3.13
6. PERMODALAN NASIONAL BERHAD	1,000,000	2.49
7. LEMBAGA TABUNG ANGKATAN TENTERA	1,000,000	2.49
8. SOUTH ISLAND DEVELOPMENT COMPANY SDN. BERHAD	704,867	1.75
9. TAN KOK AUN	601,454	1.49
10. HONG LEONG FINANCE BERHAD PLEDGED SECURITIES ACCOUNT FOR TAN POAY SENG	400,000	0.99
11. TAN KOK WEI	371,826	0.92
12. TAN KOK POOH	358,895	0.89
13. TAN SRI DATO' TAN KOK PING	268,833	0.67
14. THONG & KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POAY SENG	250,000	0.62
15. SING TAT ENTERPRISE SDN BHD	211,248	0.53
16. YEE SHIA MING	210,000	0.52
17. BAM NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG SIMPANAN PEKERJA FOR TEOH CHENG GUAN (EP0076)	203,000	0.50
18. DATO' TAN SU CHIN	200,149	0.50
19. BEATRICE FERLAT KUSUMO ANGGRAINI	200,000	0.50
20. JOHAWIN RESOURCE SDN BHD	200,000	0.50
	<b>27,115,629</b>	<b>67.37</b>



**MAGNI-TECH INDUSTRIES BERHAD**  
(422585-V)

**SUBSTANTIAL SHAREHOLDERS** as at 28 August 2000

Name of Substantial Shareholders	No. of Ordinary Shares Held				%
	Direct	Deemed	Bare Trustee		
Tan Sri Dato' Tan Kok Ping	268,833	12,129,074	A,B	30.80	
Dato' Kamaruddin bin Jaffar	–	5,702,938	B	14.17	
South Island Development Company Sdn. Berhad	704,867	2,917,627	A	9.00	
Tan Kok Aun	601,454	2,917,627	A	8.74	
South Island Holdings Sdn Bhd	2,917,627	–		7.25	
Ahmad Fizri bin Abu Bakar	1,997,937	–		4.96	
Dato' Tengku Adnan bin Tengku Mansor	1,260,000	–		3.13	
Permodalan Nasional Berhad	1,000,000	–		2.48	
Yayasan Perlaburan Bumiputra	–	1,000,000	C	2.48	
Lembaga Tabung Angkatan Tentera	1,000,000	–		2.48	
Arab-Malaysian Nominees (Tempatan) Sdn Bhd	–	–	14,759,793 D	36.67	

Notes:

- A) Deemed Interest in South Island Holdings Sdn Bhd under Section 6d of the Companies Act, 1965
- B) Shares registered in the name of Arab-Malaysian Nominees (Tempatan) Sdn Bhd
- C) Deemed interest through Permodalan Nasional Berhad
- D) Shares held in trust for beneficial owners, disclosures under Section 69P of the Companies Act, 1965

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**MAGNI-TECH INDUSTRIES BERHAD**  
(422585-V)

**PROXY FORM**

\*I/We \_\_\_\_\_  
(BLOCK LETTERS)

of \_\_\_\_\_

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

\_\_\_\_\_

of \_\_\_\_\_

or failing him, \_\_\_\_\_

of \_\_\_\_\_

as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Third Annual General Meeting of the Company, to be held at Berjaya 1, 7th Floor, Berjaya Georgetown Hotel, 1-Stop, Midlands Park Centre, Jalan Burmah, 10350 Penang on Wednesday, 18 October 2000 at 10.30 a.m. and at any adjournment thereof.

<b>ORDINARY RESOLUTION</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>14</b>
<b>FOR</b>														
<b>AGAINST</b>														

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

\*strike out whichever is not desired

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

**No. of shares held:**

\_\_\_\_\_

\_\_\_\_\_  
Signature of member(s)

**Notes:**

1. A proxy may but need not be a member of the Company and the provisions of the Section 149(1)(a) and (b) of the Act shall not apply to the Company.
2. For a proxy to be valid, the proxy form must be duly completed and deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.



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To,

THE COMPANY SECRETARY  
**MAGNI-TECH INDUSTRIES BERHAD** (422585-V)  
51-21-A MENARA BHL BANK  
JALAN SULTAN AHMAD SHAH  
10050 PENANG

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