



MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

ANNUAL REPORT 2001

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Managing Director
Directors

Tan Sri Dato' Tan Kok Ping
Tan Poay Seng
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
21st Floor Plaza MWE, No. 8 Lebuhr Farquhar,
10200 Penang.
Tel: 04-2635603
Fax: 04-2639719

REGISTERED OFFICE

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

SHARE REGISTRAR

Plantation Agencies Sdn. Berhad (Effective 1st July 2001)
3rd Floor, Standard Chartered Bank Chambers,
Beach Street, 10300 Penang.
Tel: 04-2625333
Fax: 04-2622018

BANKERS

Bumiputra-Commerce Bank Berhad
HSBC Bank Malaysia Bhd
Malayan Banking Berhad
Southern Bank Berhad
United Overseas Bank (Malaysia) Bhd

SUBSIDIARIES

Inter-Pacific Packaging Sdn Bhd No. 186388 (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 FOURTH 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 MONDAY, 15 OCTOBER 2001 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES :-

AGENDA

- | | |
|--|---|
| 1. To receive and adopt the Financial Statements for the year ended 30 April 2001 together with the Reports of the Directors and Auditors thereon. | Ordinary Resolution 1 |
| 2. To re-elect the following Directors retiring pursuant to Article 94(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election :
i) Tan Sri Dato' Tan Kok Ping
ii) Mr. Tan Poay Seng
iii) Mr. Tan Kok Aun | Ordinary Resolution 2
Ordinary Resolution 3
Ordinary Resolution 4 |
| 3. To approve the payment of a first and final dividend of 7% less Income Tax of 28% for the year ended 30 April 2001. | Ordinary Resolution 5 |
| 4. To approve the payment of Directors' Fees for the year ended 30 April 2001. | Ordinary Resolution 6 |
| 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 7 |

As Special Business :

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

- | | |
|--|-----------------------|
| 6. 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 deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being 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 8 |
| 7. That the alterations, modifications, variations or additions to the Articles of Association of the Company as set out per Appendix I attached to the Circular to Shareholders dated 21 September 2001, be and are hereby approved. | Special Resolution 1 |

NOTICE OF ANNUAL GENERAL MEETING (cont'd.)

8. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

LEE PENG LOON (LS 00405)
Company Secretary

Penang
Date: 21 September 2001

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 in 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.

Item 7

The Special Resolution proposed under item 7, if passed, will render the Company's Articles of Association to be consistent and compliant with Chapter 7 of the Kuala Lumpur Stock Exchange Revamped Listing Requirements.

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies' Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the proxy form 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.

NOTICE IS ALSO HEREBY GIVEN THAT a depositor shall qualify for entitlement only in respect of :

- a. Shares transferred into the depositor's securities account before 12.30 p.m. on 19 October 2001 in respect of ordinary transfers;
- b. Shares bought on the 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 12 November 2001 to shareholders on the Register of the Company at the close of business on 19 October 2001.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

STATEMENT accompanying Notice of Fourth Annual General Meeting of the Company pursuant to paragraph 8.28(2) of the Kuala Lumpur Stock Exchange Revamped Listing Requirements :

- (1) The following are the Directors standing for re-election pursuant to Article 94(1) of the Company's Articles of Association:

1. Tan Sri Dato' Tan Kok Ping
2. Mr. Tan Poay Seng
3. Mr. Tan Kok Aun

- (2) Total number of Board Meetings held for the financial year ended 30 April 2001 : 3
Place of the meetings : Level 18, Penas Tower
Jalan Burmah, 10350 Penang
Respective dates and hour of the meetings : 18.10.2000 @ 11.45 am
10.03.2001 @ 10.00 am
12.04.2001 @ 10.00 am

Attendance of Directors at Board Meetings

Name of Directors	Number of Board Meetings Attended
-------------------	-----------------------------------

1. Tan Sri Dato' Tan Kok Ping	3
2. Mr. Tan Poay Seng	3
3. Mr. Tan Kok Aun	3
4. Encik Ahmad Fizri bin Abu Bakar	3
5. Mr. Lee Koong Chen @ Lee Kong Chew	3
6. Mr. Chang Chuen Hwa	3
7. Mr. H'ng Cheok Seng	3
8. Encik Noor Zahidi bin Omar	3
9. Encik Abdul Jalil bin Ismail	3

- (3) Details of Directors standing for re-election at the Fourth Annual General Meeting (*) :

Name, age & nationality	Position	Qualification	No. of shares held in the Company (^)	No. of shares held in the subsidiaries (^)
Tan Sri Dato' Tan Kok Ping, 55, Malaysian	Executive Chairman	Bachelor Degree in Commerce, Nanyang University Singapore	Direct: 9,480,280 Deemed: 2,917,627	Direct: nil Deemed: nil
Tan Poay Seng, 35, Malaysian	Managing Director	Diploma in Hotel Management, Switzerland	Direct: 686,508 Deemed: nil	Direct: nil Deemed: nil
Tan Kok Aun, 52, Malaysian	Executive Director	Bachelor Degree in Mechanical Engineering Trinity College, Ireland	Direct: 601,454 Deemed: 2,917,627	Direct: nil Deemed: nil

(*) Shareholders are requested to refer to Directors' Profile on page 6 to 8 of the Annual Report of the Company for the following further details:-

- working experience & occupation
- any other directorships of public companies
- family relationship with any director and/or major shareholder of the Company
- any conflict of interest that the above Directors have with the Company
- the list of convictions for offences within the past 10 years other than traffic offences, if any

(^) No. of shares held in the Company and Subsidiaries as at 5 September 2001.

PROFILE OF DIRECTORS

Tan Sri Dato' Tan Kok Ping

Executive Chairman ; Appointed to the Board on 18-2-2000
Aged 55, Malaysian,
Bachelor Degree in Commerce, Nanyang University Singapore
Occupation : Company Director

Tan Sri has more than 32 years of experience in various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products

He is currently the Deputy Chairman of Berjaya Sports Toto Berhad, Director of Berjaya Group Berhad as well as the Chairman of Berjaya Holdings (HK) Limited. He also sits on the Board of several other private limited companies.

He is presently the President of Penang Chinese Chamber of Commerce and was the former Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

He was appointed as a member of The Second National Economic Consultative Council (NECC II) in August 1999. He is also a member of the Penang Trade Consultative Council for the term of 2000-2004.

Tan Poay Seng

Managing Director and Member of Audit Committee ; Appointed to the Board on 18-2-2000
Aged 35, Malaysian
Diploma in Hotel Management, Switzerland
Occupation : Company Director

He was the Managing Director of South Island Garment Sdn Bhd, an export orientated garment manufacturer in Malaysia for about 4 years. He was the Managing Director of Fila Sport Malaysia Sdn Bhd, which is involved in the marketing and retailing of sportswear, for about 5 years. He sits on the Board of several private limited companies.

Tan Kok Aun

Executive Director ; Appointed to the Board on 18-2-2000
Aged 52, Malaysian
Bachelor of Mechanical Engineering Degree, Trinity College, Ireland
Occupation : Company Director

He was one of the pioneers responsible for the initial setup and operations of South Island Packaging (Penang) Sdn Bhd (SIPP), a 99.64% owned Subsidiary of the Company. He has over 25 years of experience in the printing and packaging industry. He sits on the Board of several private limited companies.

Ahmad Fizri bin Abu Bakar

Non-Independent Non-Executive Director ; Appointed to the Board on 18-2-2000
Aged 52, Malaysian
Bachelor of Arts Degree, UM and MBA, Northrop University, USA
Occupation : Company Director

He has an aggregate of 14 years working experience in the consumer electronics manufacturing sector. He was the Director of Corporate Affairs of Sony (M) Sdn Bhd for about 7 years. He sits on the Board of several private limited companies.

PROFILE OF DIRECTORS (cont'd.)

Lee Koong Chen @ Lee Kong Chew

Executive Director ; Appointed to the Board on 18-2-2000
Aged 60, Malaysian
Mechanical Engineering Degree, National Taiwan University
Occupation : Company Director

He is the Managing Director of Inter-Pacific Packaging Sdn Bhd (IPP), a wholly owned subsidiary of the Company. An Engineer by profession, he was one of the pioneers in the corrugated industry having more than 25 years of experience in printing and packaging. He was the Works Manager in Federal Paper Products, Shah Alam for 18 years, General Manager in Pan Asian Paper Product Sdn Bhd, Penang for 4 years and was attached to Federal Printing & Packaging Sdn Bhd for one year. He set up IPP in early 1990 and steered it to become a leader in the industrial packaging industry. He is currently a member of the Board of Engineers, Malaysia.

Chang Chuen Hwa

Executive Director ; Appointed to the Board on 18-2-2000
Aged 43, Malaysian
Bachelor of Business Studies Degree, Massey University, New Zealand
Occupation : Company Director

He is the Managing Director of South Island Plastics Sdn Bhd (SIP), a wholly owned subsidiary of the Company and was attached to SIP since 1982. During his 18 years of service with SIP, he has gained extensive knowledge of the plastic film packaging industry.

H'ng Cheok Seng

Independent Non-Executive Director and Chairman of Audit Committee ;
Appointed to the Board on 18-2-2000
Aged 43, Malaysian
Associate Member, Association of Chartered Certified Accountants, UK
Occupation : Company Director

He has 6 years of audit and taxation experience with a local public accounting firm. He also has 11 years working experience in various finance related positions with investment holding, garment manufacturing, local as well as multi-national electronic manufacturing companies.

Noor Zahidi bin Omar

Independent Non-Executive Director and Member of Audit Committee ;
Appointed to the Board on 18-2-2000
Aged 43, Malaysian
Diploma in Business Studies, ITM
Occupation : Company Director

For 3 years he served as Company Secretary and Executive Assistant to the Group Managing Director of Kumpulan Adabi (Holdings) Sdn Bhd, an investment holding company. He was subsequently the General Manager of Keltra Sdn Bhd, which is principally involved in construction, for a period of 5 years. He is currently an Executive Director of Keltrade Sdn Bhd. He also sits on the Board of several private limited companies.

PROFILE OF DIRECTORS (cont'd.)

Abdul Jalil bin Ismail

Independent Non-Executive Director ; Appointed to the Board on 24-4-2000
Aged 51, Malaysian
Member, Chartered Institute of Bankers, London
Occupation : Company Director

He joined Bank Bumiputra Malaysia Berhad in 1972 and later Perwira Affin Bank Berhad, serving in various capacities including his last position as Head of Systems & Methods, Corporate Division. He has a total of 16 years' banking experience. He sits on the Board of several private limited companies.

DIRECTORS' RESPONSIBILITY STATEMENT AND RELATED INFORMATION

DIRECTOR'S RESPONSIBILITY STATEMENT AS AT 30 APRIL 2001

The directors consider that, in preparing the financial statements of Magni-Tech Industries Berhad for the year ended 30 April 2001 on pages 24 to 47 of this annual report, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors also consider that all applicable accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FAMILY RELATIONSHIP AND CONFLICT OF INTEREST

None of the directors has any family relationship with the other directors except for Tan Sri Dato' Tan Kok Ping and Tan Kok Aun, who are brothers ; Tan Poay Seng is the son of Tan Sri Dato' Tan Kok Ping ; and Chang Chuen Hwa is the brother-in-law of Tan Sri Dato' Tan Kok Ping and Tan Kok Aun.

None of the directors has any conflict of interest in the Company.

Tan Sri Dato' Tan Kok Ping and Tan Kok Aun are directors and major shareholders of South Island Holdings Sdn Bhd, a major shareholder of the Company.

CONVICTIONS FOR OFFENCES

None of the directors has been convicted for offences within the past 10 years other than traffic offences, if any.

PLACE, DATE, TIME AND ATTENDANCE OF BOARD MEETINGS

There were 3 Board of Directors' Meetings held during the financial year ended 30 April 2001.

All the directors were present at the above 3 meetings except for Dato' Tengku Adnan bin Tengku Mansor, who was absent from one of the meetings. Dato' Tengku Adnan bin Tengku Mansor resigned as Chairman and Director of the Company effective 30 January 2001.

DIRECTORS' RESPONSIBILITY STATEMENT AND RELATED INFORMATION (cont'd.)

DIRECTORS' REMUNERATION

Breakdown of directors' remuneration for the year ended 30 April 2001, by category and in successive band of RM50,000 is shown below:

	Total RM	Executive Director RM	Non-Executive Director RM
Directors' remuneration			
Category – Directors of the Company			
Fees	172,000	70,000	102,000
Salaries	1,122,000	1,122,000	-
Bonus	298,400	298,400	-
EPF & Socso	170,378	162,458	7,920
Benefit-in-kind	7,800	7,800	-
	1,770,578	1,660,658	109,920
Category – Director of subsidiary			
Salaries	32,000	32,000	-
Bonus	6,400	6,400	-
EPF & Socso	4,951	4,951	-
	43,351	43,351	-
Grand Total	1,813,929	1,704,009	109,920
No. of Directors			
0 to RM 50,000	4	-	4
RM150,001 to RM200,000	2	2	-
RM200,001 to RM250,000	1	1	-
RM300,001 to RM350,000	1	1	-
RM550,001 to RM600,000	1	1	-
	9	5	4

STATUS OF UTILISATION OF PROCEEDS RAISED FROM FLOTATION EXERCISE

The unutilised proceeds from the flotation exercise as at 30 April 2001 are as follows :

Proposed capital expenditure for acquisition and upgrading of machinery	RM000 5,000
Less : Amount utilised to date	4,531
Amount not yet utilised	469

The said balance of RM469,000 is expected to be utilised by 31 October 2001.

DIRECTORS' RESPONSIBILITY STATEMENT AND RELATED INFORMATION (cont'd.)

SHARE BUYBACKS, OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no share buybacks and exercise of warrants or convertible securities by the Company during the financial year.

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

The Company did not sponsor any ADR or GDR programme during the financial year.

SANCTIONS AND / OR PENALTIES

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

NON-AUDIT FEES

The external auditors have not been paid any non-audit fee by the Company during the financial year.

PROFIT GUARANTEE AND PROFIT ESTIMATE, FORECAST OR PROJECTION OR UNAUDITED RESULTS

During the financial year, there was no profit guarantee given by the Company.

There was no significant variance between the results for the financial year and the unaudited results previously announced.

However, the profit after tax and minority interest for the financial year was 12% higher than the IPO profit forecast mainly due to lower tax charge attributed to tax claim for reinvestment allowance on new machinery.

MATERIAL CONTRACTS OR CONTRACT RELATING TO LOANS

During the financial year, there were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest.

REVALUATION POLICY ON LANDED PROPERTIES

During the financial year, the Company does not have a revaluation policy on landed properties.

AUDIT COMMITTEE REPORT

Chairman	: H'ng Cheok Seng	— Independent Non-Executive Director
Members	: Noor Zahidi bin Omar Tan Poay Seng	— Independent Non-Executive Director — Managing Director

TERMS OF REFERENCE

Authority

Wherever necessary and reasonable for the performance of its duties, the Audit Committee shall :-

- have authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Company;
- have direct communication channels with the external auditors;
- be able to obtain independent professional or other advice; and
- be able to convene meetings with the external auditors, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

Functions

The functions of the Audit Committee are as follows :-

- review the following and report the same to the Board of Directors :-
 - with the external auditor, the audit plan;
 - with the external auditor, his evaluation of the system of internal controls;
 - with the external auditor, his audit report;
 - the assistance given by the employees of the Company to the external auditor;
 - the quarterly results and year end financial statements, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - any related party transaction and conflict of interest situation that may arise within the Company, and the Group.
- To recommend the nomination of a person or persons as external auditors.

Procedure

The Audit Committee shall regulate its own procedure, in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings of such meetings, the keeping of minutes, and the custody, production and inspection of such minutes

Number of Audit Committee Meetings held during the financial year

There were 4 meetings held during the financial year and all the 3 members of the Audit Committee were present at the said 4 meetings.

Summary of Activities of the Audit Committee held during the Financial Year

The Audit Committee has reviewed the quarterly and year end financial statements before submission to the Board and announcement to the Kuala Lumpur Stock Exchange.

AUDIT COMMITTEE REPORT (cont'd.)

Internal Control

The Directors and management have put in place, and are reviewing the adequacy and integrity, of the relevant system of internal control which is designed to provide reasonable assurance regarding:

- (i) Reliability and integrity of the financial and operational information;
- (ii) Safeguarding of assets;
- (iii) Compliance with laws, regulations and contracts.

The Company will consider the need for the establishment of an internal audit department to carry out the relevant internal audit functions.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Accounts of Magni-Tech Industries Berhad for the year ended 30 April 2001.

Group's Performance

For the financial year ended 30 April 2001, the Group achieved a higher turnover of RM99.511 million, representing an increase of 16% compared to the previous year of RM85.736.

The commendable growth in turnover was mainly attributable to increased orders from various existing customers as a result of higher sales experienced by them. The Group has been able to enjoy higher orders from these customers mainly due to its strength on quality, price as well as other aspects of customer service.

The increase in turnover has enabled the Group to record an encouraging profit before tax and minority interest of RM9.735 million, a 14% increase compared to the preceding year of RM8.532 million.

Furthermore, the profit before tax after minority interest for the financial year has slightly exceeded the forecast of RM9.675 million made in the Company's IPO Prospectus dated 7 March 2000.

The financial position has remained strong with Reserves of RM32.219 million (2000 : RM26.832 million) against the paid up ordinary share capital of RM40.250 million. Likewise the current ratio of 3.3 : 1 (2000 : 2.8 : 1) was healthy and the gearing ratio was very low.

Industry Trend & Development

As the packaging industry is basically an ancillary industry, its orders are to a great extent dependent on the demand pattern of ultimate customers, particularly the manufacturing sector.

The sectors the Group serves include the manufacturing of rubber based products, food & confectionery, plastics based products, electrical & electronics, and consumer & household products.

The current outlook of the manufacturing sector appears weak mainly due to the slowing US economy and external demand coupled with weak domestic consumer confidence and spending which was especially felt towards the 2nd half of the financial year.

The current excess capacity in the packaging industry resulting in stiff price competition is expected to be carried forward to the coming financial year ending 30 April 2002. Given such a constraint, the Group is committed to continually work towards the enhancement of its business and operational capabilities.

In the long run, the Group is also mindful of the potential opportunities and challenges presented by globalisation and the impending implementation of the AFTA agreement. The Group is exploring and identifying appropriate means to take on these opportunities and challenges.

Prospects

In the foreseeable future, packaging products will continue to be the core revenue earner. In spite of tough business environment ahead, the Directors anticipate that the group's performance for the financial year ending 30 April 2002 will be satisfactory.

CHAIRMAN'S STATEMENT (cont'd.)

Dividends

The Board has recommended a final dividend of 7 sen gross per share for approval of the shareholders at the forthcoming Annual General Meeting, as committed in the dividend forecast of the abovesaid IPO Prospectus. The recommended dividend is covered 3.7 times (2000 : 3.6 times) by the Group profit after taxation.

Appreciation

Dato' Tengku Adnan bin Tengku Mansor resigned as Chairman and Director of the Company on 30-1-2001. On behalf of the Board, I would like to extend our thanks and appreciation for his invaluable contributions to the Company during his tenure of service.

I also 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.

Tan Sri Dato' Tan Kok Ping
Chairman



MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 30 April, 2001.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net profit for the year	<u>7,569,033</u>	<u>2,093,368</u>

DIVIDENDS

The amount of dividends paid or declared by the Company since 30 April, 2000 were as follows:

In respect of the financial year ended 30 April, 2000	RM
First and final dividend of 6% on 40,250,000 ordinary shares	
less 28% taxation paid on 10 November, 2000	<u>1,738,800</u>

The directors recommend a first and final dividend of 7% on 40,250,000 ordinary shares less 28% taxation, amounting to RM2,028,600 in respect of the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements 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 there were no known bad debts and that adequate provision had been made for doubtful debts for the Group. The directors are satisfied that there were no known bad debts 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 require any amount to be written off as bad debts or render the amount provided for as doubtful debts in the financial statements of the Group inadequate to any substantial extent nor are they aware of any circumstances which would require any amount to be written off as bad debts or provided for as doubtful debts in the financial statements of the Company.

DIRECTORS' REPORT (cont'd.)

CURRENT ASSETS

Before the income statements 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 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 financial statements of the Group and 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 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 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 the Company which has arisen since the end of the financial year other than as disclosed in Note 24 to the financial statements.

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 or the Company to meet their 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 financial statements of the Group or the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and 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 or the Company for the financial year in which this report is made.

DIRECTORS' REPORT (cont'd.)

EMPLOYEES' SHARE OPTION SCHEME

The Magni-Tech Industries Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 12 April, 2001.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the full time employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share and paid-up share capital of the Company at any point of time during the duration of the ESOS, which shall be in force for a period of five years from the effective date.
- (c) The option price for each share shall be the higher of the following:
 - (i) at a discount of not more than 10% from the weighted average market quotation of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of offer; or
 - (ii) the par value of the shares.
- (d) No offer shall be made for less than 1,000 shares nor more than 500,000 shares to any eligible employee.
- (e) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer or such shorter period as may be specified in such offer.
- (f) The number of shares under option or the option price or both so far as the option remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of the Company's shares made by the Company.
- (g) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.

During the financial year, there were no share options being granted. Subsequent to the financial year end, share options amounting to 1,052,000 have been granted to eligible employees and directors of the Group at an exercise price of RM1.06 per share.

DIRECTORS

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

Tan Sri Dato' Tan Kok Ping
Tan Poay Seng
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
Dato' Tengku Adnan bin Tengku Mansor - resigned on 30 January, 2001

DIRECTORS' REPORT (cont'd.)

In accordance with the Company's Articles of Association, Tan Sri Dato' Tan Kok Ping, Tan Poay Seng and Tan Kok Aun retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries 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, other than the share options granted pursuant to the ESOS.

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 financial statements or the fixed salary of directors who are full time employees of the Company and its 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, 2000	Bought	Sold	30 April, 2001
Magni-Tech Industries Berhad				
Tan Sri Dato' Tan Kok Ping				
- direct #	9,480,280	-	-	9,480,280
- indirect *	3,107,627	-	190,000	2,917,627
Tan Kok Aun - direct	601,454	-	-	601,454
- indirect *	3,107,627	-	190,000	2,917,627
Tan Poay Seng	686,508	-	-	686,508
Lee Koong Chen @ Lee Kong Chew	110,000	-	-	110,000
Ahmad Fizri bin Abu Bakar	2,007,937	-	10,000	1,997,937
Chang Chuen Hwa	97,374	-	-	97,374
H'ng Cheok Seng	10,000	-	-	10,000
Noor Zahidi bin Omar	10,000	-	3,000	7,000

* 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.

Inclusive of shares registered in the name of AAA Nominees (Tempatan) Sdn. Bhd. and Southern Nominees (Tempatan) Sdn. Bhd.

Other than as disclosed in the above, Abdul Jalil bin Ismail, a director in office at the end of the financial year, did not have any interest in the shares of the Company or its related corporations.

DIRECTORS' REPORT (cont'd.)

NUMBER OF EMPLOYEES AND PRINCIPAL PLACE OF BUSINESS

The number of employees in the Group and the Company at the end of the year were 593 (2000: 613) and 2 (2000: 1) respectively. The principal place of business of the Company is located at Level 18, Pernas Tower, Midlands Park Centre, 488-A, Jalan Burmah, 10350 Penang, Malaysia.

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 POAY SENG

LEE KOONG CHEN @ LEE KONG CHEW

Dated: 18 July, 2001
Penang

STATEMENT BY DIRECTORS

We, TAN POAY SENG and LEE KOONG CHEN @ LEE KONG CHEW, being two of the directors of MAGNI-TECH INDUSTRIES BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 24 to 47 give a true and fair view of the state of affairs of the Group and the Company as at 30 April, 2001 and of the results and cash flows of the Group and the Company 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 POAY SENG

LEE KOONG CHEN @ LEE KONG CHEW

Dated: 18 July, 2001
Penang

STATUTORY DECLARATION

I, POH SENG CHIT, the officer primarily responsible for the financial management of MAGNI-TECH INDUSTRIES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 24 to 47 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 POH SENG CHIT)	
at Georgetown in the State of Penang)	
on 18 July, 2001)	POH SENG CHIT

Before me:

CH'NG CHIN KUAN

Commissioner for Oaths
Penang

AUDITORS' REPORT

To the Shareholders of
MAGNI-TECH INDUSTRIES BERHAD

We have audited the financial statements set out on pages 24 to 47. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 30 April, 2001 and of the results and cash flows of the Group and the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;
- (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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Arthur Andersen & Co.
No. AF 0103
Public Accountants

Dated: 18 July, 2001
Penang

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

CONSOLIDATED BALANCE SHEET – 30 APRIL, 2001

	Note	2001 RM	2000 RM
CURRENT ASSETS			
Cash and bank balances		2,504,996	1,568,676
Deposits with licensed banks		6,804,395	10,000,000
Trade debtors	3	22,552,310	20,182,079
Other debtors	4	973,855	342,350
Inventories	5	12,553,652	16,273,177
		45,389,208	48,366,282
CURRENT LIABILITIES			
Short term borrowings	6	1,185,451	3,065,920
Trade creditors	7	3,859,488	4,327,180
Other creditors	9	5,336,408	6,106,960
Taxation		1,428,298	2,096,972
Proposed dividend		2,028,600	1,738,800
		13,838,245	17,335,832
NET CURRENT ASSETS		31,550,963	31,030,450
PROPERTY, PLANT AND EQUIPMENT	11	46,001,209	41,112,291
DEFERRED TAXATION	13	(5,027,000)	(5,008,000)
MINORITY INTEREST		(56,302)	(52,922)
		72,468,870	67,081,819
SHAREHOLDERS' FUNDS			
Share capital	14	40,250,000	40,250,000
Reserves		32,218,870	26,831,819
		72,468,870	67,081,819

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL, 2001

	Note	2001 RM	2000 RM
Revenue	15	99,511,206	85,735,556
Cost of sales		(78,577,319)	(66,943,237)
Gross profit		20,933,887	18,792,319
Other operating income		60,000	60,000
Selling and distribution expenses		(4,959,225)	(4,544,509)
General and administrative expenses		(6,300,289)	(5,495,899)
Profit from operations	16	9,734,373	8,811,911
Finance income/(costs), net	17	504	(280,151)
Profit before taxation		9,734,877	8,531,760
Taxation	18	(2,162,464)	(2,274,864)
Profit after taxation		7,572,413	6,256,896
Minority interest		(3,380)	(2,985)
Net profit for the year		7,569,033	6,253,911
Basic earnings per share (sen)	19	18.81	19.48

The accompanying notes are an integral part of this statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL, 2001

		Non- Distributable	Distributable	
	Share capital RM	Share premium RM	Retained profits RM	Total RM
At 1.5.1999	2	-	21,158,030	21,158,032
Net profit for the year	-	-	6,253,911	6,253,911
Issue of shares	40,249,998	4,300,000	-	44,549,998
Share issue and listing expenses	-	(1,141,322)	-	(1,141,322)
Dividends (Note 20)	-	-	(3,738,800)	(3,738,800)
At 30.4.2000	40,250,000	3,158,678	23,673,141	67,081,819
Net profit for the year	-	-	7,569,033	7,569,033
Share issue and listing expenses	-	(153,382)	-	(153,382)
Dividend (Note 20)	-	-	(2,028,600)	(2,028,600)
At 30.4.2001	40,250,000	3,005,296	29,213,574	72,468,870

The accompanying notes are an integral part of this statement.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL, 2001

	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,734,877	8,531,760
Adjustments for:		
Bad debts written off	-	30,144
Depreciation	3,112,212	3,046,163
Property, plant and equipment written off	169,868	232,060
Interest expense	74,132	181,990
Provision for doubtful debts	6,734	271,022
Inventories written off	220	29,780
Provision for doubtful debts written back	(36,309)	-
Gain on disposal of property, plant and equipment	(191,723)	(73,707)
Interest income	(206,163)	(37,543)
Operating profit before working capital changes	12,663,848	12,211,669
Increase in debtors	(2,972,161)	(790,283)
Decrease/(Increase) in inventories	3,719,306	(4,555,669)
Decrease in creditors	(1,238,429)	(440,122)
Cash generated from operations	12,172,564	6,425,595
Tax paid	(2,596,138)	(1,435,013)
Net cash generated from operating activities	9,576,426	4,990,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	206,163	37,543
Purchase of property, plant and equipment	(8,183,376)	(2,980,667)
Proceed from disposal of property, plant and equipment	204,101	81,000
Net cash used in investing activities	(7,773,112)	(2,862,124)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	-	12,900,000
Shares issue and listing expenses incurred	(153,382)	(1,099,582)
Repayment of term loan	-	(996,875)
Repayment of hire-purchase creditors	(168,108)	(268,080)
Interest paid	(120,561)	(179,830)
Dividend paid	(1,738,800)	-
Dividend paid by a subsidiary prior to merger	-	(2,000,000)
Net change in bankers' acceptance and revolving credits	(1,572,000)	(478,828)
Net cash (used in)/generated from financing activities	(3,752,851)	7,876,805
Net (decrease)/increase in cash and cash equivalents	(1,949,537)	10,005,263
Cash and cash equivalents at beginning of year	11,258,928	1,253,665
Cash and cash equivalents at end of year	9,309,391	11,258,928

A

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL, 2001 (cont'd.)

A. CASH AND CASH EQUIVALENTS

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

	2001 RM	2000 RM
Cash and bank balances	2,504,996	1,568,676
Deposits with licensed banks	6,804,395	10,000,000
Bank overdrafts	-	(309,748)
	<u>9,309,391</u>	<u>11,258,928</u>

The accompanying notes are an integral part of this statement.

BALANCE SHEET – 30 APRIL, 2001

	Note	2001 RM	2000 RM
CURRENT ASSETS			
Cash and bank balances		249,548	154,608
Deposits with licensed banks		-	500,000
Due from subsidiaries	8	8,472,503	8,528,500
		8,722,051	9,183,108
CURRENT LIABILITIES			
Other creditors	9	79,798	505,741
Due to a subsidiary company	8	-	42,953
Taxation		1,045	1,045
Proposed dividend		2,028,600	1,738,800
		2,109,443	2,288,539
NET CURRENT ASSETS		6,612,608	6,894,569
DUE FROM A SUBSIDIARY	8	5,000,000	5,000,000
INVESTMENT	10	31,649,998	31,649,998
PROPERTY, PLANT AND EQUIPMENT	11	193,347	-
		43,455,953	43,544,567
SHAREHOLDERS' FUNDS			
Share capital	14	40,250,000	40,250,000
Reserves		3,205,953	3,294,567
		43,455,953	43,544,567

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

INCOME STATEMENT FOR THE YEAR ENDED 30 APRIL, 2001

	Note	2001 RM	2000 RM
Revenue	15	3,542,500	2,623,500
General and administrative expenses		(636,663)	(29,515)
Profit from operations	16	2,905,837	2,593,985
Finance income	17	577	9,749
Profits before taxation		2,906,414	2,603,734
Taxation	18	(813,046)	(729,045)
Net profit for the year		2,093,368	1,874,689

The accompanying notes are an integral part of this statement.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL, 2001

		Non-Distributable	Distributable	
	Share capital	Share premium	Retained profits	Total
	RM	RM	RM	RM
At 1.5.1999	2	-	-	2
Net profit for the year	-	-	1,874,689	1,874,689
Issue of shares	40,249,998	4,300,000	-	44,549,998
Share issue and listing expenses	-	(1,141,322)	-	(1,141,322)
Dividends (Note 20)	-	-	(1,738,800)	(1,738,800)
At 30.4.2000	40,250,000	3,158,678	135,889	43,544,567
Net profit for the year	-	-	2,093,368	2,093,368
Share issue and listing expenses	-	(153,382)	-	(153,382)
Dividend (Note 20)	-	-	(2,028,600)	(2,028,600)
At 30.4.2001	40,250,000	3,005,296	200,657	43,455,953

The accompanying notes are an integral part of this statement.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL, 2001

	Note	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,906,414	2,603,734
Adjustments for:			
Depreciation		23,210	-
Interest income		(1,812)	(10,777)
Operating profit before working capital changes		2,927,812	2,592,957
Net changes in related companies balances (Decrease)/Increase in creditors		13,044 (425,943)	(13,485,547) 464,001
Cash generated from/(used in) operations		2,514,913	(10,428,589)
Tax paid		(813,046)	(728,000)
Net cash generated from/(used in) operating activities		1,701,867	(11,156,589)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,812	10,777
Purchase of property, plant and equipment		(216,557)	-
Net cash (used in)/generated from investing activities		(214,745)	10,777
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from issuance of shares		-	12,900,000
Shares issue and listing expenses incurred		(153,382)	(1,099,582)
Dividends paid		(1,738,800)	-
Net cash (used in)/generated from financing activities		(1,892,182)	11,800,418
Net (decrease)/increase in cash and cash equivalents		(405,060)	654,606
Cash and cash equivalents at beginning of year		654,608	2
Cash and cash equivalents at end of year	A	249,548	654,608

A. CASH AND CASH EQUIVALENTS

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

	2001 RM	2000 RM
Cash and bank balances	249,548	154,608
Deposits with licensed banks	-	500,000
	249,548	654,608

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001

1. **PRINCIPAL ACTIVITIES**

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

The principal activities of the subsidiaries are described in Note 10 to the financial statements.

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

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain property, plant and equipment in a subsidiary and comply with applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

- (i) Sales are recognised net of discounts when transfer of risks and rewards has been completed.
- (ii) Dividend income, rental income, interest income and management fees are recognised when the right to receive has been established.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Intragroup transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiaries 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.

(d) Investments

Investments in subsidiaries in the financial statements of the Company are stated at cost less any provision for permanent diminution in value.

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

(e) Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at the date. All exchange differences are taken to the income statements.

The principal exchange rate ruling at balance sheet date used is as follow:

	2001	2000
	RM	RM
United States Dollar	3.80	3.80

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Freehold land and construction work-in-progress are not depreciated. Long-term leasehold land and buildings are depreciated over the respective lease period which vary from 51 to 71 years.

Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost or valuation of each asset over the following estimated useful lives:

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

The revalued property, plant and equipment of a subsidiary company have not been revalued since their last revaluation dates i.e. 1979 and 1989. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of the International Accounting Standard No. 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these property, plant and equipment continued to be stated at their 1979 and 1989 valuations less accumulated depreciation.

(g) Inventories

Inventories 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 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 cost and other expenses incurred in bringing the inventories to its present location and condition. Cost of finished goods and work-in-progress includes direct materials, direct labour, and appropriate production overheads.

(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.

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

(i) Hire-Purchase

Plant and equipment acquired under hire-purchase are capitalised in the financial statements and are depreciated in accordance with the policy as set out in (f) above. The corresponding outstanding obligations due under the hire-purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances and fixed deposits, net of outstanding bank overdrafts.

(k) Debtors

Known bad debts are written off and specific provision is made for any debts considered to be doubtful of collection. An estimate is made for doubtful debts based on review of all outstanding amounts as at the financial year end.

3. TRADE DEBTORS

Group	2001 RM	2000 RM
Trade debtors	24,398,456	22,114,314
Less: Provision for doubtful debts	(1,846,146)	(1,932,235)
	22,552,310	20,182,079

Included in trade debtors are amounts owing by companies in which certain directors are also directors of the Company, as follows:

Group	2001 RM	2000 RM
Yong Guan Heng & Co. Sdn. Bhd. *	999,915	523,391
South Island Garment Sdn. Bhd. #	281,515	261,782
Pen'ads Sendirian Berhad *	12,390	1,386
Fila Sports (Malaysia) Sdn. Bhd. #	6,024	28,059
Industrial Adhesives Nitta Inc. Sdn. Bhd. *	887	-
	1,300,731	814,618

* Companies in which a director, Tan Kok Aun is also a director of the Company.

Companies in which a director, Tan Poay Seng is also a director of the Company.

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

4. OTHER DEBTORS

Group	2001 RM	2000 RM
Deposits	109,867	107,788
Prepayments	131,999	185,722
Other debtors	731,989	48,840
	973,855	342,350

Included in prepayments of the Group in the previous year is prepayment for the purchase of machinery amounting to RM35,750.

Included in other debtors of the Group is an amount of RM500,000 (2000: RM Nil) relating to advance payment for purchase of a landed property.

5. INVENTORIES

Group	2001 RM	2000 RM
At cost:		
Raw materials	9,972,683	13,129,730
Work-in-progress	937,239	1,200,561
Finished goods	1,538,739	1,539,664
Consumables, tools and spare parts	91,826	325,086
Goods in transit	13,165	78,136
	12,553,652	16,273,177

6. SHORT TERM BORROWINGS

Group	2001 RM	2000 RM
Unsecured		
Bank overdrafts	-	309,748
Bankers' acceptance	1,185,451	1,605,172
Revolving credit	-	500,000
	1,185,451	2,414,920
Secured		
Bankers' acceptance	-	651,000
	1,185,451	3,065,920

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (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 11;
- (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 1.00% to 8.30% (2000: 3.75% to 9.65%) per annum.

7. TRADE CREDITORS

Included in trade creditors of the Group are amounts owing to the following companies in which a director, Tan Kok Aun is also a director of the Company:

Group	2001 RM	2000 RM
Industrial Adhesives Nitta Inc. Sdn. Bhd.	71,900	61,056
Induscor Supplies (M) Sdn. Bhd.	19,287	4,144
	91,187	65,200

8. DUE FROM/TO SUBSIDIARIES

Company

The amount due from a subsidiary, Inter-Pacific Packaging Sdn. Bhd. amounting to RM5,000,000 (2000: RM5,000,000) 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 terms 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 FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

9. OTHER CREDITORS

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Other creditors	2,366,665	2,618,618	64,448	479,221
Accruals	2,968,080	3,318,571	15,350	26,520
Hire-purchase creditors (Note 12)	1,663	169,771	-	-
	<u>5,336,408</u>	<u>6,106,960</u>	<u>79,798</u>	<u>505,741</u>

Included in other creditors are amounts owing to companies in which certain directors are also directors of the Company, as follows:

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
South Island Garment Sdn. Bhd. #	29,106	28,155	-	-
Pen'ads Sendirian Berhad *	26,153	47,817	2,495	6,143
Induscor Supplies (M) Sdn. Bhd. *	1,500	3,337	-	-
Distra Sdn. Bhd. *	1,500	2,000	-	-
Berjaya Georgetown Hotel (Penang) Sdn. Bhd. #	371	54,454	-	54,454
	<u>58,630</u>	<u>135,763</u>	<u>2,495</u>	<u>60,597</u>

* Companies in which a director, Tan Kok Aun is also director of the Company.

Companies in which a director, Tan Poay Seng is also a director of the Company.

10. INVESTMENT

Company	2001	2000
	RM	RM
Unquoted shares in subsidiaries, at cost	<u>31,649,998</u>	<u>31,649,998</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

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

	Effective interests		Principal Activities
	2001 %	2000 %	
South Island Packaging (Penang) Sdn. Bhd.*	99.64	99.64	Manufacturing and distribution of inner packaging boxes for industrial and commercial uses.
South Island Plastics Sdn. Bhd.*	100	100	Manufacturing and distribution of flexible plastic packaging materials for industrial and commercial uses.
Inter-Pacific Packaging Sdn. Bhd.	100	100	Manufacturing and distribution of fibreboards, cartons and boxes for industrial and commercial uses.

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

11. PROPERTY, PLANT AND EQUIPMENT

Group	Long-term leasehold land and buildings RM	Freehold land and buildings RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings and equipment RM	Motor vehicles RM	Construction-in-progress RM	Total RM
Cost/Valuation							
At 1.5.2000	6,433,312	11,710,121	42,518,368	2,296,716	3,165,535	153,372	66,277,424
Additions	-	51,799	6,724,051	370,773	1,036,753	-	8,183,376
Disposals/ Write-offs	-	-	(262,288)	(22,817)	(350,973)	-	(636,078)
Transfer	-	-	153,372	-	-	(153,372)	-
At 30.4.2001	6,433,312	11,761,920	49,133,503	2,644,672	3,851,315	-	73,824,722
Representing:							
At cost	4,293,312	11,761,920	44,375,259	2,638,962	3,840,715	-	66,910,168
At valuation	2,140,000	-	4,758,244	5,710	10,600	-	6,914,554
	6,433,312	11,761,920	49,133,503	2,644,672	3,851,315	-	73,824,722

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

	Long-term leasehold land and buildings RM	Freehold land and buildings RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings and equipment RM	Motor vehicles RM	Construction- in-progress RM	Total RM
Accumulated Depreciation							
At 1.5.2000	1,264,537	1,642,260	17,999,715	1,582,536	2,676,085	-	25,165,133
Charge for the year	128,680	176,410	2,247,271	243,151	316,700	-	3,112,212
Disposals/ Write-offs	-	-	(95,202)	(9,911)	(348,719)	-	(453,832)
At 30.4.2001	1,393,217	1,818,670	20,151,784	1,815,776	2,644,066	-	27,823,513
Representing:							
At cost	915,800	1,818,670	17,072,257	1,810,066	2,633,466	-	24,250,259
At valuation	477,417	-	3,079,527	5,710	10,600	-	3,573,254
	1,393,217	1,818,670	20,151,784	1,815,776	2,644,066	-	27,823,513
Net Book Value							
At 30.4.2001							
At cost	3,377,512	9,943,250	27,303,002	828,896	1,207,249	-	42,659,909
At valuation	1,662,583	-	1,678,717	-	-	-	3,341,300
	5,040,095	9,943,250	28,981,719	828,896	1,207,249	-	46,001,209
Net Book Value							
At 30.4.2000							
At cost	3,467,220	10,067,861	22,600,087	714,180	489,450	153,372	37,492,170
At valuation	1,701,555	-	1,918,566	-	-	-	3,620,121
	5,168,775	10,067,861	24,518,653	714,180	489,450	153,372	41,112,291
Depreciation charge for 2000	128,606	175,720	2,082,405	216,791	442,641	-	3,046,163

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

Company	Office equipment RM	Motor vehicles RM	Total RM
Cost			
At 1.5.2000	-	-	-
Additions	12,289	204,268	216,557
At 30.4.2001	12,289	204,268	216,557
Accumulated Depreciation			
At 1.5.2000	-	-	-
Charge for the year	1,194	22,016	23,210
At 30.4.2001	1,194	22,016	23,210
Net Book Value			
At 30.4.2001	11,095	182,252	193,347
At 30.4.2000	-	-	-
Depreciation charge for 2000	-	-	-

- (a) Certain leasehold land and buildings of the Group with a carrying value of RM2,225,827 (2000: RM2,278,446) are pledged to a bank for banking facilities granted to the Group as disclosed in Note 6.
- (b) Included in the property, plant and equipment of the Group are assets with net book value of RM74,708 (2000: RM822,538) held under hire-purchase.
- (c) Certain property, plant and equipment of the Group were revalued in 1979 and 1989 by an independent firm of professional valuers based on fair market value. Deferred taxation amounting to RM551,000 (2000: RM547,000) 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 property, plant and equipment been carried out at historical cost less accumulated depreciation, the net book value of the revalued assets that would have been included in the financial statements of the Group as at 30 April, 2001 would be as follows:

	2001 RM	2000 RM
Long-term leasehold land and buildings	1,033,684	1,067,442
Plant and machinery	-	24,043

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

12. HIRE-PURCHASE CREDITORS

Group	2001 RM	2000 RM
Future minimum payments payable within one year	1,778	175,361
Less: Finance charges	(115)	(5,590)
	<hr/>	<hr/>
Representing hire-purchase due within 12 months (Note 9)	1,663	169,771
	<hr/>	<hr/>

13. DEFERRED TAXATION

	2001 RM	Group 2000 RM
(a) At 1 May	5,008,000	5,103,000
Transfer from/(to) income statement (Note 18)	19,000	(95,000)
	<hr/>	<hr/>
At 30 April	5,027,000	5,008,000
	<hr/>	<hr/>
(b) Deferred taxation is in respect of the following timing differences:		
Depreciation and capital allowances	20,110,000	19,966,000
Provisions	(2,155,000)	(2,080,000)
	<hr/>	<hr/>
	17,955,000	17,886,000
	<hr/>	<hr/>

14. SHARE CAPITAL

	2001 RM	2000 RM
Ordinary shares of RM1 each:		
Authorised:		
As at 1 May	100,000,000	100,000
Created during the year	-	99,900,000
	<hr/>	<hr/>
As at 30 April	100,000,000	100,000,000
	<hr/>	<hr/>
Issued and fully paid:		
As at 1 May	40,250,000	2
Issued as consideration for the acquisition of the subsidiaries during the year	-	31,649,998
Public issue	-	8,600,000
	<hr/>	<hr/>
As at 30 April	40,250,000	40,250,000
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

15. REVENUE

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Revenue consist of the following:				
Sales of goods	99,511,206	85,735,556	-	-
Management fee from subsidiaries	-	-	642,500	23,500
Dividend (gross) from subsidiaries	-	-	2,900,000	2,600,000
	99,511,206	85,735,556	3,542,500	2,623,500

16. PROFIT FROM OPERATIONS

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Profit from operations is stated after charging/(crediting):				
Auditors' remuneration				
- current year	54,000	63,000	10,000	3,000
- under provision in respect of previous year	-	-	5,000	-
Bad debts written off	-	30,144	-	-
Depreciation	3,122,212	3,046,163	23,210	-
Directors' remuneration*				
- fee	172,000	126,000	102,000	6,000
- other emoluments	1,634,127	1,140,150	343,920	17,520
Inventories written off	220	29,780	-	-
Realised loss on foreign exchange	276	2,370	-	-
Rental expenses	492,717	433,500	1,750	-
Property, plant and equipment written off	169,868	232,060	-	-
Bad debts recovered	(235)	(4,604)	-	-
Gain on disposal of property, plant and equipment	(191,723)	(73,707)	-	-
Provision for doubtful debts	6,734	271,022	-	-
Provision for doubtful debts written back	(36,309)	-	-	-
Rental income	60,000	60,000	-	-

* The estimated monetary value of other benefits not included in the above received by a director was RM7,800 (2000: RM7,800).

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

17. FINANCE INCOME/(COSTS), NET

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Included in finance income/(costs) are:				
Interest expense	(74,132)	(181,990)	-	-
Interest income	206,163	37,543	1,812	10,777

18. TAXATION

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Current year's provision	2,145,046	2,367,045	1,046	1,045
Tax on dividend income received	-	-	812,000	728,000
Transfer to/(from) deferred taxation (Note 13)	19,000	(95,000)	-	-
	2,164,046	2,272,045	813,046	729,045
Taxation (over)/under provided in respect of prior year	(1,582)	2,819	-	-
	2,162,464	2,274,864	813,046	729,045

As at 30 April, 2001, the Company has unutilised capital allowances of approximately RM19,000 (2000: Nil), which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend amounting to RM197,000 (2000: RM136,000) from its entire retained profits without incurring any additional tax liability, subject to the agreement with the Inland Revenue Board. If the balance of retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM1,100 (2000: RM Nil).

19. BASIC EARNINGS PER SHARE

The basic earnings per share has been calculated based on Group's profit after taxation and minority interest of RM7,569,033 (2000: RM6,253,911) and the weighted average number of ordinary shares in issue of 40,250,000 (2000: 32,096,448).

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

20. DIVIDENDS

	Group		Company		Dividend per share	
	2001 RM	2000 RM	2001 RM	2000 RM	2001 Sen	2000 Sen
Ordinary final dividend of 7% less 28% taxation	2,028,600	-	2,028,600	-	5.04	-
Ordinary interim tax exempt dividend of 20% paid by a subsidiary prior to the merger	-	2,000,000	-	-	-	20.00
Ordinary final dividend of 6% less 28% taxation	-	1,738,000	-	1,738,000	-	4.32
	<u>2,028,600</u>	<u>3,738,000</u>	<u>2,028,600</u>	<u>1,738,000</u>		

21. STAFF COSTS

The staff costs of the Group and the Company for the year are RM13,500,112 (2000: RM11,136,381) and RM371,582 (2000: RM17,520) respectively.

22. CAPITAL COMMITMENTS

Group	2001 RM	2000 RM
Capital expenditure contracted but not provided for	<u>356,000</u>	<u>227,000</u>

23. LEASE COMMITMENT

The Group has lease commitment under a non-cancellable operating lease in respect of rental of premises, payable as follows:

	2001 RM	2000 RM
Not later than one year	15,200	38,400
Later than one year and not later than five years	<u>-</u>	<u>15,200</u>

24. CONTINGENT LIABILITIES (UNSECURED)

Company	2001 RM	2000 RM
Guarantees provided to financial institutions in respect of banking facilities extended to subsidiaries	<u>2,184,253</u>	<u>3,065,920</u>

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Sales of finished goods to:				
Yong Guan Heng & Co. Sdn. Bhd. *	2,278,653	1,724,323	-	-
South Island Garment Sdn. Bhd. #	331,266	401,763	-	-
Fila Sport (Malaysia) Sdn. Bhd. #	30,547	36,574	-	-
South Island Building Sdn. Bhd. *	27,208	4,392	-	-
Pen'ads (M) Sendirian Berhad *	12,390	1,386	-	-
Induscor Supplies (M) Sdn. Bhd. *	6,097	4,526	-	-
Industrial Adhesives Nitta Inc. Sdn. Bhd. *	3,444	3,688	-	-
Purchases of goods and services from:				
Industrial Adhesives Nitta Inc. Sdn. Bhd. *	272,192	255,015	-	-
Induscor Supplies (M) Sdn. Bhd. *	71,688	56,399	-	-
Pen'ads (M) Sendirian Berhad *	58,887	131,776	23,511	54,454
Yong Guan Heng & Co. Sdn. Bhd. *	40,054	6,340	-	-
Distra Sdn. Bhd. *	5,200	4,603	-	-
Berjaya Georgetown Hotel (Penang) Sdn. Bhd. #	2,826	7,625	1,055	6,143
South Island Garment Sdn. Bhd. #	699	8,966	-	-
Rental of premises paid:				
South Island Garment Sdn. Bhd. #	240,000	240,000	-	-
Distra Sdn. Bhd. *	13,200	13,200	-	-
Induscor Supplies (M) Sdn. Bhd. *	14,400	7,200	-	-
Rental of machinery received:				
Yong Guan Heng & Co. Sdn. Bhd. *	60,000	60,000	-	-
Purchase of property, plant and equipment:				
Induscor Supplies (M) Sdn. Bhd. *	4,200	-	-	-
Sales of property, plant and equipment:				
Induscor Supplies (M) Sdn. Bhd. *	500	-	-	-

* Companies in which a director, Tan Kok Aun is also a director of the Company.

Companies in which a director, Tan Poay Seng is also a director of the Company.

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis that are not materially different from that obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL, 2001 (cont'd.)

26. 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.

27. CURRENCY

All amounts are stated in Ringgit Malaysia (RM).

28. COMPARATIVE FIGURES

The presentation of the financial statements for the current year has been changed to adopt the format as prescribed by Malaysian Accounting Standards Board Standard 1: Presentation of Financial Statements. Comparative figures have been reclassified to conform with this presentation, where necessary.

LIST OF PROPERTIES OWNED BY THE GROUP

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx Age of Building (Year)	Net Book Value @ 30-4-2001 RM000
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	11	9.943
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	11	252
	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	18	2,562
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	70	2,278

THIRTY LARGEST SHAREHOLDERS AS AT 5 SEPTEMBER 2001

Shareholders	No. of Shares	% Shareholding
1. AAA Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	6,217,126	15.45
2. Dato' Kamaruddin bin Jaffar	3,743,910	9.30
3. AAA Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	2,839,729	7.06
4. Dato' Kamaruddin bin Jaffar	1,959,028	4.87
5. South Island Holdings Sdn. Bhd.	1,526,627	3.79
6. South Island Holdings Sdn. Bhd.	1,391,000	3.46
7. Ahmad Fizri bin Abu Bakar	1,311,622	3.26
8. Dato' Tengku Adnan bin Tengku Mansor	1,260,000	3.13
9. Permodalan Nasional Berhad	1,000,000	2.48
10. Lembaga Tabung Angkatan Tentera	1,000,000	2.48
11. South Island Development Company Sdn. Berhad	704,867	1.75
12. Ahmad Fizri bin Abu Bakar	686,315	1.71
13. Southern Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	423,425	1.05
14. Hong Leong Finance Berhad (Pledged securities account for Tan Poay Seng)	400,000	0.99
15. Tan Kok Aun	388,283	0.96
16. Lim Hooi Leng	295,227	0.73
17. Tan Poay Seng	260,000	0.65
18. Yee Shia Ming	229,000	0.57
19. Hong Leong Finance Berhad (Pledged securities account for Tan Choon Kwan)	225,000	0.56
20. Tan Kok Pooh	222,481	0.55
21. Tan Kok Aun	213,171	0.53
22. Sing Tat Enterprise Sendirian Berhad	211,248	0.52
23. Dato' Tan Su Chin	200,149	0.50
24. Tzeng Shing Hwa	200,000	0.50
25. Beatrice Ferlat Kusumo Anggraini	200,000	0.50
26. Johawin Resource Sdn. Bhd	200,000	0.50
27. Ewe Swee Kheng	194,000	0.48
28. Tan Kok Wei	191,580	0.48
29. South Island Building Sdn. Bhd.	191,248	0.48
30. Tan Kok Wei	160,246	0.39
Total	28,045,282	69.68

SUBSTANTIAL SHAREHOLDERS AS AT 5 SEPTEMBER 2001 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Tan Kok Ping	9,480,280	23.55	2,917,627	7.25
Tan Kok Aun	601,454	1.49	2,917,627	7.25
South Island Development Company Sdn. Berhad	704,867	1.75	2,917,627	7.25
Dato' Kamaruddin bin Jaffar	5,702,938	14.17	-	-
South Island Holdings Sdn Bhd	2,917,627	7.25	-	-

DIRECTORS' SHAREHOLDINGS AS AT 5 SEPTEMBER 2001

Name	Direct		Deemed		No of Unexercised ESOS Option
	No. of Shares	% Shareholding	No. of Shares	% Shareholding	
Tan Sri Dato' Tan Kok Ping	9,480,280	23.55	2,917,627	7.25	50,000
Tan Poay Seng	686,508	1.71			50,000
Tan Kok Aun	601,454	1.49	2,917,627	7.25	25,000
Ahmad Fizri bin Abu Bakar	1,997,937	4.96			-
Lee Koong Chen @ Lee Kong Chew	129,000	0.32			35,000
Chang Chuen Hwa	97,374	0.24			35,000
H'ng Cheok Seng	10,000	0.02			-
Noor Zahidi bin Omar	7,000	0.02			-

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.

ANALYSIS OF SHAREHOLDINGS AS AT 5 SEPTEMBER 2001

Authorised share capital	:	RM100,000,000
Issued and fully paid up	:	RM40,250,000
Class of Share	:	Ordinary shares of RM1 each fully paid
Voting Rights	:	On a show of hands – one vote for every shareholder On a poll – one vote for every ordinary share held.

Size of Shareholdings	No. of Shareholders	% Shareholders	No. of Shares	% Shareholding
1 – 999	2	0.06	2	0.00
1,000 – 10,000	3,271	94.10	6,204,000	15.41
10,001 – 100,000	163	4.69	4,784,981	11.89
100,001 – 2,012,499	37	1.06	16,460,252	40.90
2,012,499 and above	3	0.09	12,800,765	31.80
Total	3,476	100.00	40,250,000	100.00

Location of Shareholders

Malaysia	3,457	99.45	39,803,000	98.89
Australia	2	0.06	52,000	0.13
Germany	1	0.02	1,000	0.00
Permanent Resident of Malaysia	7	0.20	244,000	0.61
Singapore	4	0.12	117,000	0.29
Taiwan	2	0.06	15,000	0.04
Others	3	0.09	18,000	0.04
Total	3,476	100.00	40,250,000	100.00

Category of Shareholders

Individual	3,199	92.03	21,890,208	54.39
Banks/Finance Companies	11	0.32	1,684,000	4.18
Investment Trust/Foundation/Charities	4	0.12	147,000	0.37
Industrial and Commercial Companies	31	0.89	4,726,512	11.74
Government Agencies/Institutions	1	0.02	1,000,000	2.48
Nominees	230	6.62	10,802,280	26.84
Total	3,476	100.00	40,250,000	100.00

*I/We _____
(Full Name in Block Letters)

of _____
(Full Address in Block Letters)

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

_____ (Full Name in Block Letters)

of _____
(Full Address in Block Letters)

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 Fourth 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 Monday, 15 October 2001 at 10.30 a.m. and at any adjournment thereof.

RESOLUTIONS	ORDINARY								SPECIAL
	1	2	3	4	5	6	7	8	1
FOR									
AGAINST									

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

*strike out whichever is not desired

No. of shares held:

Signed this _____ day of _____, 2001.

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 Companies Act, 1965 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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Stamp

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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