



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

ANNUAL REPORT 2002



Contents

	Page
Corporate Information	2
Financial Highlights	3
Profile of Directors	4 - 5
Notice of Annual General Meeting (AGM)	6 - 7
Statement Accompanying Notice of AGM	8
Chairman's Statement	9 - 10
Corporate Governance Statement	11- 12
Statement on Internal Control	13
Audit Committee's Report	14
Directors' Responsibility Statement	15
Other Corporate Disclosure	16
Financial Statements	17 - 47
List of Properties Owned by the Group	48
Thirty Largest Shareholders	49
Directors' Shareholdings	50
Proxy Form	



MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

Corporate Information

BOARD OF DIRECTORS

Executive Chairman	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., Chartered Accountants
21st Floor, MWE Plaza, No. 8 Lebuhr Farquhar,
10200 Penang.
Tel: 04-2630033
Fax: 04-2630099

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
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

STOCK EXCHANGE LISTING

Second Board, Kuala Lumpur Stock Exchange

KLSE STOCK NUMBER

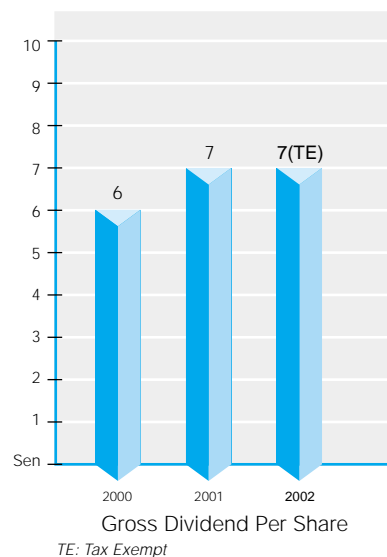
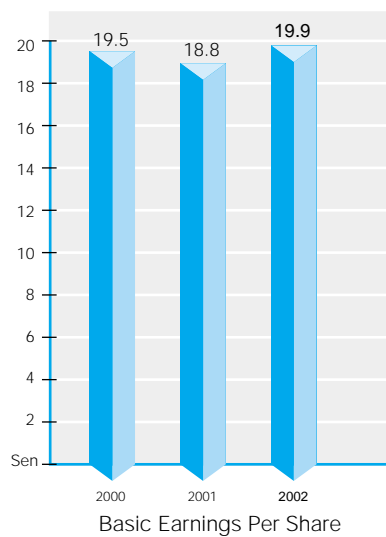
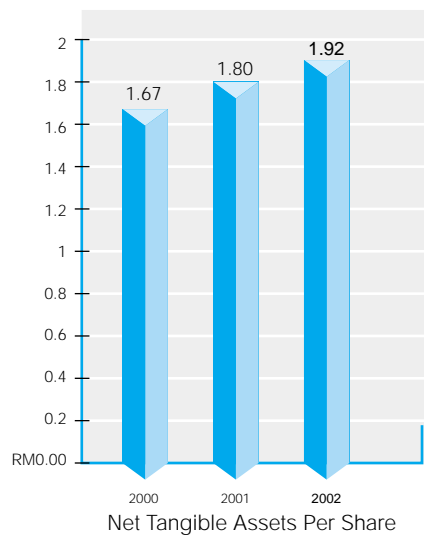
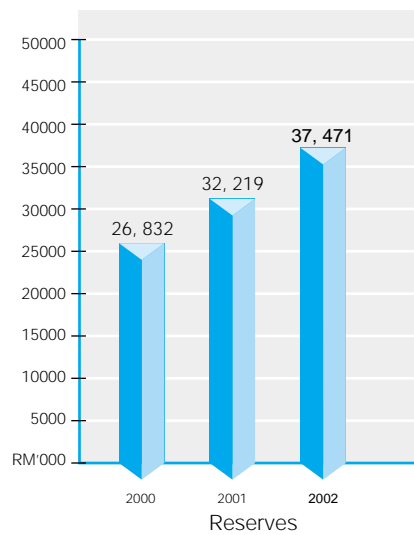
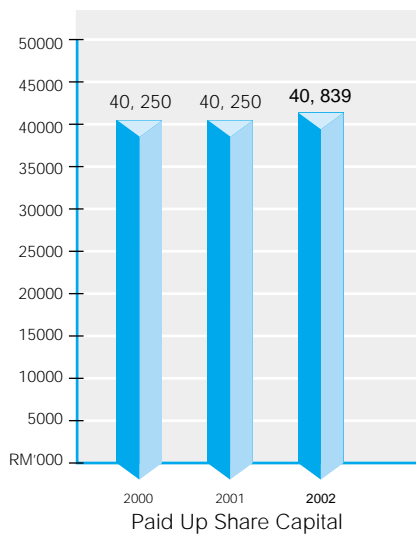
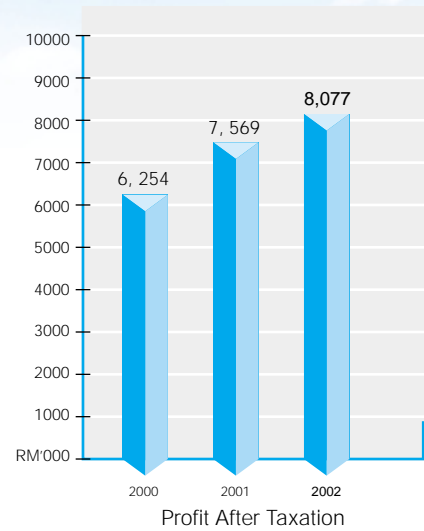
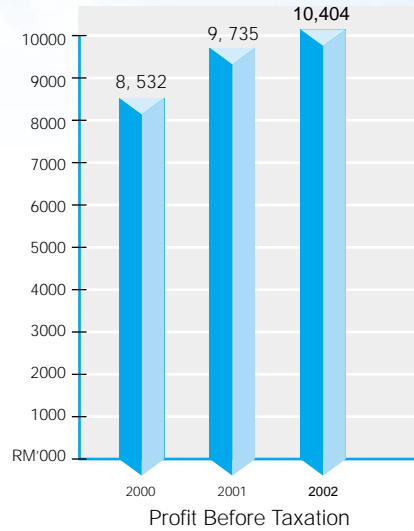
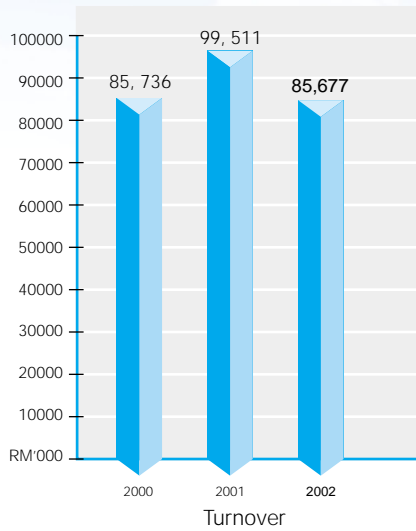
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MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Financial Highlights



Profile Of Directors

Tan Sri Dato' Tan Kok Ping

Executive Chairman ; Appointed to the Board on 18-2-2000
Aged 56, Malaysian,
Bachelor Degree in Commerce, Nanyang University Singapore
Occupation : Company Director

Tan Sri has more than 33 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 Chairman of Berjaya Holdings (HK) Limited, a public listed company in Hong Kong. He was the former Managing Director and Deputy Chairman of Berjaya Sports Toto Berhad. He also sits on the Board of several other private limited companies.

He is the Executive Adviser of Penang Chinese Chamber of Commerce, of which he was also the past President. He was also the former Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

He has been 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 36, 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 also the Managing Director of Fila Sport Malaysia Sdn Bhd, which is involved in marketing and retailing of sportswear, for about 5 years. He also sits on the Board of several private limited companies.

Tan Kok Aun

Executive Director ; Appointed to the Board on 18-2-2000
Aged 53, 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 gathered over 26 years of experience and knowledge in the printing and packaging industry. He also 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 53, 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 also sits on the Board of several private limited companies.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Profile Of Directors (cont'd)

Lee Koong Chen @ Lee Kong Chew

Executive Director ; Appointed to the Board on 18-2-2000
Aged 61, 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 line having more than 26 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 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 44, 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 19 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 44, Malaysian
Associate Member, Association of Chartered Certified Accountants, UK
Occupation : Company Director

He has 6 years of audit and taxation working experience with a local public accounting firm. He also has 12 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 45, Malaysian
Diploma in Business Studies, ITM
Occupation : Company Director

For 3 years he served as Company Secretary and Executive Assistant to Group Managing Director of Kumpulan Adabi (Holdings) Sdn Bhd, an investment holding company. He was subsequently the General Manager of Keltra Sdn Bhd, 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.

Abdul Jalil bin Ismail

Independent Non-Executive Director ; Appointed to the Board on 24-4-2000
Aged 52, Malaysian
Member, Chartered Institute of Bankers, London
Occupation : Company Director

He joined Bank Bumiputra Malaysia Berhad in 1972 and later with 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 of banking experience. He is currently the Executive Chairman of IQ Net Technologies Sdn Bhd. He also sits on the Board of several private limited companies.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that THE FIFTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT SHANGRI-LA HOTEL, PANGKOR ROOM LEVEL 3, MAGAZINE ROAD, 10300 PENANG ON THURSDAY, 31 OCTOBER 2002 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES :-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 30 April 2002 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) Encik Ahmad Fizri Bin Abu Bakar **Ordinary Resolution 2**
 - ii) Mr. Lee Koong Chen @ Lee Kong Chew **Ordinary Resolution 3**
 - iii) Mr. Chang Chuen Hwa **Ordinary Resolution 4**
 3. To approve the payment of a first and final tax exempt dividend of 7% for the year ended 30 April 2002. **Ordinary Resolution 5**
 4. To approve the payment of Directors' Fees for the year ended 30 April 2002. **Ordinary Resolution 6**
 5. To appoint Auditors and to authorise the Directors to fix their remuneration.
Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965 has been received by the Company for the nomination of Messrs. Ernst & Young, who have given their consent to act, for appointment as Auditors and of their intention to propose the following Ordinary Resolution:
"That Messrs. Ernst & Young be and are hereby appointed as Auditors of the Company in place of the retiring auditors, Messrs. Arthur Andersen & Co., to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."
Ordinary Resolution 7
- As Special Business :**
To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :
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**



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notice Of Annual General Meeting (cont'd)

7. 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 : 9 October 2002

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.

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 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 the corporation's 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 20 November 2002 in respect of ordinary transfers;
- 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 9 December 2002 to shareholders whose names appear in the Register of Members of the Company at the close of business on 20 November 2002.



Statement Accompanying Notice Of Annual General Meeting

STATEMENT accompanying Notice of Fifth Annual General Meeting of the Company pursuant to paragraph 8.28(2) of the Kuala Lumpur Stock Exchange 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. Encik Ahmad Fizri Bin Abu Bakar
2. Mr. Lee Koong Chen @ Lee Kong Chew
3. Mr. Chang Chuen Hwa

- (2) Total number of Board Meetings held
for the financial year ended 30 April 2002 : Four (4)

Attendance of Directors at Board Meetings

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

- (3) The place, date and time of the Fifth Annual General Meeting :

Shangri-La Hotel, Pangkor Room, Level 3, Magazine Road, 10300 Penang on Thursday, 31 October 2002 at 10.30 am.

- (4) Details of Directors standing for re-election at the Fifth Annual General Meeting are set out in the Directors' Profile and Shareholdings on Pages 4 to 5 and 50 respectively of the Annual Report.

None of the Directors standing for re-election have any shareholdings in the Subsidiaries as at 16 September 2002.

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Magni-Tech Industries Berhad for the year ended 30 April 2002.

Group's Performance

For the financial year ended 30 April 2002, Turnover has shrunk by 13.9% from RM99.511 million in 2001 to RM85.677 million mainly due to the weak general economy.

Despite operating under such a challenging environment, Profit before Taxation has improved by 6.9% from RM9.735 million in 2001 to RM10.404 million mainly due to overall improvement in productivity and decrease in operating costs resulting from the implementation of cost cutting measures.

The improved profit performance has correspondingly contributed to a higher basic earnings per share of 19.9 Sen in 2002 (2001:18.8 Sen).

The financial position has remained strong with Reserves of RM37.471 million (2001 : RM32.219 million) against the paid up ordinary share capital of RM40.839 million. Likewise the current ratio of 4.0 : 1 (2001 : 3.3 : 1) was healthy whilst the gearing ratio was zero.

Operations

Most of the Group's packaging goods are sold to customers in the manufacturing sector which are mainly involved in the manufacturing of rubber based products, food & confectionery, plastics based products, electrical & electronics, and consumer & household products.

The current outlook for the manufacturing sector appears weak mainly due to the slow recovery in the lethargic US economy as well as the Asian economies.

The current excess capacity in the packaging industry resulting in intense price competition and rising cost of raw materials remain to be the main factors that will erode further the profit margin of packaging industry operators.

The Group's current strategic priority is to further expand its market share by strengthening marketing efforts and customers' services with main focus on prompt delivery, competitive pricing and excellent quality as its order winners.

Dividends

The Board is very grateful to all the loyal shareholders for their continual support and has recommended a first and final tax exempt dividend of 7% for the financial year ended 30 April 2002 (2001 : 7% less 28% taxation) for approval by the shareholders at the forthcoming Annual General Meeting. The recommended dividend is covered 2.8 times by the Group's Profit after Taxation.

Corporate Activities

Subsequent to the financial year end, the Company had on 10 August 2002 announced the proposed bonus issue on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held by way of the capitalisation of its retained earnings.

The proposed bonus issue when implemented, will increase the capital base of the Company to a level which will better reflect the Company's current scale of operations and the increase in its assets employed.

The proposed bonus issue is subject to the approvals being obtained from the Shareholders at the forthcoming Extraordinary General Meeting and the KLSE for the listing of and quotation for the bonus shares.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Chairman's Statement (cont'd)

At the same time, the Company also proposed the transfer of the listing and quotation for the entire issued and paid up share capital of the Company from the Second Board to the Main Board of the KLSE.

The proposed Transfer when completed, will better reflect the current stature of the operations of the Group and will also give the Group greater prestige and prominence among investors, customers, suppliers and financiers.

The proposed Transfer is conditional upon approvals being obtained from the Securities Commissions and the KLSE.

Prospects

Besides implementing new strategies to strengthen its core business, the Group with its healthy financial position will continue to explore and identify new business opportunities both locally and abroad. In spite of the tough business environment envisaged ahead, the Directors anticipate that the Group's performance for the financial year ending 30 April 2003 will be satisfactory.

Appreciation

In closing, 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, customers, vendors, bankers and government agencies for their co-operation and support.

Tan Sri Dato' Tan Kok Ping
Chairman

Corporate Governance Statement

The Board is pleased to disclose hereunder the manner in which the Company has applied the Principles of Corporate Governance and the extent of compliance with the Best Practices of the Code.

Application of the Principles

(1) The Board of Directors

The Board and Board Balance

The Board has overall responsibility on the strategic direction of the Group. The Board has 9 members, 5 of whom are Executive Directors, 1 of whom is a Non-Independent Non-Executive Director whilst the remaining 3 are Independent Non-Executive Directors.

The Board met 4 times during the financial year ended 30 April 2002 and all the Directors have attended the said meetings.

There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure that there is a balance of power and authority.

Appointments to the Board

The appointment of any new director is decided collectively by the Board of Directors.

The Directors have access to the advice and services of the Company Secretary to ensure that all such appointments are properly made and all the statutory requirements are met.

A Nomination Committee has not been set up as the Board is of the opinion that the current composition and mix of background and expertise of the Board members are sufficient to deal with all relevant affairs of the Group effectively.

Re-election

The Articles of Association provides that all Directors shall retire from office once in every three years but shall be eligible for re-election.

The Board will ensure that full information is furnished through the notice of meeting regarding Directors standing for re-election to assist shareholders in their decision.

Supply of Information

The Board is supplied with, on a timely basis, information in a form and of quality appropriate to enable it to discharge its duties.

(2) Directors' Remuneration

The Board of Directors as a whole determines the remuneration of both the Executive and Non-Executive Directors. The Board has not established a Remuneration Committee.

The level of remuneration is structured in order to attract, retain and motivate the Executive Directors of the necessary skill, experience and competencies. The payment of fees to Directors are recommended by the Board for approval by the shareholders of the Company at the Annual General Meeting.

The aggregate and range of Directors' remuneration for the financial year ended 30 April 2002 are disclosed in Note 15 to the Financial Statements on page 42 to 43.



Corporate Governance Statement (cont'd)

(3) Shareholders

The Company welcomes active participation and feedback from the shareholders at the Company's Annual General Meeting during which shareholders are encouraged to raise questions or offer constructive criticism pertaining to the operations and financial matters of the Group.

(4) Accountability and Audit

Financial Reporting

The Board is responsible for presenting a balanced and understandable assessment of the performance and prospects when releasing its quarterly and annual financial statements to shareholders.

The Audit Committee reviews the said information to ensure its accuracy and adequacy.

Internal Control

Information pertaining to the Group's internal control is disclosed in the Statement on Internal Control on page 14.

Relationship with the Auditors

The Company has established a transparent and appropriate relationship with the external auditors in seeking professional advice and ensuring compliance with the approved accounting standards.

Compliance Statement

The Company is committed to comply with the Best Practices, wherever practicable and reasonable. Apart from setting up of a Nomination Committee and a Remuneration Committee, the Board considers that it has complied with the Best Practices as set out in the Code.

Statement On Internal Control

Responsibility

The Board of Directors acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. The said system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Key Processes

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group. The ongoing process has been in place and it is regularly reviewed by the Board and accords with the Guidance.

The key processes of the internal control functions include the following:

- 1) Budgets are reviewed and approved by the Executive Directors of the respective operating subsidiaries and subsequently by the Board. Reports on results and variance analysis are reviewed by the Management on a monthly basis and by the Board at least on a quarterly basis.
- 2) Review of operational related risk associated with the manufacturing processes of the operating subsidiaries, such as the system on preventive maintenance to minimise loss on production due to machinery breakdown.
- 3) Credit control review within each of the operating subsidiaries.
- 4) Quality control section within the respective operating subsidiaries, the functions of which include minimising wastage and improving productivity, quality of the products and customers' service.

All the operating subsidiaries have been accredited for ISO9002: 1994 and are currently in the process of revising the existing version to the latest version, namely ISO9001: 2000.

Steps are being taken to formalise the risk management function whereby the Group's business risks are identified, assessed and reviewed.

This statement was made in accordance with a resolution of the Board of Directors dated 8 August 2002.



Audit Committee's 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 with 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 6 meetings held during the financial year. All the 3 members of the Audit Committee were present at the said 6 meetings.

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

The Audit Committee met 6 times during the financial year for the following purposes:

- Review the quarterly and year end financial statements before submission to the Board and announcement to the Kuala Lumpur Stock Exchange;
- Review related party transactions; and
- Review the internal control.

Internal Audit Function

The Board is in the process of reorganising its internal audit function to assist in obtaining the assurance it requires regarding the maintenance of a sound system of internal control. The objective of the internal audit function is to provide independent assurance to the Board that such a system is adequate and functioning as intended.



Directors' Responsibility Statement as at 30 April 2002

The directors consider that, in preparing the financial statements of Magni-Tech Industries Berhad for the financial year ended 30 April 2002 on pages 25 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.

Other Corporate Disclosure

Convictions for Offences

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

Share Buybacks, Options, Warrants or Convertible Securities

During the financial year ended 30 April 2002, 589,000 new ordinary shares were issued arising from the exercise of 589,000 options at an exercise price of RM1.06 per share pursuant to the Company's Employees' Share Option Scheme.

Other than the above, there were no share buybacks and exercise of warrants or convertible securities by the Company during the financial year.

American Depositary Receipt (ADR) or Global Depositary 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 non-audit fees 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.

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

The Company does not have a policy of regular revaluation on landed properties.

Family Relationship

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

Recurrent Related Party Transactions of a Revenue or Trading Nature

Shareholders Mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature was obtained at the Extraordinary General Meeting held on 31 January 2002. The said Mandate is subject to renewal at the forthcoming Extraordinary General Meeting. Details of such transactions are disclosed in Note 20 to the financial statements on pages 45 to 46.



Financial Statements

	Page
Directors' Report	18 - 22
Statement By Directors	23
Statutory Declaration	23
Auditors' Report	24
Consolidated Balance Sheet	25
Consolidated Income Statement	26
Consolidated Statement of Changes in Equity	27
Consolidated Cash Flow Statement	28
Balance Sheet	29
Income Statement	30
Statement of Changes in Equity	31
Cash Flow Statement	32
Notes to the Financial Statements	33 - 47

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 2002.

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

RESULTS

	Group RM	Company RM
Profit after taxation	8,079,815	2,877,303
Minority interests	(2,806)	-
Net profit attributable to shareholders	<u>8,077,009</u>	<u>2,877,303</u>

DIVIDENDS

The amount of dividends paid by the Company since 30 April 2001 was as follows:

	RM
In respect of the financial year ended 30 April 2001:	
First and final dividend of 7% on 40,250,000 ordinary shares	
less 28% taxation paid on 12 November 2001	<u>2,028,600</u>

The directors recommend a first and final tax exempt dividend of 7% on 40,839,000 ordinary shares amounting to RM2,858,730 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 no provision for doubtful debts is required in the financial statements of the Company. The directors were also satisfied that there were no known bad debts and that adequate provision had been made for doubtful debts in the financial statements of the Group.

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

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.

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.

SUBSEQUENT EVENTS

The subsequent events are as disclosed in Note 23 to the financial statements.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Directors' Report (cont'd.)

EMPLOYEES' SHARE OPTION SCHEME

The Magni-Tech Industries Berhad Employees' Share Option Scheme ("ESOS") is governed by the bye-laws which 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 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 of the Company as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of the 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 options 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 options are 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 options.

As at 30 April 2002, the details of the share options are as follows:

Year granted	Option price	Balance as at 1 May 2001	Granted	Exercised	Balance as at 30 April 2002
2002	RM1.06	-	1,057,000	(589,000)	468,000

SHARE CAPITAL

During the financial year, the Company increased its issued and paid-up share capital from RM40,250,000 to RM40,839,000 by way of the issuance of additional 589,000 fully paid-up ordinary shares of RM1 each pursuant to the ESOS at the option price of RM1.06 each.



Directors' Report (cont'd.)

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

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 benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 15 to the financial statements or the fixed salary of a full-time employee of the Company) 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 except for those benefits which may be deemed to have arisen by virtue of those contracts, agreements and transactions (either as a supplier, agent, customer or contractor) in respect of trading and other services entered into in the ordinary course of business between the Company or its subsidiaries and the companies in which the directors are deemed to have an 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			30 April 2002
	1 May 2001	Bought	Sold	
The Company				
Direct				
Tan Sri Dato' Tan Kok Ping *	9,480,280	220,000	-	9,700,280
Tan Poay Seng **	686,508	20,000	-	706,508
Tan Kok Aun	601,454	10,000	-	611,454
Lee Koong Chen @ Lee Kong Chew	110,000	33,000	-	143,000
Ahmad Fizri bin Abu Bakar	1,997,937	-	(357,000)	1,640,937
Chang Chuen Hwa	97,374	14,000	(11,000)	100,374
H'ng Cheok Seng	10,000	-	-	10,000
Noor Zahidi bin Omar	7,000	-	-	7,000



Directors' Report (cont'd.)

	Number of Options over Ordinary Shares of RM1 Each			
	1 May 2001	Granted	Exercised	30 April 2002
The Company				
Tan Sri Dato' Tan Kok Ping	-	50,000	(20,000)	30,000
Tan Poay Seng	-	50,000	(20,000)	30,000
Tan Kok Aun	-	25,000	(10,000)	15,000
Lee Koong Chen @ Lee Kong Chew	-	35,000	(14,000)	21,000
Chang Chuen Hwa	-	35,000	(14,000)	21,000

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

** Inclusive of shares registered in the name of Hong Leong Finance Berhad.

Tan Sri Dato' Tan Kok Ping by virtue of his interest in shares in the Company is deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

The other director in office at the end of the financial year did not have any interest in shares or share options in the Company or its 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 POAY SENG

LEE KOONG CHEN @ LEE KONG CHEW

Penang
Date: 8 August 2002



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 25 to 47 give a true and fair view of the state of affairs of the Group and the Company as at 30 April 2002 and of their results and their cash flows 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.

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

TAN POAY SENG

LEE KOONG CHEN @ LEE KONG CHEW

Penang
Date: 8 August 2002

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 25 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 8 August 2002)	POH SENG CHIT

Before me:

CH'NG CHIN KUAN, DJN, AMN, PJK, PJM, JP
Commissioner for Oaths

Auditors' Report

To the Shareholders of
MAGNI-TECH INDUSTRIES BERHAD

We have audited the financial statements set out on pages 25 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 2002 and of their results and their cash flows 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; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary 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 4 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 financial statements of the Company 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 auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Lim Foo Chew
No. 1748/01/04(J)
Partner of the Firm

Penang
Date: 8 August 2002



MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

Consolidated Balance Sheet
as at 30 April 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSET			
Property, plant and equipment	3	44,550,034	46,001,209
CURRENT ASSETS			
Inventories	5	12,704,974	12,553,652
Trade receivables	6	20,290,173	22,552,310
Other receivables	7	716,934	973,855
Cash and bank balances	8	17,757,038	9,309,391
		51,469,119	45,389,208
CURRENT LIABILITIES			
Short term borrowings		-	1,187,114
Trade payables	9	4,442,847	3,859,488
Other payables	10	5,121,130	5,334,745
Taxation		320,489	1,428,298
Proposed dividend		2,858,730	2,028,600
		12,743,196	13,838,245
NET CURRENT ASSETS		38,725,923	31,550,963
		83,275,957	77,552,172
FINANCED BY:			
Share capital	11	40,839,000	40,250,000
Reserves		37,471,489	32,218,870
Shareholders' equity		78,310,489	72,468,870
Minority interests		59,108	56,302
		78,369,597	72,525,172
Deferred taxation	12	4,906,360	5,027,000
		83,275,957	77,552,172

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



MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

Consolidated Income Statement
for the year ended 30 April 2002

	Note	2002 RM	2001 RM
Revenue	13	85,677,280	99,511,206
Cost of sales		(64,849,352)	(78,577,319)
Gross profit		20,827,928	20,933,887
Other operating income		785,909	744,688
Selling and distribution expenses		(4,996,239)	(4,959,225)
General and administrative expenses		(6,408,280)	(6,984,977)
Profit from operations	14	10,209,318	9,734,373
Finance income, net	16	194,231	504
Profit before taxation		10,403,549	9,734,877
Taxation	17	(2,323,734)	(2,162,464)
Profit after taxation		8,079,815	7,572,413
Minority interests		(2,806)	(3,380)
Net profit attributable to shareholders		8,077,009	7,569,033
Earnings per share (sen) - Basic	18	19.9	18.8
- Diluted	18	19.8	

The accompanying notes are an integral part of this statement.

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

Consolidated Statement Of Changes In Equity
for the year ended 30 April 2002

	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 May 2000	40,250,000	3,158,678	23,673,141	67,081,819
Share issue and listing expenses	-	(153,382)	-	(153,382)
Net profit for the year	-	-	7,569,033	7,569,033
Dividends (Note 19)	-	-	(2,028,600)	(2,028,600)
At 30 April 2001	40,250,000	3,005,296	29,213,574	72,468,870
Exercise of options under ESOS (Note 11)	589,000	35,340	-	624,340
Share issue and listing expenses	-	(1,000)	-	(1,000)
Net profit for the year	-	-	8,077,009	8,077,009
Dividends (Note 19)	-	-	(2,858,730)	(2,858,730)
At 30 April 2002	40,839,000	3,039,636	34,431,853	78,310,489

The accompanying notes are an integral part of this statement.

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

Consolidated Cash Flow Statement
for the year ended 30 April 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,403,549	9,734,877
Adjustment for:		
Depreciation	3,399,132	3,112,212
Interest expense	3,078	74,132
Inventories written off	-	220
Property, plant and equipment written off	154,653	169,868
Provision for doubtful debts	201,081	6,734
Gain on disposal of property, plant and equipment	(233,259)	(191,723)
Interest income	(326,892)	(206,163)
Provision for doubtful debts written back	(100,000)	(36,309)
Operating profit before working capital changes	13,501,342	12,663,848
(Increase)/Decrease in inventories	(151,322)	3,719,306
Decrease/(Increase) in receivables	2,417,977	(2,972,161)
Increase/(Decrease) in payables	369,744	(1,284,858)
Cash generated from operations	16,137,741	12,126,135
Interest paid	(3,078)	(74,132)
Taxes paid	(3,552,183)	(2,596,138)
Net cash generated from operating activities	12,582,480	9,455,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	326,892	206,163
Proceeds from disposal of property, plant and equipment	302,157	204,101
Purchase of property, plant and equipment	(2,171,508)	(8,183,376)
Net cash used in investing activities	(1,542,459)	(7,773,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	624,340	-
Dividend paid	(2,028,600)	(1,738,800)
Repayment of hire-purchase payables	(1,663)	(168,108)
Repayment of bankers' acceptance and revolving credits	(1,185,451)	(1,572,000)
Share issue and listing expenses paid	(1,000)	(153,382)
Net cash used in financing activities	(2,592,374)	(3,632,290)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,447,647	(1,949,537)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,309,391	11,258,928
CASH AND CASH EQUIVALENTS AT END OF YEAR	17,757,038	9,309,391

The accompanying notes are an integral part of this statement.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Balance Sheet as at 30 April 2002

	Note	2002 RM	2001 RM
NON-CURRENT ASSETS			
Property, plant and equipment	3	324,842	193,347
Subsidiaries	4	31,649,998	31,649,998
Other receivables	7	5,000,000	5,000,000
		<u>36,974,840</u>	<u>36,843,345</u>
CURRENT ASSETS			
Other receivables	7	9,472,210	8,472,503
Cash and bank balances	8	559,683	249,548
		<u>10,031,893</u>	<u>8,722,051</u>
CURRENT LIABILITIES			
Other payables	10	50,137	79,798
Taxation		-	1,045
Proposed dividend		2,858,730	2,028,600
		<u>2,908,867</u>	<u>2,109,443</u>
NET CURRENT ASSETS			
		<u>7,123,026</u>	<u>6,612,608</u>
		<u>44,097,866</u>	<u>43,455,953</u>
FINANCED BY:			
Share capital	11	40,839,000	40,250,000
Reserves		3,258,866	3,205,953
		<u>44,097,866</u>	<u>43,455,953</u>
Shareholders' equity			

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



MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

Income Statement
for the year ended 30 April 2002

	Note	2002 RM	2001 RM
Revenue	13	3,282,000	3,542,500
General and administrative expenses		(406,037)	(636,663)
Profit from operations	14	2,875,963	2,905,837
Finance income, net	16	295	577
Profit before taxation		2,876,258	2,906,414
Taxation	17	1,045	(813,046)
Net profit for the year		2,877,303	2,093,368

The accompanying notes are an integral part of this statement.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Statement Of Changes In Equity for the year ended 30 April 2002

	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 May 2000	40,250,000	3,158,678	135,889	43,544,567
Share issue and listing expenses	-	(153,382)	-	(153,382)
Net profit for the year	-	-	2,093,368	2,093,368
Dividends (Note 19)	-	-	(2,028,600)	(2,028,600)
At 30 April 2001	40,250,000	3,005,296	200,657	43,455,953
Exercise of options under ESOS (Note 11)	589,000	35,340	-	624,340
Share issue and listing expenses	-	(1,000)	-	(1,000)
Net profit for the year	-	-	2,877,303	2,877,303
Dividends (Note 19)	-	-	(2,858,730)	(2,858,730)
At 30 April 2002	40,839,000	3,039,636	219,230	44,097,866

The accompanying notes are an integral part of this statement.



Cash Flow Statement for the year ended 30 April 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,876,258	2,906,414
Adjustment for:		
Depreciation	44,092	23,210
Interest income	(1,455)	(1,812)
Operating profit before working capital changes	2,918,895	2,927,812
(Increase)/Decrease in receivables	(999,707)	13,044
Decrease in payables	(29,661)	(425,943)
Cash generated from operations	1,889,527	2,514,913
Taxes paid	-	(813,046)
Net cash generated from operating activities	1,889,527	1,701,867
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,455	1,812
Purchase of property, plant and equipment	(175,587)	(216,557)
Net cash used in investing activities	(174,132)	(214,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	624,340	-
Dividend paid	(2,028,600)	(1,738,800)
Share issue and listing expenses paid	(1,000)	(153,382)
Net cash used in financing activities	(1,405,260)	(1,892,182)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	310,135	(405,060)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	249,548	654,608
CASH AND CASH EQUIVALENTS AT END OF YEAR	559,683	249,548

The accompanying notes are an integral part of this statement.

Notes To The Financial Statements

- 30 April 2002

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at Level 18, Penas Tower, Midlands Park Centre, 488-A, Jalan Burmah, 10350 Penang, Malaysia.

The number of employees in the Group and in the Company at the end of the financial year were 616 (2001: 593) and 2 (2001: 2) respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

- (i) Sale of goods
Revenue relating to sale of goods is recognised net of sales taxes and discounts when transfer of risks and rewards has been completed.
- (ii) Dividend income
Dividend income is recognised when the shareholder's right to receive payment is established.
- (iii) Revenue from management services
Revenue from management services rendered is recognised net of service taxes and discounts as and when the services are performed.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(d) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

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

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Notes To The Financial Statements (cont'd)

- 30 April 2002

(e) Investments

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurs. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(f) Currency Conversion and Translation

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 that date. All exchange differences are taken to the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2002 RM	2001 RM
United States Dollar	3.8000	3.8000
Japanese Yen	0.0299	0.0360

(g) Property, Plant and Equipment and Depreciation

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

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

Freehold land is not depreciated. Long term leasehold land and buildings are depreciated over the period of the respective lease which ranges from 51 years to 71 years.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life at the following annual rates:

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



Notes To The Financial Statements (cont'd)

- 30 April 2002

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

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials used in producing corrugated fibre board cartons and boxes is determined on the weighted average basis. Cost of raw materials used in producing flexible plastic packaging materials and inner packaging boxes is 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 their present location and condition. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads.

(i) 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.

(j) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(k) Provisions for liabilities

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

(l) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

The Group recognises finance leases as assets and liabilities in the balance sheet at amounts equal at the inception of the lease to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased asset is consistent with that for depreciable property, plant and equipment as described in Note 2(g).

Other leases are classified as operating leases. Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notes To The Financial Statements (cont'd) - 30 April 2002

3. 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, equipment and renovation RM	Motor vehicles RM	Total RM
Cost/Valuation						
At 1 May 2001	6,433,312	11,761,920	49,133,503	2,644,672	3,851,315	73,824,722
Additions	-	-	1,167,454	134,793	869,261	2,171,508
Disposals/Write-offs	-	-	(290,308)	(23,044)	(592,851)	(906,203)
At 30 April 2002	6,433,312	11,761,920	50,010,649	2,756,421	4,127,725	75,090,027
Representing:						
At cost	4,293,312	11,761,920	45,252,405	2,750,711	4,117,725	68,176,073
At valuation	2,140,000	-	4,758,244	5,710	10,000	6,913,954
	6,433,312	11,761,920	50,010,649	2,756,421	4,127,725	75,090,027
Accumulated Depreciation						
At 1 May 2001	1,393,217	1,818,670	20,151,784	1,815,776	2,644,066	27,823,513
Charge for the year	128,681	176,756	2,473,411	223,516	396,768	3,399,132
Disposals/Write-offs	-	-	(68,894)	(20,911)	(592,847)	(682,652)
At 30 April 2002	1,521,898	1,995,426	22,556,301	2,018,381	2,447,987	30,539,993
Representing:						
At cost	1,005,508	1,995,426	19,241,648	2,012,672	2,437,988	26,693,242
At valuation	516,390	-	3,314,653	5,709	9,999	3,846,751
	1,521,898	1,995,426	22,556,301	2,018,381	2,447,987	30,539,993
Net Book Value						
At 30 April 2002						
At cost	3,287,804	9,766,494	26,010,757	738,039	1,679,737	41,482,831
At valuation	1,623,610	-	1,443,591	1	1	3,067,203
	4,911,414	9,766,494	27,454,348	738,040	1,679,738	44,550,034
At 30 April 2001						
At cost	3,377,512	9,943,250	27,303,002	828,895	1,207,248	42,659,907
At valuation	1,662,583	-	1,678,717	1	1	3,341,302
	5,040,095	9,943,250	28,981,719	828,896	1,207,249	46,001,209
Depreciation charge for 2001	128,680	176,410	2,247,271	243,151	316,700	3,112,212

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

Notes To The Financial Statements (cont'd)
- 30 April 2002

Company	Office equipment and renovation RM	Motor vehicles RM	Total RM
Cost			
At 1 May 2001	12,289	204,268	216,557
Additions	9,790	165,797	175,587
At 30 April 2002	22,079	370,065	392,144
Accumulated Depreciation			
At 1 May 2001	1,194	22,016	23,210
Charge for the year	3,244	40,848	44,092
At 30 April 2002	4,438	62,864	67,302
Net Book Value			
At 30 April 2002	17,641	307,201	324,842
At 30 April 2001	11,095	182,252	193,347
Depreciation charge for 2001	1,194	22,016	23,210

- (a) 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. Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 30 April 2002 would be as follows:

	2002 RM	2001 RM
Long term leasehold land and buildings	999,924	1,033,684
Plant and machinery, electrical and piping installations	1	1
Office furniture, fittings, equipment and renovation	1	1
Motor vehicles	1	1
	999,927	1,033,687

- (b) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM4,046,817 (2001: RM3,824,210).
- (c) Included in property, plant and equipment of the Group are long term leasehold land and buildings with a total carrying value of RM2,173,207 (2001: RM2,225,827) pledged to a bank for banking facilities granted to a subsidiary.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notes To The Financial Statements (cont'd) - 30 April 2002

4. SUBSIDIARIES

Company	2002 RM	2001 RM
Unquoted shares, at cost	<u>31,649,998</u>	<u>31,649,998</u>

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Effective Interest (%)		Principal Activities
	2002	2001	
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 corrugated fibre board cartons and boxes for industrial and commercial uses.

* Audited by a firm of auditors other than Arthur Andersen & Co.

5. INVENTORIES

Group	2002 RM	2001 RM
At cost:		
Raw materials	10,265,588	9,985,848
Work-in-progress	752,997	937,239
Finished goods	1,321,552	1,366,187
Consumables, tools and spare parts	114,456	91,826
	<u>12,454,593</u>	<u>12,381,100</u>
At net realisable value:		
Finished goods	250,381	172,552
	<u>12,704,974</u>	<u>12,553,652</u>

The cost of inventories recognised as an expense in the Group during the financial year amounted to RM64,849,352 (2001: RM78,577,319).



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notes To The Financial Statements (cont'd) - 30 April 2002

6. TRADE RECEIVABLES

Group	2002 RM	2001 RM
Trade receivables	22,231,679	24,398,456
Less: Provision for doubtful debts	(1,941,506)	(1,846,146)
	<u>20,290,173</u>	<u>22,552,310</u>

Included in trade receivables of the Group are amounts due from related parties as follows:

	2002 RM	2001 RM
Fila Sports (Malaysia) Sdn. Bhd. *	-	6,024
Industrial Adhesives Nitta Inc. Sdn. Bhd. #	919	887
Pen'Ads (M) Sdn. Bhd. #	690	12,390
South Island Garment Sdn. Bhd. #	260,883	281,515
Yong Guan Heng & Co. Sdn. Bhd. #	1,790,714	999,915
	<u>2,053,206</u>	<u>1,300,731</u>

* Company in which a director of the Company i.e. Tan Poay Seng is also its director.

Companies in which certain directors of the Company i.e. Tan Sri Dato' Tan Kok Ping, Tan Poay Seng and Tan Kok Aun have substantial financial interests or are deemed interested by virtue of their family relationship.

7. OTHER RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits	364,617	109,867	3,250	-
Prepayments	311,563	131,999	2,557	-
Due from subsidiaries	-	-	14,466,403	13,472,503
Sundry receivables	40,754	731,989	-	-
	<u>716,934</u>	<u>973,855</u>	<u>14,472,210</u>	<u>13,472,503</u>
Less: Non-current portion, classified as non-current assets	-	-	(5,000,000)	(5,000,000)
Current portion, classified as current assets	<u>716,934</u>	<u>973,855</u>	<u>9,472,210</u>	<u>8,472,503</u>

Non-current portion refers to the amount due from a subsidiary i.e. Inter-Pacific Packaging Sdn. Bhd. It is not the intention of the Company to recall the amount within the next 12 months.

The amounts due from subsidiaries are unsecured, interest free and have no fixed term of repayment.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notes To The Financial Statements (cont'd)

- 30 April 2002

8. CASH AND BANK BALANCES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash on hand and at banks	3,384,112	2,504,996	159,683	249,548
Fixed deposits with licensed banks	14,372,926	6,804,395	400,000	-
	<u>17,757,038</u>	<u>9,309,391</u>	<u>559,683</u>	<u>249,548</u>

9. TRADE PAYABLES

Included in trade payables of the Group are amounts due to companies in which certain directors of the Company i.e. Tan Sri Dato' Tan Kok Ping, Tan Poay Seng and Tan Kok Aun have substantial financial interests or are deemed interested by virtue of their family relationship.

	2002 RM	2001 RM
Induscor Supplies (M) Sdn. Bhd.	19,429	19,287
Industrial Adhesives Nitta Inc. Sdn. Bhd.	41,100	71,900
	<u>60,529</u>	<u>91,187</u>

10. OTHER PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Accruals	2,870,696	2,968,080	8,400	15,350
Sundry payables	2,250,434	2,366,665	41,737	64,448
	<u>5,121,130</u>	<u>5,334,745</u>	<u>50,137</u>	<u>79,798</u>

Included in sundry payables of the Group and the Company are amounts due to related parties as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Berjaya Georgetown Hotel (Penang) Sdn. Bhd. *	-	371	-	-
Distra Sdn. Bhd. #	1,500	1,500	-	-
Induscor Supplies (M) Sdn. Bhd. #	2,377	1,500	-	-
Industrial Adhesives Nitta Inc. Sdn. Bhd. #	73	-	-	-
Pen'Ads (M) Sdn. Bhd. #	849	26,153	150	2,495
South Island Garment Sdn. Bhd. #	43,887	29,106	-	-
	<u>48,686</u>	<u>58,630</u>	<u>150</u>	<u>2,495</u>

* Company in which certain directors of the Company i.e. Tan Sri Dato' Tan Kok Ping and Tan Poay Seng are also its directors.

Companies in which certain directors of the Company i.e. Tan Sri Dato' Tan Kok Ping, Tan Poay Seng and Tan Kok Aun have substantial financial interests or are deemed interested by virtue of their family relationship.

The amounts due are unsecured, interest free and have no fixed term of repayment.

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

Notes To The Financial Statements (cont'd)
- 30 April 2002**11. SHARE CAPITAL**

	Number of Ordinary Shares of RM1 Each		Amount	
	2002	2001	2002 RM	2001 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
At 1 May 2001/2000	40,250,000	40,250,000	40,250,000	40,250,000
Exercise of options under ESOS, at RM1.06 each	589,000	-	589,000	-
At 30 April	40,839,000	40,250,000	40,839,000	40,250,000

12. DEFERRED TAXATION

Group	2002 RM	2001 RM
At 1 May 2001/2000	5,027,000	5,008,000
Transfer (to)/from income statement (Note 17)	(120,640)	19,000
At 30 April	4,906,360	5,027,000

Deferred taxation amounting to RM498,000 (2001: RM564,000) is not provided on the surplus arising from the revaluation of certain property, plant and equipment of the Group as it is not the intention of the Group to dispose these assets in the near future.

13. REVENUE

Revenue of the Group and the Company consists of the following:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sale of goods	85,677,280	99,511,206	-	-
Management fees received and receivable from subsidiaries	-	-	282,000	642,500
Gross dividends received and receivable from a subsidiary	-	-	3,000,000	2,900,000
	85,677,280	99,511,206	3,282,000	3,542,500

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

Notes To The Financial Statements (cont'd)
- 30 April 2002**14. PROFIT FROM OPERATIONS**

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Auditors' remuneration				
- current year	49,400	54,000	8,400	10,000
- (over)/under provision in respect of prior years	(4,600)	-	(4,600)	5,000
Depreciation	3,399,132	3,112,212	44,092	23,210
Directors' remuneration (Note 15)	1,777,828	1,806,127	122,000	445,920
Inventories written off	-	220	-	-
Property, plant and equipment written off	154,653	169,868	-	-
Provision for doubtful debts	201,081	6,734	-	-
Realised loss on foreign exchange	1,911	276	-	-
Rental expenses	466,925	492,717	25,925	1,750
Staff costs	14,367,289	14,265,688	76,832	373,099
Bad debts recovered	(3,042)	(235)	-	-
Gain on disposal of property, plant and equipment	(233,259)	(191,723)	-	-
Provision for doubtful debts written back	(100,000)	(36,309)	-	-
Rental income	(60,000)	(60,000)	-	-

15. DIRECTORS' REMUNERATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,460,018	1,292,375	-	300,000
Bonus	79,400	298,400	-	43,920
Benefits-in-kind	7,800	7,800	-	-
	1,547,218	1,598,575	-	343,920
Non-executive:				
Fees	182,000	172,000	122,000	102,000
Director of a subsidiary				
Executive:				
Salaries and other emoluments	48,410	36,952	-	-
Bonus	8,000	6,400	-	-
	56,410	43,352	-	-
Total including benefits-in-kind	1,785,628	1,813,927	122,000	445,920
Total excluding benefits-in-kind	1,777,828	1,806,127	122,000	445,920



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notes To The Financial Statements (cont'd) - 30 April 2002

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Number of Directors	
	2002	2001
Executive directors:		
RM200,001 - RM250,000	3	2
RM250,001 - RM300,000	-	1
RM350,001 - RM400,000	-	1
RM500,001 - RM550,000	2	-
RM600,001 - RM650,000	-	1
Non-executive directors:		
Below RM50,000	4	3

16. FINANCE INCOME, NET

Finance income, net is stated after charging/(crediting):

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest expense	3,078	74,132	-	-
Interest income	(326,892)	(206,163)	(1,455)	(1,812)

17. TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current year's provision	2,816,000	2,145,046	-	813,046
Transfer (from)/to deferred taxation (Note 12)	(120,640)	19,000	-	-
	2,695,360	2,164,046	-	813,046
Taxation overprovided in prior years	(371,626)	(1,582)	(1,045)	-
	2,323,734	2,162,464	(1,045)	813,046

There is no tax charge for the Company as the income of the Company for the year mainly comprises tax exempt dividends.

The effective rate of taxation of the Group is lower than the statutory rate of taxation due principally to tax savings arising from the utilisation of reinvestment allowances for the year.

As at 30 April 2002, the Company has unabsorbed tax losses and unutilised capital allowances of approximately RM37,000 (2001: Nil) and RM81,000 (2001: RM22,000) respectively which can be used to offset against future taxable profits. This is subject to agreement with the Inland Revenue Board.



Notes To The Financial Statements (cont'd)

- 30 April 2002

As at 30 April 2002, the Company has a potential deferred tax benefit of approximately RM11,000, arising principally from unabsorbed tax losses and unutilised capital allowances carried forward, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and sufficient balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 30 April 2002. This is subject to agreement with the Inland Revenue Board.

18. EARNINGS PER SHARE

(a) Basic:

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

Group	2002	2001
Net profit attributable to shareholders (RM)	8,077,009	7,569,033
Weighted average number of ordinary shares in issue	40,546,708	40,250,000
Basic earnings per share (sen)	19.9	18.8

(b) Diluted:

Diluted earnings per share is calculated by dividing the net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Group has one category of dilutive potential ordinary shares i.e. ESOS. The basis for the maximum number of ordinary shares of RM1 each to be issued on exercise of share options granted, the latest date for exercise and the option price are mentioned in the directors' report.

Group	2002
Net profit attributable to shareholders (RM)	8,077,009
Weighted average number of ordinary shares in issue	40,546,708
Adjusted for:	
Assumed exercise of ESOS	207,097
Adjusted weighted average number of ordinary shares in issue and issuable	40,753,805
Diluted earnings per share (sen)	19.8

The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that the dilutive ESOS were exercised at the date when they were granted.

No diluted earnings per share is computed for the last financial year as there were no dilutive potential ordinary shares as at the end of the last financial year.



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Notes To The Financial Statements (cont'd)

- 30 April 2002

19. DIVIDENDS

	Amount		Dividend per Share	
	2002 RM	2001 RM	2002 Sen	2001 Sen
Ordinary first and final dividend of 7% less 28% taxation	-	2,028,600	-	5.04
Ordinary first and final tax exempt dividend of 7%	2,858,730	-	7.00	-
	<u>2,858,730</u>	<u>2,028,600</u>		

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sale of finished goods and services to:				
Fila Sports (Malaysia) Sdn. Bhd. *	-	30,547	-	-
Induscor Supplies (M) Sdn. Bhd. #	2,975	6,097	-	-
Industrial Adhesives Nitta Inc. Sdn. Bhd. #	2,664	3,444	-	-
Pen'Ads (M) Sdn. Bhd. #	690	12,390	-	-
South Island Building Sdn. Bhd. #	3,036	27,208	-	-
South Island Garment Sdn. Bhd. #	396,667	331,266	-	-
Yong Guan Heng & Co. Sdn. Bhd. #	2,181,314	2,278,653	-	-
Purchase of goods and services from:				
Berjaya Georgetown Hotel (Penang) Sdn. Bhd. **	4,669	2,826	4,541	1,055
Distra Sdn. Bhd. #	4,400	5,200	-	-
Induscor Supplies (M) Sdn. Bhd. #	75,433	71,688	-	-
Industrial Adhesives Nitta Inc. Sdn. Bhd. #	195,331	272,192	-	-
Pen'Ads (M) Sdn. Bhd. #	19,884	58,887	3,212	23,511
South Island Garment Sdn. Bhd. #	-	699	-	-
Yong Guan Heng & Co. Sdn. Bhd. #	3,604	40,054	-	-
Rental of premises paid and payable to:				
Distra Sdn. Bhd. #	13,200	13,200	-	-
Induscor Supplies (M) Sdn. Bhd. #	14,400	14,400	-	-
KP Holding Sdn. Bhd. #	22,800	-	22,800	-
South Island Garment Sdn. Bhd. #	240,000	240,000	-	-

**MAGNI-TECH INDUSTRIES BERHAD**

(422585-V)

Notes To The Financial Statements (cont'd)
- 30 April 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Rental of machinery received and receivable from:				
Yong Guan Heng & Co. Sdn. Bhd. #	60,000	60,000	-	-
Purchase of property, plant and equipment from:				
Induscor Supplies (M) Sdn. Bhd. #	-	4,200	-	-
Sale of property, plant and equipment to:				
Induscor Supplies (M) Sdn. Bhd. #	-	500	-	-

* Company in which a director of the Company i.e. Tan Poay Seng is also its director.

** Company in which certain directors of the Company i.e. Tan Sri Dato' Tan Kok Ping and Tan Poay Seng are also its directors.

Companies in which certain directors of the Company i.e. Tan Sri Dato' Tan Kok Ping, Tan Poay Seng and Tan Kok Aun have substantial financial interests or are deemed interested by virtue of their family relationship.

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

21. COMMITMENTS**(a) Capital commitment**

Group	2002 RM	2001 RM
Capital expenditure approved and contracted for acquisition of property, plant and equipment	5,031,000	356,000

(b) Lease commitment

The Group has lease commitment under a non-cancelable operating lease in respect of rental of premises amounting to RM214,600 (2001: RM15,200) payable not later than one year.

22. CONTINGENT LIABILITIES (UNSECURED)

Company	2002 RM	2001 RM
Corporate guarantees given for banking facilities granted to subsidiaries	885,755	2,184,253

Notes To The Financial Statements (cont'd)

- 30 April 2002

23. SUBSEQUENT EVENTS

Subsequent to year end, the Company:

- (a) increased its issued and paid-up share capital from RM40,839,000 to RM40,849,000 by way of the issuance of additional 10,000 fully paid-up ordinary shares of RM1 each pursuant to the ESOS at the option price of RM1.06 each.
- (b) proposed the following:
 - (i) bonus issue of up to 22,167,000 new ordinary shares of RM1 each on the basis of one (1) new ordinary share of RM1 each for every two (2) existing ordinary shares of RM1 each held in the Company by way of the capitalisation of the retained profits of the Company. This is subject to the approvals from the Kuala Lumpur Stock Exchange ("KLSE"), the shareholders of the Company and any other relevant authorities; and
 - (ii) transfer of the listing of and quotation for the entire issued and paid-up share capital of the Company from the Second Board to the Main Board of KLSE. This is subject to the approvals from the Securities Commission, the KLSE and any other relevant authorities.

24. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current year's presentation:

(a) Balance Sheet

Group	As restated RM	As previously stated RM
Cash and bank balances	9,309,391	2,504,996
Deposits with licensed banks	-	6,804,395
Short term borrowings	1,187,114	1,185,451
Other payables	5,334,745	5,336,408

(b) Income Statement

Group	As restated RM	As previously stated RM
Other operating income	744,688	60,000
General and administrative expenses	6,984,977	6,300,289

25. 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.

26. CURRENCY

All amounts are stated in Ringgit Malaysia (RM).



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

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 @30-4-2002 RM000
Inter-Pacific Packaging Sdn Bhd	Lot 897, 984 & 985, Batu 13, Jalan Kelang, 47100 Puchong, Selangor Darul Ehsan (A1)	27,797 sq.m./ 15,362 sq.m.	Factory and Office Premises	Freehold	12	9,766
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) (A2)	1,995 sq.m./ 1,528 sq.m.	Warehouse	99 years Leasehold expiring on 28-9-2071	19	239
	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) (A3)	7,050 sq.m./ 4,462 sq.m.	Factory and Office Premises	60 years Leasehold expiring on 23-7-2051	12	2,499
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) (A4)	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	22	2,173

(A1) Purchased on 16 September 1989

(A2) Purchased on 31 July 1988

(A3) Purchased on 30 June 1990

(A4) Purchased in November 1972 and revalued in 1989



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Thirty Largest Shareholders as at 16 September 2002

Shareholders	No. of Shares	% Shareholding
1. JB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	4,448,291	10.89
2. Dato' Kamarudin bin Jaffar	3,830,983	9.38
3. JB Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	3,108,564	7.61
4. Southern Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	2,123,425	5.20
5. Dato' Kamarudin bin Jaffar	1,871,955	4.58
6. Dato' Tengku Adnan bin Tengku Mansor	1,260,000	3.08
7. Lembaga Tabung Angkatan Tentera	1,000,000	2.45
8. Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Ahmad Fizri bin Abu Bakar)	940,000	2.30
9. Ooi Tong Sun	833,000	2.04
10. Ahmad Fizri bin Abu Bakar	655,812	1.61
11. Tan Poay Seng	572,000	1.40
12. South Island Holdings Sdn. Bhd.	466,627	1.14
13. South Island Development Company Sdn. Berhad	454,867	1.11
14. Tan Kok Aun	417,312	1.02
15. Hong Leong Finance Berhad (Pledged securities account for Tan Poay Seng)	400,000	0.98
16. Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Seh Tiong Say @ Su Tiong Say)	394,000	0.96
17. Lim Hooi Leng	374,227	0.92
18. Yee Shia Ming	309,000	0.76
19. Seow Siew Chin	300,000	0.73
20. Permodalan Nasional Berhad	276,000	0.68
21. Employees Provident Fund Board	258,000	0.63
22. Tan Su Chin	244,149	0.60
23. Tan Kok Pooh	213,654	0.52
24. Tzeng Shing Hwa	211,000	0.52
25. Beatrice Ferlat Kusumo Anggraini	200,000	0.49
26. Johawin Resource Sdn. Bhd.	200,000	0.49
27. Lee Yuit Eow	197,000	0.48
28. Ooi Tong Sun	195,000	0.48
29. Tan Kok Aun	194,142	0.48
30. Lee Koong Chen @ Lee Kong Chew	153,000	0.37
Total	26,102,008	63.90

SUBSTANTIAL SHAREHOLDERS AS AT 16 September 2002 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Tan Kok Ping	9,700,280	23.75	-	-
Dato' Kamarudin bin Jaffar	5,702,938	13.96	-	-



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Directors' Shareholdings

as at 16 September 2002

Name	Direct		Deemed		No. of Unexercised ESOS Options
	No. of Shares	% Shareholding	No. of Shares	% Shareholding	
Tan Sri Dato' Tan Kok Ping	9,700,280	23.74	-	-	50,000
Tan Poay Seng	972,000	2.38	-	-	50,000
Tan Kok Aun	611,454	1.50	-	-	25,000
Ahmad Fizri bin Abu Bakar	1,613,937	3.95	-	-	-
Lee Koong Chen @ Lee Kong Chew	153,000	0.37	-	-	25,000
Chang Chuen Hwa	100,374	0.25	-	-	35,000
H'ng Cheok Seng	10,000	0.02	-	-	-
Noor Zahidi bin Omar	7,000	0.02	-	-	-

ANALYSIS OF SHAREHOLDINGS AS AT 16 September 2002

Authorised share capital : RM100,000,000
 Issued and fully paid-up : RM40,860,000
 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	3,250	92.28	7,283,000	17.82
10,001 – 100,000	231	6.56	6,381,934	15.62
100,001 – 2,012,499	35	0.99	13,683,801	33.49
2,012,499 – and above	4	0.11	13,511,263	33.07
Total	3,522	100.00	40,860,000	100.00

Location of Shareholders

Malaysia	3,490	99.09	40,178,000	98.34
Germany	1	0.03	1,000	0.00
Indonesia	1	0.03	3,000	0.01
Permanent Resident of Malaysia	6	0.17	262,000	0.64
Singapore	9	0.25	127,000	0.31
Taiwan	1	0.03	40,000	0.10
Virgin Islands	1	0.03	10,000	0.02
Others	13	0.37	239,000	0.58
Total	3,522	100.00	40,860,000	100.00

Category of Shareholders

Individual	3,124	88.70	23,620,096	57.81
Banks/Finance Companies	20	0.57	1,080,000	2.64
Investment Trust/Foundation/Charities	3	0.08	78,000	0.19
Industrial and Commercial Companies	27	0.77	1,578,624	3.86
Government Agencies/Institutions	1	0.03	1,000,000	2.45
Nominees	347	9.85	13,503,280	33.05
Total	3,522	100.00	40,860,000	100.00



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

Proxy Form

*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 Shangri-La Hotel, Pangkor Room, Level 3, Magazine Road, 10300 Penang on Thursday, 31 October 2002 at 10.30 a.m. and any adjournment thereof.

RESOLUTIONS	ORDINARY							
	1	2	3	4	5	6	7	8
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 to voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this _____ day of _____, 2002.

Signature of Member (s)

Notes :

- 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.
- 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.
- A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
- 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.
- 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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