



MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

(Incorporated in Malaysia)

ANNUAL REPORT 2008

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Corporate Information

Board of Directors

Executive Chairman
Managing Director
Directors

Tan Sri Dato' Tan Kok Ping
Tan Poay Seng
Tan Kok Aun
Ahmad Fizri bin Abu Bakar
Chang Chuen Hwa (Alternate Director to Tan Poay Seng)
H'ng Cheok Seng
Datuk Noor Zahidi bin Omar
Rayvin Tan Yeong Sheik

Company Secretary

Lee Peng Loon (MACS 01258)

Auditors

Ernst & Young, Chartered Accountants
22nd Floor, Plaza MWE, No. 8 Lebuh 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

CIMB Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Bhd

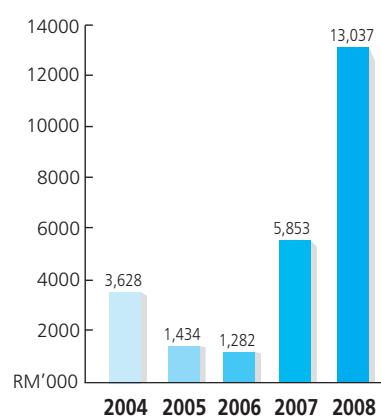
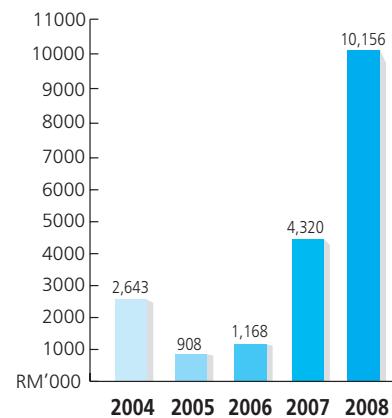
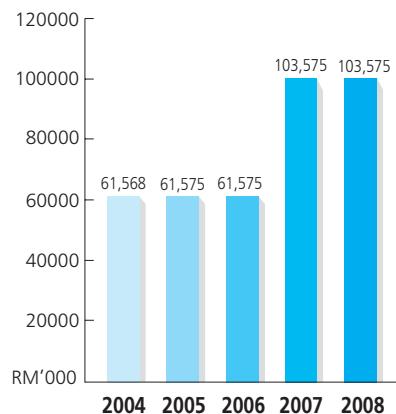
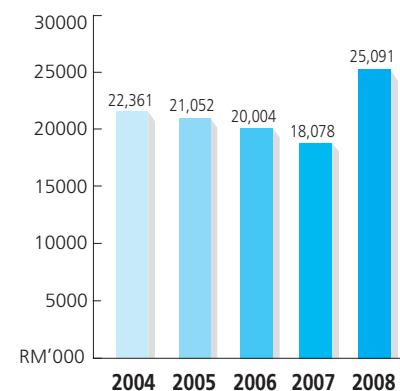
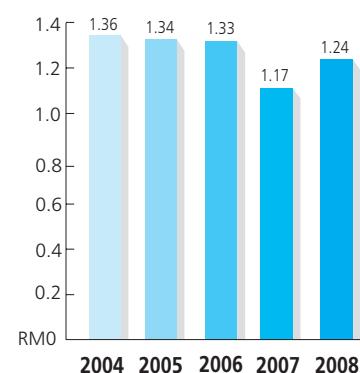
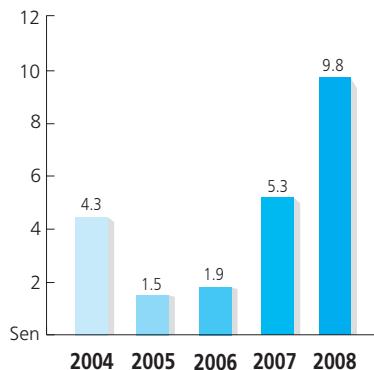
Stock Exchange Listing

Main Board, Bursa Malaysia

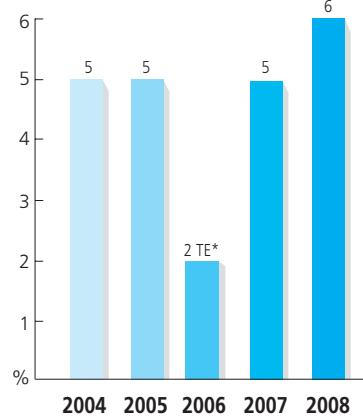
Stock Number

7087

Financial Highlights

Turnover**Profit Before Tax****Net Profit for the year****Paid Up Share Capital****Reserves****Net Assets Per Share****Basic Earnings Per Share****Gross Dividend Per Share**

~ Paid / payable in the following year



TE: Tax Exempt

Profile of Directors

Tan Sri Dato' Tan Kok Ping

Executive Chairman

Appointed to the Board on 18-2-2000

Aged 62, Malaysian,

Bachelor Degree in Commerce, Nanyang University Singapore

Occupation : Company Director

Tan Sri has more than 39 years of experience in various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products.

He also sits on the Board of several private limited companies.

He was the former Managing Director and Deputy Chairman of Berjaya Sports Toto Berhad.

He is the President of Penang Chinese Chamber of Commerce. He was the former Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia, and a member of the Penang Trade Consultative Council for the term of 2000-2004.

He attended all the 5 Board Meetings held during the financial year.

Tan Poay Seng

Managing Director

Appointed to the Board on 18-2-2000

Aged 42, 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.

He attended 3 out of the 5 Board Meetings held during the financial year.

Tan Kok Aun

Executive Director

Appointed to the Board on 18-2-2000

Aged 59, 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 32 years of experience and knowledge in the printing and packaging industry. He also sits on the Board of several private limited companies.

He attended all the 5 Board Meetings held during the financial year.

Profile of Directors (cont'd)

Ahmad Fizri bin Abu Bakar

Independent Non-Executive Director and Member of Audit Committee
Appointed to the Board on 18-2-2000

Aged 59, Malaysian
Bachelor of Arts Degree, UM and MBA, Northrop University, USA
Occupation : Company Director

He has over 16 years working exposure 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.

He attended all the 5 Board Meetings held during the financial year.

Chang Chuen Hwa

Alternate Director to Tan Poay Seng
Appointed to the Board on 18-2-2000 and redesignated as the Alternate Director on 23 September 2008
Aged 51, 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 25 years of service with SIP, he has gained extensive knowledge of the plastic film packaging industry.

He attended all the 5 Board Meetings held during the financial year.

H'ng Cheok Seng

Non-Independent Non-Executive Director and Member of Audit Committee
Appointed to the Board on 18-2-2000
Aged 50, Malaysian
Fellow Member, Association of Chartered Certified Accountants, UK
Occupation : Company Director

He has 18 years experience in financial, corporate and accounting related positions with investment holding, garment manufacturing, local and multi-national electronic manufacturing companies. Prior to his Pre-U studies, he had 6 years of audit and taxation working experience with a local public accounting firm.

He attended all the 5 Board Meetings held during the financial year.

Profile of Directors (cont'd)

Datuk Noor Zahidi bin Omar

Independent Non-Executive Director and Chairman of Audit Committee

Appointed to the Board on 18-2-2000

Aged 51, Malaysian

Diploma in Business Studies, ITM and MBA, University of Hull, UK

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 6 years. He is currently the Executive Chairman of Keltrade Sdn Bhd.

He attended all the 5 Board Meetings held during the financial year.

Rayvin Tan Yeong Sheik

Non-Independent Non-Executive Director

Appointed to the Board on 10-4-2008

Aged 29, Malaysian

Occupation : Company Director

He graduated with a Bachelor of Science (First Class Hons) degree in Accounting and Finance from the London School of Economics, United Kingdom, in 2000.

He joined the Berjaya Group of Companies in May 2001 as Senior Manager (Corporate Affairs) of Kota Raya Development Sdn Bhd and Noble Circle Management Sdn Bhd. He was subsequently appointed to the position of General Manager (Corporate Affairs) of Sports Toto Malaysia Sdn Bhd in February 2002.

During his vocational training as a research intern with Jardine Fleming and Merrill Lynch & Co./Smith Zain Securities, he was involved in the field of research covering the various sectors of property, commodities, telecommunications and transport.

Currently, he is an Executive Director of Berjaya Corporation Berhad and Berjaya Sports Toto Berhad. He is also a Director of Berjaya Group Berhad, Singer (Malaysia) Sdn Bhd, Taiga Building Products Ltd (Canada), Taiga Forest Products Ltd (Canada) and several other private limited companies.

He did not attend any Board Meeting held during the financial year as he was appointed on 10 April 2008.

Notice of Annual General Meeting

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held at Berjaya 1, 7th Floor, Berjaya Georgetown Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Thursday, 30 October 2008 at 10.30 a.m. for the following purposes :-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 April 2008 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 94(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election :
 - i) Ahmad Fizri Bin Abu Bakar
 - ii) H'ng Cheok Seng
3. To re-elect Rayvin Tan Yeong Sheik, the Director who retire pursuant to Article 101 of the Company's Articles of Association and who, being eligible, offer himself for re-election.
4. To approve the payment of a first and final dividend of 6% less income tax of 25% for the financial year ended 30 April 2008.
5. To approve the payment of Directors' fees for the financial year ended 30 April 2008.
6. To re-appoint Messrs. Ernst & Young as auditors of the Company until the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 1
Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

As Special Business:

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

7. **Authority under Section 132D of the Companies Act, 1965 for the Directors to Allot and Issue Shares**

"That, subject always to provisions of the Companies Act, 1965 ("the Act"), 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 Act, 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 total issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

Notice of Annual General Meeting (cont'd)

8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Ordinary Resolution 8

"That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Company and its subsidiaries as specified in Section 2.1 of the Company's Circular to Shareholders dated 8 October 2008 ("Circular") on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that authority conferred by this resolution shall take effect immediately upon the passing of this resolution and the shareholders' mandate shall continue to be in force until:

- (a) the conclusion of the next annual general meeting ("AGM") of the Company following the AGM at which the ordinary resolution for the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act), or
- (c) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is the earlier;

And that, authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution.

And that, the estimates given on the recurrent related party transactions specified in Section 2.1 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the review procedures set out in Section 2.3 of the Circular."

Notice of Annual General Meeting (cont'd)

9. Proposed Renewal of Share Buy-Back of up to 10% of the Issued and Paid-Up Share Capital of the Company Ordinary Resolution 9

"That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, the Company be and is hereby authorised, to the extent permitted by the law, to purchase and/or hold such amount of ordinary shares of RM1.00 each in the Company, as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company subject further to the following:

- (i) the aggregate number of shares purchased and/or held by the Company shall not exceed 10% of the total issued and paid-up share capital of the Company, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") and continues to maintain a shareholding spread that is in compliance with the Listing Requirements after the share purchase;
- (ii) the amount allocated for the purpose of purchasing the shares shall not exceed the share premium account and/or retained profits of the Company;
- (iii) the shares purchased are to be treated in the following manner:
 - (a) to cancel all or part of the purchased ordinary shares; or
 - (b) to retain all or part of the purchased ordinary shares as Treasury Shares for distribution as dividend to the shareholders and/or resale on the market of the Bursa Securities and/or subsequent cancellation.
- (iv) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (a) the conclusion of the next annual general meeting ("AGM") following the general meeting at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
 - (b) the passing of the date on which the next AGM is required by law to be held; or
 - (c) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,
 whichever occurs first.

And that, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the purchase of shares with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the shares."

Notice of Annual General Meeting (cont'd)

10. 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 (MACS 01258)

Company Secretary

Penang

Date: 8 October 2008

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, the proxy form duly completed, must be deposited at the registered office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
6. Explanatory Notes on Special Business:

Agenda 7 (Resolution pursuant to Section 132D of the Companies Act, 1965)

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total issued and paid-up share 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.

Agenda 8 (Resolution pursuant to Proposed Renewal of Shareholders' Mandate)

The proposed Ordinary Resolution 8, if passed, will enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 8 October 2008 which has been dispatched together with the Company's 2008 Annual Report.

Agenda 9 (Resolution pursuant to Proposed Renewal of Share Buy-Back)

The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company authority to purchase the Company's shares up to 10% of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits and share premium 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. Further information on the Proposed Renewal of Share Buy-Back is set out in the Circular to Shareholders dated 8 October 2008 which has been dispatched together with the Company's 2008 Annual Report.

Notice of Annual General Meeting (cont'd)

Notice Of Dividend Entitlement

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 4.00 p.m. on 10 November 2008 in respect of ordinary transfers;
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The dividend, if approved will be paid on 25 November 2008 to depositors who are registered in the Record of Depositors of the Company on 10 November 2008.

By Order of the Board,

LEE PENG LOON (MACS 01258)

Company Secretary

Penang

Date: 8 October 2008

Statement Accompanying Notice of Eleventh Annual General Meeting

Directors who are standing for re-election at the Company's Eleventh Annual General Meeting:

1. Ahmad Fizri Bin Abu Bakar Independent Non-Executive Director, aged 59, Malaysian	Ordinary Resolution 1
2. H'ng Cheok Seng Non-Independent Non-Executive Director, aged 50, Malaysian	Ordinary Resolution 2
3. Rayvin Tan Yeong Sheik Non-Independent Non-Executive Director, aged 29, Malaysian	Ordinary Resolution 3

For further details of Directors who are standing for re-election at the Company's Eleventh Annual General Meeting, kindly refer to pages 5, 6, 21 and 92 of the Company's 2008 Annual Report for the following:

- working experience, qualification and occupation
- any other directorships of public companies
- family relationship with any directors and/or major shareholders of the Company
- any conflict of interest that the above directors have with the Company
- the list of convictions for offences within the past 10 years other than traffic offences, if any
- details of interest in the securities of the Company and its subsidiaries

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 financial year ended 30 April 2008 ("the financial year").

Corporate Developments

The subscription by the Company's wholly-owned subsidiary, South Island Garment Sdn Bhd (SIG), of 5% equity interest in the paid up ordinary share capital of Viet Tien Garment Joint Stock Corporation ("VTEC") for a cash consideration of RM8.370 million was completed on 31 January 2008.

VTEC was incorporated in Vietnam and specializes in garment manufacture, trade of equipment, materials and accessories for garment industry, household electric appliances and also undertakes all services for delivering and receiving imported-exported commodities.

Group's Performance

The Group reported a Turnover and Profit Before Taxation ("PBT") of RM339.658 million and RM13.037 million respectively in the financial year as opposed to RM201.000 million and RM5.853 million in the previous financial year.

The substantial increase in Turnover for the financial year by 69% compared to the preceding financial year was mainly due to the contribution from SIG, the results of which were consolidated fully in the financial year.

As such, PBT for the financial year surged by 123% as compared to the previous financial year mainly due to the contribution from SIG.

Operations

The group continues to face intense competition in both the garment and packaging businesses.

Operating costs for our garment manufacturing in Vietnam are rising due to higher labour costs and escalating inflation rate. On the local front, the Group is facing similar constraints due to hike in energy cost and inflationary pressure.

The prolonged excess capacity in the packaging industry together with the surging raw material prices will continue to erode the profit margin of players in the packaging industry.

The Group is pursuing "Lean" measures aggressively to reduce waste, cut costs and increase productivity in order to be more cost efficient and price competitive in the market.

The Group will continue to review, streamline and strengthen its operations to achieve operational excellences which are crucial to greater customer satisfaction and sustain market share.

These efforts are expected to mitigate the said negative impact on the future performance of the Group.

Dividends

The Board has recommended a first and final dividend of 6% less income tax 25% for the financial year (2007: 5% less income tax 27%) for approval by the shareholders at the forthcoming Annual General Meeting.

Chairman's Statement (cont'd)

Prospects

Barring any unforeseen circumstances, the Group is expected to achieve satisfactory performance in the coming year.

Appreciation

On behalf of the Board, I would like to express our gratitude to Mr Lee Koong Chen @ Lee Kong Chew and Encik Abdul Jalil bin Ismail who have resigned as Directors of the Company for their past contributions and valuable services.

I would also like to extend our sincere appreciation to the Management and Staff for their dedication and loyalty and to extend our sincere thanks to our valued customers, shareholders, vendors, bankers and government agencies for their continued support and co-operation.

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 Practice of the Code.

Application of the Principles

(1) The Board of Directors

The Board and Board Balance

The Board has the overall responsibility for corporate governance, setting strategic direction, and overseeing all major investments of the Group. The Board has 7 members, 3 of whom are Executive Directors, 2 of whom are Non-Independent Non-Executive Directors whilst the remaining 2 are Independent Non-Executive Directors.

The Board has delegated the specific responsibilities to 2 Board Committees, namely the Audit and Employee Share Option Scheme Committees, all of which have terms of reference to govern their responsibilities. The Board Committees will deliberate on and examine issues within their terms of reference and report to the Board.

The Board met 5 times during the financial year ended 30 April 2008 and the attendance of the Directors at the said meetings are set out in the Profile of Directors on pages 4 to 6 of the Annual Report.

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. An alternate director shall cease to be an alternate director if his appointor for any reason ceases to be a director.

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.

Every Director has also access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense in furtherance of their duties.

Directors' Training

The Directors are encouraged to evaluate their own training needs on a continuous basis and to attend talks, seminars, workshops and other training programmes that would enable them to enhance their knowledge and contribution to the Board.

Corporate Governance Statement (cont'd)

Application of the Principles (cont'd)

(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 2008 are disclosed in Note 9 to the Financial Statements on pages 56 to 57.

(3) Shareholders / Investors

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.

Other mode of communication with shareholders as well as investors include corporate announcements to Bursa Securities and press releases.

Shareholders and members of the public can obtain the Company's latest announcements via the Bursa Malaysia website at www.bursamalaysia.com.

(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 17.

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. Save as disclosed above, 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 recognizes the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control as well as reviewing its adequacy and integrity.

As there are limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it 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 minimizing wastage and improving productivity and quality of the products and customers' service.

All the 4 operating subsidiaries had been accredited to ISO9001 : 2000.

This statement was made in accordance with a resolution of the Board of Directors dated 23 September 2008.

Audit Committee's Report

Chairman :	Datuk Noor Zahidi bin Omar	-	Independent Non-Executive Director
Members :	Ahmad Fizri bin Abu Bakar	-	Independent Non-Executive Director
	H'ng Cheok Seng	-	Non-Independent Non-Executive Director
	Abdul Jalil bin Ismail	-	Independent Non-Executive Director

(Resigned on 23 September 2008)

TERMS OF REFERENCE

Authority

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

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors;
- e) be able to obtain independent professional or other advice; and
- f) 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:-

- 1) Review the following:
 - a) with the external auditor, the audit plan;
 - b) with the external auditor, his evaluation of the system of internal controls;
 - c) with the external auditor, his audit report;
 - d) the assistance given by the employees of the Company to the external auditor;
 - e) the quarterly results and year end financial statements prior to the approval of the Board, focusing particularly on:
 - i) changes in or implementation of major accounting policy changes;
 - ii) significant and unusual events; and
 - iii) compliance with accounting standards and other legal requirements;
 - f) any related party transaction and conflict of interest situation that may arise with the Company, and the Group.
- 2) To do the following, in relation to the internal audit function:
 - a) Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry its work;
 - b) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- 3) To recommend the nomination of a person or persons as external auditors.
- 4) To review and verify the allocation of shares to employees under the Employee Share Options Scheme (ESOS).

Audit Committee's Report (cont'd)

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. Datuk Noor Zahidi bin Omar attended 5 out of the 6 meetings while the rest of the members of the Audit 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:-

- 1) Review the unaudited quarterly results before presenting to the Board for approval and announcement to Bursa Malaysia;
- 2) Review the external auditors' audit plan, audit approach and reporting requirements;
- 3) Review the draft audited financial statements before presenting to the Board for approval;
- 4) Review related party transactions.
- 5) Review the internal audit reports presented.

Allocation of Share Options to Employees and Non-Executive Directors

During the financial year, the Company did not allocate any share options to its Employees and Non-Executive Directors.

Internal Audit Function

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

The activities carried out by the internal audit function during the financial year include reviewing the subsidiaries' compliance with internal control procedures and ascertaining that the assets are safeguarded and properly accounted for.

The Company's internal audit department is responsible for the overall internal audit function of the Group and reports directly to the Audit Committee.

Directors' Responsibility Statement

as at 30 April 2008

The Directors consider that, in preparing the financial statements of Magni-Tech Industries Berhad for the financial year ended 30 April 2008 on pages 30 to 88 of this Annual Report, the Company had 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.

Corporate Social Responsibility (CSR)

The Group has always been actively playing its role in maintaining the corporate social responsibility in business operations. There are on-going efforts to minimize the environmental, health and safety risks impact of its operations. Waste treatment system such as Reducer to dry up the ink waste to ensure no ink waste water discharged to the drain and Activated Carbon Filter System for Air Pollution Control have been implemented in certain operations in Malaysia.

The Group also ensures compliance with all environmental and occupational safety and health regulations and laws at all times. The storage, usage and disposal of hazardous chemicals and waste are carried out according to the relevant regulatory requirements. Personnel in charge are constantly sent to attend training courses relevant to this area.

In an effort to develop and retain quality employees, the Group provided in-house as well as out-sourced training programs for management, supervisory and marketing skills for its employees during the financial year ended 30 April 2008. At the same time, the Group also initiated staff welfare functions as an effort to enhance work-life balance among the staff.

As a responsible corporate citizen, the Group also provided financial assistance to schools and local charitable organizations. During the financial year ended 30 April 2008, the Group donated about RM45,600 to school and charity organizations. Other community works involved included visiting the handicapped children centre and organizing Christmas party for the orphanage home.

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.

Utilisation of Proceeds Raised from Corporate Proposals

Not applicable as there were no fund raising corporate proposals during the financial year.

Share Buy-Backs, Options, Warrants or Convertible Securities

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

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

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

Sanctions and / or Penalties

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

Non-Audit Fees

The external auditors were paid non-audit fee of RM3,000 by the Company during the financial year.

Profit Guarantee and Profit Estimate, Forecast or Projection or Unaudited Results

During the financial year, there were no profit guarantee, profit estimate, forecast or prospectus given by the Company.

There was no significant variance between the audited 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 or contract relating to loans 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 (TPS) is the son of TKP; and Chang Chuen Hwa (alternate to TPS) 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 Annual General Meeting held on 26 October 2007. The said Mandate is subject to renewal at the forthcoming Annual General Meeting. Details of such transactions are disclosed in Note 33 to the financial statements on pages 80 to 81.

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2008.

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 16 to the financial statements.

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

Results

	Group RM	Company RM
Profit for the year	<u>10,156,058</u>	<u>12,055,191</u>
Attributable to:		
Equity holders of the Company	10,159,751	12,055,191
Minority interests	(3,693)	-
	<u>10,156,058</u>	<u>12,055,191</u>

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 2.3 to the financial statements.

Dividend

The amount of dividend paid by the Company since 30 April 2007 was as follows:

	RM
In respect of the financial year ended 30 April 2007 as reported in the directors' report of that year:	
First and final dividend of 5% less 27% taxation, paid on 27 November 2007	<u>3,780,488</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 April 2008, of 6% less 25% taxation on 103,575,000 ordinary shares, amounting to a dividend payable of RM4,660,875 (4.50 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2009.

Directors' Report (cont'd)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this 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
 Datuk Noor Zahidi bin Omar
 Abdul Jalil bin Ismail
 Rayvin Tan Yeong Sheik

(appointed on 10 April 2008)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme ("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 or the fixed salary of a full-time employee of the Company or its related corporations as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM1 each		
	1 May 2007	Acquired	30 April 2008
The Company			
Direct interest			
Tan Sri Dato' Tan Kok Ping *	14,263,827	1,898,300	(5,000)
Tan Poay Seng	4,429,762	831,400	-
Tan Kok Aun	1,631,981	-	-
Lee Koong Chen @ Lee Kong Chew	99,900	-	-
Ahmad Fizri bin Abu Bakar	3,905	-	-
Chang Chuen Hwa	165,561	-	-
H'ng Cheok Seng	65,000	-	-
Datuk Noor Zahidi bin Omar	10,500	-	-
			16,157,127
			5,261,162
			1,631,981
			99,900
			3,905
			165,561
			65,000
			10,500

Directors' Report (cont'd)

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each		
	15 August 2007	Acquired	30 April 2008
Indirect interest			
Interest of Spouse/Children of the Directors**			
Tan Sri Dato' Tan Kok Ping	15,000	-	15,000
Tan Kok Aun	44,167	-	44,167
Ahmad Fizri Bin Abu Bakar	2,393	-	2,393
Chang Chuen Hwa	120,144	-	120,144
Deemed interest of a Director			
Tan Sri Dato' Tan Kok Ping ***	14,149,639	-	14,149,639
Number of Options over ordinary shares of RM1 each			
	1 May 2007	Granted	30 April 2008
The Company			
Tan Sri Dato' Tan Kok Ping	500	-	500
Tan Poay Seng	500	-	500
Tan Kok Aun	22,500	-	22,500
Lee Koong Chen @ Lee Kong Chew	16,500	-	16,500
Ahmad Fizri Bin Abu Bakar	25,000	-	25,000
Chang Chuen Hwa	16,500	-	16,500
H'ng Cheok Seng	25,000	-	25,000
Datuk Noor Zahidi Bin Omar	25,000	-	25,000
Abdul Jalil Bin Ismail	25,000	-	25,000

* Inclusive of shares registered in the name of AA Anthony Nominees (Tempatan) Sdn. Bhd., Mayban Nominees (Tempatan) Sdn. Bhd. and CIMB Group Nominees (Tempatan) Sdn. Bhd..

** Disclosure pursuant to Section 134 (12) (c) of the Companies Act 1965 as amended by the Companies (Amendment) Act 2007 which took effect on 15 August 2007.

*** Deemed interested by virtue of his shareholdings in KP Holdings Sdn. Bhd., pursuant to Section 6A of the Companies Act, 1965.

Save as disclosed above, none of the directors in office at the end of the financial year had any interest in shares or options over shares in the Company or in shares in its related corporations during the financial year.

Directors' Report (cont'd)

Employee share options scheme

The Company's Employee Share Options Scheme ("ESOS") is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 12 April 2001. The ESOS was implemented on 18 July 2001 and is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 22 to the financial statements.

There were no share options granted during the financial year.

Details of options granted to directors are disclosed in the section on Directors' Interests in this report.

No ESOS were exercised during and subsequent to the end of the financial year.

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts has been written off and that adequate provision had been made for doubtful debts in respect of the financial statements of the Group. The directors were also satisfied that there were no known bad debts and that no provision for doubtful debts was necessary in respect of the financial statements of the Company; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent, nor are they aware of any circumstances which would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report (cont'd)

Other statutory information (cont'd)

(e) As at the date of this report, there does not exist:

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

(f) In the opinion of the directors:

- (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Other significant events

The other significant events during the financial year are as disclosed in Note 36 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 August 2008

Tan Poay Seng

Penang, Malaysia

Lee Koong Chen @ Lee Kong Chew

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

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 accompanying financial statements set out on pages 30 to 88 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2008 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 August 2008

Tan Poay Seng

Penang, Malaysia

Lee Koong Chen @ Lee Kong Chew

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Poh Seng Chit, being the officer primarily responsible for the financial management of Magni-Tech Industries Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 30 to 88 are in my opinion 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 25 August 2008 :

Poh Seng Chit

Before me,

CHEAH BENG SUN (P.103)
DJN, AMN, PKT, PJK, PJM, PK.
Commissioner for Oaths

Independent Auditors' Report to the Members of Magni-Tech Industries Berhad

(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Magni-Tech Industries Berhad, which comprise the balance sheets as at 30 April 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 88.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report to the Members of Magni-Tech Industries Berhad (cont'd) (Incorporated in Malaysia)

Report on other legal and regulatory requirements

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

- (a) In our opinion, 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.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.
- (c) We are satisfied that the accounts 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.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Penang, Malaysia
Date: 25 August 2008

Lim Eng Huat
No. 2403/04/09(J)
Chartered Accountant

Income Statements

for the year ended 30 April 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	3	339,658,166	200,999,977	17,539,013	7,594,004
Cost of sales	4	(294,763,299)	(173,341,052)	-	-
Gross profit		44,894,867	27,658,925	17,539,013	7,594,004
Other income	5	640,108	389,226	24,366	27,203
Administrative expenses		(25,095,329)	(13,814,950)	(1,900,812)	(5,558,754)
Selling and distribution expenses		(6,919,108)	(6,645,429)	-	-
Operating profit		13,520,538	7,587,772	15,662,567	2,062,453
Finance costs	6	(389,403)	(600,917)	(903)	(1,148)
Share of losses of associates		(94,208)	(1,133,415)	-	-
Profit before tax	7	13,036,927	5,853,440	15,661,664	2,061,305
Income tax expense	10	(2,880,869)	(1,533,238)	(3,606,473)	(1,914,584)
Profit for the year		10,156,058	4,320,202	12,055,191	146,721
Attributable to:					
Equity holders of the Company		10,159,751	4,323,360	12,055,191	146,721
Minority interests		(3,693)	(3,158)	-	-
		10,156,058	4,320,202	12,055,191	146,721
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11(a)	9.8	5.3		
Diluted, for profit for the year	11(b)	9.8	5.3		

The accompanying notes form an integral part of the financial statements.

Balance Sheets

as at 30 April 2008

Note	Group		Company	
	2008 RM	2007 RM (restated)	2008 RM	2007 RM
Assets				
Non-current assets				
Property, plant and equipment	13	64,258,972	64,559,040	218,115
Investment properties	14	178,747	-	-
Prepaid land lease payments	15	3,818,030	3,913,293	-
	16	-	-	85,350,412
Investments in associates	17	1,118,775	1,725,058	-
Other investments	18	11,284,196	2,117,926	-
		80,658,720	72,315,317	85,568,527
				86,580,433
Current assets				
Inventories	19	34,587,630	38,110,776	-
Trade and other receivables	20	46,230,657	51,887,795	41,273,090
Tax recoverable		239,613	700,036	3,076,654
Cash and bank balances	21	10,658,620	4,263,432	939,103
		91,716,520	94,962,039	45,288,847
				32,914,96
Total assets		172,375,240	167,277,356	130,857,374
				119,495,401
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	23	103,575,000	103,575,000	103,575,000
Share premium	23	3,048,336	3,048,336	3,048,336
Other reserves	24	22,184	22,184	15,847,183
Retained earnings/ (Accumulated losses)	25	22,020,360	15,007,340	5,231,890
		128,665,880	121,652,860	127,702,409
Minority interests		30,768	34,461	-
Total equity		128,696,648	121,687,321	127,702,409
				119,427,706

Balance Sheets

as at 30 April 2008 (cont'd)

	Note	Group		Company	
		2008 RM	2007 RM (restated)	2008 RM	2007 RM
Non-current liabilities					
Borrowings	26	278,371	490,485	-	-
Deferred tax liabilities	28	7,652,278	8,355,442	3,079,816	4,392
		<u>7,930,649</u>	<u>8,845,927</u>	<u>3,079,816</u>	<u>4,392</u>
Current liabilities					
Borrowings	26	7,105,238	11,393,250	-	-
Trade and other payables	29	28,049,282	24,859,208	75,149	63,303
Tax payable		593,423	491,650	-	-
		<u>35,747,943</u>	<u>36,744,108</u>	<u>75,149</u>	<u>63,303</u>
Total liabilities		43,678,592	45,590,035	3,154,965	67,695
Total equity and liabilities		172,375,240	167,277,356	130,857,374	119,495,401

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 30 April 2008

GROUP	Attributable to equity holders of the Company					Minority interests	Total equity	
	Non-distributable				Distributable			
	Share capital (Note 23)	Share premium (Note 23)	Other reserves (Note 24)	Retained earnings (Note 25)	Total			
	RM	RM	RM	RM	RM	RM	RM	
At 1 May 2006	61,575,000	3,048,336		-	16,955,480	81,578,816	37,619	81,616,435
Profit for the year, representing total recognised income and expense for the year	-	-	-	4,323,360	4,323,360	(3,158)	4,320,202	
Dividends (Note 12)	-	-	-	(1,231,500)	(1,231,500)	-	(1,231,500)	
Issue of ordinary shares for acquisition of a subsidiary	42,000,000		-	(5,040,000)	36,960,000	-	36,960,000	
Share options granted under ESOS	-	-	22,184	-	22,184	-	22,184	
At 30 April 2007	103,575,000	3,048,336	22,184	15,007,340	121,652,860	34,461	121,687,321	
At 1 May 2007	103,575,000	3,048,336	22,184	15,007,340	121,652,860	34,461	121,687,321	
Profit for the year, representing total recognised income and expense for the year	-	-	-	10,159,751	10,159,751	(3,693)	10,156,058	
Dividends (Note 12)	-	-	-	(3,780,488)	(3,780,488)	-	(3,780,488)	
Gain arising from dilution of interest in an associate (Note 36(a))	-	-	-	633,757	633,757	-	633,757	
At 30 April 2008	103,575,000	3,048,336	22,184	22,020,360	128,665,880	30,768	128,696,648	

Statements of Changes in Equity

for the year ended 30 April 2008 (cont'd)

Company	← Non-distributable → Distributable				Total equity
	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained earnings/ (accumulated losses) (Note 25) RM	
At 1 May 2006	61,575,000	3,048,336	15,824,999	3,081,966	83,530,301
Profit for the year, representing total recognised income and expense for the year	-	-	-	146,721	146,721
Dividends (Note 12)	-	-	-	(1,231,500)	(1,231,500)
Issue of ordinary shares for acquisition of a subsidiary	42,000,000	-	-	(5,040,000)	36,960,000
Share options granted under ESOS	-	-	22,184	-	22,184
At 30 April 2007	103,575,000	3,048,336	15,847,183	(3,042,813)	119,427,706
At 1 May 2007	103,575,000	3,048,336	15,847,183	(3,042,813)	119,427,706
Profit for the year, representing total recognised income and expense for the year	-	-	-	12,055,191	12,055,191
Dividends (Note 12)	-	-	-	(3,780,488)	(3,780,488)
At 30 April 2008	103,575,000	3,048,336	15,847,183	5,231,890	127,702,409

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements

for the year ended 30 April 2008

	Note	Group 2008 RM	2007 RM (restated)	Company 2008 RM	2007 RM
Cash flows from operating activities					
Profit before tax		13,036,927	5,853,440	15,661,664	2,061,305
Adjustments for:					
Amortisation of prepaid land lease payments	7 & 15	95,263	54,192	-	-
Bad debts written off	7	15,658	-	-	-
Depreciation of:					
- property, plant and equipment	7 & 13	6,020,189	4,920,122	120,409	133,156
- investment properties	7 & 14	14,893	-	-	-
Dividend income	3 & 5	(102,171)	(98,100)	(16,903,013)	(6,958,004)
Gain on disposal of property, plant and equipment	7	(140,277)	(178,592)	-	-
Interest expense	6	340,802	542,245	-	-
Interest income	5	(177,908)	(179,172)	(24,366)	(13,618)
Impairment losses on:					
- investments in associates	7 & 17	1,145,832	1,538,019	1,054,986	4,815,014
- other investments	7	79,667	543,315	-	-
Negative goodwill written off	7	-	(1,378,091)	-	-
Property, plant and equipment written off	7	170,281	320,512	-	-
Provision for doubtful debts	7	-	5,581	-	-
Share options granted under ESOS	8	-	22,184	-	22,184
Share of losses in associates		94,208	1,133,415	-	-
Operating profit/(loss) before working capital changes		20,593,364	13,099,070	(90,320)	60,037
Decrease in inventories		3,523,146	158,508	-	-
Decrease/(increase) in receivables		5,641,480	(5,819,462)	(622,789)	1,128,239
Increase in payables		3,190,074	871,812	11,846	16,568
Cash generated from operations/(used in) operations	6	32,948,064	8,309,928	(701,263)	1,204,844
Interest paid		(340,802)	(542,245)	-	-
Tax paid		(3,021,837)	(1,833,153)	(3,055,453)	(50,531)
Net cash generated from/(used in) operating activities		29,585,425	5,934,530	(3,756,716)	1,154,313

Cash Flow Statements

for the year ended 30 April 2008 (cont'd)

	Note	Group		Company	
		2008 RM	2007 RM (restated)	2008 RM	2007 RM
Cash flows from investing activities					
Interest received	5	177,908	179,172	24,366	13,618
Additional investment in an associate		-	(970,000)	-	(970,000)
Purchase of other investments	18	(9,245,937)	-	-	-
Investment in an associate	17	-	(608,851)	-	-
Acquisition of a subsidiary		-	7,841,605	-	(915,415)
Net dividends received		102,171	98,100	4,597,571	5,079,343
Proceeds from disposal of property, plant and equipment		827,620	293,599	-	-
Purchase and subsequent expenditure of investment properties	14	(127,040)	-	-	-
Purchase of property, plant and equipment (Note A)		(6,144,345)	(2,282,497)	(163,489)	(1,430)
Net cash (used in)/generated from investing activities		(14,409,623)	4,551,128	4,458,448	3,206,116
Cash flows from financing activities					
Dividends paid	12	(3,780,488)	(1,231,500)	(3,780,488)	(1,231,500)
Net change in related companies balances		-	-	3,093,735	(2,527,226)
Repayment of term loans		(419,466)	(302,282)	-	-
Repayment of other borrowings		(6,680,396)	(4,942,419)	-	-
Repayment of hire purchase payables		(125,531)	(45,933)	-	-
Net cash used in financing activities		(11,005,881)	(6,522,134)	(686,753)	(3,758,726)
Net increase in cash and cash equivalents		4,169,921	3,963,524	14,979	601,703
Cash and cash equivalents at beginning of financial year		4,263,432	299,908	924,124	322,421
Cash and cash equivalents at end of financial year (Note 21)		<u>8,433,353</u>	<u>4,263,432</u>	<u>939,103</u>	<u>924,124</u>

Cash Flow Statements

for the year ended 30 April 2008 (cont'd)

A. Purchase of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM6,644,345 (2007: RM2,282,497) and RM163,489 (2007: RM1,430) respectively by way of the following:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash payment	6,144,345	2,282,497	163,489	1,430
Hire purchase payables	500,000	-	-	-
	6,644,345	2,282,497	163,489	1,430

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

– 30 April 2008

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. 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 principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 August 2008.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 October 2006 and 1 January 2007 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for the revaluation of certain buildings and plant and equipment included within property, plant and equipment of the Group.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

i. Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

ii. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

ii. Basis of consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Acquisition of certain subsidiaries which meets the conditions of a merger were accounted for using the merger method. When the merger method is used, the cost of investment in the Company's financial statements is recorded at fair value of the shares issued at the date of exchange. The difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. Where the carrying value of investment is less than the nominal value of shares acquired, the merger reserve should be treated as a reserve arising on consolidation. Where the carrying amount of investment is greater than the nominal value of shares acquired, the merger deficit is treated on consolidation as a reduction of reserves. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial year.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Associates (cont'd)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associates are carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investments in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

Goodwill relating to associates is included in the carrying amount of the investments and is not amortised. Any excess of the Group's share of the net fair value of the associates' identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amounts of the investments and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investments are acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less any accumulated impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for certain building, plant and equipment of the Group. Certain building, plant and equipment of the Group are stated at valuation less accumulated depreciation and any accumulated impairment losses and have not been revalued since they were first revalued in 1979 and 1989 respectively. The directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1979 and 1989 valuations less accumulated depreciation and any accumulated impairment losses. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Buildings	2% - 4%
Plant and machinery, electrical and piping installations	5% - 10%
Office furniture, fittings, equipment and renovation	10% - 33.33%
Motor vehicles	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(d) Investment properties (cont'd)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

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

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) 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 and garments are determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of production overheads based on normal operating capacity.

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

(g) Financial instruments

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

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

i. Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

ii. Other non-current investments

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less any accumulated impairment losses. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

iii. Receivables

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

iv. Payables

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

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Financial instruments (cont'd)

v. Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

vi. Equity instrument

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

vii. Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

(h) Leases

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(d)); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

ii. Finance leases – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or leases, less accumulated depreciation and any accumulated impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum hire purchase and lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Hire purchase or lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase or leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant hire purchase or lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase or leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

iii. Operating leases – the Group as lessee

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

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

iv. Operating leases – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straightline basis over the term of the relevant lease (Note 2.2(n)(v)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Income tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(I) Employee benefits

i. Short term benefits

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

ii. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

iii. Share-based compensation

The Company's Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies

i. Functional and presentation currency

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

ii. Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

iii. Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i. Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

ii. Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

iii. Management fees

Management fees are recognised when services are rendered.

iv. Interest income

Interest income is recognised on an accrual basis using the effective interest method.

v. Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.3 Changes in accounting policies and effects arising from adoption of new and revised Financial Reporting Standards ("FRSs")

On 1 May 2007, the Group and the Company adopted the following revised FRSs which are effective for financial periods beginning on or after 1 October 2006:

FRS 117: Leases

FRS 124: Related Party Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119₂₀₀₄: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures which are effective for financial periods beginning on or after 1 January 2007. These FRSs are, however, not applicable to the Group or the Company.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new and revised Financial Reporting Standards ("FRSs") (cont'd)

The adoption of the revised FRS 124 gives rise to additional disclosures but did not result in significant changes in the accounting policies of the Group and of the Company. The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) Leasehold land held for own use

Prior to 1 May 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and any accumulated impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 May 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The effects on the consolidated balance sheet as at 30 April 2008 are set out below:

	2008 RM
Decrease in property, plant and equipment	(3,818,030)
Increase in prepaid land lease payments	<u>3,818,030</u>

There were no effects on the consolidated income statement for the year ended 30 April 2008 and the Company's separate financial statements.

The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

Group	Previously stated RM	Adjustment RM	Restated RM
Property, plant and equipment	68,472,333	(3,913,293)	64,559,040
Prepaid land lease payments	-	3,913,293	3,913,293

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.3 Changes in accounting policies and effects arising from adoption of new and revised Financial Reporting Standards ("FRSs") (cont'd)

(b) Initial direct cost

Prior to 1 May 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group and of the Company.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new and revised FRS, amendment to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendment to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.4 Standards and interpretations issued but not yet effective (cont'd)

The other new and revised FRSs, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

(a) FRS 112: Income taxes

The Group does not recognise deferred tax assets on unused reinvestment allowances as required by paragraph 36 of FRS 112₂₀₀₄: Income Taxes. Under the revised FRS 112 Income Taxes, the Group will have to recognise deferred tax assets on such unused reinvestment allowances to the extent that it is probable that future taxable profits will be available against which the unused reinvestment allowances can be utilised. Upon initial adoption of this revised standard, retained earnings as at 1 May 2008 shall be increased by approximately RM858,000 as there are unused reinvestment allowances of approximately RM3,433,000. The directors are unable to determine if the initial adoption of this revised FRS will have a material impact on the financial statements for the year ending 30 April 2009.

2.5 Significant accounting estimation and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

i. Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimation and judgements (cont'd)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Depreciation of plant and machinery

The cost of plant and machinery for the manufacturing of garments and corrugated fibre board cartons and boxes of the Group are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to range from 10 to 20 years respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii. Impairment of investments in associates

During the financial year, the Group and the Company have recognised impairment losses in respect of investment in an associate as disclosed in Note 17. The Group has carried out the impairment test based on the estimate of the value-in-use of the cash-generating unit ("CGU") to which the investment in the associate belongs to. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows of the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised by the Group and the Company are disclosed in Note 17.

iii. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of the recognised deferred tax assets are disclosed in Note 28.

3. Revenue

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	339,658,166	200,999,977	-	-
Gross dividends from subsidiaries	-	-	16,903,013	6,958,004
Management fees from subsidiaries	-	-	636,000	636,000
	<hr/>	<hr/>	<hr/>	<hr/>
	339,658,166	200,999,977	17,539,013	7,594,004

Notes to the Financial Statements

– 30 April 2008 (cont'd)

4. Cost of sales

Cost of sales mainly represents cost of inventories sold.

5. Other income

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Dividend income	102,171	98,100	-	-
Interest income	177,908	179,172	24,366	13,618
Insurance claim	1,945	26,426	-	-
Rental income receivable from investment properties	59,500	-	-	-
Rental income receivable from operating leases, other than those relating to investment properties	60,000	60,000	-	-
Miscellaneous	238,584	25,528	-	13,585
	640,108	389,226	24,366	27,203

6. Finance costs

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest expense on:				
Bank borrowings	329,938	527,659	-	-
Hire purchase payables	10,864	14,586	-	-
Total interest expense	340,802	542,245	-	-
Bank charges	48,601	58,672	903	1,148
	389,403	600,917	903	1,148

Notes to the Financial Statements

– 30 April 2008 (cont'd)

7. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2008 RM	2007 RM (restated)	2008 RM	2007 RM
After charging:				
Amortisation of prepaid land lease payments (Note 15)	95,263	54,192	-	-
Auditors' remuneration				
- statutory audit				
- current year	88,000	59,400	13,000	8,400
- underprovision in prior year	4,600	-	4,600	-
- others				
- current year	9,000	3,000	9,000	3,000
- underprovision in prior year	6,000	-	6,000	-
Bad debts written off	15,658	-	-	-
Depreciation of:				
- property, plant and equipment (Note 13)	6,020,189	4,920,122	120,409	133,156
- investment properties (Note 14)	14,893	-	-	-
Employee benefits expense (Note 8)	41,077,249	27,360,747	108,133	116,391
Gain on disposal of property, plant and equipment	(140,277)	(178,592)	-	-
Impairment losses on:				
- investments in associates (Note 17)	1,145,832	1,538,019	1,054,986	4,815,014
- other investments	79,667	543,315	-	-
Net realised foreign exchange losses	482,179	248,669	-	-
Non-executive directors' remuneration (Note 9)	138,000	160,184	138,000	160,184
Property, plant and equipment written off	170,281	320,512	-	-
Provision for doubtful debts	-	5,581	-	-
Operating leases:				
- minimum lease payments for land and buildings	910,091	754,400	141,300	141,300
- minimum lease payments for plant and machinery	47,210	57,086	-	-
Negative goodwill written off	-	(1,378,091)	-	-

Notes to the Financial Statements

– 30 April 2008 (cont'd)

8. Employee benefits expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages and salaries	38,363,482	25,508,615	92,275	80,950
Social security contributions	275,357	174,264	1,072	1,000
Contributions to defined contribution plan	2,128,034	1,564,854	11,096	9,728
Share options granted under ESOS	-	22,184	-	22,184
Other benefits	310,376	90,830	3,690	2,529
	41,077,249	27,360,747	108,133	116,391

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM4,722,443 (2007: RM3,048,973) as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company:				
Executive:				
Salaries, allowances and bonus	4,278,000	2,739,100	-	-
Defined contribution plan	384,000	249,120	-	-
Fees	60,000	60,000	-	-
Other emoluments	443	753	-	-
	4,722,443	3,048,973	-	-
Benefits-in-kind	7,800	7,800	-	-
	4,730,243	3,056,773	-	-
Non-executive:				
Fees	108,000	108,000	108,000	108,000
Share options granted under ESOS	-	22,184	-	22,184
Other emoluments	30,000	30,000	30,000	30,000
	138,000	160,184	138,000	160,184
Total directors' remuneration	4,860,443	3,209,157	138,000	160,184
Estimated money value of benefits-in-kind	7,800	7,800	-	-
	4,868,243	3,216,957	138,000	160,184
Total directors' remuneration including benefits-in-kind				

Notes to the Financial Statements

– 30 April 2008 (cont'd)

9. Directors' remuneration (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Total directors' remuneration:				
Executive directors' remuneration (Note 8)	4,722,443	3,048,973	-	-
Non-executive directors' remuneration (Note 7)	138,000	160,184	138,000	160,184
Estimated money value of benefits-in-kind	7,800	7,800	-	-
Total directors' remuneration including benefits-in-kind	4,868,243	3,216,957	138,000	160,184

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive directors:		
RM200,001 - RM250,000	1	1
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	-
RM500,001 - RM550,000	1	1
RM650,001 - RM700,000	-	-
RM850,000 - RM900,000	-	1
RM1,000,001 - RM1,500,000	1	1
RM1,500,001 - RM2,500,000	1	-
Non-executive directors:		
Below RM50,000	5	4

10. Income tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax:				
Tax expense for the year	3,847,715	2,309,041	524,287	1,913,661
(Over)/under provision in prior year	(263,682)	(376,985)	6,762	3,531
	3,584,033	1,932,056	531,049	1,917,192

Notes to the Financial Statements

– 30 April 2008 (cont'd)

10. Income tax expense (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	(225,012)	(213,757)	3,075,897	4,392
Relating to changes in tax rates	(283,856)	(236,845)	(473)	-
(Over)/under provision in prior year	(194,296)	51,784	-	(7,000)
	(703,164)	(398,818)	3,075,424	(2,608)
Total income tax expense	<u>2,880,869</u>	<u>1,533,238</u>	<u>3,606,473</u>	<u>1,914,584</u>

Domestic income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% effective year of assessment 2009. The computation of deferred tax as at 30 April 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to the profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	<u>13,036,927</u>	<u>5,853,440</u>	<u>15,661,664</u>	<u>2,061,305</u>
Taxation at statutory tax rate of 26% (2007: 27%)	3,389,601	1,580,429	4,072,033	556,552
Deferred tax recognised at different tax rates	(139,392)	(32,860)	(473)	-
Effect of changes in tax rates on opening balance of deferred tax	(144,464)	(203,985)	-	-
Tax savings of 6% (2007: 7%) for first RM500,000 (2007: RM500,000) of chargeable income	(43,616)	(55,107)	-	-
Income not subject to tax	(6,674)	-	(821,342)	-
Expenses not deductible for tax purposes	879,892	701,127	349,493	1,361,501
Utilisation of current year's reinvestment allowances	(596,500)	(131,165)	-	-
(Over)/under provision of income tax in prior year	(263,682)	(376,985)	6,762	3,531
(Over)/underprovision of deferred tax in prior year	(194,296)	51,784	-	(7,000)
Income tax expense for the year	<u>2,880,869</u>	<u>1,533,238</u>	<u>3,606,473</u>	<u>1,914,584</u>

Notes to the Financial Statements

– 30 April 2008 (cont'd)

11. Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group		2008	2007
Profit attributable to ordinary equity holders of the Company (RM)			10,159,751	4,323,360
Weighted average number of ordinary shares in issue			103,575,000	81,366,780
Basic earnings per share (sen)			<u>9.8</u>	<u>5.3</u>

(b) Diluted

The effect on the basic earnings per share for the current financial year arising from the assumed conversion of the existing ESOS is anti-dilutive. Accordingly, the diluted earnings per share for the current financial year is presented as equal to basic earnings per share.

12. Dividends

Group and company	Dividend in respect of Year		Dividend Recognised in Year	
	2007 RM	2006 RM	2008 RM	2007 RM
First and final dividend of 5% less 27% taxation, paid on 27 November 2007 (3.7 sen per ordinary share)	3,780,488	-	3,780,488	-
First and final tax exempt dividend of 2%, paid on 16 November 2006 (2.0 sen per ordinary share)	-	1,231,500	-	1,231,500
	<u>3,780,488</u>	<u>1,231,500</u>	<u>3,780,488</u>	<u>1,231,500</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 April 2008, of 6% less 25% taxation on 103,575,000 ordinary shares, amounting to a dividend payable of RM4,660,875 (4.50 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 April 2009.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

13. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
At 30 April 2008						
Cost/Valuation						
At 1 May 2007	7,139,133	29,817,263	71,740,555	12,568,137	6,996,384	128,261,472
Additions	-	693,838	2,958,076	1,366,993	1,625,438	6,644,345
Disposals	(320,000)	(380,000)	(1,255,005)	(27,036)	(307,004)	(2,289,045)
Write off	-	-	(170,280)	(1,610)	(402,638)	(574,528)
Reclassification to investment properties (Note 14)	-	(270,000)	-	-	-	(270,000)
At 30 April 2008	6,819,133	29,861,101	73,273,346	13,906,484	7,912,180	131,772,244
Representing:						
At cost	6,819,133	28,221,101	70,245,101	13,900,774	7,904,180	127,090,289
At valuation	-	1,640,000	3,028,245	5,710	8,000	4,681,955
	6,819,133	29,861,101	73,273,346	13,906,484	7,912,180	131,772,244
Accumulated depreciation						
At 1 May 2007	-	5,786,224	43,643,331	9,309,319	4,963,558	63,702,432
Depreciation charge for the year (Note 7)	-	600,660	3,728,594	701,326	989,609	6,020,189
Disposals	-	(30,401)	(1,254,142)	(11,273)	(305,886)	(1,601,702)
Write off	-	-	-	(1,610)	(402,637)	(404,247)
Reclassification to investment properties (Note 14)	-	(203,400)	-	-	-	(203,400)
At 30 April 2008	-	6,153,083	46,117,783	9,997,762	5,244,644	67,513,272
Net carrying amount						
At 30 April 2008						
At cost	6,819,133	22,699,418	27,084,826	3,908,722	2,667,536	63,179,635
At valuation	-	1,008,600	70,737	-	-	1,079,337
	6,819,133	23,708,018	27,155,563	3,908,722	2,667,536	64,258,972

Notes to the Financial Statements

– 30 April 2008 (cont'd)

13. Property, plant and equipment (cont'd)

	Freehold land RM	Buildings RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
At 30 April 2007						
Cost/Valuation						
At 1 May 2006	4,124,133	16,408,579	58,960,582	3,700,415	4,865,822	88,059,531
Additions	-	67,046	968,767	576,673	670,011	2,282,497
Disposals	-	-	(933,957)	(34,854)	(733,552)	(1,702,363)
Write off	-	-	(422,377)	(14,353)	-	(436,730)
Acquisition of subsidiary	3,015,000	13,341,638	13,167,540	8,340,256	2,194,103	40,058,537
At 30 April 2007	7,139,133	29,817,263	71,740,555	12,568,137	6,996,384	128,261,472
Representing:						
At cost	7,139,133	28,177,263	68,712,310	12,562,427	6,988,384	123,579,517
At valuation	-	1,640,000	3,028,245	5,710	8,000	4,681,955
	7,139,133	29,817,263	71,740,555	12,568,137	6,996,384	128,261,472
Accumulated depreciation						
At 1 May 2006	-	4,653,996	31,671,149	2,605,090	3,536,794	42,467,029
Depreciation charge for the year (Note 7)	-	468,246	3,265,167	437,572	749,137	4,920,122
Disposals	-	-	(823,508)	(30,297)	(733,551)	(1,587,356)
Write off	-	-	(105,337)	(10,881)	-	(116,218)
Acquisition of subsidiary	-	663,982	9,635,860	6,307,835	1,411,178	18,018,855
At 30 April 2007	-	5,786,224	43,643,331	9,309,319	4,963,558	63,702,432
Net carrying amount						
At 30 April 2007						
At cost	7,139,133	22,989,639	27,883,562	3,258,818	2,032,826	63,303,978
At valuation	-	1,041,400	213,662	-	-	1,255,062
	7,139,133	24,031,039	28,097,224	3,258,818	2,032,826	64,559,040

Notes to the Financial Statements

– 30 April 2008 (cont'd)

13. Property, plant and equipment (cont'd)

Company	Office equipment and renovation RM	Motor vehicles RM	Total RM
At 30 April 2008			
Cost			
At 1 May 2007	250,509	523,099	773,608
Additions	17,110	146,379	163,489
At 30 April 2008	267,619	669,478	937,097
Accumulated depreciation			
At 1 May 2007	209,204	389,369	598,573
Depreciation charge for the year (Note 7)	35,953	84,456	120,409
At 30 April 2008	245,157	473,825	718,982
Net carrying amount			
At 30 April 2008	22,462	195,653	218,115
At 30 April 2007			
Cost			
At 1 May 2006	249,079	523,099	772,178
Additions	1,430	-	1,430
At 30 April 2007	250,509	523,099	773,608
Accumulated depreciation			
At 1 May 2006	160,504	304,913	465,417
Depreciation charge for the year (Note 7)	48,700	84,456	133,156
At 30 April 2007	209,204	389,369	598,573
Net carrying amount			
At 30 April 2007	41,305	133,730	175,035

Notes to the Financial Statements

– 30 April 2008 (cont'd)

13. Property, plant and equipment (cont'd)

(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 carrying amount that would have been included in the financial statements of the Group would be as follows :

	2008 RM	2007 RM
Buildings	739,556	772,159

(b) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM14,678,141 (2007: RM14,087,683) and RM314,830 (2007: RM112,900) respectively.

(c) Included in property, plant and equipment of the Group are motor vehicles with net carrying amount of RM848,291 (2007: RM146,817) held under hire purchase arrangements.

(d) As at 30 April 2008, a parcel of freehold land of a subsidiary with net carrying amount of RM100,000 (2007: RM100,000) is in the process of being transferred to the name of the subsidiary.

(e) The net carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings (Note 26) are as follows:

	Group	
	2008 RM	2007 RM
Freehold land	2,695,000	3,015,000
Buildings	14,101,485	14,118,819
Plant and machinery, electrical and piping installations	3,789,710	3,349,040
Office furniture, fittings, equipment and renovation	3,020,475	2,271,379
Motor vehicles	1,039,807	745,846
	<hr/>	<hr/>
	24,646,477	23,500,084

Notes to the Financial Statements

– 30 April 2008 (cont'd)

14. Investment properties

	Group	2008	2007
	RM	RM	RM
Cost			
At 1 May		-	-
Additions		127,040	-
Transfer from property, plant and equipment (Note 13)		66,600	-
		193,640	-
At 30 April		193,640	-
Accumulated depreciation			
At 1 May		-	-
Depreciation charge for the year (Note 7)		14,893	-
		14,893	-
At 30 April		14,893	-
Net carrying amount		178,747	-

The investment properties have an open market value of approximately RM434,050.

The investment properties comprise buildings held by a subsidiary under lease terms and leased to a third party (Note 30(b)).

Direct operating expenses incurred by the Group on the investment property during the financial year amounted to RM24,287 (2007: RM20,194).

15. Prepaid land lease payments

	Group	2008	2007
	RM	RM	(restated)
At 1 May		3,913,293	3,967,485
Amortisation for the year (Note 7)		(95,263)	(54,192)
		3,818,030	3,913,293
At 30 April		3,818,030	3,913,293
Analysed as:			
Long term leasehold land		480,112	487,851
Short term leasehold land		3,337,918	3,425,442
		3,818,030	3,913,293

Leasehold land with an aggregate net carrying amount of RM3,502,601 (2007: RM3,590,917) are pledged as security for bank borrowings (Note 26).

Notes to the Financial Statements

– 30 April 2008 (cont'd)

16. Investments in subsidiaries

	Company	
	2008 RM	2007 RM
Unquoted shares at cost	<u>85,350,412</u>	<u>85,350,412</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Equity Interest held (%)	
			2008	2007
South Island Packaging (Penang) Sdn. Bhd. **	Malaysia	Manufacturing and distribution of inner packaging boxes for industrial and commercial uses.	99.64	99.64
South Island Plastics Sdn. Bhd. **	Malaysia	Manufacturing and distribution of flexible plastic packaging materials for industrial and commercial uses	100	100
Inter-Pacific Packaging Sdn. Bhd. *	Malaysia	Manufacturing and distribution of corrugated fibre board cartons and boxes for industrial and commercial uses	100	100
South Island Garment Sdn. Bhd. **	Malaysia	Manufacturing and sales of garments	100	100

* Audited by Ernst & Young, Malaysia

** Audited by firms of auditors other than Ernst & Young

Notes to the Financial Statements

– 30 April 2008 (cont'd)

17. Investments in associates

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares at cost:				
- in Malaysia	5,870,000	5,870,000	5,870,000	5,870,000
- outside Malaysia	608,851	608,851	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Share of post-acquisition reserves	6,478,851	6,478,851	5,870,000	5,870,000
Gain arising from dilution of interest	(3,309,982)	(3,215,774)	-	-
in an associate (Note 36(a))	633,757	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Impairment losses	3,802,626	3,263,077	5,870,000	5,870,000
	(2,683,851)	(1,538,019)	(5,870,000)	(4,815,104)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,118,775	1,725,058	-	1,054,986
	<hr/>	<hr/>	<hr/>	<hr/>

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Equity Interest held (%)	
			2008	2007
GPS Tech Solutions Sdn. Bhd.	Malaysia	Designing, developing and marketing of global positioning system products.	26.26	31.74
Vinh Tien Garment Joint Stock Company ("Vinh Tien")	Vietnam	Manufacturing of garments.	23.66	23.66

(a) Impairment losses recognised

During the financial year, due to losses by the associate in Malaysia, the Group has conducted an impairment review on the investment which has resulted in the recognition of impairment losses amounting to RM1,145,832 (2007: RM1,538,019) and RM1,054,986 (2007: RM4,815,104) by the Group and the Company to reduce the carrying value of the investment in the associate to its estimated recoverable amount. The recoverable amount was based on its value-in-use and the discount rate used was 7.0% (2007: 8.5%).

(b) Key assumptions used in value-in-use calculations

The recoverable amount is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management. Key assumptions and management's approach to determine the values assigned to each key assumption are as follows:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increased for expected efficiency improvements and new products introduced.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

17. Investments in associates

(b) Key assumptions used in value-in-use calculations (cont'd)

(ii) Growth rate

The average growth rate used is based on management's estimate of average growth rate based on the past and current trends of the industry.

(iii) Discount rate

The discount rate used is pre-tax and is based on the weighted average borrowing rate of the Group.

(c) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonable change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The financial statements of the above associates are coterminous with those of the Group, except for Vinh Tien of which its financial year end is 31 December. For the purpose of applying the equity method of accounting, the financial statements for the period ended 30 April 2008 have been used.

The summarised financial information of the associates is as follows:

	Group	
	2008 RM	2007 RM
Share of the associates' balance sheets:		
Current assets	1,391,526	1,959,533
Non-current assets	2,732,380	2,815,587
Total assets	4,123,906	4,775,120
Current liabilities	1,565,334	2,511,151
Non-current liabilities	464,312	674,562
Total liabilities	2,029,646	3,185,713
Share of associates' revenue and losses:		
Revenue	1,896,461	1,478,136
Losses for the year	(94,208)	(1,133,415)

The details of goodwill included within the Group's carrying amount of investments in associates are as follows:

	Group	
	2008 RM	2007 RM
At 1 May		
Arising from investment in an associate	1,673,670	1,538,019
	-	135,651
Less: Impairment losses		
	1,673,670	1,673,670
	(1,538,019)	(1,538,019)
At 30 April	135,651	135,651

Notes to the Financial Statements

– 30 April 2008 (cont'd)

18. Other investments

	Group	
	2008 RM	2007 RM
Quoted shares in Malaysia, at cost	3,222,205	3,222,205
Less: Impairment losses	(1,336,449)	(1,256,782)
	<hr/>	<hr/>
	1,885,756	1,965,423
	<hr/>	<hr/>
Unquoted shares at cost	1,232,000	1,232,000
- in Malaysia	9,245,937	-
- outside Malaysia		
	<hr/>	<hr/>
Less: Impairment losses	10,477,937	1,232,000
	(1,079,497)	(1,079,497)
	<hr/>	<hr/>
	9,398,440	152,503
	<hr/>	<hr/>
Total	11,284,196	2,117,926
	<hr/>	<hr/>
Market value of quoted shares	1,900,756	1,809,423
	<hr/>	<hr/>

19. Inventories

	Group	
	2008 RM	2007 RM
Cost:		
Raw materials	17,435,390	15,980,397
Work-in-progress	14,316,522	18,841,448
Finished goods	1,959,693	2,612,837
Consumables, tools and spare parts	876,025	676,094
	<hr/>	<hr/>
	34,587,630	38,110,776
	<hr/>	<hr/>

20. Trade and other receivables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade				
Third parties	43,069,740	48,824,973	-	-
Related parties	492,751	295,255	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Less: Provision for doubtful debts	43,562,491	49,120,228	-	-
	(932,011)	(937,592)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Trade receivables, net	42,630,480	48,182,636	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

– 30 April 2008 (cont'd)

20. Trade and other receivables (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables				
Due from subsidiaries	-	-	40,443,951	31,737,686
Deposits received from customers	-	999,878	-	-
Sundry deposits	331,291	843,847	5,675	5,675
Share application monies	820,000	1,075,500	820,000	200,000
Prepayments	1,951,171	441,487	1,350	675
Sundry receivables	497,715	344,447	2,114	-
	<hr/> 3,600,177	<hr/> 3,705,159	<hr/> 41,273,090	<hr/> 31,944,036
	<hr/> 46,230,657	<hr/> 51,887,795	<hr/> 41,273,090	<hr/> 31,944,036

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally range from 30 days to 150 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As at 30 April 2008, the Group has significant exposure to two debtors which constitute approximately 32% of the trade receivables. These two debtors contributed approximately 71% of the total revenue of the Group for the financial year. Trade receivables are non-interest bearing.

(b) Amount due from related parties

Amount due from all related parties are non-interest bearing and are repayable upon demand. All related parties receivable are unsecured and are to be settled in cash.

(c) Other receivables

The share application monies of the Group and the Company of RM820,000 (2007: RM1,075,500) and RM820,000 (2007: RM200,000) relate to amounts paid for the subscription of 820,000 (2007: 200,000) new ordinary shares of RM1 each in an associate, GPS Tech Solutions Sdn. Bhd., a company incorporated in Malaysia. The new shares have not been allotted to the Group and the Company subsequent to year end.

Included in share application monies of the Group in the previous financial year was an amount of RM875,500 which was in relation to the subscription of 40,000 shares of Vietnam Dong (VND)10,000 each in Cong Tien Garment Joint Stock Company ("Cong Tien"), a company incorporated in Vietnam, by a subsidiary. The new shares were allotted to the subsidiary during this financial year and is disclosed as other investment in the financial statements.

Further details on related party transactions are disclosed in Note 33.

Other information on financial risks of trade and other receivables are disclosed in Note 34.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

21. Cash and bank balances

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash on hand and at banks	4,329,322	3,592,936	161,805	272,129
Deposits with licensed banks:				
- fixed deposits	777,298	670,496	777,298	651,995
- short term placements	5,552,000	-	-	-
	<u>10,658,620</u>	<u>4,263,432</u>	<u>939,103</u>	<u>924,124</u>

Other information on financial risks of cash and cash equivalents are disclosed in Note 34.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following at the balance sheet date:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	10,658,620	4,263,432	939,103	924,124
Bank overdrafts (Note 26)	(2,225,267)	-	-	-
	<u>8,433,353</u>	<u>4,263,432</u>	<u>939,103</u>	<u>924,124</u>

22. Employee benefits

Employee share options scheme ("ESOS")

The Company's ESOS is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 12 April 2001. The ESOS was implemented on 18 July 2001 and is to be in force for a period of 10 years from the date of implementation.

Subsequently, the Company had announced its proposal to make amendments to certain provisions of the bye-laws of the ESOS. The Company has proposed to include the participation of the Non-Executive Directors of the Company and its subsidiaries (other than dormant subsidiaries) in its ESOS. Pursuant to this, the Company has also proposed to amend certain clauses in the Articles of Association ("AA") of the Company.

The above proposals were approved by the shareholders of the Company at the Extraordinary General Meeting held on 8 August 2006. Following this, non-executive directors have been granted options to subscribe for 100,000 ordinary shares of RM1.00 each of the Company.

The main features of the ESOS of the Company are as follows:

- Eligible persons are employees of the Group (including executive and non-executive directors) who have been confirmed in the 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.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

22. Employee benefits (cont'd)

Employee share options scheme ("ESOS") (cont'd)

- (b) The total number of shares to be issued under the ESOS 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 ten 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 Bursa Malaysia Securities Berhad for the five trading days preceding the date of the offer; or
 - (ii) the par value of the shares.
- (d) No offer shall be granted for less than 100 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 ten 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.

(i) Details of share options outstanding at the end of the year:

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	Grant date	Expiry date	Exercise Price RM	Outstanding at 1 May	Number of Share Options Movements during the year		Outstanding at 30 April	Exercisable 30 April
					Granted	Exercised		
2008								
Option 1	18 July 2001	17 July 2011	1.00	385,500	-	-	385,500	385,500
Option 2	18 August 2006	17 July 2011	1.00	100,000	-	-	100,000	70,000
				485,500	-	-	485,500	455,500

Notes to the Financial Statements

– 30 April 2008 (cont'd)

22. Employee benefits (cont'd)

Employee share options scheme ("ESOS") (cont'd)

(i) Details of share options outstanding at the end of the year (cont'd):

	Grant date	Expiry date	Exercise Price RM	Outstanding at 1 May	Number of Share Options		Outstanding at 30 April	Exercisable 30 April
					Granted	Exercised		
2007								
Option 1	18 July 2001	17 July 2011	1.00	385,500	-	-	385,500	385,500
Option 2	18 August 2006	17 July 2011	1.00	-	100,000	-	100,000	40,000
				385,500	100,000	-	485,500	425,500

(ii) Share options exercised during the year:

There were no share options exercised during the current and previous financial year. No new share options were granted by the Company in the current financial year.

23. Share capital and share premium

	Number of ordinary shares of RM1 each	Amount		Total share capital and share premium RM
		Share capital (issued and fully paid) RM	Share capital (issued and fully paid) RM	
At 1 May 2006	61,575,000	61,575,000	3,048,336	64,623,336
Ordinary shares issued for the acquisition of a subsidiary	42,000,000	42,000,000	-	42,000,000
At 30 April 2007 and 30 April 2008	103,575,000	103,575,000	3,048,336	106,623,336

Authorised share capital	Number of ordinary shares of RM1 each		Amount	
	2008	2007	2008 RM	2007 RM
At 1 May				
Created during the year	500,000,000	100,000,000	500,000,000	100,000,000
	-	400,000,000	-	400,000,000
At 30 April	500,000,000	500,000,000	500,000,000	500,000,000

Notes to the Financial Statements

– 30 April 2008 (cont'd)

23. Share capital and share premium (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

24. Other reserves (non-distributable)

Group	Share option reserve		
	RM	Capital reserve	Total
At 1 May 2006			-
Share options granted under ESOS			22,184
At 30 April 2007 and 30 April 2008			<u>22,184</u>
Company	Share option reserve	Capital reserve	Total
At 1 May 2006	-	15,824,999	15,824,999
Share options granted under ESOS	22,184	-	22,184
At 30 April 2007 and 30 April 2008	<u>22,184</u>	<u>15,824,999</u>	<u>15,847,183</u>

Group and company

Share Option Reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

Company

Capital Reserve

The capital reserve arose from the issuance of shares of the Company at fair value at the date of exchange for investments in certain subsidiaries accounted for under the merger method.

25. Retained earnings

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

25. Retained earnings (cont'd)

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 April 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

26. Borrowings

	Group	
	2008	2007
	RM	RM
Short term borrowings		
Secured:		
Bank overdrafts (Note 21)	2,225,267	-
Hire purchase payables (Note 27)	223,201	56,084
Trust receipts	3,982,407	10,523,940
	<hr/>	<hr/>
	6,430,875	10,580,024
Unsecured:		
Revolving credits	500,000	500,000
Term loan	174,363	313,226
	<hr/>	<hr/>
	674,363	813,226
	<hr/>	<hr/>
	7,105,238	11,393,250
Long term borrowings		
Secured:		
Hire purchase payables (Note 27)	278,371	71,019
Unsecured:		
Term loans	-	419,466
	<hr/>	<hr/>
	278,371	490,485

Notes to the Financial Statements

– 30 April 2008 (cont'd)

26. Borrowings (cont'd)

	Group	
	2008 RM	2007 RM
Total borrowings		
Bank overdrafts	2,225,267	-
Hire purchase payables (Note 27)	501,572	127,103
Revolving credits	500,000	500,000
Term loans	174,363	732,692
Trust receipts	3,982,407	10,523,940
	<hr/>	<hr/>
	7,383,609	11,883,735
Maturity of borrowings (excluding hire purchase payables):		
Within one year	6,882,037	11,337,166
More than 1 year and less than 2 years	-	292,868
More than 2 years and less than 5 years	-	126,598
	<hr/>	<hr/>
	6,882,037	11,756,632

The bank borrowings of the Group are secured by;

- (i) a corporate guarantee by the Company;
- (ii) a first legal charge and negative pledge over the entire fixed and floating assets of certain subsidiaries;
- (iii) leasehold land and buildings of a subsidiary as disclosed in Notes 13 and 15; and
- (iv) personal guarantee by a director of a subsidiary.

Other information on financial risks of borrowings is disclosed in Note 34.

27. Hire purchase payables

	Group	
	2008 RM	2007 RM
Minimum hire purchase payments:		
Not later than 1 year	234,457	62,148
Later than 1 year and not later than 2 years	195,181	73,790
Later than 2 years	103,767	-
	<hr/>	<hr/>
Less: Future finance charges	533,405	135,938
	(31,833)	(8,835)
	<hr/>	<hr/>
Present value of hire-purchase liabilities	501,572	127,103

Notes to the Financial Statements

– 30 April 2008 (cont'd)

27. Hire purchase payables (cont'd)

Analysed as:

Amount due within 12 months (Note 26)
 Amount due after 12 months (Note 26)

	Group	
	2008 RM	2007 RM
Amount due within 12 months (Note 26)	223,201	56,084
Amount due after 12 months (Note 26)	278,371	71,019
	<hr/>	<hr/>
	501,572	127,103
	<hr/>	<hr/>

Present value of hire purchase liabilities:

Not later than 1 year
 Later than 1 year and not later than 2 years
 Later than 2 years but not later than 5 years

Not later than 1 year	223,201	56,084
Later than 1 year and not later than 2 years	181,154	56,532
Later than 2 years but not later than 5 years	97,217	14,487
	<hr/>	<hr/>
	501,572	127,103
	<hr/>	<hr/>

The Group has hire purchase contracts on motor vehicles (Note 13 (c)). There are no restrictions placed on the Group by entering into these contracts.

Other information on financial risks of hire purchase payables is disclosed in Note 34.

28. Deferred tax liabilities

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 May	8,355,442	6,501,949	4,392	7,000
Recognised in income statement (Note 10)	(703,164)	(398,818)	3,075,424	(2,608)
Acquisition of a subsidiary	-	2,252,311	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April	7,652,278	8,355,442	3,079,816	4,392
	<hr/>	<hr/>	<hr/>	<hr/>

Presented after appropriate offsetting as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax assets	-	-	-	-
Deferred tax liabilities	7,652,278	8,355,442	3,079,816	4,392
	<hr/>	<hr/>	<hr/>	<hr/>
	7,652,278	8,355,442	3,079,816	4,392
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

– 30 April 2008 (cont'd)

28. Deferred tax liabilities (cont'd)

The components and movements of deferred tax liabilities and assets of the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities/(assets) of the Group:

	Property, plant and equipment RM	Payables RM	Unabsorbed capital allowances RM	Receivables RM	Others RM	Total RM
At 1 May 2007	8,700,913	(192,000)	(161,000)	38,000	(30,471)	8,355,442
Recognised in income statement	(545,588)	-	(275,000)	109,200	8,224	(703,164)
At 30 April 2008	8,155,325	(192,000)	(436,000)	147,200	(22,247)	7,652,278
At 1 May 2006	6,826,960	(190,000)	(99,000)	-	(36,011)	6,501,949
Recognised in income statement	(378,358)	(2,000)	(62,000)	38,000	5,540	(398,818)
Acquisition of subsidiary	2,252,311	-	-	-	-	2,252,311
At 30 April 2007	8,700,913	(192,000)	(161,000)	38,000	(30,471)	8,355,442

As at 30 April 2008, the Group has unutilised reinvestment allowances carried forward amounting to approximately RM3,433,000 (2007: RM3,433,000) which can be utilised to offset against future taxable profits.

Deferred tax liabilities of the Company:

	Plant and equipment RM	Dividend receivables RM	Total RM
At 1 May 2007	4,392	-	4,392
Recognised in income statement	7,424	3,068,000	3,075,424
At 30 April 2008	11,816	3,068,000	3,079,816
At 1 May 2006	7,000	-	7,000
Recognised in income statement	(2,608)	-	(2,608)
At 30 April 2007	4,392	-	4,392

Notes to the Financial Statements

– 30 April 2008 (cont'd)

29. Trade and other payables

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade				
Third parties	23,441,596	20,031,412	-	-
Related parties	40,175	34,020	-	-
	23,481,771	20,065,432	-	-
Other payables				
Accruals	1,485,479	1,865,338	42,240	8,400
Sundry payables	3,082,032	2,928,438	32,909	54,903
	4,567,511	4,793,776	75,149	63,303
	28,049,282	24,859,208	75,149	63,303

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days.

(b) Amount due to related parties

Amount due to all related parties are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled by cash.

Further details on related party transactions are disclosed in Note 33.

Other information on financial risks of trade and other payables are disclosed in Note 34.

30. Operating lease arrangements

(a) The Group as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. The leases have an average life of between 1 to 2 years. The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2008 RM	2007 RM
Future minimum rentals payable:		
Payable within one year	42,480	142,630
Later than 1 year and not later than 5 years	11,550	11,280
	54,030	153,910

Notes to the Financial Statements

– 30 April 2008 (cont'd)

30. Operating lease arrangements (cont'd)

(b) The Group as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of 2 years.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	Group	
	2008 RM	2007 RM
Not later than 1 year	102,000	-
Later than 1 year and not later than 5 years	42,500	-
	<hr/>	<hr/>
	144,500	-
	<hr/>	<hr/>

Investment property rental income recognised in profit or loss during the financial year is as disclosed in Note 5.

31. Capital commitments

Capital expenditure:

Approved and contracted for:
Property, plant and equipment

	Group	
	2008 RM	2007 RM
	-	-
	<hr/>	<hr/>
	1,199,200	-
	<hr/>	<hr/>

32. Contingent liabilities (unsecured)

Corporate guarantees given for banking facilities granted to subsidiaries

	Company	
	2008 RM	2007 RM
	6,882,037	11,756,632
	<hr/>	<hr/>

Notes to the Financial Statements

– 30 April 2008 (cont'd)

33. Related party disclosure

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	Note	2008 RM	2007 RM
Sales of finished goods to companies in which certain directors have interests:			
- Induscor Supplies (M) Sdn. Bhd.	(i)	-	360
- Industrial Adhesives Nitta Inc. Sdn. Bhd.	(i)	-	2,413
- South Island Building Sdn. Bhd.	(i)	15,471	13,493
- Yong Guan Heng & Co. Sdn. Bhd.	(i)	1,000,091	919,447
- Pen'ads (M) Sdn. Bhd.	(i)	-	11,290
Purchase of goods and services from companies in which certain directors have interests:			
- Induscor Supplies (M) Sdn. Bhd.	(i)	430,535	295,102
- Industrial Adhesives Nitta Inc. Sdn. Bhd.	(i)	-	90,015
- Pen'ads (M) Sdn. Bhd.	(i)	14,495	34,740
- Yong Guan Heng & Co. Sdn. Bhd.	(i)	23,382	-
Rental of premises paid and payable to a company in which certain directors have interests:			
- KP Holdings Sdn. Bhd.	(ii)	136,800	136,800
Rental of machinery received/receivable from a company in which certain directors have interests:			
- Yong Guan Heng & Co. Sdn. Bhd.	(ii)	60,000	60,000
Subcontract fees paid/payable to a company in which a subsidiary is a corporate shareholder			
- Viet Tien Garment Joint Stock Corporation	(iv)	24,825,651	-
Sales of plant and equipment to a company in which a subsidiary is a corporate shareholder			
- Viet Tien Garment Joint Stock Corporation	(v)	166,500	-
Company			
Purchase of goods and services from companies in which certain directors have interests:			
- Pen'ads (M) Sdn. Bhd.	(i)	5,599	9,990
Rental of premises paid and payable to a company in which certain directors have interests:			
- KP Holdings Sdn. Bhd.	(ii)	136,800	136,800
Gross dividends received/receivable from subsidiaries		16,903,013	6,958,004
Management fees received/receivable from subsidiaries	(iii)	636,000	636,000

Notes to the Financial Statements

– 30 April 2008 (cont'd)

33. Related party disclosure (cont'd)

- (i) The sales and purchases of goods and services from companies in which certain directors have interests were made according to prices and terms mutually agreed between the respective parties and were not materially different from those obtainable in transactions with unrelated parties.
- (ii) The rentals were charged at prices mutually agreed between the respective parties.
- (iii) The management fees were charged at prices mutually agreed between the respective parties.
- (iv) The subcontract fees paid/payable to a company in which a subsidiary is a corporate shareholder were charged at prices mutually agreed between the respective parties and were not materially different from those obtainable in transactions with unrelated parties.
- (v) The sales of plant and equipment to a company in which a subsidiary is a corporate shareholder was made according to prices and terms agreed mutually between the parties and were not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 30 April 2008 are disclosed in Notes 20 and 29.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short-term employee benefits	4,984,443	2,945,653	138,000	138,000
Defined contribution plan	430,800	249,120	-	-
Share options granted under ESOS	-	22,184	-	22,184
	5,415,243	3,216,957	138,000	160,184

Included in the total key management personnel compensation are:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors' remuneration (Note 9)	4,860,443	3,209,157	138,000	160,184

34. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

34. Financial instruments (cont'd)

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the highest and lowest interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	Highest %	Lowest %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 30 April 2008										
Group										
Fixed rate										
Hire purchase payables	27	6.70	4.38	(223,201)	(181,154)	(97,217)	-	-	-	(501,572)
Floating rate										
Deposits with licensed banks	21	3.70	1.75	6,329,298	-	-	-	-	-	6,329,298
Bank overdrafts	26	8.50	8.50	(2,225,267)	-	-	-	-	-	(2,225,267)
Revolving credits	26	4.86	4.86	(500,000)	-	-	-	-	-	(500,000)
Term loans	26	8.00	5.88	(174,363)	-	-	-	-	-	(174,363)
Trust receipts	26	4.50	4.30	(3,982,407)	-	-	-	-	-	(3,982,407)
Company										
Floating rate										
Deposits with licensed banks	21	3.70	3.15	777,298	-	-	-	-	-	777,298
At 30 April 2007										
Group										
Fixed rate										
Hire purchase payables	27	6.70	5.22	(56,084)	(56,532)	(14,487)	-	-	-	(127,103)
Floating rate										
Deposits with licensed banks	21	3.70	3.15	670,496	-	-	-	-	-	670,496
Revolving credits	26	4.86	4.86	(500,000)	-	-	-	-	-	(500,000)
Term loans	26	8.00	5.88	(313,226)	(292,868)	(126,598)	-	-	-	(732,692)
Trust receipts	26	7.14	6.64	(10,523,940)	-	-	-	-	-	(10,523,940)
Company										
Floating rate										
Deposits with licensed banks	21	3.15	3.15	651,995	-	-	-	-	-	651,995

Notes to the Financial Statements

– 30 April 2008 (cont'd)

34. Financial instruments (cont'd)

(c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving risk to this risk are primarily United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional Currency	Group Financial Assets/(Liabilities) Held in Non-Functional Currencies				Total RM
	United States Dollar RM	EURO RM	Singapore Dollar RM		
At 30 April 2008:					
Ringgit Malaysia					
Trade receivables	13,902,881	-	249,612	14,152,493	
Other receivables	592,250	138,636	-	730,886	
Cash and bank balances	6,405,429	-	-	6,405,429	
Trade payables	(17,097,391)	-	(114,976)	(17,212,367)	
Other payables	(284,167)	-	(3,664)	(287,831)	
At 30 April 2007:					
Ringgit Malaysia					
Trade receivables	21,242,672	-	191,998	21,434,670	
Other receivables	875,500	-	-	875,500	
Cash and bank balances	1,920,399	-	-	1,920,399	
Trade payables	(6,892,450)	-	(134,862)	(7,027,312)	
Other payables	(8,134)	-	(70,723)	(78,857)	

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. The Group is able to raise funds from financial institutions and balances its portfolio with some short term fundings so as to achieve overall cost effectiveness.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. Receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

34. Financial instruments (cont'd)

(e) Credit risk (cont'd)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets, other than as disclosed in Note 20.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group	
		Carrying	
	Note	amount	Fair value
RM			
At 30 April 2008:			
Non-current quoted shares	18	1,885,756	1,900,756
Non-current unquoted shares	18	9,398,440	-
Hire purchase payables	27	501,572	473,930
<hr/>			
At 30 April 2007:			
Non-current quoted shares	18	1,965,423	1,809,423
Non-current unquoted shares	18	152,503	-
Hire purchase payables	27	127,103	127,103

The methods and assumptions used by management to determine the fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

i. Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending, borrowing and leasing arrangements.

ii. Non-current quoted and unquoted shares

The fair value of the quoted shares is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

It is not practicable to estimate the fair value of the Group's non-current unquoted investments because of the lack of quoted market prices and the variability to estimate fair value. However the Group believes that the carrying amount represents the recoverable value.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

35. Segmental information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main business segments:

- (i) Manufacturing and sales of packaging materials; and
- (ii) Manufacturing and sales of garments

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's two business segments operate in two main geographical areas:

Malaysia - the operations in this area are principally manufacturing and sale of packaging materials and garments

Vietnam - the operations in this area are principally manufacturing and sales of garments

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

There are minimal inter-segments sales within the Group.

Notes to the Financial Statements

– 30 April 2008 (cont'd)

35. Segmental information (cont'd)

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Total RM
30 April 2008			
Revenue			
Sales to external customers	96,924,265	242,733,901	339,658,166
Total revenue	96,924,265	242,733,901	339,658,166
Results			
Segment results	1,789,019	12,877,351	14,666,370
Unallocated expenses			(1,145,832)
Finance costs			(389,403)
Share of losses of associates			(94,208)
Profit before tax			13,036,927
Income tax expense			(2,880,869)
Profit for the year			10,156,058
Assets			
Segment assets	92,008,825	79,008,027	171,016,852
Investments in associates	-	-	1,118,775
Unallocated assets			239,613
Total assets			172,375,240
Liabilities			
Segment liabilities	6,810,055	21,239,227	28,049,282
Unallocated liabilities			15,629,310
Total liabilities			43,678,592
Other segment information			
Amortisation	13,120	82,143	95,263
Capital expenditure	2,884,761	3,759,584	6,644,345
Depreciation	4,131,320	1,903,762	6,035,082
Impairment losses	79,667	-	79,667
Unallocated impairment losses	-	-	1,145,832
Non-cash expenses/(income) other than depreciation, amortisation and impairment	48,687	(3,025)	45,662

Notes to the Financial Statements

– 30 April 2008 (cont'd)

35. Segmental information (cont'd)

Business Segments (cont'd)

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Total RM
30 April 2007			
Revenue			
Sales to external customers	97,892,387	103,107,590	200,999,997
Total revenue	<u>97,892,387</u>	<u>103,107,590</u>	<u>200,999,997</u>
Results			
Segment results	1,778,043	7,347,748	9,125,791
Unallocated expenses			(1,538,019)
Finance costs			(600,917)
Share of losses of associates			(1,133,415)
Profit before tax			5,853,440
Income tax expense			(1,533,238)
Profit for the year			<u>4,320,202</u>
Assets			
Segment assets	91,018,368	73,833,894	164,852,262
Investments in associates	-	-	1,725,058
Unallocated assets			700,036
Total assets			<u>167,277,356</u>
Liabilities			
Segment liabilities	6,912,293	17,946,915	24,859,208
Unallocated liabilities			20,730,827
Total liabilities			<u>45,590,035</u>
Other segment information			
Amortisation (restated)	13,120	41,072	54,192
Capital expenditure	1,438,359	844,138	2,282,497
Depreciation (restated)	4,043,892	876,230	4,920,122
Impairment/(reversal) of impairment losses	699,315	(156,000)	543,315
Unallocated impairment losses	-	-	1,538,019
Negative goodwill written off	-	(1,378,091)	(1,378,091)
Non-cash expenses other than amortisation, depreciation and impairment	147,501	-	147,501

Notes to the Financial Statements

– 30 April 2008 (cont'd)

35. Segmental information (cont'd)

Geographical segments

The Group's operations are mainly located in Malaysia except for some manufacturing activities of garments of a subsidiary carried out in Vietnam. The customers for the manufacturing and sales of packaging material subsidiaries are mainly all located in Malaysia. The customers for the manufacturing and sales of garments are located worldwide mainly in United States of America (USA), Europe and Canada.

	Total revenue external customers		Segment assets		Capital expenditure	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	94,174,742	95,534,981	149,792,209	164,276,407	5,947,830	2,172,490
Vietnam	-	-	21,224,643	575,855	696,515	110,007
United States of America	115,572,804	53,213,180	-	-	-	-
Europe	89,726,527	35,734,088	-	-	-	-
Others *	40,184,093	16,517,728	-	-	-	-
	339,658,166	200,999,977	171,016,852	164,852,262	6,644,345	2,282,497

* Others mainly refer to countries such as Canada, Thailand, Indonesia, Japan and China

36. Significant events

- (a) During the financial year, the Company's associate, GPS Tech Solutions Sdn. Bhd. ("GPS Tech"), increased its issued and paid-up share capital from RM14.40 million to RM17.40 million via the issuance of 3.0 million new ordinary shares of RM1.00 each. The Company did not subscribe for these new shares issued and as a result its equity interest in GPS Tech was diluted from 31.74% to 26.26% as at the end of the financial year.
- (b) During the financial year, one of the Company's wholly-owned subsidiaries, South Island Garment Sdn. Bhd. has subscribed for 1,150,000 ordinary shares of Vietnam Dong ("VND")10,000 each in Viet Tien Garment Joint Stock Company ("Viet Tien"), a company incorporated in Vietnam, representing an equity interest of 5% in Viet Tien, for a total cash consideration of RM8,370,500 (VND40,344,400,000). The principal activity of Viet Tien is the manufacturing of garments.

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 @30-4-2008 RM'000
Inter-Pacific Packaging Sdn Bhd	Lot 897, 984 & 985, Batu 13, Jalan Kelang, 47100 Puchong, Selangor Darul Ehsan (^1)	27,797 sq.m./ 15,362 sq.m.	Factory and Office Premises	Freehold	18	9,016
South Island Plastics Sdn Bhd	H.S.(D) No. 40 Plot No. 21 Mk. 1, SPT (*), 983 Kawasan MIEL Prai, PIP (~) (^2)	1,995 sq.m./ 1,528 sq.m.	Warehouse	60 years Leasehold expiring on 23-7-2051	25	278
	H.S.(D) No. 4694 P.T. No. 3406 Mk. 1 SPT (*), Plot 541 Lorong Perusahaan Baru 2, PIP (~) (^3)	7,050 sq.m./ 4,464 sq.m.	Factory and Office Premises	Freehold	18	2,122
	Lot 187 Mk. 1, SPT (*), No. GM 59, 2930 Lorong Perusahaan Baru 6, 13600 Prai, Penang. (^4)	3,979 sq.m./ 1,674 sq.m.	Factory and Warehouse	Freehold	12	2,541
	20 Jalan Tambur 33/19, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor. (^5)	186 sq.m./ 279 sq.m.	Office Premises		8	267
South Island Packaging (Penang) Sdn Bhd	H.S.(D) No. 34 & 61 Mk. 1, SPT (*), Lot 689 & 652 Phase 1, PIP (~) (^6)	8,027 sq.m/ 6,334 sq.m.	Factory and Office Premises	99 years Leasehold expiring on 10-7-2071 and 26-11-2071 respectively	28	1,926
South Island Garment Sdn Bhd	Lot Nos. PT 1577 and PT 2677, Mk. 1, SPT(*), No. 2468, Solok Perusahaan 2, Prai Industrial Estate, 13600 Perai, Penang. (^7)	17,621 sq.m./ 12,058 sq.m.	Factory, Warehouse and Office Premises (PT 2677 is rented out to South Island Packaging (Penang) Sdn Bhd.)	60 years Leasehold expiring on 1-10-2046 and 16-10-2048 respectively	20	9,421

List of Properties owned by the Group (cont'd)

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Year)	Net Book Value @30-4-2008 RM'000
South Island Garment Sdn Bhd	Lot 352, GM No. 200, Mk. 12, SPS, Lot 352, Jalan Simpang Ampat, 14120 Simpang Ampat, SPS(#), Penang. (^8)	26,951 sq.m. 10,113 sq.m.	Factory and Warehouse Premises	Freehold	18	7,704
	Lot Nos. 2734 to 2737, Mk. 6, SPT(*), Nos. 12, 14, 16 and 18, Jalan Nagasari 1, Taman Nagasari, 13600 Perai, Penang. (^9)	416 sq.m./ 554 sq.m.	Worker quarters	Freehold	18	538
	Lot Nos. PT 1627 1626, 1625, 1541 1624, 1540, 1640 and 1639, Mk. 14 SPS(#), Nos. 12, 14, 16 and 18, Lorong Merak 17 and Nos. 11 and 11A, Lorong Merak 18, Taman Merak, 14110 Simpang Ampat, Penang. (^10)	558 sq.m./ 426 sq.m.	Worker quarters	Freehold	18	345

(^1) Purchased on 16 September 1989

(^2) Purchased on 27 May 1988

(^3) Purchased on 30 June 1990

(^4) Purchased on 18 April 2002

(^5) Purchased on 14 May 2002

(^6) Purchased in November 1972 and revalued in 1989

(^7) Purchased in 1987 & 1989 respectively and revalued in 2005

(^8) Purchased in 1990 and revalued in 2005

(^9) Purchased on 11 December 1989 and revalued in 2005

(^10) Purchased on 1 August 1990 and revalued in 2005

(^11) Purchased on 14 July 1992 and revalued in 2005

(*) Seberang Perai Tengah

(#) Seberang Perai Selatan

(~) Prai Industrial Park, 13600 Prai, Penang

Thirty Largest Securities Account Holder

as at 15 September 2008

Shareholders	No. of Shares	% Shareholding
1. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd for Berjaya Soutex Sdn Bhd	23,199,886	22.40
2. A.A. Anthony Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for KP Holdings Sdn Bhd)	14,149,639	13.66
3. A.A. Anthony Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	10,797,327	10.42
4. Dato' Kamarudin bin Jaffar	7,209,007	6.96
5. Mayban Nominees (Tempatan) Sdn. Bhd. (Pledged securities account for Tan Sri Dato' Tan Kok Ping)	5,600,000	5.41
6. Tan Poay Seng	4,202,700	4.06
7. Berjaya Sompo Insurance Berhad	3,080,800	2.97
8. Arsam bin Damis	2,450,000	2.37
9. Dato' Tengku Adnan bin Tengku Mansor	1,890,000	1.82
10. Tan Kok Aun	1,631,981	1.58
11. Tan Kok Pooh	1,263,842	1.22
12. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tekun Asas Sdn Bhd (PB)	1,195,800	1.15
13. Tan Poay Seng	1,112,762	1.07
14. Tiah Thee Seng	1,053,100	1.02
15. Heah Theare Haw	1,000,000	0.97
16. South Island Holdings Sdn. Bhd.	699,940	0.68
17. Berjaya Group (Cayman) Limited	688,872	0.67
18. South Island Development Company Sdn. Berhad	682,300	0.66
19. Roger Chan Wan Chung	500,000	0.48
20. South Island Building Sdn Bhd	500,000	0.48
21. Tan Chuen Yong	441,000	0.43
22. HLB Nominees (Tempatan) Sdn Bhd (Pledged securities account for Yeoh Cheng Hooi)	427,000	0.41
23. HLG Nominee (Tempatan) Sdn Bhd (Pledged securities account for Ta Kin Yan)	399,900	0.39
24. Seow Siew Chin	396,500	0.38
25. Lee Yuit Eow	379,600	0.37
26. Phneah Hooi Lan	378,000	0.36
27. Tan Su Chin	366,223	0.35
28. Tan Kim Chai	349,000	0.34
29. AmBank (M) Berhad Pledged securities account for Ta Kin Yan(Smart)	335,000	0.32
30. Beatrice Ferlat Kusumo Anggraini	300,000	0.29
Total	86,680,179	83.69

Directors' Shareholdings

Substantial Shareholders as at 15 September 2008 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	%	No. of Shares	%
	Shareholding		Shareholding	
Tan Sri Dato' Tan Kok Ping	16,397,327	15.83	(1) 14,149,639	13.66
Dato' Kamarudin bin Jaffar	7,209,007	6.96	-	-
Berjaya Soutex Sdn Bhd	23,199,886	22.40	-	-
Berjaya Group Berhad	-	-	(2) 26,969,658	26.04
Berjaya Corporation Berhad	-	-	(3) 26,969,658	26.04
Tan Sri Dato' Seri Vincent Tan Chee Yioun	-	-	(4) 26,969,658	26.04
Hotel Resort Enterprise Sdn Bhd	-	-	(5) 26,969,658	26.04
Tan Poay Seng	5,315,462	5.13	-	-

Note:

- (1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through KP Holding Sdn Bhd.
- (2) Deemed interested by virtue of its 100% equity interest in Berjaya Soutex Sdn Bhd and Berjaya Group (Cayman) Limited.
- (3) Deemed interested by virtue of its 100% equity interest in Berjaya Group Berhad, the immediate holding company of Berjaya Soutex and Berjaya Group (Cayman) Limited.
- (4) Deemed interested by virtue of his interest in Berjaya Corporation Berhad, the ultimate holding company of Berjaya Soutex Sdn Bhd and Berjaya Group (Cayman) Limited.
- (5) Deemed interested by virtue of its interest in Berjaya Corporation Berhad, the ultimate holding company of Berjaya Soutex Sdn Bhd and Berjaya Group (Cayman) Limited.

Directors' Shareholdings as at 15 September 2008

Name	Direct		Indirect (>)(<)		No of Unexercised ESOS Option
	No. of Shares	%	No. of Shares	%	
	Shareholding		Shareholding		
Tan Sri Dato' Tan Kok Ping	16,397,327	15.83	^ 14,149,639	13.66	500
		>	15,000	0.01	-
Tan Poay Seng	5,315,462	5.13	-	-	500
Tan Kok Aun	1,631,981	1.58	< 44,167	0.04	22,500
Ahmad Fizri bin Abu Bakar	3,905	#	< 2,393	#	25,000
Chang Chuen Hwa (Redesignated as Alternate Director to Tan Poay Seng on 23 September 2008)	165,561	0.16	< 120,144	0.12	16,500
H'ng Cheok Seng	65,000	0.06	-	-	25,000
Datuk Noor Zahidi bin Omar	10,500	0.01	-	-	25,000
Rayvin Tan Yeong Sheik	-	-	-	-	-
Lee Koong Chen @ Lee Kong Chew (Resigned on 23 September 2008)	99,900	0.10	-	-	16,500
Abdul Jalil bin Ismail (Resigned on 23 September 2008)	-	-	-	-	25,000

Less than 0.01%

^ Deemed interested by virtue of his interest in KP Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

> Shares held by child notified pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

< Shares held by spouses notified pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

Analysis of Shareholdings

as at 15 September 2008

Authorised share capital	:	RM500,000,000
Issued and fully paid-up	:	RM103,575,000
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	No. of Shares	% Shareholding
1 – 99	8	302	0.00
100 – 1,000	254	229,688	0.22
1,001 – 10,000	1758	5,244,998	5.06
10,001 – 100,000	259	7,687,792	7.43
100,001 – 5,178,749	48	29,456,361	28.44
5,178,750 – and above	5	60,955,859	58.85
Total	2,332	103,575,000	100.00

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Proxy Form

* I / We _____

(Full Name in Block Letters)

of _____

(Address)

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

(Full Name in Block Letters)

of _____

(Address)

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 Eleventh Annual General Meeting of the Company to be held at Berjaya 1, 7th Floor, Berjaya Georgetown Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Thursday, 30 October 2008 at 10.30 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTIONS								
	1	2	3	4	5	6	7	8	9
FOR									
AGAINST									

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

As witness my hand this _____ day of _____, 2008.

No. of shares held

Signature of Member (s)

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. For a proxy to be valid, this form duly completed, must be 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, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

* Strike out whichever is not desired.



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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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