MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

(Incorporated in Malaysia)

ANNUAL REPORT 2010

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

ANNUAL REPORT 2010

CONTENTS

Corporate Information

Board of Directors

Executive Chairman	Tan Sri Dato' Tan Kok Ping
Managing Director	Tan Poay Seng
Directors	Tan Kok Aun
	H'ng Cheok Seng
	Datuk Noor Zahidi bin Omar
	Tan Thiam Chai
	Mawan Noor Aini Binti Md. Ismail
	Chang Chuen Hwa (Alternate Director to Tan Poay Seng)

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
EON Bank Berhad

Stock Exchange Listing
Main Market, Bursa Malaysia

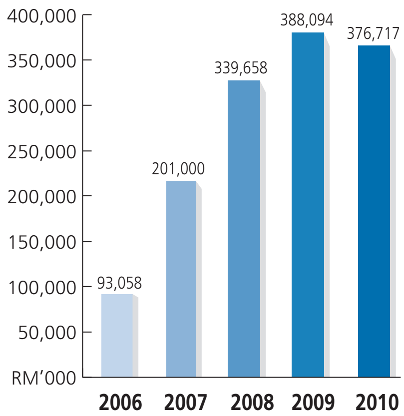
Stock Number
7087

Place of Incorporation And Domicile
Malaysia

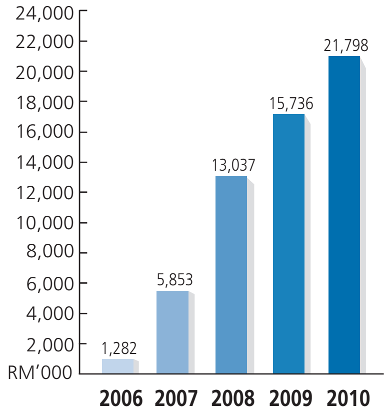
MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

Financial Highlights

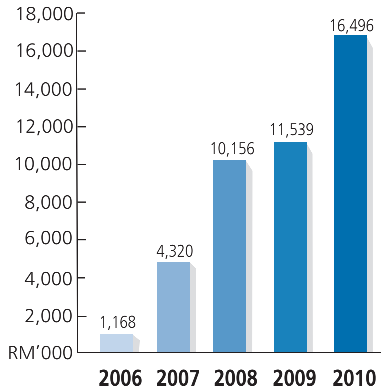
Revenue



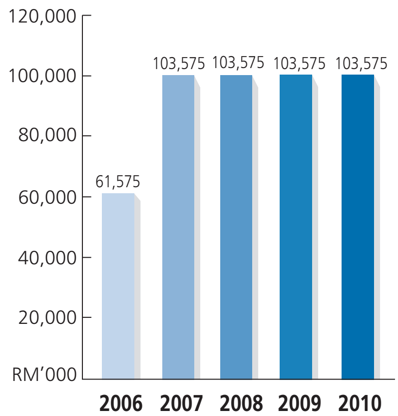
Profit Before Tax



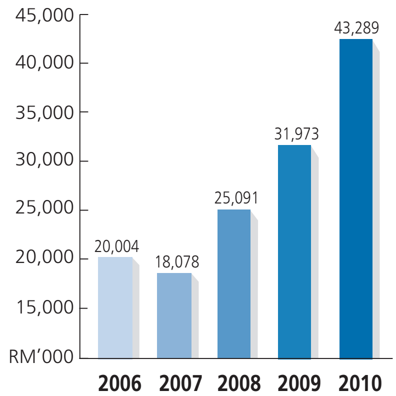
Net Profit for the year



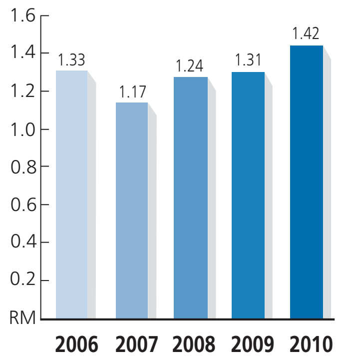
Paid Up Share Capital



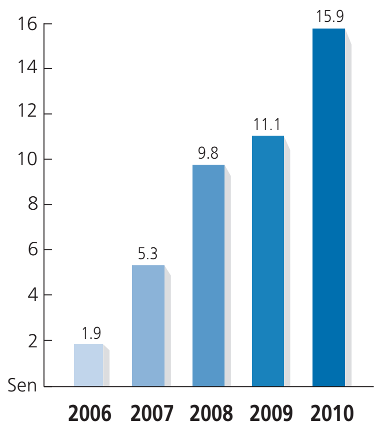
Reserves



Net Assets Per Share

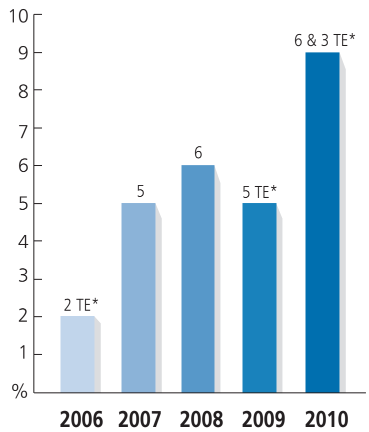


Basic Earnings Per Share



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 64, Malaysian,
Bachelor Degree in Commerce, Nanyang University Singapore
Occupation : Company Director

Tan Sri has more than 40 years of experience in various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products.

He is currently the Independent Non-Executive Chairman of Berjaya Retail Berhad.

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, Chairman of Penang Joint Chambers of Commerce, Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and Director of Institut Intergriti Negeri Pulau Pinang.

He attended 3 out of the 4 Board Meetings held during the financial year.

Tan Poay Seng

Managing Director
Appointed to the Board on 18-2-2000
Aged 44, Malaysian
Diploma in Hotel Management, Switzerland
Occupation : Company Director

He was 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 all the 4 Board Meetings held during the financial year.

Tan Kok Aun

Executive Director
Appointed to the Board on 18-2-2000
Aged 61, 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 34 years of experience and knowledge in the printing and packaging industry. He also sits on the Board of several private limited companies.

He attended 3 out of the 4 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 52, Malaysian
Fellow Member, Association of Chartered Certified Accountants, UK
Occupation : Company Director

He has 20 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 4 Board Meetings held during the financial year.

Datuk Noor Zahidi bin Omar

Independent Non-Executive Director and Chairman of Audit Committee
Appointed to the Board on 18-2-2000
Aged 53, 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 4 Board Meetings held during the financial year.

Tan Thiam Chai

Non-Independent Non-Executive Director
Appointed to the Board on 7-1-2009
Aged 52, Malaysian
Fellow member of the Association of Chartered Certified Accountants (UK)
and member of the Malaysian Institute of Accountants.
Occupation : Company Director

Graduated in 1981, he started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong Group of Companies in Malaysia as well as in Hong Kong for 8 years. He joined Berjaya Corporation Group of Companies in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad.

Currently, he is the Chief Financial Officer of Berjaya Corporation Berhad and the Executive Director of both Berjaya Land Berhad and Berjaya Assets Berhad. He also holds directorships in Cosway Corporation Limited (Formerly known as Berjaya Holdings (HK) Limited)(Listed in Hong Kong Stock Exchange), Taiga Building Products Limited (Listed in Toronto Stock Exchange, Canada), Berjaya Capital Berhad, Cosway Corporation Berhad, Berjaya Food Berhad and several subsidiary and affiliated companies of Berjaya Corporation Group of Companies as well as in several other private limited companies.

He attended all the 4 Board Meetings held during the financial year.

Mawan Noor Aini Binti Md. Ismail

Non-Independent Non-Executive Director and Member of Audit Committee
Appointed to the Board on 8-2-2010
Aged 62, Malaysian
Masters in Public Administration (Finance) from University of Southern California and Associate member of the Malaysian Institute of Chartered Secretaries and Administrators
Occupation : Company Director

She began her career at Standard Chartered Bank after graduating from Institut Teknologi Mara with a professional qualification in ICSA (The Institute of Chartered Secretaries and Administrators, United Kingdom). Subsequently, she joined Universiti Sains Malaysia, Penang as a Administrative Officer/Assistant Bursar until she retired in 2008 as Bursar of the University.

Being appointed to the Board on 8 February 2010, she attended all the 2 meetings held from the date of her appointment to the end of 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 53, 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 27 years of service with SIP, he has gained extensive knowledge of the plastic film packaging industry.

He attended 2 out of the 4 Board Meetings held during the financial year.

Notice of Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held at Berjaya 1, 7th Floor, Berjaya Georgetown Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Wednesday, 27 October 2010 at 10.30 a.m. for the following purposes:-

A G E N D A

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 April 2010 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To re-elect the following Directors who retire by rotation in accordance with Article 94(1) of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   i) Tan Poay Seng **Ordinary Resolution 2**
   ii) Tan Kok Aun **Ordinary Resolution 3**

3. To re-elect Mawan Noor Aini Binti Md. Ismail, a Director who retires in accordance with Article 101 of the Company's Articles of Association and who, being eligible, offers herself for re-election. **Ordinary Resolution 4**

4. To approve the payment of a first and final dividend comprising tax exempt dividend of 3 sen per share and franked dividend of 6 sen per share less tax of 25% for the financial year ended 30 April 2010. **Ordinary Resolution 5**

5. To approve the payment of Directors' fees for the financial year ended 30 April 2010. **Ordinary Resolution 6**

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 7**

As Special Business:

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

7. **Authority under Section 132D of the Companies Act, 1965 for the Directors to Allot and Issue Shares** **Ordinary Resolution 8**

   "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."

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 9**

"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 5 October 2010 ("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."

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

"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."

10. **Proposed Amendments to the Company's Articles of Association** **Special Resolution 1**

"That the existing Article 155 of the Company's Articles of Association which read as follows:-

155. Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the registered address of the holder or to such person and to such address as the holder may in writing direct or, in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and to such address as such holder may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or person entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

be deleted in its entirety and substituted with the following new Article 155:-

155. Any dividend, interest or money payable in cash in respect of shares may be paid by electronic payments via direct crediting to the bank account of the holder whose name appear in the Record of Depositors or by cheque or warrant sent through the post directed to the registered address of the holder and to such address as the holder may in writing direct. Every such mode of payments shall be made payable to the order of the person to whom it is sent and shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged or discrepancy in the bank account details of the holder. Any cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

11. 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: 5 October 2010

NOTES ON APPOINTMENT OF PROXY

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

6. ***Agenda 7 (Resolution pursuant to Section 132D of the Companies Act, 1965)***
   The proposed Ordinary Resolution 8, is to seek a renewal of the general mandate for the directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the directors consider will 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.

   As at the date of notice of meeting, no new shares has been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

   The general mandate for issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

7. ***Agenda 8 (Resolution pursuant to Proposed Renewal of Shareholders' Mandate)***
   The proposed Ordinary Resolution 9, is to 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 Part A of the Circular to Shareholders dated 5 October 2010, dispatched together with the Company's 2010 Annual Report.

8. ***Agenda 9 (Resolution pursuant to Proposed Renewal of Share Buy-Back)***
   The proposed Ordinary Resolution 10, is to 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 Part B of the Circular to Shareholders dated 5 October 2010, dispatched together with the Company's 2010 Annual Report.

9. ***Agenda 10 (Resolution pursuant to Proposed Amendments to the Articles of Association)***
   The proposed Special Resolution 1, is to seek shareholders' approval to amend Article 155 of the Company's Articles of Association to facilitate future payments of dividends through electronic payment systems.

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 8 November 2010 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 2010 to depositors who are registered in the Record of Depositors of the Company on 8 November 2010.

By Order of the Board,

LEE PENG LOON (MACS 01258)
Company Secretary

Penang
Date: 5 October 2010

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 2010 ("the financial year").

Group's Performance

The Group reported Revenue and Profit Before Taxation ("PBT") of RM376.717 million and RM21.798 million respectively in the financial year as opposed to RM388.094 million and RM15.736 million in the previous financial year.

The decrease in Revenue for the financial year by 2.9% compared to the preceding financial year was mainly due to the decrease in sale of garments arising from lower sale orders received.

PBT for the financial year increased significantly by 38.5% mainly as a result of lower operating expenses incurred.

The Group's net assets per share stood at RM1.42 as compared to RM1.31 in 2009.

I am pleased to say that the Group has an uninterrupted profit track record since its listing in year 2000.

Operations

Garment business, which accounted for 75% of the Group's total revenue for the financial year continues to be very challenging in light of the ongoing economic challenges.

Intense competition among the market players and rising operating costs resulting from inflationary pressures both in the local and Vietnam operations are factors which may impose a negative impact on the performance of the Group.

The packaging business continues to experience stiff competition. The prolonged excess capacity together with the fluctuating raw material prices tend to erode the profit margin of players in the packaging industry.

In spite of the slight drop in Revenue for the year, our efforts on enhancing operational productivity and cost efficiency have undoubtedly contributed to the significant jump in the PBT in the otherwise fizzling garment and packaging industries.

To constantly keep up with the changing technology, the Group has invested in upgrading its information technology system to support decision making, production planning, and quality management. It enables the Group to enhance customer satisfaction by providing quality products and services, and timely delivery.

Going Forward

The Garment's Revenue is derived entirely from export sales. The export sales and imported purchases are primarily transacted in USD. The further strengthening of Ringgit against USD subsequent to the year end is expected to erode the profit margin of the garment business for the forthcoming year.

The Group plans to mitigate this through a combination of intensified focus on driving volume and a continuous pursuit of lean management system to ensure the most efficient use of methods and resources.

The Group will continue to instil a positive safety culture at our workplace including improved employee morale and a safer work environment.

Barring unforeseen circumstances, the directors remain confident that the Group is well position to deliver satisfactory operating performance for the forthcoming year ending 30 April 2011.

With the strong balance sheet and proven management team, the Group is poised to benefit from future economic recovery.

Dividends

On top of the uninterrupted profits track record as mentioned above, the Group has been paying dividends consistently since year 2001.

The Board has recommended a first and final franked dividend of 6% less 25% income tax and tax exempt dividend of 3% for the financial year (2009: 5% tax exempt dividend) for approval by the shareholders at the forthcoming Annual General Meeting.

Appreciation

I would 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.

I would also like to take this opportunity to extend my appreciation to En. Ahmad Fizri bin Abu Bakar who has resigned as Director, for his contributions to the Group and welcome Puan Mawan Noor Aini Binti Md. Ismail to the Board.

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 Committee and Employee Share Option Scheme Committee, 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 4 times during the financial year ended 30 April 2010 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 appointer 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

All Directors have completed their Mandatory Accreditation Programme as required by the listing requirements of Bursa Malaysia Securities Berhad. 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.

Details of the training programmes attended by the Directors during the financial year ended 30 April 2010 include Transfer Pricing Workshop, Latest Development on Transfer Pricing, Goods & Services Tax, FRS 139 – Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures, Enhancing Internal Audit, Rethinking Cost Structures and Environmental Duties.

(2) Directors' Remuneration

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 Board has not established a Remuneration Committee as the Board of Directors as a whole determine the remuneration of the Executive Directors.

The aggregate and range of Directors' remuneration for the financial year ended 30 April 2010 are disclosed in Note 9 to the Financial Statements.

(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.

Company information, annual and quarterly financial results are published in the Company's website http://www.magni-tech.com.my as public information.

(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 minimize 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 : 2008.

This statement was made in accordance with a resolution of the Board of Directors dated 15 September 2010.

Audit Committee's Report

Chairman	:	Datuk Noor Zahidi bin Omar	-	Independent Non-Executive Director
Members	:	Mawan Noor Aini Binti Md. Ismail	-	Independent Non-Executive Director
		H'ng Cheok Seng	-	Non-Independent Non-Executive Director

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 without the attendance of the Executive Directors and management staff 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).

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. Mawan Noor Aini Binti Md. Ismail who was appointed to the Audit Committee on 8 February 2010 attended all the meetings held from the date of her appointment to the end of the financial year. All the other existing members of the Audit Committee were present at the said 6 meetings.

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

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

1) Review the unaudited quarterly results before presenting to the Board for approval and announcement to Bursa Malaysia Securities Berhad;

2) Review with the external auditors, their 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.

Summary of Activities of Internal Audit Function

The Group had outsourced its internal audit function to a professional internal audit service provider firm, to provide the Board with the assurance on the adequacy and integrity of the system of internal control.

During the financial year under review, the internal auditors presented the Group's Internal Audit Plan for the Audit Committee's review and approval. The internal auditors then proceeded to carry out audits on key business process of the subsidiaries to assess the adequacy and effectiveness of their systems of internal control and compliance with the relevant policies and procedures.

The internal auditors reported the results of internal audits and make recommendations for improvement to the Audit Committee. Audit reports that were presented to the Audit Committee were also forwarded to the management concerned for their attention and necessary actions.

The internal audit costs incurred during the financial year was RM23,850.

Directors' Responsibility Statement
as at 30 April 2010

The Directors consider that, in preparing the financial statements of Magni-Tech Industries Berhad for the financial year ended 30 April 2010 on pages 32 to 93 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

The Group has always been actively playing its role in maintaining the corporate social responsibility in business operations with aims for a balanced approach of business performance and social responsibility. There are on-going efforts to minimize the environmental, health and safety risks impact of its operations. Waste treatment system to ensure no ink waste water is 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. Packaging paper material has an impact on environment and the Group continues to encourage recycling efforts on paper wastes and scrape to mitigate the impact. 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 programmes for management, supervisory and marketing skills for its employees during the financial year ended 30 April 2010. 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 2010, the Group donated about RM429,855 to schools, sports and charitable organizations. Other community works involved included visiting the handicapped children centres, homes for the blind, old folks homes and other charitable organizations.

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 or Convertible Securities

There were no share buybacks and exercise of Options 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 RM15,000 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, other than those disclosed in Note 33 to the Financial Statements, 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 and/or major shareholders of the Company except for Tan Sri Dato' Tan Kok Ping (TTKP) and Tan Kok Aun, who are brothers; Tan Poay Seng is the son of TTKP; and Chang Chuen Hwa (Alternate Director to Tan Poay Seng) is the brother-in-law of TTKP 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 29 October 2009. 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.

Conflict of Interest

Save as disclosed, none of the Directors have any conflict of interest with the Company.

FINANCIAL STATEMENTS

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 2010.

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	16,495,591	7,837,563
Attributable to:		
Equity holders of the Company	16,495,152	7,837,563
Minority interests	439	-
	16,495,591	7,837,563

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.

Dividend

The amount of dividend paid by the Company since 30 April 2009 was as follows:

	RM
In respect of the financial year ended 30 April 2009 as reported in the directors' report of that year:	
First and final tax exempt dividend of 5% on 103,575,000 ordinary shares of RM1 each approved on 29 October 2009 and paid on 25 November 2009	5,178,750

At the forthcoming Annual General Meeting, first and final dividends comprising tax exempt dividend of 3% and franked dividend of 6% less 25% taxation amounting to RM7,768,125 in respect of the financial year ended 30 April 2010, on 103,575,000 ordinary shares of RM1 each (7.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2011.

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	
H'ng Cheok Seng	
Datuk Noor Zahidi Bin Omar	
Tan Thiam Chai	
Chang Chuen Hwa	(alternate director to Tan Poay Seng)
Mawan Noor Aini Binti Md. Ismail	(appointed on 8 February 2010)
Ahmad Fizri Bin Abu Bakar	(resigned on 8 February 2010)

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 2009/ Date of appointment	**Acquired**	**Sold**	**30 April 2010**
The Company				
Direct interest				
Tan Sri Dato' Tan Kok Ping *	16,573,527	572,800	(5,000,000)	12,146,327
Tan Poay Seng	5,424,562	5,713,200	-	11,137,762
Tan Kok Aun	1,631,981	-	-	1,631,981
Datuk Noor Zahidi Bin Omar	10,500	-	(10,500)	-
Chang Chuen Hwa (alternate director to Tan Poay Seng)	165,561	-	-	165,561
Mawar Noor Aini Binti Md Ismail	2,393	-	-	2,393

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each			
	1 May 2009/ Date of appointment	Acquired	Sold	30 April 2010
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
Chang Chuen Hwa (alternate director to Tan Poay Seng)	120,144	-	-	120,144
Mawar Noor Aini Binti Md Ismail	3,905	-	-	3,905
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 2009	Granted	Exercised	30 April 2010
The Company				
Tan Sri Dato' Tan Kok Ping	500	-	-	500
Tan Poay Seng	500	-	-	500
Tan Kok Aun	22,500	-	-	22,500
H'ng Cheok Seng	25,000	-	-	25,000
Datuk Noor Zahidi Bin Omar	25,000	-	-	25,000
Chang Chuen Hwa (alternate director to Tan Poay Seng)	16,500	-	-	16,500

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

** Disclosure pursuant to Section 134 (12) (c) of the Companies Act 1965.

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

Tan Sri Dato' Tan Kok Ping and Tan Poay Seng, by virtue of their interests in shares in the Company, are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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.

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. No option was exercised during and subsequent to the end of the financial year and at the date of authorisation of the financial statements.

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

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 there were no known bad debts and that adequate provision had been made for doubtful debts in 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 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) it necessary to write off any 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.

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.

Significant event

Details of the significant event are disclosed in Note 37 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 2010.

Tan Sri Dato' Tan Kok Ping **Tan Poay Seng**

Penang, Malaysia

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

We, Tan Sri Dato' Tan Kok Ping and Tan Poay Seng, being two of the directors of Magni-Tech Industries Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 32 to 93 are 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 2010 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 2010.

Tan Sri Dato' Tan Kok Ping **Tan Poay Seng**

Penang, Malaysia

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 32 to 93 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 2010: **Poh Seng Chit**

Before me,

CHEAH BENG SUN
DJN, AMN, PKT, PJK, PJM, PK
No: P. 103
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 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 93.

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 2010 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 subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements 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, being financial statements that have been included in the consolidated 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 member 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

Lim Eng Huat
No. 2403/04/11(J)
Chartered Accountant

Penang, Malaysia
25 August 2010

Income Statements
For the year ended 30 April 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	3	376,717,117	388,094,032	9,858,404	6,339,962
Cost of sales	4	(322,974,228)	(343,924,650)	-	-
Gross profit		53,742,889	44,169,382	9,858,404	6,339,962
Other income	5	1,429,444	940,602	10,949	51,886
Administrative expenses		(26,272,972)	(21,556,247)	(812,537)	(1,614,825)
Selling and distribution expenses		(6,785,441)	(7,458,220)	-	-
Operating profit		22,113,920	16,095,517	9,056,816	4,777,023
Finance costs	6	(535,990)	(612,612)	(656)	(999)
Share of profits of associate		220,480	253,057	-	-
Profit before tax	7	21,798,410	15,735,962	9,056,160	4,776,024
Income tax expense	10	(5,302,819)	(4,196,918)	(1,218,597)	(132,349)
Profit for the year		16,495,591	11,539,044	7,837,563	4,643,675
Attributable to:					
Equity holders of the Company		16,495,152	11,542,955	7,837,563	4,643,675
Minority interests		439	(3,911)	-	-
		16,495,591	11,539,044	7,837,563	4,643,675
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit for the year	11(a)	15.9	11.1		
Diluted, for profit for the year	11(b)	15.9	11.1		

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

Balance Sheets
as at 30 April 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Non-current assets					
Property, plant and equipment	13	61,493,430	60,489,809	99,136	131,606
Investment properties	14	166,458	183,169	-	-
Prepaid land lease payments	15	3,627,505	3,722,767	-	-
Investments in subsidiaries	16	-	-	85,350,412	85,350,412
Investments in associates	17	-	1,371,832	-	-
Other investments	18	12,334,902	11,105,494	-	-
		77,622,295	76,873,071	85,449,548	85,482,018
Current assets					
Inventories	19	44,339,049	40,925,936	-	-
Trade and other receivables	20	48,925,440	41,025,292	44,470,445	41,833,098
Tax recoverable		666,054	115,486	35,841	8,654
Cash and bank balances	21	21,603,831	19,536,992	444,937	535,245
		115,534,374	101,603,706	44,951,223	42,376,997
Total assets		193,156,669	178,476,777	130,400,771	127,859,015
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	23	103,575,000	103,575,000	103,575,000	103,575,000
Share premium	23	3,048,336	3,048,336	3,048,336	3,048,336
Other reserves	24	22,184	22,184	15,847,183	15,847,183
Retained earnings	25	40,218,842	28,902,440	7,873,503	5,214,690
		146,864,362	135,547,960	130,344,022	127,685,209
Minority interests		27,296	26,857	-	-
Total equity		146,891,658	135,574,817	130,344,022	127,685,209

Balance Sheets (cont'd)
as at 30 April 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-current liabilities					
Borrowings	26	-	97,211	-	-
Deferred tax liabilities	28	6,903,894	6,867,714	10,895	10,602
		6,903,894	6,964,925	10,895	10,602
Current liabilities					
Borrowings	26	97,204	166,668	-	-
Trade and other payables	29	38,817,809	34,507,387	45,854	59,641
Tax payable		446,104	1,262,980	-	103,563
		39,361,117	35,937,035	45,854	163,204
Total liabilities		46,265,011	42,901,960	56,749	173,806
Total equity and liabilities		193,156,669	178,476,777	130,400,771	127,859,015

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

Statements of Changes in Equity
For the year ended 30 April 2010

Group	Share capital (Note 23) RM	Share premium (Note 23) RM	Other reserves (Note 24) RM	Retained earnings (Note 25) RM	Total RM	Minority interests RM	Total equity RM
	Attributable to equity holders of the Company						
		Non-distributable		Distributable			
At 1 May 2008	103,575,000	3,048,336	22,184	22,020,360	128,665,880	30,768	128,696,648
Profit for the year, representing total recognised income and expenses for the year	-	-	-	11,542,955	11,542,955	(3,911)	11,539,044
Dividends (Note 12)	-	-	-	(4,660,875)	(4,660,875)	-	(4,660,875)
At 30 April 2009	103,575,000	3,048,336	22,184	28,902,440	135,547,960	26,857	135,574,817
At 1 May 2009	103,575,000	3,048,336	22,184	28,902,440	135,547,960	26,857	135,574,817
Profit for the year, representing total recognised income and expenses for the year	-	-	-	16,495,152	16,495,152	439	16,495,591
Dividends (Note 12)	-	-	-	(5,178,750)	(5,178,750)	-	(5,178,750)
At 30 April 2010	103,575,000	3,048,336	22,184	40,218,842	146,864,362	27,296	146,891,658

Statements of Changes in Equity (cont'd)
For the year ended 30 April 2010

Company	Share capital (Note 23) RM	← Non-distributable → Share premium (Note 23) RM	Other reserves (Note 24) RM	Distributable Retained earnings (Note 25) RM	Total equity RM
At 1 May 2008	103,575,000	3,048,336	15,847,183	5,231,890	127,702,409
Profit for the year, representing total recognised income and expenses for the year	-	-	-	4,643,675	4,643,675
Dividends (Note 12)	-	-	-	(4,660,875)	(4,660,875)
At 30 April 2009	103,575,000	3,048,336	15,847,183	5,214,690	127,685,209
At 1 May 2009	103,575,000	3,048,336	15,847,183	5,214,690	127,685,209
Profit for the year, representing total recognised income and expenses for the year	-	-	-	7,837,563	7,837,563
Dividends (Note 12)	-	-	-	(5,178,750)	(5,178,750)
At 30 April 2010	103,575,000	3,048,336	15,847,183	7,873,503	130,344,022

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

Cash Flow Statements
For the year ended 30 April 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from operating activities					
Profit before tax		21,798,410	15,735,962	9,056,160	4,776,024
Adjustments for:					
Amortisation of prepaid land lease payments	7	95,262	95,263	-	-
Depreciation of:					
- property, plant and equipment	7	6,052,351	6,010,210	34,310	87,059
- investment properties	7	16,711	16,315	-	-
Dividend income	3 & 5	(716,536)	(629,572)	(9,222,404)	(5,703,962)
Gain on disposal of property, plant and equipment	5	(188,872)	(57,568)	-	(31,300)
Gain on disposal of equity interest in an associate	5	(17,150)	-	-	-
Interest expense	6	12,044	126,477	-	-
Interest income	5	(263,050)	(141,088)	(10,949)	(20,586)
Impairment losses on other investments	7	143,143	178,702	-	-
Net unrealised foreign exchange loss/(gain)	7	13,732	(13,843)	-	-
Property, plant and equipment written off	7	270,349	300,358	-	-
(Reversal of)/provision for doubtful debts	7	(8,000)	41,832	-	-
Share application monies written off	7	-	820,000	-	820,000
Share of profits of associate		(220,480)	(253,057)	-	-
Operating profit/(loss) before working capital changes		26,987,914	22,229,991	(142,883)	(72,765)
Increase in inventories		(3,413,113)	(6,338,306)	-	-
(Increase)/decrease in receivables		(7,905,880)	4,357,376	(619)	2,413
Increase/(decrease) in payables		4,310,422	6,458,105	(13,787)	(15,508)
Cash generated from/(used in) operations		19,979,343	26,707,166	(157,289)	(85,860)
Interest paid		(12,044)	(126,477)	-	-
Tax paid		(6,631,833)	(4,164,788)	(1,349,054)	(30,000)
Net cash generated from/(used in) operating activities		13,335,466	22,415,901	(1,506,343)	(115,860)

Cash Flow Statements (cont'd)

For the year ended 30 April 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from investing activities					
Interest received		263,050	141,088	10,949	20,586
Net dividends received		620,430	606,562	5,156,214	4,160,875
Proceeds from disposal of equity interest in an associate	17	330,767	-	-	-
Proceeds from disposal of property, plant and equipment		203,261	116,300	-	31,300
Purchase and subsequent expenditure of investment properties	14	-	(20,737)	-	-
Purchase of property, plant and equipment	13	(7,340,710)	(2,600,137)	(1,840)	(550)
Net cash (used in)/generated from investing activities		(5,923,202)	(1,756,924)	5,165,323	4,212,211
Cash flows from financing activities					
Dividends paid	12	(5,178,750)	(4,660,875)	(5,178,750)	(4,660,875)
Net change in related companies balances		-	-	1,429,462	160,666
Repayment of term loans		-	(174,363)	-	-
Repayment of other borrowings		-	(4,482,407)	-	-
Repayment of hire purchase payables		(166,675)	(237,693)	-	-
Net cash used in financing activities		(5,345,425)	(9,555,338)	(3,749,288)	(4,500,209)
Net increase/(decrease) in cash and cash equivalents		2,066,839	11,103,639	(90,308)	(403,858)
Cash and cash equivalents at beginning of financial year		19,536,992	8,433,353	535,245	939,103
Cash and cash equivalents at end of financial year	21	21,603,831	19,536,992	444,937	535,245

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

Notes to the Financial Statements
– 30 April 2010

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The 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 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

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 the income statement.

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

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.

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 the income statement.

Acquisitions of certain subsidiaries which meet 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 separate 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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

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 income statement. 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 the income statement.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for certain buildings and plant and equipment of the Group. Certain buildings and 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%
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 the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

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 the income statement 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 income statement in the period in which it arises, unless the asset is carried at the 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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets (cont'd)

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 the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(g) Financial instruments (cont'd)

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 the income statement.

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.

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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(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.

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 or 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 income statement 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).

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(h) Leases (cont'd)

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 straight line 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.

(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 the income statement 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.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Income tax (cont'd)

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 in 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.

(l) 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 of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

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 income statement 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 income statement, 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.

(m) Foreign currencies

i. Functional and presentation currency

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

2. Significant accounting policies (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currencies (cont'd)

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 the income statement for the year.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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.

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 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and Amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2009

- FRS 8: Operating Segments

2. Significant accounting policies (cont'd)

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

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

- Amendments to FRS 132: Financial Instruments: Presentation, relating to Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- IC Interpretation 4: Determining whether an Arrangement contains a lease
- IC Interpretation 18: Transfers of Assets from Customers

2. Significant accounting policies (cont'd)

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

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

(a) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes required by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(b) FRS 8: Operating Segment

FRS 8 replaces FRS 114_{2004}: Segment Reporting and requires a 'management approach' under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

(c) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statements of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

2. Significant accounting policies (cont'd)

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

(d) FRS 123: Borrowing Costs

This Standard supersedes FRS 123_{2004}: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period beginning 1 May 2010.

(e) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognition and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding components of the Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of these standards in accordance with the respective transitional provisions.

(f) Amendments to FRSs 'Improvements to FRSs (2009)'

The 'Improvements to FRSs (2009)' contains amendments to several FRSs as described below:

i. FRS 7: Financial Instruments: Disclosures: Clarifies on the presentation of finance costs whereby interest income is not a component of finance costs.

ii. FRS 8: Operating Segments: Segment assets and liabilities need only be reported when those assets and liabilities are included in measures of segment profit or loss that are reviewed or otherwise regularly used by the 'chief operating decision maker'.

iii. FRS 101: Presentation of Financial Statements: Assets and Liabilities classified as held for trading in accordance with FRS139: Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The amendment further clarifies that the classification of the liability component of a convertible instrument as current or non-current is not affected by the terms that could, at the option of the holder, result in settlement of the liability by the issue of equity instruments.

2. Significant accounting policies (cont'd)

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

(f) Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

iv. FRS 107: Statement of Cash Flows (formerly known as Cash Flow Statements): Clarifies that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

v. FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Clarifies that only implementation guidance that is an integral part of an FRS is mandatory when selecting accounting policies.

vi. FRS 116: Property, Plant and Equipment: Replacement of the term "net selling price" with "fair value less costs to sell". Items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventory when rental ceases and they are held for sale. This will not result in any reclassification.

vii. FRS 117: Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings.

viii. FRS 118: Revenue: The amendment provides additional guidance on whether an entity is acting as a principal or an agent. It also aligns the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest by replacing the term 'direct costs' with 'transaction costs' as defined in FRS 139.

ix. FRS 123: Borrowing Costs: The definition of borrowing costs is aligned with FRS 139 by referring to the use of effective interest rate as a component of borrowing cost.

x. FRS 127: Consolidated and Separate Financial Statements: The amendment clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with FRS 139 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

xi. FRS 128: Investments in Associates: The amendment clarifies that if an associate is accounted for at fair value in accordance with FRS 139, only the requirement of FRS 128 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the investor in the form of cash or repayment of loans applies. It further clarifies that an investment in an associate is treated as a single asset for the purpose of impairment testing. Therefore, any impairment loss is not separately allocated to the goodwill included in the investment balance.

2. Significant accounting policies (cont'd)

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

(f) Amendments to FRSs 'Improvements to FRSs (2009)' (cont'd)

xii. FRS 134: Interim Financial Reporting: Earnings per share is disclosed in interim financial reports if an entity is within the scope of FRS 133: Earnings per Share.

xiii. FRS 136: Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. The amendment further clarifies that the largest cash generating unit or group of units to which goodwill should be allocated for purposes of impairment testing is an operating segment as defined in FRS 8.

xiv. FRS 139: Financial Instruments: Recognition and Measurement: Changes in circumstances relating to derivatives are not reclassifications and therefore may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Removed the reference in FRS 139 to a 'segment' when determining whether an instrument qualifies as a hedge. Require the use of the revised effective interest rate when remeasuring a debt instrument on the cessation of fair value hedge accounting. The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of this Standard.

xv. FRS 140: Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108.

(g) Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments to FRS 1 allow first-time adopters to use costs, determined in accordance with FRS 127, or deemed cost of either fair value (in accordance with FRS 139) or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate opening FRS balance sheet. In the amendment to FRS 127, there is no longer a distinction between the pre-acquisition and post-acquisition dividends. The amendments also require the cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) to be measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendments also remove the definition of the cost method from FRS 127 and will be applied prospectively that affect only the financial statements of the Company and do not have an impact on the financial statements of the Group.

2. Significant accounting policies (cont'd)

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

(h) IC Interpretation 9: Reassessment of Embedded Derivatives and Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

This IC requires that there should be no subsequent reassessment of whether an embedded derivative should be separated from the host contract after initial recognition, unless there have been changes to the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. The amendments to the IC clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives within the scope of this IC and FRS 139 have to be assessed and, if necessary, separately accounted for in the financial statements. The IC is to be applied retrospectively. The Group is in the process of assessing the impact of this amendment.

(i) IC Interpretation 10: Interim Financial Reporting and Impairment

This IC prohibits impairment losses recognised in an interim period on goodwill or investments in equity instruments or financial assets carried at cost to be reversed at a subsequent balance sheet date. This Standard will have no impact on the Group's and the Company's financial statements.

(j) FRS 1: First-time Adoption of Financial Reporting Standards

This FRS supersedes FRS 1 (issued in 2005 and amended in May 2009). The Standard sets out the procedures that an entity must follow when it adopts FRSs for the first time as the basis for preparing its financial statements. This Standard will have no impact on the Group's and the Company's financial statements.

(k) IC Interpretation 17: Distributions of Non-cash Assets to Owners

This Interpretation clarifies that an entity should measure the non-cash assets distributed to owners at the fair value of the assets. It also clarifies that the difference between the fair value of the assets and the carrying amount of the assets distributed to be taken to the income statement. This Interpretation will be applied prospectively and therefore there will be no impact on prior periods in the financial statements of the Group and of the Company.

(l) Improving Disclosures about Financial Instruments (Amendments to FRS 7)

The Improving Disclosures about Financial Instruments amendments reinforce existing principles for disclosures about liquidity risk. Also, the Amendments require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy is introduced. An entity is required to classify fair value measurements using this hierarchy which aims to reflect the inputs used in making the measurement. These Amendments do not have any impact on the financial position and results of the Group and of the Company.

2. Significant accounting policies (cont'd)

2.4 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.

(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. These are common life expectancies applied in the industry. 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

In the previous financial years, 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 from 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 in the previous financial years are disclosed in Note 17.

2. Significant accounting policies (cont'd)

2.4 Significant accounting estimation and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	376,717,117	388,094,032	-	-
Gross dividends from subsidiaries	-	-	9,222,404	5,703,962
Management fees from subsidiaries	-	-	636,000	636,000
	376,717,117	388,094,032	9,858,404	6,339,962

4. Cost of sales

Cost of sales mainly represents cost of inventories sold.

5. Other income

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Dividend income	716,536	629,572	-	-
Interest income	263,050	141,088	10,949	20,586
Insurance claim	22,550	512	-	-
Gain on disposal of equity interest in an associate	17,150	-	-	-
Rental income receivable from investment properties	132,000	55,000	-	-
Rental income receivable from operating leases, other than those relating to investment properties	30,000	30,000	-	-
Gain on disposal of property, plant and equipment	188,872	57,568	-	31,300
Miscellaneous	59,286	26,862	-	-
	1,429,444	940,602	10,949	51,886

6. Finance costs

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Interest expense on:				
Bank borrowings	794	113,991	-	-
Hire purchase payables	11,250	12,486	-	-
Total interest expense	12,044	126,477	-	-
Bank charges	523,946	486,135	656	999
	535,990	612,612	656	999

7. Profit before tax

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
After charging:				
Amortisation of prepaid land lease payments (Note 15)	95,262	95,263	-	-
Auditors' remuneration				
- statutory audit				
- current year	84,000	80,000	13,000	13,000
- underprovision in prior year	6,000	14,577	6,000	6,000
- others				
- current year	9,000	9,000	9,000	9,000
- underprovision in prior year	6,000	6,000	6,000	6,000
Depreciation of:				
- property, plant and equipment (Note 13)	6,052,351	6,010,210	34,310	87,059
- investment properties (Note 14)	16,711	16,315	-	-
Employee benefits expense (Note 8)	39,881,694	39,947,358	115,361	116,397
Impairment losses on other investments (Note 18)	143,143	178,702	-	-
Net foreign exchange loss/ (gain):				
- realised	1,203,590	(3,054,955)	-	-
- unrealised	13,732	(13,843)	-	-
Non-executive directors' remuneration (Note 9)	134,000	120,000	134,000	120,000
Property, plant and equipment written off	270,349	300,358	-	-
Operating leases:				
- minimum lease payments for land and building	938,324	897,190	141,300	141,300
- minimum lease payments for plant and machinery	73,500	49,315	-	-
(Reversal of)/provision for doubtful debts	(8,000)	41,832	-	-
Share application monies written off	-	820,000	-	820,000

8. Employee benefits expense

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Wages and salaries	36,965,026	37,147,325	99,500	99,500
Social security contributions	271,787	277,533	1,156	1,149
Contributions to defined contribution plan	2,229,077	2,236,793	11,940	11,944
Other benefits	415,804	285,707	2,765	3,804
	39,881,694	39,947,358	115,361	116,397

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM5,334,222 (2009: RM4,440,276) as further disclosed in Note 9.

9. Directors' remuneration

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Directors of the Company:				
Executive:				
Salaries, allowances and bonus	4,211,000	3,881,600	-	-
Defined contribution plan	562,020	497,820	-	-
Fees	60,000	60,000	-	-
Other emoluments	1,682	856	-	-
	4,834,702	4,440,276	-	-
Benefits-in-kind	-	7,800	-	-
	4,834,702	4,448,076	-	-
Non-executive:				
Fees	116,000	94,000	116,000	94,000
Other emoluments	18,000	26,000	18,000	26,000
	134,000	120,000	134,000	120,000

9. Directors' remuneration (cont'd)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Directors of subsidiaries:				
Executive:				
Salaries, allowances and bonus	446,000	-	-	-
Defined contribution plan	53,520	-	-	-
	499,520	-	-	-
Benefits-in-kind	7,800	-	-	-
	507,320	-	-	-
Total directors' remuneration	5,468,222	4,560,276	134,000	120,000
Estimated money value of benefits-in-kind	7,800	7,800	-	-
Total directors' remuneration including benefits-in-kind	5,476,022	4,568,076	134,000	120,000
Total directors' remuneration:				
Executive directors' remuneration (Note 8)	5,334,222	4,440,276	-	-
Non-executive directors' remuneration (Note 7)	134,000	120,000	134,000	120,000
Estimated money value of benefits-in-kind	7,800	7,800	-	-
Total directors' remuneration including benefits-in-kind	5,476,022	4,568,076	134,000	120,000

The number of directors of the Company as at the end of the financial year whose total remuneration for the financial year fell within the following bands is analysed below:

	Number of Directors 2010	Number of Directors 2009
Executive directors:		
RM200,001 - RM250,000	1	1
RM350,001 - RM400,000	1	1
RM1,500,001 - RM2,500,000	2	2
Non-executive directors:		
Below RM50,000	4	4

10. Income tax expense

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Income tax:				
Tax expense for the year	5,253,765	4,907,426	1,212,976	143,726
Underprovision in prior year	12,874	74,056	5,328	3,057,837
	5,266,639	4,981,482	1,218,304	3,201,563
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	195,851	(565,523)	293	(1,351)
Relating to changes in tax rates	(201,687)	5,877	-	-
Under/(over)provision in prior year	42,016	(224,918)	-	(3,067,863)
	36,180	(784,564)	293	(3,069,214)
Total income tax expense	5,302,819	4,196,918	1,218,597	132,349

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	21,798,410	15,735,962	9,056,160	4,776,024
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	5,449,603	3,933,991	2,264,040	1,194,006
Income not subject to tax	(424,193)	(141,420)	(1,105,601)	(1,425,991)
Expenses not deductible for tax purposes	524,736	794,731	54,830	374,360
Utilisation of current year's reinvestment allowances	(302,217)	(239,522)	-	-
Underprovision of income tax in prior year	12,874	74,056	5,328	3,057,837
Under/(over)provision of deferred tax in prior year	42,016	(224,918)	-	(3,067,863)
Income tax expense for the year	5,302,819	4,196,918	1,218,597	132,349

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	
	2010	**2009**
Profit attributable to ordinary equity holders of the Company (RM)	16,495,152	11,542,955
Weighted average number of ordinary shares in issue	103,575,000	103,575,000
Basic earnings per share (sen)	15.9	11.1

(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

	Dividend in respect of year		Dividend recognised in year	
Group and Company	**2009 RM**	**2008 RM**	**2010 RM**	**2009 RM**
First and final tax exempt dividend of 5%, paid on 25 November 2009 (5 sen per ordinary share)	5,178,750	-	5,178,750	-
First and final dividend of 6% less 25% taxation, paid on 25 November 2008 (4.5 sen per ordinary share)	-	4,660,875	-	4,660,875
	5,178,750	4,660,875	5,178,750	4,660,875

At the forthcoming Annual General Meeting, first and final dividends comprising tax exempt dividend of 3% and franked dividend of 6% less 25% taxation amounting to RM7,768,125 in respect of the financial year ended 30 April 2010, on 103,575,000 ordinary shares of RM1 each (7.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2011.

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 2010						
Cost/Valuation						
At 1 May 2009	6,819,133	30,661,949	73,446,240	14,730,381	7,728,087	133,385,790
Additions	-	597,671	3,466,619	2,237,079	1,039,341	7,340,710
Disposals	-	-	(75,722)	(20,714)	(587,070)	(683,506)
Write off	-	(24,112)	(3,159,177)	(2,881,711)	(30,030)	(6,095,030)
At 30 April 2010	6,819,133	31,235,508	73,677,960	14,065,035	8,150,328	133,947,964
Representing:						
At cost	6,819,133	29,595,508	70,649,715	14,059,325	8,142,328	129,266,009
At valuation	-	1,640,000	3,028,245	5,710	8,000	4,681,955
	6,819,133	31,235,508	73,677,960	14,065,035	8,150,328	133,947,964
Accumulated depreciation						
At 1 May 2009	-	6,764,435	49,528,188	10,691,924	5,911,434	72,895,981
Depreciation charge for the year (Note 7)	-	619,263	3,812,849	878,242	741,997	6,052,351
Disposals	-	-	(68,529)	(13,528)	(587,060)	(669,117)
Write off	-	(1,945)	(3,042,830)	(2,749,878)	(30,028)	(5,824,681)
At 30 April 2010	-	7,381,753	50,229,678	8,806,760	6,036,343	72,454,534
Net carrying amount						
At cost	6,819,133	22,910,755	23,448,282	5,258,275	2,113,985	60,550,430
At valuation	-	943,000	-	-	-	943,000
At 30 April 2010	6,819,133	23,853,755	23,448,282	5,258,275	2,113,985	61,493,430

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

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 2009						
Cost/Valuation						
At 1 May 2008	6,819,133	29,861,101	73,273,346	13,906,484	7,912,180	131,772,244
Additions	-	800,848	793,388	893,413	112,488	2,600,137
Disposals	-	-	-	-	(296,581)	(296,581)
Write off	-	-	(620,494)	(69,516)	-	(690,010)
At 30 April 2009	6,819,133	30,661,949	73,446,240	14,730,381	7,728,087	133,385,790
Representing:						
At cost	6,819,133	29,021,949	70,417,995	14,724,671	7,720,087	128,703,835
At valuation	-	1,640,000	3,028,245	5,710	8,000	4,681,955
	6,819,133	30,661,949	73,446,240	14,730,381	7,728,087	133,385,790
Accumulated depreciation						
At 1 May 2008	-	6,153,083	46,117,783	9,997,762	5,244,644	67,513,272
Depreciation charge for the year (Note 7)	-	611,352	3,737,783	756,436	904,639	6,010,210
Disposals	-	-	-	-	(237,849)	(237,849)
Write off	-	-	(327,378)	(62,274)	-	(389,652)
At 30 April 2009	-	6,764,435	49,528,188	10,691,924	5,911,434	72,895,981
Net carrying amount						
At cost	6,819,133	22,921,714	23,909,703	4,038,457	1,816,653	59,505,660
At valuation	-	975,800	8,349	-	-	984,149
At 30 April 2009	6,819,133	23,897,514	23,918,052	4,038,457	1,816,653	60,489,809

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

Company	Office equipment and renovation RM	Motor vehicles RM	Total RM
At 30 April 2010			
Cost			
At 1 May 2009	268,169	568,667	836,836
Additions	1,840	-	1,840
At 30 April 2010	270,009	568,667	838,676
Accumulated depreciation			
At 1 May 2009	253,662	451,568	705,230
Depreciation charge for the year (Note 7)	5,030	29,280	34,310
At 30 April 2010	258,692	480,848	739,540
Net carrying amount			
At 30 April 2010	11,317	87,819	99,136
At 30 April 2009			
Cost			
At 1 May 2008	267,619	669,478	937,097
Additions	550	-	550
Disposal	-	(100,811)	(100,811)
At 30 April 2009	268,169	568,667	836,836
Accumulated depreciation			
At 1 May 2008	245,157	473,825	718,982
Depreciation charge for the year (Note 7)	8,505	78,554	87,059
Disposal	-	(100,811)	(100,811)
At 30 April 2009	253,662	451,568	705,230
Net carrying amount			
At 30 April 2009	14,507	117,099	131,606

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

(a) Certain property, plant and equipment of the Group were revalued in 1979 and 1989 respectively 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:

	2010 RM	2009 RM
Building	674,350	706,953

(b) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM14,322,518 (2009: RM16,723,147) and RM670,867 (2009: RM658,449) respectively.

(c) Included in property, plant and equipment of the Group are motor vehicles with net carrying amount of RM409,375 (2009: RM573,124) held under hire purchase arrangements.

(d) As at 30 April 2010, a parcel of freehold land of a subsidiary with net carrying amount of RM100,000 (2009: 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 banking facilities granted to the subsidiaries are as follows:

	Group	
	2010 RM	2009 RM
Freehold land	2,695,000	2,695,000
Buildings	14,709,174	14,564,767
Plant and machinery, electrical and piping installations	4,098,058	3,190,085
Office furniture, fittings, equipment and renovation	4,512,962	3,189,250
Motor vehicles	851,629	711,038
	26,866,823	24,350,140

14. Investment properties

	Group	
	2010	2009
	RM	RM
Cost		
At 1 May	214,377	193,640
Additions	-	20,737
At 30 April	214,377	214,377
Accumulated depreciation		
At 1 May	31,208	14,893
Depreciation charge for the year (Note 7)	16,711	16,315
At 30 April	47,919	31,208
Net carrying amount	166,458	183,169

The investment properties have an open market value of approximately RM462,000 (2009: RM447,000).

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 properties during the financial year amounted to RM26,105 (2009: RM25,709).

15. Prepaid land lease payments

	Group	
	2010	2009
	RM	RM
At 1 May	3,722,767	3,818,030
Amortisation for the year (Note 7)	(95,262)	(95,263)
At 30 April	3,627,505	3,722,767
Analysed as:		
Long term leasehold land	464,635	472,373
Short term leasehold land	3,162,870	3,250,394
	3,627,505	3,722,767

Leasehold land with an aggregate net carrying amount of RM3,325,970 (2009: RM3,414,285) are pledged as security for banking facilities granted to the subsidiaries.

16. Investments in subsidiaries

	Company 2010 RM	Company 2009 RM
Unquoted shares at cost	85,350,412	85,350,412

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Equity Interest held (%) 2010	Equity Interest held (%) 2009
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

17. Investments in associates

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Unquoted shares at cost:				
- in Malaysia	5,870,000	5,870,000	5,870,000	5,870,000
- outside Malaysia	-	608,851	-	-
	5,870,000	6,478,851	5,870,000	5,870,000
Share of post-acquisition reserves	(3,819,906)	(3,056,925)	-	-
Gain arising from dilution of interest in an associate	633,757	633,757	-	-
	2,683,851	4,055,683	5,870,000	5,870,000
Less: Impairment losses	(2,683,851)	(2,683,851)	(5,870,000)	(5,870,000)
	-	1,371,832	-	-

17. Investments in associates (cont'd)

Details of the associates are as follows:

Name of associate	Country of incorporation	Principal activities	Equity interest held (%) 2010	2009
GPS Tech Solutions Sdn. Bhd. "("GPS Tech") *	Malaysia	Designing, developing and marketing of global positioning system products.	26.26	26.26
Vinh Tien Garment Joint Stock Company ("Vinh Tien") *	Vietnam	Manufacturing of garments.	-	23.66

* Audited by firms of auditors other than Ernst & Young

(a) Disposal of equity interest in an associate

On 1 November 2009, the Group disposed its 4.66% equity interest in an associate, Vinh Tien to a third party, for a cash consideration of RM330,767 where the gain arising from the disposal amounted to RM17,150. Following the disposal, the Group's equity interest in Vinh Tien was reduced from 23.66% to 19.00% accordingly and the Group ceased to have significant influence over the associate. As a result, the Group no longer equity accounts for the results of Vinh Tien and the Group's investment in Vinh Tien is classified as other investments (Note 18) with effect from the date of disposal.

(b) Impairment losses recognised in prior years

In previous financial years, the management of the Company has carried out a review of the recoverable amount of its investments in associates. This review had led to the recognition of impairment losses in its investment in an associate in Malaysia amounting to RM1,145,832 and RM1,054,986 by the Group and the Company respectively in the prior years' income statement. The recoverable amount was based on its value-in-use calculation using the cash flow projections based on the financial budgets approved by management covering a five-year period.

The following describes the key assumptions on which the management has based its cash flow projections to undertake impairment testing of investment:

- The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before budgeted year.
- 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.
- The discount rate used is pre-tax and is based on the weighted average borrowing rate of the Group of approximately 7%.

17. Investments in associates (cont'd)

The summarised financial information of the associates is as follows:

	Group	
	2010 RM	2009 RM
Share of associates' balance sheets:		
Current assets	581,574	1,781,353
Non-current assets	459,026	2,373,237
Total assets	1,040,600	4,154,590
Current liabilities	1,380,837	1,497,193
Non-current liabilities	13,798	554,022
Total liabilities	1,394,635	2,051,215
Share of associates' revenue and profit:		
Revenue	2,487,660	4,138,631
Profit for the year	220,480	253,057

Since the previous financial year, the Group has not recognised losses relating to GPS Tech where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the reporting date was RM1,499,868 (2009: RM420,598), of which RM1,079,270 (2009: RM420,598) was the share of current year's losses. The Group has no obligation in respect of these losses.

18. Other investments

	Group	
	2010 RM	2009 RM
Quoted shares in Malaysia, at cost	3,316,060	3,222,205
Less: Impairment losses	(1,658,294)	(1,515,151)
	1,657,766	1,707,054
Unquoted shares at cost		
- in Malaysia	1,232,000	1,232,000
- outside Malaysia	10,524,633	9,245,937
	11,756,633	10,477,937
Less: Impairment losses	(1,079,497)	(1,079,497)
	10,677,136	9,398,440
Total	12,334,902	11,105,494
Market value of quoted shares	1,955,314	1,803,054

19. Inventories

	Group 2010 RM	Group 2009 RM
Cost:		
Raw materials	11,338,353	10,132,762
Work-in-progress	31,280,138	28,837,566
Finished goods	1,032,377	1,244,655
Consumables, tools and spare parts	688,181	710,953
	44,339,049	40,925,936

20. Trade and other receivables

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade				
Third parties	48,270,233	40,166,434	-	-
Related parties	-	295,563	-	-
	48,270,233	40,461,997	-	-
Less: Provision for doubtful debts	(965,843)	(973,843)	-	-
Trade receivables, net	47,304,390	39,488,154	-	-
Other receivables				
Due from subsidiaries	-	-	44,463,100	41,826,372
Sundry deposits	328,349	227,449	7,345	6,726
Prepayments	1,189,774	1,175,715	-	-
Sundry receivables	102,927	133,974	-	-
	1,621,050	1,537,138	44,470,445	41,833,098
	48,925,440	41,025,292	44,470,445	41,833,098

(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 21 days to 150 days (2009: 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 2010, the Group has significant exposure to two debtors which constitute approximately 43% (2009: 44%) of the trade receivables. These two debtors contributed approximately 75% (2009: 76%) of the total revenue of the Group for the financial year. Trade receivables are non-interest bearing.

20. Trade and other receivables (cont'd)

(b) Amounts due from subsidiaries

Amounts due from subsidiaries relate to advances which are non-interest bearing and are repayable upon demand. All amounts are unsecured and are to be settled in cash.

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

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

21. Cash and bank balances

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at banks	6,687,569	6,647,037	44,007	70,226
Deposits with licensed banks:				
- fixed deposits	400,930	465,019	400,930	465,019
- short term placements	14,515,332	12,424,936	-	-
	21,603,831	19,536,992	444,937	535,245

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	21,603,831	19,536,992	444,937	535,245

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.

22. Employee benefits (cont'd)

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:

(a) 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.

(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.

22. Employee benefits (cont'd)

(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:

2010 and 2009	Grant date	Expiry date	Exercise price RM	Outstanding at 1 May	Granted	Terminated	Outstanding at 30 April	Exercisable at 30 April
				Number of Share Options	Movements during the year			
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	75,000	-	(25,000)	50,000	50,000
				460,500	-	(25,000)	435,500	435,500

No new share options were granted by the Company in the current financial year.

(ii) Share options exercised during the year:

There were no share options exercised during the current and previous financial year.

23. Share capital and share premium

	Number of ordinary shares of RM1 each	Amount		
	Share capital (issued and fully paid)	Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM
At 1 May 2009 and 30 April 2010	103,575,000	103,575,000	3,048,336	106,623,336

	Number of ordinary shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised share capital				
At 1 May 2009 and 30 April 2010	500,000,000	500,000,000	500,000,000	500,000,000

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
At 1 May 2009 and 30 April 2010	22,184

Company	Share option reserve RM	Capital reserve RM	Total RM
At 1 May 2009 and 30 April 2010	22,184	15,824,999	15,847,183

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

As at 30 April 2010, the Company has tax exempt profits available for distribution of approximately RM12,475,000 (2009: RM13,231,000), subject to the agreement of the Inland Revenue Board.

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.

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 30 April 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 April 2010, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

26. Borrowings

	Group 2010 RM	2009 RM
Short term borrowings		
Secured:		
Hire purchase payables (Note 27)	97,204	166,668
Long term borrowings		
Secured:		
Hire purchase payables (Note 27)	-	97,211
Total borrowings		
Hire purchase payables (Note 27)	97,204	263,879

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

27. Hire purchase payables

	Group 2010 RM	2009 RM
Minimum hire purchase payments:		
Not later than 1 year	103,767	177,924
Later than 1 year and not later than 2 years	-	103,770
	103,767	281,694
Less: Future finance charges	(6,563)	(17,815)
Present value of hire-purchase liabilities	97,204	263,879
Analysed as:		
Amount due within 12 months (Note 26)	97,204	166,668
Amount due after 12 months (Note 26)	-	97,211
	97,204	263,879
Present value of hire purchase liabilities:		
Not later than 1 year	97,204	166,668
Later than 1 year and not later than 2 years	-	97,211
	97,204	263,879

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	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 May	6,867,714	7,652,278	10,602	3,079,816
Recognised in income statement (Note 10)	36,180	(784,564)	293	(3,069,214)
At 30 April	6,903,894	6,867,714	10,895	10,602

Presented after appropriate offsetting as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax assets	-	-	-	-
Deferred tax liabilities	6,903,894	6,867,714	10,895	10,602
	6,903,894	6,867,714	10,895	10,602

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 2009	7,559,412	(192,000)	(637,000)	161,914	(24,612)	6,867,714
Recognised in income statement	(152,111)	(4,955)	198,000	-	(4,754)	36,180
At 30 April 2010	7,407,301	(196,955)	(439,000)	161,914	(29,366)	6,903,894
At 1 May 2008	8,155,325	(192,000)	(436,000)	147,200	(22,247)	7,652,278
Recognised in income statement	(595,913)	-	(201,000)	14,714	(2,365)	(784,564)
At 30 April 2009	7,559,412	(192,000)	(637,000)	161,914	(24,612)	6,867,714

28. Deferred tax liabilities (cont'd)

As at 30 April 2010, the Group has unutilised reinvestment allowances carried forward amounting to approximately RM3,433,000 (2009: RM3,433,000) which can be utilised to offset against future taxable profits.

Deferred tax liabilities of the Company:

	Plant and equipment RM	Dividend receivable RM	Total RM
At 1 May 2009	10,602	-	10,602
Recognised in income statement	293	-	293
At 30 April 2010	10,895	-	10,895
At 1 May 2008	11,816	3,068,000	3,079,816
Recognised in income statement	(1,214)	(3,068,000)	(3,069,214)
At 30 April 2009	10,602	-	10,602

29. Trade and other payables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade				
Third parties	33,393,878	29,645,830	-	-
Related parties	-	3,858	-	-
	33,393,878	29,649,688	-	-
Other payables				
Accruals	2,741,303	1,617,469	16,000	16,000
Sundry payables	2,682,628	3,240,230	29,854	43,641
	5,423,931	4,857,699	45,854	59,641
	38,817,809	34,507,387	45,854	59,641

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2009: 30 days to 90 days).

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

Other information on financial risks of 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 1 to 2 years. There are no restrictions placed upon the Group by entering into these leases. 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	
	2010	**2009**
	RM	**RM**
Future minimum rentals payable:		
Payable within one year	207,850	230,280

(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 term of 1 year.

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	
	2010	**2009**
	RM	**RM**
Not later than 1 year	77,000	132,000
Later than 1 year and not later than 5 years	-	77,000
	77,000	209,000

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

31. Commitments

	Group	
	2010	**2009**
	RM	**RM**
Approved and contracted for:		
Property, plant and equipment	156,605	-

32. Contingent liabilities (unsecured)

	Company 2010 RM	2009 RM
Corporate guarantees given as securities for banking facilities granted to subsidiaries	3,306,545	1,818,250

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	2010 RM	2009 RM
Sales of finished goods to companies in which certain directors have interests:			
- South Island Building Sdn. Bhd.	(i)	8,553	-
- Yong Guan Heng & Co. Sdn. Bhd.	(i)	364,417	366,357
Purchase of goods and services from companies in which certain directors have interests:			
- Induscor Supplies (M) Sdn. Bhd.	(i)	213,700	274,511
- Pen'ads (M) Sdn. Bhd.	(i)	16,445	16,137
Rental of premises paid and payable to companies in which certain directors have interests:			
- Induscor Supplies (M) Sdn. Bhd.	(ii)	13,200	13,200
- KP Holdings Sdn. Bhd.	(ii)	136,800	136,800
- South Island Building Sdn. Bhd.	(ii)	6,900	-
Rental of machinery received/ receivable from a company in which certain directors have interests:			
- Yong Guan Heng & Co. Sdn. Bhd.	(ii)	30,000	30,000
Subcontract fees paid/payable to a company in which a subsidiary is a corporate shareholder			
- Viet Tien Garment Joint Stock Corporation	(iv)	50,528,009	57,511,461
Company			
Purchase of goods and services from a company in which certain directors have interests:			
- Pen'ads (M) Sdn. Bhd.	(i)	8,010	8,915
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		9,222,404	5,703,962
Management fees received/receivable from subsidiaries	(iii)	636,000	636,000

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.

Information regarding outstanding balances arising from related party transactions as at 30 April 2010 is disclosed in Note 20.

(b) Compensation of key management personnel

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits	7,330,052	4,484,456	134,000	120,000
Defined contribution plan	866,807	548,460	-	-
	8,196,859	5,032,916	134,000	120,000

Included in the total key management personnel compensation are:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' remuneration (Note 9)	5,468,222	4,560,276	134,000	120,000

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.

(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.

34. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

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 2010										
Group										
Fixed rate										
Hire purchase payables	27	4.29	4.29	(97,204)	-	-	-	-	-	(97,204)
Floating rate										
Deposits with licensed banks	21	2.60	0.10	14,916,262	-	-	-	-	-	14,916,262
Company										
Floating rate										
Deposits with licensed banks	21	2.60	2.15	400,930	-	-	-	-	-	400,930

34. Financial instruments (cont'd)

(b) Interest rate risk (cont'd)

	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 2009										
Group										
Fixed rate										
Hire purchase payables	27	4.29	4.29	(166,668)	(97,211)	-	-	-	-	(263,879)
Floating rate										
Deposits with licensed banks	21	3.50	1.75	12,889,955	-	-	-	-	-	12,889,955
Company										
Floating rate										
Deposits with licensed banks	21	3.50	1.75	465,019	-	-	-	-	-	465,019

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 rise 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					
At 30 April 2010:	United States Dollar RM	Euro RM	Singapore Dollar RM	Chinese Renminbi RM	Vietnamese Dong RM	Total RM
Ringgit Malaysia						
Trade receivables	18,983,840	-	174,901	1,241,130	-	20,399,871
Other receivables	345,337	70,522	-	-	-	415,859
Cash and bank balances	3,096,614	-	-	-	516,000	3,612,614
Trade payables	(23,024,723)	-	(2,370)	-	-	(23,027,093)
Other payables	(305,117)	-	(366)	-	-	(305,483)
At 30 April 2009:						
Ringgit Malaysia						
Trade receivables	17,437,183	-	138,374	-	-	17,575,557
Other receivables	440,695	68,112	-	-	-	508,807
Cash and bank balances	3,621,772	-	-	-	-	3,621,772
Trade payables	(24,892,949)	-	(80,630)	-	-	(24,973,579)
Other payables	(132,326)	-	(3,492)	-	-	(135,818)

(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 funding so as to achieve overall cost effectiveness.

34. Financial instruments (cont'd)

(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.

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:

	Note	Group Carrying amount RM	Group Fair value RM
At 30 April 2010:			
Non-current quoted shares	18	1,657,776	1,955,314
Non-current unquoted shares	18	10,677,136	-
Hire purchase payables	27	(97,204)	(101,858)
At 30 April 2009:			
Non-current quoted shares	18	1,707,054	1,803,054
Non-current unquoted shares	18	9,398,440	-
Hire purchase payables	27	(263,879)	(267,926)

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 is of the view that the carrying amount approximates the recoverable value.

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 sales of packaging materials and garments

Vietnam and China - the operations in these areas 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.

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:

30 April 2010	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Total RM
Revenue			
Sales to external customers	94,588,687	282,128,430	376,717,117
Total revenue	94,588,687	282,128,430	376,717,117
Results			
Segment results	3,992,816	18,121,104	22,113,920
Unallocated expenses			-
Operating profit			22,113,920
Finance costs			(535,990)
Share of profits of associates			220,480
Profit before tax			21,798,410
Income tax expense			(5,302,819)
Profit for the year			16,495,591
Assets			
Segment assets	91,880,912	100,609,703	192,490,615
Unallocated assets			
Tax recoverable			666,054
Total assets			193,156,669
Liabilities			
Segment liabilities	10,444,131	28,373,678	38,817,809
Unallocated liabilities			
Borrowings			97,204
Tax liabilities			7,349,998
Total liabilities			46,265,011
Other segment information			
Amortisation	13,119	82,143	95,262
Capital expenditure	2,356,344	4,984,366	7,340,710
Depreciation	3,813,162	2,255,900	6,069,062
Impairment losses on other investments	-	143,143	143,143
Non-cash (income)/expenses other than depreciation, amortisation and impairment	(4,855)	74,914	70,059

35. Segmental information (cont'd)

Business segments (cont'd)

30 April 2009	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Total RM
Revenue			
Sales to external customers	92,266,855	295,827,177	388,094,032
Total revenue	92,266,855	295,827,177	388,094,032
Results			
Segment results	1,582,023	15,333,494	16,915,517
Unallocated expenses			(820,000)
Operating profit			16,095,517
Finance costs			(612,612)
Share of profits of associates			253,057
Profit before tax			15,735,962
Income tax expense			(4,196,918)
Profit for the year			11,539,044
Assets			
Segment assets	86,013,182	90,976,277	176,989,459
Unallocated assets			
Investments in associates			1,371,832
Tax recoverable			115,486
Total assets			178,476,777
Liabilities			
Segment liabilities	4,711,527	29,795,860	34,507,387
Unallocated liabilities			
Borrowings			263,879
Tax liabilities			8,130,694
Total liabilities			42,901,960
Other segment information			
Amortisation	13,120	82,143	95,263
Capital expenditure	695,867	1,904,270	2,600,137
Depreciation	3,931,608	2,094,917	6,026,525
Impairment losses on other investments	58,702	120,000	178,702
Share application monies written off	-	-	820,000
Non-cash expenses/(income) other than depreciation, amortisation and impairment	297,047	(26,268)	270,779

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 being carried out in Vietnam and China. The customers for the manufacturing and sales of packaging material subsidiaries are primarily 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 – sales to external customers		Segment assets		Capital expenditure	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	92,414,466	89,940,952	150,186,236	141,259,468	5,242,709	2,313,024
Vietnam	-	-	39,857,062	35,729,991	799,775	287,113
United States of America	140,616,618	130,409,763	-	-	-	-
Europe	95,679,966	109,203,597	-	-	-	-
China	5,225,867	8,162,626	2,447,317	-	1,298,226	-
Others *	42,780,200	50,377,094	-	-	-	-
	376,717,117	388,094,032	192,490,615	176,989,459	7,340,710	2,600,137

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

36. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation:

Group	As restated RM	Adjustment RM	As previously stated RM
Income statements			
Administrative expenses	(21,556,247)	414,471	(21,970,718)
Finance costs	(612,612)	(414,471)	(198,141)

37. Significant event

On 1 November 2009, the Group disposed its 4.66% equity interest in an associate, Vinh Tien Garment Joint Stock Company ("Vinh Tien") to a third party, for a cash consideration of RM330,767. Following the disposal, the Group's equity interest in Vinh Tien was reduced from 23.66% to 19.00% accordingly and the Group ceased to have significant influence over the associate. As a result, the Group no longer equity accounts for the results of Vinh Tien and the Group's investment in Vinh Tien is classified as other investments (Note 18) with effect from the date of disposal.

List of Properties owned by the Group

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Years)	Net Book Value @30-4-2010 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	20	8,742
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.	Rented out as Warehouse	99 years Leasehold expiring on 28-9-2071	27	262
	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	60 years Leasehold expiring on 23-7-2051	20	1,997
	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	14	2,475
	20 Jalan Tambur 33/19, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor. (^5)	186 sq.m./ 279 sq.m.	Office Premises	Freehold	10	260
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	30	1,784
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	60 years Leasehold expiring on 1-10-2046 and 16-10-2048 respectively	22	10,137

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

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Years)	Net Book Value @30-4-2010 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	20	7,570
	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	20	526
	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	20	338

(^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
(*) Seberang Perai Tengah
(#) Seberang Perai Selatan
(~) Prai Industrial Park, 13600 Prai, Penang

Thirty Largest Securities Account Holders
as at 15 September 2010

Shareholders		No. of Shares	% Shareholding
1.	Berjaya Group Berhad	19,888,858	19.20
2.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged securities account for KP Holdings Sdn Bhd	14,149,639	13.66
3.	Tan Poay Seng	10,026,000	9.68
4.	Dato' Kamarudin bin Jaffar	7,209,007	6.96
5.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Sri Dato' Tan Kok Ping	6,596,827	6.37
6.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Sri Dato' Tan Kok Ping	5,600,000	5.41
7.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Prime Credit Leasing Sdn Bhd for Berjaya Group Berhad	4,000,000	3.86
8.	Berjaya Sompo Insurance Berhad	3,300,000	3.19
9.	OSK Nominees (Tempatan) Sdn Berhad Pledged securities account for Arsam bin Damis	2,450,000	2.37
10.	Dato' Tengku Adnan bin Tengku Mansor	1,890,000	1.82
11.	Tan Kok Aun	1,631,981	1.58
12.	Tan Kok Pooh	1,263,842	1.22
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tekun Asas Sdn Bhd (PB)	1,195,800	1.15
14.	Tan Poay Seng	1,112,762	1.07
15.	Tiah Thee Seng	1,058,100	1.02
16.	Heah Theare Haw	1,027,000	0.99
17.	South Island Holdings Sdn. Bhd.	699,940	0.68
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.	HLG Nominee (Tempatan) Sdn Bhd Pledged securities account for Ta Kin Yan	399,900	0.39
23.	Seow Siew Chin	396,500	0.38
24.	Lee Yuit Eow	379,600	0.37
25.	Phneah Hooi Lan	378,000	0.36
26.	Lee Yuit Eow	372,600	0.36
27.	Tan Su Chin	366,223	0.35
28.	Lee Yuit Eow	349,400	0.34
29.	Tan Kim Chai	349,000	0.34
30.	AmBank (M) Berhad Pledged securities account for Ta Kin Yan (Smart)	335,000	0.32
	Total	**88,549,279**	**85.49**

Substantial Shareholders and Directors' Shareholdings
as at 15 September 2010

Substantial Shareholders as at 15 September 2010 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Tan Kok Ping	12,196,827	11.78	(1) 14,149,639	13.66
Berjaya Group Berhad	23,888,858	23.06	(2) 3,300,000	3.19
Dato' Kamarudin bin Jaffar	7,209,007	6.96	-	-
Tan Poay Seng	11,138,762	10.75	-	-
Berjaya Corporation Berhad			(3) 27,188,858	26.25
Tan Sri Dato' Seri Vincent Tan Chee Yioun	-	-	(4) 27,188,858	26.25

Note:
(1) *Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through KP Holdings Sdn Bhd.*
(2) *Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Berjaya Sompo Insurance Berhad.*
(3) *Deemed interested by virtue of its 100% equity interest in Berjaya Group Berhad.*
(4) *Deemed interested by virtue of his interest in Berjaya Corporation Berhad, the ultimate holding company of Berjaya Group Berhad.*

Directors' Shareholdings as at 15 September 2010

	Direct		Indirect (>)(<)		
Name	No. of Shares	% Shareholding	No. of Shares	% Shareholding	No. of Unexercised ESOS Option
Tan Sri Dato' Tan Kok Ping	12,196,827	11.78	^ 14,149,639	13.66	500
			> 15,000	0.01	-
Tan Poay Seng ("TPS")	11,138,762	10.75	-	-	500
Tan Kok Aun	1,631,981	1.58	< 44,167	0.04	22,500
H'ng Cheok Seng	-	-	-	-	25,000
Datuk Noor Zahidi bin Omar	-	-	-	-	25,000
Tan Thiam Chai	-	-	-	-	-
Mawan Noor Aini Binti Md. Ismail (Appointed on 8 February 2010)	2,393	#	< 3,905	#	-
Chang Chuen Hwa (Alternate Director to TPS)	165,561	0.16	< 120,144	0.12	16,500

\# *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 2010

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	11	515	0.00
100 – 1,000	234	210,088	0.20
1,001 – 10,000	1,620	4,827,398	4.66
10,001 – 100,000	227	6,759,313	6.53
100,001 – 5,178,749	43	28,307,355	27.33
5,178,750 – and above	6	63,470,331	61.28
Total	**2,141**	**103,575,000**	**100.00**

MAGNI-TECH INDUSTRIES BERHAD
(422585-V)

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 Thirteenth Annual General Meeting of the Company to be held at Berjaya 1, 7th Floor, Berjaya Georgetown Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Wednesday, 27 October 2010 at 10.30 a.m. and at any adjournment thereof.

RESOLUTIONS	ORDINARY										SPECIAL
	1	2	3	4	5	6	7	8	9	10	1
FOR											
AGAINST											

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

As witness my hand this __________day of ____________________,2010.

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*

Fold Here

Stamp

To,

THE COMPANY SECRETARY

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

51-21-A MENARA BHL BANK

JALAN SULTAN AHMAD SHAH

10050 PENANG

Fold Here