MAGNI-TECH INDUSTRIES BERHAD (422585-V)

Annual Report 2012

MAGNI-TECH INDUSTRIES BERHAD

(422585-V)

(Incorporated in Malaysia)

Annual Report 2012

CONTENTS

Corporate Information

Board of Directors

Executive Chairman	Tan Sri Dato' Seri 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)
P'ng Chiew Keem (MAICSA 7026443)

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: 04-2108833
Fax: 04-2108831

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
Hong Leong Bank Berhad
(Formerly known as EON Bank Berhad)

Stock Exchange Listing

Main Market, Bursa Malaysia

Stock Number

7087

Sector

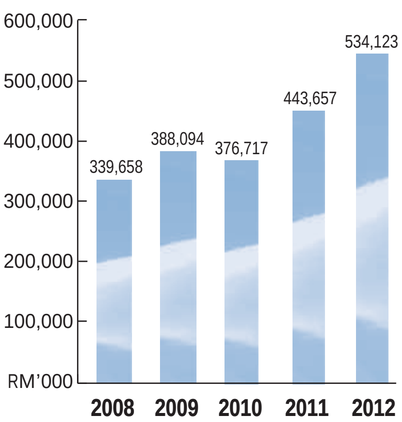
Consumer Products

Place of Incorporation And Domicile

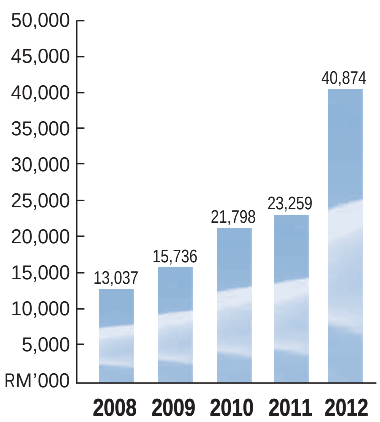
Malaysia

Financial Highlights

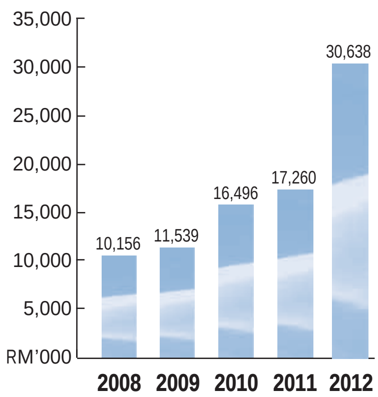
Revenue



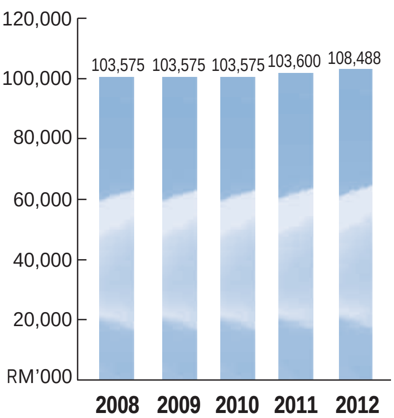
Profit Before Tax



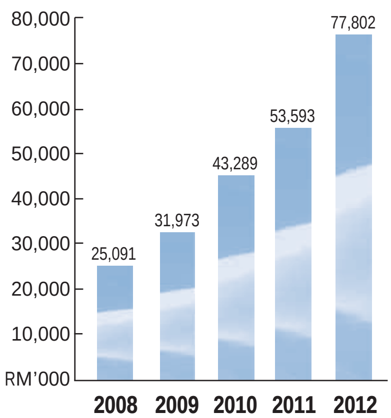
Profit Net of Tax



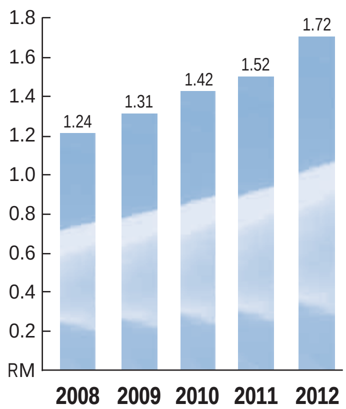
Paid Up Share Capital



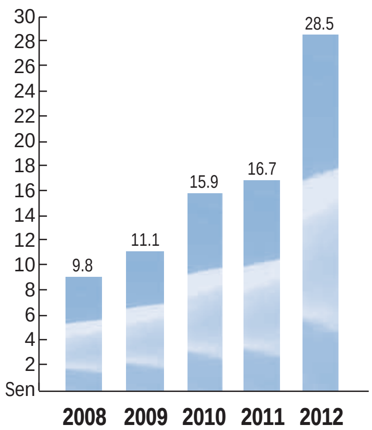
Reserves



Net Assets Per Share

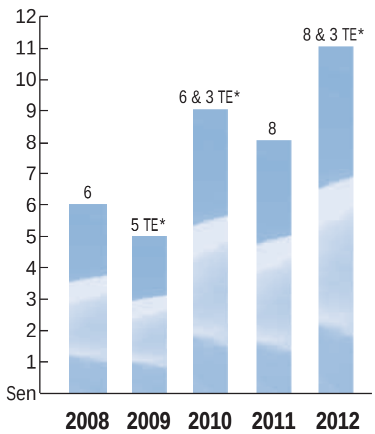


Basic Earnings Per Share



Gross Dividend Per Share

~ Paid / payable in the following year



**TE: Tax Exempt*

Profile of Directors

Tan Sri Dato' Seri Tan Kok Ping

Executive Chairman
Appointed to the Board on 18-2-2000
Aged 66, 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 also sits on the Board of several private limited companies.

He was the former Managing Director and Deputy Chairman of Berjaya Sports Toto Berhad and former Non-Executive Chairman of Berjaya Retail Berhad.

He is the Executive Adviser and former President of Penang Chinese Chamber of Commerce. He was the Chairman of Penang Joint Chambers of Commerce and Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

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

Tan Poay Seng

Managing Director
Appointed to the Board on 18-2-2000
Aged 46, Malaysian
Diploma in Hotel Management, Switzerland
Occupation: Company Director

He is the Managing Director of Magni-Tech Industries Berhad since 2000. He has more than 20 years of experience in various business sectors which include manufacturing, housing development, marketing, retailing and healthcare services.

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 63, 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 35 years of experience and knowledge in the printing and packaging industry. He also sits on the Board of several private limited companies.

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

Profile of Directors (cont'd)

H'ng Cheok Seng

Non-Independent Non-Executive Director and Member of Audit Committee
Appointed to the Board on 18-2-2000
Aged 54, Malaysian
Fellow Member, Association of Chartered Certified Accountants, UK
Occupation: Company Director

He has over 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 55, 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 54, 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, Taiga Building Products Limited (Listed in Toronto Stock Exchange, Canada), Cosway Corporation Berhad, Berjaya Food Berhad, Indah Corporation 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.

Profile of Directors (cont'd)

Mawan Noor Aini Binti Md. Ismail

Independent Non-Executive Director and Member of Audit Committee
Appointed to the Board on 8-2-2010
Aged 64, 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.

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

Chang Chuen Hwa

Alternate Director to Tan Poay Seng
Appointed to the Board on 18-2-2000 and redesignated as the Alternate Director on 23-8-2008
Aged 55, 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 29 years of service with SIP, he has gained extensive knowledge of the plastic film packaging industry.

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

Notice of Annual General Meeting

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held at Berjaya 1, 7th Floor, Georgetown City Hotel (formerly known as Berjaya Penang Hotel), 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Thursday, 18 October 2012 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 2012 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) Datuk Noor Zahidi Bin Omar **Ordinary Resolution 2**
   ii) Tan Thiam Chai **Ordinary Resolution 3**

3. To approve the payment of a first and final franked dividend of 8 Sen per share less tax of 25% and a special tax exempt dividend of 3 Sen per share for the financial year ended 30 April 2012. **Ordinary Resolution 4**

4. To approve the payment of Directors' fees for the financial year ended 30 April 2012. **Ordinary Resolution 5**

5. To appoint Messrs. Grant Thornton as auditors of the Company in place of the retiring auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business:

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

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

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

"That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Company and its subsidiaries as specified in Section 2.1 of the Company's Circular to Shareholders dated 25 September 2012 ("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 2.4 of the Circular."

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

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang
Date: 25 September 2012

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the Fifteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 11 October 2012. Only a depositor whose name appears on the Record of Depositors as at 11 October 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

6. 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 ORDINARY BUSINESS

7. *Agenda 5*
   The Company had received a notice from a shareholder pursuant to Section 172(11) of the Companies Act, 1965 for the nomination of Messrs. Grant Thornton, who have given their consent to act, for appointment as the auditors of the Company at the forthcoming Annual General Meeting. A copy of the Letter of Nomination is attached herewith.

   Messrs. Ernst & Young, the retiring auditors had indicated that they are not seeking for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

   The Directors confirmed that there were no disagreements with Messrs. Ernst & Young on accounting treatments within the last 12 months and there are no other circumstances connected with the change of auditors that should be brought to the attention of the shareholders.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. *Agenda 6*
   The Resolution 7, 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.

9. *Agenda 7*
The Resolution 8, 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 the Circular to Shareholders dated 25 September 2012, dispatched together with the Company's 2012 Annual Report.

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 31 October 2012 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 19 November 2012 to depositors who are registered in the Record of Depositors of the Company on 31 October 2012.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang
Date: 25 September 2012

Chairman's Statement

On behalf of the Board of Directors, it is once again my pleasure to present the Annual Report and Audited Financial Statements of Magni-Tech Industries Berhad for the year ended 30 April 2012 ("the financial year").

Group's Performance

The Group is primarily engaged in the manufacturing of garments for export, which accounted for about 80% of the Group's revenue for the financial year, and a wide range of flexible plastic packaging, corrugated packaging products and display boxes.

Amidst challenging conditions, the Group posted a commendable set of results for the financial year. Revenue increased by 20.4% compared with previous year mainly due to higher sale orders received.

Profit before taxation for the financial year increased by 75.7% to RM40.874 million mainly attributed to the increase in revenue and air freight claims received from certain suppliers amounting to RM3.611 million.

The Group's net assets per share as at the financial year end stood at RM1.72 as compared to RM1.52 in 2011.

Operations

The key factors that affect the performance of garment business include mainly the labour costs, other operating costs, foreign currency fluctuations and demand for the garments.

For the packaging segment, the key factors that affect its performance include mainly raw material costs (Kraft liner, test liner, medium papers, paper boards, polyethylene resins and etc.), operating costs and demand for the packaging products.

Both the garment and packaging industries continue to experience intense competition and rising operating costs resulting from inflationary pressures.

During the financial year, the Group continues to drive sales volume and as a result, revenue from garment and packaging segments rose by 25.4% and 4.2% respectively. Operating costs were well contained as a result of our lean management efforts and strict cost management discipline.

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

Chairman's Statement (cont'd)

Going Forward

The Group maintains a cautious outlook for the next financial year ending 30 April 2013 amid the global economic uncertainty. However, both the garment and packaging businesses are expected to remain profitable for the next financial year.

There is however no room for complacency. The Group's challenge is to remain proactive and flexible in response to the ever-changing and complex business environment through a combination of intensified focus on driving volume and a continuous pursuit of lean management system to ensure the most efficient use of the Group's resources.

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

The Group will continue to be proactive and will not hesitate to seize any opportunities which we believe can create value and generate good returns to our shareholders.

Dividends

The Board has recommended a first and final dividend of 8 Sen less 25% income tax per share and a special tax exempt dividend of 3 Sen per share for the financial year (2012 : 8 Sen less 25% income tax per share) for approval by the shareholders at the forthcoming Annual General Meeting.

I am pleased to note that the Group has uninterrupted profit and dividend track records since its listing in year 2000.

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.

Tan Sri Dato' Seri 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 2012 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 2012 include Budget 2012 Tax Proposals & Updates on Transfer Pricing, The Board's Responsibility for Corporate Culture, International Financial Reporting Standards convergence 2012, Launch of Corporate Governance Week & Sustainable Leadership-Standing Apart from Others, Oxford Union Style Corporate Governance Debate Motion : Independent Directors are a Myth, Challenge Faced by Accountants as Independent Directors, Advocacy Sessions on Disclosure for Chief Executive Officers and Chief Financial Officers, Preparing your first Malaysian Financial Reporting Standards quarterly report, Presenting Financial Statements, Valuation of Trading Entities and Preparing for Transition from "FRS Framework" to "MFRS Framework" Seminar.

(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 2012 are disclosed in Note 12 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 15.

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. Such system covers not only financial controls but also controls relating to operational, risk management and compliance with applicable laws, regulations, rules, directives and guidelines.

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) Ongoing reviews on the system of internal controls are carried out by the internal auditors and the Audit Committee holds regular meetings to deliberate on findings and recommendations for improvement by the internal auditors.

5) 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 28 August 2012.

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 auditors, the audit plan;
   b) with the external auditors, his evaluation of the system of internal controls;
   c) with the external auditors, his audit report;
   d) the assistance given by the employees of the Company to the external auditors;
   e) the quarterly results and year end financial statements prior to the approval of the Board, focusing particularly on:
      i) changes in or implementation of major accounting policy changes;
      ii) significant and unusual events; and
      iii) compliance with accounting standards and other legal requirements;
   f) any related party transaction and conflict of interest situation that may arise with the Company, and the Group.

2) To do the following, in relation to the internal audit function:
   a) Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry its work;
   b) Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

3) To recommend the nomination of a person or persons as external auditors.

4) To review and verify the allocation of shares to employees under the Employee Share Options Scheme (ESOS).

Audit Committee's Report (cont'd)

Procedure

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

Number of Audit Committee Meetings held during the Financial year

There were 6 meetings held during the financial year. All the 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

During the financial year, the Company did not grant any share options to the Directors and employees.

Summary of Activities of Internal Audit Function

The Group has 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 RM23,809.

Directors' Reponsibility Statement
as at 30 April 2012

The Directors consider that, in preparing the financial statements of Magni-Tech Industries Berhad for the financial year ended 30 April 2012 on pages 31 to 104 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 scrap 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 2012. 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 2012, the Group donated about RM430,200 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

Other than the share options exercised pursuant to the Employee Share Option Scheme which has been disclosed in Notes 28 and 29 to the Financial Statements, there were no share buybacks and exercise of Options or convertible securities by the Company during the financial year.

Depository Receipt Programme

The Company does not have any depository programme in place.

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 amount of non-audit fee incurred for the services provided by the external auditors to the Group for the financial year were RM10,000.

Variation of Results

During the financial year, there were no profit estimate, forecast or projection 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.

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' Seri Tan Kok Ping (TKP) and Tan Kok Aun, who are brothers; Tan Poay Seng is the son of TKP; and Chang Chuen Hwa (Alternate Director to Tan Poay Seng) is the brother-in-law of TKP and Tan Kok Aun.

Other Corporate Disclosure (cont'd)

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 28 October 2011. 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.

Employee Share Option Scheme ("ESOS")

1) ESOS granted to the Directors and senior management from the commencement date until the expiry date of the scheme were as follows:

Category	Maximum Allocation (%)	Actual Granted Todate (%)
Directors and senior management	50%	47.5%

2) The Company's Non-Executive Directors, H'ng Cheok Seng and Datuk Noor Zahidi bin Omar have exercised 245,000 and 50,000 share options respectively during the financial year.

No share options were granted to Directors and employees during the financial year. There were no share options outstanding as at the end of the financial year as the scheme had expired on 17 July 2011.

Other details relating to ESOS are also disclosed in the Directors' Report on page 24 and Notes 28 and 29 to the financial statements.

FINANCIAL STATEMENTS

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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 2012.

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 19 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 net of tax	30,638,300	9,611,026
Profit attributable to:		
Owners of the parent	30,638,281	9,611,026
Non-controlling interests	19	-
	30,638,300	9,611,026

There were no material transfers to or from reserves or provisions during the financial year.

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

Dividends

The amount of dividend paid by the Company since 30 April 2011 was as follows:

	RM
In respect of the financial year ended 30 April 2011 as reported in the directors' report of that year:	
First and final dividend of 8% less 25% taxation on 108,487,900 ordinary shares approved on 11 November 2011 and paid on 29 November 2011 (6 sen net per ordinary share)	6,509,274

Dividends (cont'd)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 30 April 2012, of 8% less 25% taxation and a special tax exempt dividend of 3% on 108,487,900 ordinary shares (the number of outstanding ordinary shares in issue of the Company) amounting to RM9,763,911 (9 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2013.

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' Seri 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

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 as shown in Note 12 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporations) 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 2011	Acquired	Sold	30 April 2012
The Company				
Direct interest				
Tan Sri Dato' Seri Tan Kok Ping *	11,256,027	450,500	(2,100,000)	9,606,527
Tan Poay Seng	11,138,862	680,100	(40,000)	11,778,962
Tan Kok Aun	1,631,981	267,500	-	1,899,481
H'ng Cheok Seng	25,000	245,000	-	270,000
Datuk Noor Zahidi Bin Omar	-	50,000	-	50,000
Chang Chuen Hwa (alternate director to Tan Poay Seng)	165,561	261,500	(97,061)	330,000
Mawar Noor Aini Binti Md Ismail	2,393	-	-	2,393
Indirect interest				
Interest of Spouse/Children of the Directors**				
Tan Sri Dato' Seri Tan Kok Ping	1,215,000	100,000	-	1,315,000
Tan Kok Aun	44,167	-	-	44,167
Chang Chuen Hwa (alternate director to Tan Poay Seng)	120,144	-	(70,000)	50,144
Mawar Noor Aini Binti Md Ismail	3,905	-	-	3,905
Deemed interest of a Director				
Tan Sri Dato' Seri Tan Kok Ping ***	14,149,639	-	-	14,149,639

	← Number of options over ordinary shares of RM1 each →			
	1 May 2011	Exercised	Expired	30 April 2012
The Company				
Tan Sri Dato' Seri Tan Kok Ping	450,500	(450,500)	-	-
Tan Poay Seng	450,500	(450,500)	-	-
Tan Kok Aun	267,500	(267,500)	-	-
H'ng Cheok Seng	245,000	(245,000)	-	-
Datuk Noor Zahidi Bin Omar	270,000	(50,000)	(220,000)	-
Chang Chuen Hwa (alternate director to Tan Poay Seng)	261,500	(261,500)	-	-

* 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.

Directors' interests (cont'd)

Tan Sri Dato' Seri 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.

Other than 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.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM103,600,000 to RM108,487,900 by way of the issuance of 4,787,400 and 100,500 new ordinary shares of RM1 each for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at the exercise price of RM1.01 and RM1.00 respectively per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Employee share options scheme (ESOS)

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 28 to the financial statements.

There were no options granted during the financial year and the ESOS has since expired during the financial year on 17 July 2011.

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, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off 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.

Other statutory information (cont'd)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group inadequate to any substantial extent, nor are they aware of any circumstances which would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(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 as and 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.

Subsequent event

Details of the subsequent event are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Ernst & Young, retire at the forthcoming Annual General Meeting and do not wish to seek re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 August 2012.

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

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

We, Tan Sri Dato' Seri 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 31 to 103 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 40 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 August 2012.

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

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 31 to 104 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 28 August 2012.

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 statements of financial position as at 30 April 2012 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 103.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 2012 and of their financial performance and cash flows for the year then ended.

Independent auditors' report to the members of Magni-Tech Industries Berhad (cont'd)

(Incorporated in Malaysia)

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements 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 reporting responsibilities

The supplementary information set out in Note 40 on page 104 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Lim Eng Huat
No. 2403/04/13(J)
Chartered Accountant

Penang, Malaysia
28 August 2012

Income statements
For the financial year ended 30 April 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	534,123,476	443,656,780	12,040,253	11,027,004
Cost of sales	5	(456,716,114)	(378,137,634)	-	-
Gross profit		77,407,362	65,519,146	12,040,253	11,027,004
Other items of income					
Interest income	6	531,224	318,368	100,733	8,301
Dividend income	7	844,092	249,444	-	-
Other income	8	3,943,047	1,045,128	-	-
Other items of expense					
Administrative expenses		(32,291,185)	(29,773,190)	(891,630)	(959,194)
Selling and distribution expenses		(9,014,607)	(13,584,269)	-	-
Finance costs	9	(545,656)	(515,732)	(299)	(309)
Profit before tax	10	40,874,277	23,258,895	11,249,057	10,075,802
Income tax expense	13	(10,235,977)	(5,998,750)	(1,638,031)	(2,042,153)
Profit net of tax		30,638,300	17,260,145	9,611,026	8,033,649
Profit attributable to:					
Owners of the parent		30,638,281	17,258,575	9,611,026	8,033,649
Non-controlling interests		19	1,570	-	-
		30,638,300	17,260,145	9,611,026	8,033,649
Earnings per share attributable to owners of the parent (sen per share)					
Basic	14	28.5	16.7		
Diluted	14	28.5	16.6		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 30 April 2012

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Profit net of tax	30,638,300	17,260,145	9,611,026	8,033,649
Other comprehensive income:				
Net gain/(loss) on available-for-sale inancial assets				
- Gain/(loss) on fair value changes	32,142	(112,500)	-	-
- Transfer to profit or loss upon disposal	-	(159,284)	-	-
Other comprehensive income for the year net of tax	32,142	(271,784)	-	-
Total comprehensive income for the year	30,670,442	16,988,361	9,611,026	8,033,649
Total comprehensive income attributable to:				
Owners of the parent	30,670,423	16,986,791	9,611,026	8,033,649
Non-controlling interests	19	1,570	-	-
	30,670,442	16,988,361	9,611,026	8,033,649

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
As at 30 April 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Assets					
Non-current assets					
Property, plant and equipment	16	62,122,826	63,621,033	51,678	80,055
Investment properties	17	141,725	158,807	-	-
Prepaid land lease payments	18	644,123	657,243	-	-
Investments in subsidiaries	19	-	-	86,067,772	86,067,772
Investment in associate	20	-	-	-	-
Investment securities	21	19,340,735	12,013,277	-	-
		82,249,409	76,450,360	86,119,450	86,147,827
Current assets					
Inventories	23	53,088,536	60,098,667	-	-
Investment securities	21	2,056,670	1,000,000	-	-
Trade and other receivables	24	62,267,546	55,183,977	48,197,000	45,006,155
Tax recoverable		207,498	693,601	63,868	53,033
Cash and bank balances	25	40,376,580	18,194,250	5,206,960	308,528
		157,996,830	135,170,495	53,467,828	45,367,716
Non-current assets held for sale	22	257,600	-	-	-
		158,254,430	135,170,495	53,467,828	45,367,716
Total assets		240,503,839	211,620,855	139,587,278	131,515,543

Statements of Financial Position (cont'd)
As at 30 April 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	26	44,658,418	46,823,676	117,899	82,056
Tax payable		1,922,540	209,904	-	-
		46,580,958	47,033,580	117,899	82,056
Net current assets		111,673,472	88,136,915	53,349,929	45,285,660
Non-current liabilities					
Deferred tax liabilities	27	7,604,102	7,365,438	9,862	11,496
Total liabilities		54,185,060	54,399,018	127,761	93,552
Net assets		186,318,779	157,221,837	139,459,517	131,421,991
Equity attributable to owners of the parent					
Share capital	29	108,487,900	103,600,000	108,487,900	103,600,000
Share premium	29	3,766,446	3,048,336	3,766,446	3,048,336
Other reserves	30	57,856	837,218	15,824,999	16,636,503
Retained profits	31	73,977,692	49,707,417	11,380,172	8,137,152
		186,289,894	157,192,971	139,459,517	131,421,991
Non-controlling interests		28,885	28,866	-	-
Total equity		186,318,779	157,221,837	139,459,517	131,421,991
Total equity and liabilities		240,503,839	211,620,855	139,587,278	131,515,543

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity
For the financial year ended 30 April 2012

Group

	← Attributable to owners of the parent →							
		← Non-distributable →						
	Share capital (Note 29) RM	**Share premium (Note 29) RM**	**Other reserves, total (Note 30) RM**	**Share option reserve (Note 30) RM**	**Fair value reserve (Note 30) RM**	**Retained earnings (Note 31) RM**	**Non controlling interests RM**	**Total equity RM**
At 1 May 2011	103,600,000	3,048,336	837,218	811,504	25,714	49,707,417	28,866	157,221,837
Total comprehensive income	-	-	32,142	-	32,142	30,638,281	19	30,670,442
Transactions with owners:								
Dividends on ordinary shares (Note 15)	-	-	-	-	-	(6,509,274)	-	(6,509,274)
Exercise of employee share options (Note 28)	4,887,900	718,110	(670,236)	(670,236)	-	-	-	4,935,774
Expiry of employee share options (Note 30)	-	-	(141,268)	(141,268)	-	141,268	-	-
At 30 April 2012	108,487,900	3,766,446	57,856	-	57,856	73,977,692	28,885	186,318,779
At 1 May 2010	103,575,000	3,048,336	22,184	22,184	-	40,218,842	27,296	146,891,658
Effect of adopting FRS 139	-	-	297,498	-	297,498	-	-	297,498
	103,575,000	3,048,336	319,682	22,184	297,498	40,218,842	27,296	147,189,156
Total comprehensive income	-	-	(271,784)	-	(271,784)	17,258,575	1,570	16,988,361
Transactions with owners:								
Dividends on ordinary shares (Note 15)	-	-	-	-	-	(7,770,000)	-	(7,770,000)
Exercise of employee share options (Note 28)	25,000	-	-	-	-	-	-	25,000
Grant of equity-settled share options to employees (Note 30)	-	-	789,320	789,320	-	-	-	789,320
At 30 April 2011	103,600,000	3,048,336	837,218	811,504	25,714	49,707,417	28,866	157,221,837

Statements of Changes in Equity (cont'd)

For the financial year ended 30 April 2012

Company

	← Non-distributable				→	Distributable	
	Share capital (Note 29) RM	**Share premium (Note 29) RM**	**Other reserves, total (Note 30) RM**	**Share option reserve (Note 30) RM**	**Capital reserve (Note 30) RM**	**Retained earnings (Note 31) RM**	**Total equity RM**
At 1 May 2011	103,600,000	3,048,336	16,636,503	811,504	15,824,999	8,137,152	131,421,991
Total comprehensive income	-	-	-	-	-	9,611,026	9,611,026
Transactions with owners:							
Dividends on ordinary shares (Note 15)	-	-	-	-	-	(6,509,274)	(6,509,274)
Exercise of employee share options (Note 28)	4,887,900	718,110	(670,236)	(670,236)	-	-	4,935,774
Expiry of employee share options (Note 30)	-	-	(141,268)	(141,268)	-	141,268	-
At 30 April 2012	108,487,900	3,766,446	15,824,999	-	15,824,999	11,380,172	139,459,517
At 1 May 2010	103,575,000	3,048,336	15,847,183	22,184	15,824,999	7,873,503	130,344,022
Total comprehensive income	-	-	-	-	-	8,033,649	8,033,649
Transactions with owners:							
Exercise of employee share options (Note 28)	25,000	-	-	-	-	-	25,000
Dividends on ordinary shares (Note 15)	-	-	-	-	-	(7,770,000)	(7,770,000)
Grant of equity-settled share options to employees (Note 30)	-	-	789,320	789,320	-	-	789,320
At 30 April 2011	103,600,000	3,048,336	16,636,503	811,504	15,824,999	8,137,152	131,421,991

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
For the financial year ended 30 April 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities					
Profit before tax		40,874,277	23,258,895	11,249,057	10,075,802
Adjustments for:					
Amortisation of prepaid land lease payments	10	13,120	13,120	-	-
Bad debts written off	10	68,338	-	-	-
Depreciation of:					
- property, plant and equipment	10	5,118,923	5,633,610	37,847	35,318
- investment properties	10	17,082	16,928	-	-
Dividend income	4 & 7	(844,092)	(249,444)	(11,404,253)	(10,391,004)
Net fair value gain on available-for- sale financial assets	8	-	(159,284)	-	-
Net fair value gain on held for trading investment securities	8	(56,670)	-	-	-
Gain on disposal of property, plant and equipment	8	(33,952)	(71,558)	-	-
Gain on disposal of available-for-sale financial assets	8	-	(495,081)	-	-
Grant of equity-settled share options to employees	11	-	789,320	-	71,960
Interest expense	9	45	6,563	-	-
Interest income	6	(531,224)	(318,368)	(100,733)	(8,301)
Impairment losses on investment securities	10	-	20,285	-	-
Net unrealised foreign exchange (gain)/loss	10	(608,865)	140,605	-	-
Property, plant and equipment written off	10	287,694	224,371	-	-
Reversal of impairment losses on trade receivables	10	(304,221)	(100,000)	-	-
Total adjustments		3,126,178	5,451,067	(11,467,139)	(10,192,027)
Operating cash flows before changes in working capital		44,000,455	28,709,962	(218,082)	(216,225)
Changes in working capital					
Decrease/(increase) in inventories		7,010,131	(15,759,618)	-	-
(Increase)/decrease in receivables		(7,449,287)	(6,589,253)	3,239	(1,569)
(Decrease)/increase in payables		(941,053)	8,325,897	35,843	36,202
Total changes in working capital		(1,380,209)	(14,022,974)	39,082	34,633
Cash flows generated from/ (used in) operations		42,620,246	14,686,988	(179,000)	(181,592)
Interest paid	9	(45)	(6,563)	-	-
Tax paid		(7,798,574)	(5,793,360)	(1,650,500)	(2,058,744)
Net cash generated from/ (used in) operating activities		34,821,627	8,887,065	(1,829,500)	(2,240,336)

Statements of Cash Flows (cont'd)
For the financial year ended 30 April 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Investing activities					
Interest received	6	531,224	318,368	100,733	8,301
Net dividends received		844,092	241,851	9,779,253	8,351,004
Proceeds from disposal of property, plant and equipment		140,600	282,100	-	-
Proceeds from disposal of investment securities		-	981,419	-	-
Purchase and subsequent expenditure of investment properties	17	-	(9,277)	-	-
Purchase of investment securities		(8,295,316)	(1,000,000)	-	-
Purchase of property, plant and equipment	16	(4,272,658)	(5,238,984)	(9,470)	(16,237)
Net cash (used in)/generated from investing activities		(11,052,058)	(4,424,523)	9,870,516	8,343,068
Financing activities					
Dividends paid	15	(6,509,274)	(7,770,000)	(6,509,274)	(7,770,000)
Exercise of employee share options		4,935,774	25,000	4,935,774	25,000
Net change in related companies balances		-	-	(1,569,084)	1,505,859
Repayment of finance lease obligations		-	(97,204)	-	-
Net cash used in financing activities		(1,573,500)	(7,842,204)	(3,142,584)	(6,239,141)
Net increase/(decrease) in cash and cash equivalents		22,196,069	(3,379,662)	4,898,432	(136,409)
Effect of exchange rate changes on cash and cash equivalents		(13,739)	(29,919)	-	-
Cash and cash equivalents at beginning of financial year		18,194,250	21,603,831	308,528	444,937
Cash and cash equivalents at end of financial year	25	40,376,580	18,194,250	5,206,960	308,528

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
For the financial year ended 30 April 2012

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 19.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for the current financial year as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 May 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after the date stated below:

Description	***Effective for financial periods beginning on or after***
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (Revised)	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

Description	***Effective for financial periods beginning on or after***
Amendments to FRS 1: Limited Exemption for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
Improvements to FRSs issued in 2010	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Technical Release i-4 Shariah Compliant Sale Contracts	1 January 2011

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

Revised FRS 3 *Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

Amendments to FRS 7: *Improving Disclosures about Financial Instruments*

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 34. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 35(b).

2. Summary of significant accounting policies (cont'd)

2.3 Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 April 2013. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings. The Group has established a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 30 April 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 April 2013.

2.4 Basis of consolidation

Business combinations from 1 January 2011

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations from 1 January 2011 (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations before 1 January 2011

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations before 1 January 2011 (cont'd)

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.6 Foreign currency

a) 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.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Certain property, plant and equipment have not been revalued since they were first revalued in 1979 and 1989. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment, these assets continue to be stated at their 1979 and 1989 valuation less accumulated depreciation and any accumulated impairment losses.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Leasehold land	60 years
Plant and machinery, electrical and piping installations	5% - 10%
Office furniture, fittings, equipment and renovation	10% - 33.33%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.8 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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

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

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group’s investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the associate’s identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group’s share of the associate’s profit or loss for the period in which the investment is acquired.

When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group’s investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 Associates (cont'd)

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

b) Loans and receivables (cont'd)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd)

2.12 Financial assets (cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: purchase costs on a weighted average basis (for production of corrugated fibre board cartons and boxes) and first-in, first-out basis (for production of flexible plastic packaging materials and inner packaging boxes and garments).

2. Summary of significant accounting policies (cont'd)

2.15 Inventories (cont'd)

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.17 Financial liabilities (cont'd)

b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables (including amounts due to related companies) and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

At the reporting date, no values were placed on corporate guarantees provided by the Company to secure bank loans and other bank facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

2. Summary of significant accounting policies (cont'd)

2.19 Borrowings costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.20 Employee benefits

a) 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.

b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

c) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2. Summary of significant accounting policies (cont'd)

2.21 Leases

a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e).

2.22 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

b) Dividend income

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

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

c) Management fees

Management fees are recognised when services are rendered.

d) Interest income

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

e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.23 Income taxes (cont'd)

b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. Summary of significant accounting policies (cont'd)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.27 Non-current assets held for sale

A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that has significant effect on the amounts recognised in the financial statements.

3. Significant accounting estimates and judgements (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

a) Depreciation of plant and equipment

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. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 16.

b) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 24.

c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unutilised reinvestment allowances 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 27.

4. Revenue

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sale of goods	534,123,476	443,656,780	-	-
Gross dividends from subsidiaries	-	-	11,404,253	10,391,004
Management fees from subsidiaries	-	-	636,000	636,000
	534,123,476	443,656,780	12,040,253	11,027,004

5. Cost of sales

Cost of sales mainly represents cost of inventories sold.

6. Interest income

Interest income mainly represents interest income from short term placements and fixed deposits in banks.

7. Dividend income

	Group 2012 RM	Group 2011 RM
Dividend income from:-		
Available-for-sale financial assets		
- Equity instruments (quoted in Malaysia)	99,642	94,658
- Equity instruments (unquoted outside Malaysia)	744,450	154,786
	844,092	249,444

8. Other income

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Net fair value gain on available-for-sale financial assets	-	159,284	-	-
Net fair value gain on held for trading investment securities	56,670	-	-	-
Insurance claim	40,243	-	-	-
Rental income receivable from investment properties	156,000	142,000	-	-
Gain on disposal of available-for- sale financial assets	-	495,081	-	-
Rental income receivable from operating leases, other than those relating to investment properties	-	30,000	-	-
Gain on disposal of property, plant and equipment	33,952	71,558	-	-
Freight charges claim receivable from vendors	3,611,452	-	-	-
Miscellaneous	44,730	147,205	-	-
	3,943,047	1,045,128	-	-

9. Finance costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
Bank borrowings	45	-	-	-
Obligations under finance lease	-	6,563	-	-
Total interest expense	45	6,563	-	-
Bank charges	545,611	509,169	299	309
	545,656	515,732	299	309

10. Profit before tax

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
After charging/(crediting):				
Amortisation of prepaid land lease payments (Note 18)	13,120	13,120	-	-
Auditors' remuneration				
- statutory audit				
- current year	100,025	88,500	18,000	15,000
- underprovision in prior year	2,000	3,000	-	3,000
- others				
- current year	10,000	10,000	10,000	10,000
Bad debts written off	68,338	-	-	-
Depreciation of:				
- property, plant and equipment (Note 16)	5,118,923	5,633,610	37,847	35,318
- investment properties (Note 17)	17,082	16,928	-	-
Employee benefits expense (Note 11)	48,950,416	43,184,103	147,740	200,328
Impairment losses on investment securities	-	20,285	-	-
Net foreign exchange (gain)/loss:				
- realised	(291,862)	770,912	-	-
- unrealised	(608,865)	140,605	-	-
Non-executive directors' remuneration (Note 12)	126,000	194,600	126,000	194,600
Property, plant and equipment written off	287,694	224,371	-	-
Operating leases – minimum lease payments for:				
- land and buildings	789,545	783,181	141,348	141,300
- plant and machinery	48,378	47,846	-	-
Reversal of impairment losses on trade receivables (Note 24)	(304,221)	(100,000)	-	-

11. Employee benefits expense

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Wages and salaries	45,696,432	39,557,945	118,050	107,650
Social security contributions	207,803	199,058	1,238	1,215
Contributions to defined contribution plan	2,571,565	2,331,176	14,480	12,924
Share options granted under ESOS	-	789,320	-	71,960
Other benefits	474,616	306,604	13,972	6,579
	48,950,416	43,184,103	147,740	200,328

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM8,507,863 (2011: RM5,585,522) as further disclosed in Note 12.

12. Directors' remuneration

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Directors of the Company:				
Executive:				
Salaries, allowances and bonus	7,129,000	4,211,000	-	-
Defined contribution plan	705,660	562,020	-	-
Fees	60,000	60,000	-	-
Share options granted under ESOS	-	194,600	-	-
Other emoluments	1,683	1,682	-	-
	7,896,343	5,029,302	-	-
Non-executive:				
Fees	108,000	108,000	108,000	108,000
Share options granted under ESOS	-	68,600	-	68,600
Other emoluments	18,000	18,000	18,000	18,000
	126,000	194,600	126,000	194,600
Directors of subsidiaries:				
Executive:				
Salaries, allowances and bonus	546,000	466,000	-	-
Defined contribution plan	65,520	55,920	-	-
Share options granted under ESOS	-	34,300	-	-
	611,520	556,220	-	-
Benefits-in-kind	7,800	7,800	-	-
	619,320	564,020	-	-

Notes to the Financial Statements (cont'd)
For the financial year ended 30 April 2012

12. Directors' remuneration (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total directors' remuneration	8,633,863	5,780,122	126,000	194,600
Estimated money value of benefits-in-kind	7,800	7,800	-	-
Total directors' remuneration including benefits-in-kind	8,641,663	5,787,922	126,000	194,600
Total directors' remuneration:				
Executive directors' remuneration (Note 11)	8,507,863	5,585,522	-	-
Non-executive directors' remuneration (Note 10)	126,000	194,600	126,000	194,600
Estimated money value of benefits-in-kind	7,800	7,800	-	-
Total directors' remuneration including benefits-in-kind	8,641,663	5,787,922	126,000	194,600

	Number of Directors	
	2012	2011
Executive directors:		
RM200,001 - RM250,000	1	1
RM350,001 - RM400,000	-	1
RM400,001 - RM650,000	1	-
RM1,500,001 - RM2,500,000	1	2
RM4,500,001 - RM5,500,000	1	-
Non-executive directors:		
Below RM50,000	4	4

13. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 April 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current income tax:				
Malaysia income tax	10,139,076	5,880,287	1,649,573	2,039,583
(Over)/under provision in prior year	(141,763)	(343,081)	(9,908)	1,969
	9,997,313	5,537,206	1,639,665	2,041,552

13. Income tax expense (cont'd)

Major components of income tax expense (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	86,756	127,397	(4,356)	463
- Underprovision in respect of prior year	151,908	334,147	2,722	138
	238,664	461,544	(1,634)	601
Income tax expense recognised in profit or loss	10,235,977	5,998,750	1,638,031	2,042,153

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 April 2012 and 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit before tax	40,874,277	23,258,895	11,249,057	10,075,802
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	10,218,569	5,814,724	2,812,264	2,518,951
Adjustments:				
Income not subject to tax	(419,613)	(239,273)	(1,226,063)	(557,751)
Expenses not deductible for tax purposes	431,987	628,186	59,016	78,846
Utilisation of current year's reinvestment allowances	(2,111)	(189,953)	-	-
Expenses allowable for double deductions	(3,000)	(6,000)	-	-
(Over)/underprovision of income tax expense in prior year	(141,763)	(343,081)	(9,908)	1,969
Underprovision of deferred tax in prior year	151,908	334,147	2,722	138
Income tax expense recognised in profit or loss	10,235,977	5,998,750	1,638,031	2,042,153

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

14. Earnings per share

The basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 April 2012 and 2011:

	Group	
	2012 RM	2011 RM
Profit net of tax attributable to owners of the parent used in the computation of diluted earnings per share	30,638,281	17,258,575
Weighted average number of ordinary shares for basic earnings per share computation	107,655,876	103,589,521
Effects of dilution:		
- Share options	-	288,605
Weighted average number of ordinary shares for diluted earnings per share computation	107,655,876	103,878,126
Basis earnings per share (sen)	28.5	16.7
Diluted earnings per share (sen)	28.5	16.6

15. Dividends

Group and Company	Dividend in respect of year 2011 RM	Dividend in respect of year 2010 RM	Dividend recognised in year 2012 RM	Dividend recognised in year 2011 RM
First and final dividend of 8% less 25% taxation approved on 11 November 2011 and paid on 29 November 2011 (6.0 sen net per ordinary share)	6,509,274	-	6,509,274	-
First and final tax exempt dividend of 3% and dividend of 6% less 25% taxation approved on 27 October 2010 and paid on 25 November 2010 (7.5 sen net per ordinary share)	-	7,770,000	-	7,770,000
	6,509,274	7,770,000	6,509,274	7,770,000

At the forthcoming Annual General Meeting, a first and final dividend in respect of the current financial year ended 30 April 2012, of 8% less 25% taxation and a special tax exempt dividend of 3% on 108,487,900 ordinary shares amounting to RM9,763,911 (9 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2013.

16. Property, plant and equipment

Group	Freehold land RM	Buildings RM	Short term leasehold land RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
At 30 April 2012							
Cost/Valuation							
At 1 May 2011	6,819,133	31,578,090	3,450,000	74,820,403	14,775,389	8,949,236	140,392,251
Additions	-	282,166	-	2,726,962	780,580	482,950	4,272,658
Disposals	-	-	-	(78,973)	-	(356,669)	(435,642)
Write off	-	-	-	(424,485)	(222,542)	-	(647,027)
Reclassification to non-current assets held for sale	(140,000)	(140,000)	-	-	-	-	(280,000)
At 30 April 2012	6,679,133	31,720,256	3,450,000	77,043,907	15,333,427	9,075,517	143,302,240
Representing:							
At cost	6,679,133	30,080,256	3,450,000	74,015,662	15,327,717	9,075,517	138,628,285
At valuation	-	1,640,000	-	3,028,245	5,710	-	4,673,955
	6,679,133	31,720,256	3,450,000	77,043,907	15,333,427	9,075,517	143,302,240

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

	Freehold land RM	Buildings RM	Short term leasehold land RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
Accumulated depreciation							
At 1 May 2011	-	8,008,832	575,001	52,174,811	9,615,419	6,397,155	76,771,218
Depreciation charge for the year (Note 10)	-	633,422	82,143	2,447,186	1,031,395	924,777	5,118,923
Disposals	-	-	-	(56,627)	-	(272,367)	(328,994)
Write off	-	-	-	(140,578)	(218,755)	-	(359,333)
Reclassification to non-current assets held for sale	-	(22,400)	-	-	-	-	(22,400)
At 30 April 2012	-	8,619,854	657,144	54,424,792	10,428,059	7,049,565	81,179,414
Net carrying amount							
At cost	6,679,133	22,223,002	2,792,856	22,619,115	4,905,368	2,025,952	62,245,426
At valuation	-	877,400	-	-	-	-	877,400
At 30 April 2012	6,679,133	23,100,402	2,792,856	22,619,115	4,905,368	2,025,952	62,122,826

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

At 30 April 2011	Freehold land RM	Buildings RM	Short term leasehold land RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
Cost/Valuation							
At 1 May 2010	6,819,133	31,235,508	-	73,677,960	14,065,035	8,150,328	133,947,964
Effect of adopting the amendments to FRS 117	-	-	3,450,000	-	-	-	3,450,000
Restated	6,819,133	31,235,508	3,450,000	73,677,960	14,065,035	8,150,328	137,397,964
Additions	-	342,582	-	2,642,954	844,617	1,408,831	5,238,984
Disposals	-	-	-	(1,062,184)	(15,358)	(609,923)	(1,687,465)
Write off	-	-	-	(438,327)	(118,905)	-	(557,232)
At 30 April 2011	6,819,133	31,578,090	3,450,000	74,820,403	14,775,389	8,949,236	140,392,251
Representing:							
At cost	6,819,133	29,938,090	3,450,000	71,792,158	14,769,679	8,941,236	135,710,296
At valuation	-	1,640,000	-	3,028,245	5,710	8,000	4,681,955
	6,819,133	31,578,090	3,450,000	74,820,403	14,775,389	8,949,236	140,392,251

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

	Freehold land RM	Buildings RM	Short term leasehold land RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
Accumulated depreciation							
At 1 May 2010	-	7,381,753	-	50,229,678	8,806,760	6,036,343	72,454,534
Effect of adopting the amendments to FRS 117	-	-	492,858	-	-	-	492,858
Restated	-	7,381,753	492,858	50,229,678	8,806,760	6,036,343	72,947,392
Depreciation charge for the year (Note 10)	-	627,079	82,143	3,011,050	942,606	970,732	5,633,610
Disposals	-	-	-	(851,647)	(15,356)	(609,920)	(1,476,923)
Write off	-	-	-	(214,270)	(118,591)	-	(332,861)
At 30 April 2011	-	8,008,832	575,001	52,174,811	9,615,419	6,397,155	76,771,218
Net carrying amount							
At cost	6,819,133	22,659,058	2,874,999	22,645,592	5,159,970	2,552,081	62,710,833
At valuation	-	910,200	-	-	-	-	910,200
At 30 April 2011	6,819,133	23,569,258	2,874,999	22,645,592	5,159,970	2,552,081	63,621,033

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

Company	Office equipment and renovation RM	Motor vehicles RM	Total RM
At 30 April 2012			
Cost			
At 1 May 2011	286,246	568,667	854,913
Additions	9,470	-	9,470
At 30 April 2012	295,716	568,667	864,383
Accumulated depreciation			
At 1 May 2011	264,730	510,128	774,858
Depreciation charge for the year (Note 10)	8,567	29,280	37,847
At 30 April 2012	273,297	539,408	812,705
Net carrying amount			
At 30 April 2012	22,419	29,259	51,678
At 30 April 2011			
Cost			
At 1 May 2010	270,009	568,667	838,676
Additions	16,237	-	16,237
At 30 April 2011	286,246	568,667	854,913
Accumulated depreciation			
At 1 May 2010	258,692	480,848	739,540
Depreciation charge for the year (Note 10)	6,038	29,280	35,318
At 30 April 2011	264,730	510,128	774,858
Net carrying amount			
At 30 April 2011	21,516	58,539	80,055

16. 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:

	2012 RM	2011 RM
Buildings	609,142	641,746

(b) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM45,634,728 (2011: RM37,536,679) and RM671,367(2011: RM671,367) respectively.

(c) As at 30 April 2012, a parcel of freehold land of a subsidiary with net carrying amount of RM100,000 (2011: RM100,000) is in the process of being transferred to the name of the subsidiary.

(d) 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	
	2012 RM	2011 RM
Freehold land	2,555,000	2,695,000
Short term leasehold land	2,792,856	2,874,999
Buildings	14,534,197	14,672,221
Plant and machinery, electrical and piping installations	4,414,699	4,638,164
Office furniture, fittings, equipment and renovation	4,011,251	4,457,557
Motor vehicles	1,350,240	1,509,021
	29,658,243	30,846,962

17. Investment properties

	Group 2012 RM	Group 2011 RM
Cost		
At 1 May	223,654	214,377
Additions	-	9,277
At 30 April	223,654	223,654
Accumulated depreciation		
At 1 May	64,847	47,919
Depreciation charge for the year (Note 10)	17,082	16,928
At 30 April	81,929	64,847
Net carrying amount	141,725	158,807

The investment properties have an open market value of approximately RM1,281,000 (2011: RM981,280).

The investment properties comprise buildings held by a subsidiary under lease terms and leased to a third party (Note 32(c)).

Direct operating expenses incurred by the Group on the investment properties during the financial year amounted to RM30,675 (2011: RM26,321).

18. Prepaid land lease payments

	Group 2012 RM	Group 2011 RM
At 1 May	657,243	3,627,505
Effect of adopting the amendments to FRS 117	-	(2,957,142)
Restated	657,243	670,363
Amortisation for the year (Note 10)	(13,120)	(13,120)
At 30 April	644,123	657,243
Analysed as:		
Long term leasehold land	449,157	456,896
Short term leasehold land	194,966	200,347
	644,123	657,243

Leasehold land with an aggregate net carrying amount of RM356,482 (2011: RM362,255) are pledged as security for banking facilities granted to the subsidiaries.

Notes to the Financial Statements (cont'd)
For the financial year ended 30 April 2012

19. Investments in subsidiaries

	Company 2012 RM	Company 2011 RM
Unquoted shares at cost	86,067,772	85,350,412
ESOS granted to employees of subsidiaries	-	717,360
	86,067,772	86,067,772

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2012	Proportion of ownership interest (%) 2011
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, Malaysia

20. Investment in associate

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unquoted shares at cost:				
- in Malaysia	5,870,000	5,870,000	5,870,000	5,870,000
Share of post-acquisition reserves	(3,186,149)	(3,186,149)	-	-
	2,683,851	2,683,851	5,870,000	5,870,000
Less: Accumulated impairment losses	(2,683,851)	(2,683,851)	(5,870,000)	(5,870,000)
	-	-	-	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2012	2011
GPS Tech Solutions Sdn. Bhd. " ("GPS Tech") *	Malaysia	Designing, developing and marketing of global positioning system products	26.26	26.26

* Audited by firm of auditors other than Ernst & Young, Malaysia

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 based on the latest available management accounts for the financial year ended 30 April 2012 at the reporting date was RM2,669,301 (2011: RM2,376,550), of which RM292,751 (2011: RM876,682) was the share of current year's losses. The Group has no obligation in respect of these losses.

21. Investment securities

	Group			
	2012		2011	
	RM	RM	RM	RM
	Carrying Amount	Market value of quoted investments	Carrying Amount	Market value of quoted investments
Current:				
Fair value through profit and loss financial assets				
- Investment in unit trust, quoted	1,053,893	1,053,893	1,000,000	1,000,000
- Investment in bond	1,002,777	1,002,777	-	-
	2,056,670	2,056,670	1,000,000	1,000,000
Non-current:				
Available-for-sale financial assets:				
Equity instruments (quoted in Malaysia)	1,388,568	1,388,568	1,356,426	1,356,426
Unquoted equity instruments, at cost:				
- in Malaysia	1,232,000		1,232,000	
- outside Malaysia	17,819,949		10,524,633	
	19,051,949		11,756,633	
Less: Accumulated impairment losses	(1,099,782)		(1,099,782)	
	17,952,167		10,656,851	
Total non-current investment securities	19,340,735		12,013,277	
Total investment securities	21,397,405		13,013,277	

22. Non-current assets held for sale

	Group	
	2012	2011
	RM	RM
Reclassified from property, plant and equipment:		
Freehold land	140,000	-
Buildings	117,600	-
	257,600	-

During the current financial year, the Group has reclassified certain property, plant and equipment of a subsidiary to assets held for sale as the subsidiary has entered into Sale and Purchase Agreements with third parties for the disposal of the above properties towards the end of the financial year for a total cash consideration of RM280,000. These disposals are due to be completed in the next financial year.

23. Inventories

	Group 2012 RM	Group 2011 RM
Cost:		
Raw materials	12,774,431	12,518,139
Work-in-progress	38,753,691	45,687,504
Finished goods	1,093,255	1,368,770
Consumables, tools and spare parts	467,159	524,254
	53,088,536	60,098,667

24. Trade and other receivables

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Trade				
Third parties	59,450,413	53,441,426	-	-
Less: Allowance for impairment	(561,622)	(865,843)	-	-
Trade receivables, net	58,888,791	52,575,583	-	-
Other receivables				
Due from subsidiaries	-	-	48,191,325	44,997,241
Sundry deposits	308,242	325,050	5,675	8,914
Prepayments	2,795,252	1,804,652	-	-
Sundry receivables	275,261	478,692	-	-
	3,378,755	2,608,394	48,197,000	45,006,155
Total trade and other - receivables	62,267,546	55,183,977	48,197,000	45,006,155
Add: Cash and bank balances (Note 25)	40,376,580	18,194,250	5,206,960	308,528
Less: Prepayments	(2,795,252)	(1,804,652)	-	-
Total loans and receivables	99,848,874	71,573,575	53,403,960	45,314,683

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are on cash and credit basis. The Group's normal trade credit terms range from 15 to 120 days (2011: 15 to 120 days). They are recognised at their original invoice amounts which represent the fair values on initial recognition. As at 30 April 2012, the Group has significant exposure to one (2011: one) debtor which constitutes approximately 66% (2011: 45%) of the trade receivables.

24. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2012 RM	2011 RM
Neither past due nor impaired	36,969,135	34,602,947
1 to 30 days past due not impaired	8,450,153	9,139,162
31 to 60 days past due not impaired	4,050,235	3,413,909
61 to 90 days past due not impaired	8,528,906	3,787,796
More than 90 days past due not impaired	890,362	1,236,898
	21,919,656	17,577,765
Impaired	561,622	1,260,714
	59,450,413	53,441,426

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. All of the Group's trade receivables arise from customers with more than two years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM21,919,656 (2011: RM17,577,765) that are past due at the reporting date but not impaired. These relate to customers with more than two years experience with the Group and of whom there are no recent history of default and are monitored on an on-going basis. The receivables balances that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	2012 RM	2011 RM
Individually impaired		
Trade receivables - nominal amounts	561,622	1,260,714
Less: Allowance for impairment	(561,622)	(865,843)
	-	394,871

24. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired (cont'd)

	2012 RM	2011 RM
Movement in allowance accounts:		
At 1 May	865,843	965,843
Reversal of impairment losses (Note 10)	(304,221)	(1 00,000)
At 30 April	561,622	865,843

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries relate to advances which are unsecured, non-interest bearing and are repayable upon demand.

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

25. Cash and bank balances

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash on hand and at banks	4,055,093	2,048,774	200,002	122,498
Deposits with licensed banks:				
- fixed deposits	5,006,957	186,030	5,006,958	186,030
- short term placements	31,314,530	15,959,446	-	-
Total cash and bank balances	40,376,580	18,194,250	5,206,960	308,528

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Fixed deposits with licensed banks are made for varying periods of between 1 to 4 months (2011:1 to 12 months). The effective interest rates of fixed deposits as at 30 April 2012 for the Group and Company ranged from 3.04% to 3.12% (2011: 2.15% to 2.60%) per annum.

25. Cash and bank balances (cont'd)

Short term placements are made for varying periods of between 2 to 30 days (2011: 3 to 30 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term placements rates. The interest rates for short-term placements as at 30 April 2012 for the Group ranged from 0.10% to 3.04% (2011: 0.10% to 2.90%) per annum.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	40,376,580	18,194,250	5,206,960	308,528

26. Trade and other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Trade				
Third parties	37,007,015	39,907,918	-	-
Other payables				
Accruals	4,676,291	3,981,220	18,000	18,000
Sundry payables	2,975,112	2,934,538	99,899	64,056
	7,651,403	6,915,758	117,899	82,056
Total trade and other payables	44,658,418	46,823,676	117,899	82,056
Less: Non contractual payroll costs	(673,680)	(609,496)	-	-
Total financial liabilities carried at amortised cost	43,984,738	46,214,180	117,899	82,056

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2011: 30 days to 90 days).

(b) Other payables

The amounts are non-interest bearing.

27. Deferred tax liabilities

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
At 1 May	7,365,438	6,903,894	11,496	10,895
Recognised in income statement (Note 13)	238,664	461,544	(1,634)	601
At 30 April	7,604,102	7,365,438	9,862	11,496

Presented after appropriate offsetting as follows:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Deferred tax assets	-	-	-	-
Deferred tax liabilities	7,604,102	7,365,438	9,862	11,496
	7,604,102	7,365,438	9,862	11,496

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	Unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances RM	Receivables RM	Others RM	Total RM
At 1 May 2011	7,697,439	(186,914)	(309,000)	186,914	(23,001)	7,365,438
Recognised in income statement	121,664	186,914	116,000	(186,914)	1,000	238,664
At 30 April 2012	7,819,103	-	(193,000)	-	(22,001)	7,604,102
At 1 May 2010	7,407,301	(196,955)	(439,000)	161,914	(29,366)	6,903,894
Recognised in income statement	290,138	10,041	130,000	25,000	6,365	461,544
At 30 April 2011	7,697,439	(186,914)	(309,000)	186,914	(23,001)	7,365,438

27. Deferred tax liabilities (con'd)

At the reporting date, the Group has unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances amounting to approximately RM4,203,000 (2011: RM4,694,000) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the following items:

Group	2012 RM	2011 RM
Unused tax losses	760,000	760,000
Unabsorbed capital allowances	10,000	501,000
Unutilised reinvestment allowances	3,433,000	3,433,000
	4,203,000	4,694,000

The unused tax losses and unabsorbed capital allowances of the Group are available for offsetting against future taxable profits subject to no substantial change in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax liabilities of the Company:

	Plant and equipment RM
At 1 May 2011	11,496
Recognised in profit or loss	(1,634)
At 30 April 2012	9,862
At 1 May 2010	10,895
Recognised in profit or loss	601
At 30 April 2011	11,496

28. Employee benefits

Employee share options scheme ("ESOS")

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

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

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

28. Employee benefits (cont'd)

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

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

(a) "Person eligible to participate in the Scheme" shall comprise :

(i) Any Non-executive Director nominated by the ESOS Committee at its absolute discretion; and

(ii) Only Employee who fulfills the following conditions shall be eligible to participate in the Scheme:-

- An employee must be at least eighteen (18) years of age on the Date of Offer;
- An employee must fall under one of the categories of employees listed in Bye-Law 6.1;
- An employee must have been employed for a continuous period of at least one (1) year in the Group on a full time basis and his employment must have been confirmed on the Date of Offer;

Employee refers to a natural person who is employed by and on the payroll of any company in the Group and who fulfills the conditions of eligibility in Bye-Law 5.1 (ii). Employees include full time Executive 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, this 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.

28. Employee benefits (cont'd)

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

(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.

The following table illustrates the number ("no.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year:

	Option 1	Option 2	Option 3		
Grant Date	**18 July 2011**	**18 August 2006**	**3 January 2011**		
Expiry Date	**17 July 2011**	**17 July 2011**	**17 July 2011**	**Total**	**WAEP**
	No.	**No.**	**No.**	**No.**	**RM**
2012					
Outstanding as at 1 May 2011	192,500	25,000	5,638,000	5,855,500	1.01
Exercised	(100,500)	-	(4,787,400)	(4,887,900)	1.01
Expired	(92,000)	(25,000)	(850,600)	(967,600)	1.01
Outstanding as at 30 April 2012	-	-	-	-	-
2011					
Outstanding as at 1 May 2010	385,500	50,000	-	435,500	1.00
Granted	-	-	5,638,000	5,638,000	1.01
Exercised	-	(25,000)	-	(25,000)	1.00
Forfeited	(193,000)	-	-	(193,000)	1.00
Outstanding as at 30 April 2011	192,500	25,000	5,638,000	5,855,500	1.01
Exercisable at 30 April 2011	188,000	25,000	5,638,000	5,851,000	1.01

All exercisable ESOS have since expired during the year on 17 July 2011.

28. Employee benefits (cont'd)

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

i. Details of share options during the year:

2012 and 2011	WAEP RM	Exercise period
Option 1	1.00	18.7.2001 – 17.7.2011
Option 2	1.00	18.8.2006 – 17.7.2011
Option 3	1.01	3.1.2011 – 17.7.2011

ii. Share options exercised during the year

As disclosed in Note 29, options exercised during the financial year resulted in issuance of 4,887,900 (2011: 25,000) ordinary shares at an average price of RM1.01 (2011: RM1.00) each. The related weighted average share price at the date of exercise was RM1.38 (2011: RM1.23).

29. 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 2010	103,575,000	103,575,000	3,048,336	106,623,336
Exercise of employee share options (Note 28)	25,000	25,000	-	25,000
At 30 April 2011/1 May 2011	103,600,000	103,600,000	3,048,336	106,648,336
Exercise of employee share options (Note 28)	4,887,900	4,887,900	718,110	5,606,010
At 30 April 2012	108,487,900	108,487,900	3,766,446	112,254,346

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised share capital				
At 30 April 2012 and 2011	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.

30. Other reserves (non-distributable)

	Group		
	Share option reserve RM	Fair value reserve RM	Total RM
At 1 May 2010	22,184	-	22,184
Effect of adopting FRS 139	-	297,498	297,498
	22,184	297,498	319,682
Other comprehensive income:			
Available-for-sale financial assets:			
Loss on fair value changes in available-for-sale financial assets	-	(112,500)	(112,500)
Transfer to profit or loss upon disposal	-	(159,284)	(159,284)
	-	(271,784)	(271,784)
Transaction with owners:			
Grant of equity-settled share options to employees	789,320	-	789,320
	789,320	-	789,320
At 30 April 2011	811,504	25,714	837,218
At 1 May 2011	811,504	25,714	837,218
Other comprehensive income:			
Gain on fair value changes in available-for-sale financial assets	-	32,142	32,142
	-	32,142	32,142
Transaction with owners:			
Exercise of employee share options	(670,236)	-	(670,236)
Expiry of employee share options	(141,268)	-	(141,268)
	(811,504)	-	(811,504)
At 30 April 2012	-	57,856	57,856

	Company		
	Share option reserve RM	Capital reserve RM	Total RM
At 1 May 2010	22,184	15,824,999	15,847,183
Grant of equity-settled share options to employees	789,320	-	789,320
At 30 April 2011	811,504	15,824,999	16,636,503
At 1 May 2011	811,504	15,824,999	16,636,503
Transactions with owners:			
Exercise of employee share options	(670,236)	-	(670,236)
Expiry of employee share options	(141,268)	-	(141,268)
	(811,504)	-	(811,504)
At 30 April 2012	-	15,824,999	15,824,999

30. Other reserves (non-distributable) (cont'd)

Share option reserve

The employee share option reserve represents the equity-settled share options granted to employees (Note 28). This reserve is made up of the cumulative value of services received from employees recorded on grant of share options, and reduced by the expiry or exercise of the share options.

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

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.

31. Retained profits

As at 30 April 2012, the Company has tax exempt profits available for distribution of approximately RM16,502,000 (2011: RM11,598,000), 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 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 30 April 2012, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM10,069,596 out of its entire retained profits. If the balance of retained profits of RM1,310,576 were to be distributed as dividends, the Company may distribute such dividends under the single tier system. As at 30 April 2011, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained profits.

32. Commitments

a) Capital commitments

	Group 2012 RM	Group 2011 RM
Approved and contracted for:		
Property, plant and equipment	262,730	-

b) Operating lease commitments – as lessee

The Group has entered into commercial leases on certain land and buildings. These leases have an average life of 1 to 2 years. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group 2012 RM	Group 2011 RM
Future minimum rentals payable:		
Payable within one year	214,100	406,550

c) Operating lease commitments - as lessor

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of 1 to 2 years.

Future minimum rental receivable under non-cancellable operating leases at the reporting dates are as follows:

	Group 2012 RM	Group 2011 RM
Not later than 1 year	91,000	156,000
Later than 1 year and not later than 5 years	-	91,000
	91,000	247,000

Investment property rental income recognised in profit or loss during the financial year is as disclosed in Note 8.

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:

	Note	Group 2012 RM	Group 2011 RM
Sales of finished goods to companies in which certain directors have interests:			
- South Island Building Sdn. Bhd.	(i)	-	9,846
- Yong Guan Heng & Co. Sdn. Bhd.	(i)	412,714	459,454
Purchase of goods and services from companies in which certain directors have interests:			
- Induscor Supplies (M) Sdn. Bhd.	(i)	169,366	223,787
- Pen'ads (M) Sdn. Bhd.	(i)	24,317	12,611
- Yong Guan Heng & Co. Sdn. Bhd.	(i)	-	4,500
Rental of premises paid and payable to companies in which certain directors have interests:			
- Induscor Supplies (M) Sdn. Bhd.	(ii)	11,550	12,000
- KP Holdings Sdn. Bhd.	(ii)	136,800	136,800
Rental of machinery received / receivable from a company in which certain directors have interests:			
- Yong Guan Heng & Co. Sdn. Bhd.	(ii)	-	34,500
Subcontract fees paid/payable to a company in which a subsidiary is a corporate shareholder			
- Viet Tien Garment Joint Stock Corporation	(iii)	84,800,520	67,083,603
Sale of property, plant and equipment to a company in which a subsidiary is a corporate shareholder			
- Viet Tien Garment Joint Stock Corporation		-	34,650

33. Related party disclosure (cont'd)

	Note	Company 2012 RM	2011 RM
Purchase of goods and services from a company in which certain directors have interests:			
- Pen'ads (M) Sdn. Bhd.	(i)	3,672	6,961
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		11,404,253	10,391,004
Management fees received/receivable from subsidiaries	(iv)	636,000	636,000

(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 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.

(iv) The management fees were charged at prices mutually agreed between the respective parties.

Information regarding outstanding balances arising from related party transactions as at 30 April 2012 and 2011 is disclosed in Note 24.

(b) Compensation of key management personnel

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

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Short-term employee benefits	8,778,780	5,575,302	126,000	126,000
Defined contribution plan	865,680	703,140	-	-
Share options granted under ESOS	-	319,900	-	68,600
	9,644,460	6,598,342	126,000	194,600

33. Related party disclosure (cont'd)

(b) Compensation of key management personnel (cont'd)

Included in the total key management personnel compensation are:

	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Directors' remuneration (Note 12)	8,633,863	5,780,122	126,000	194,600

Directors' interests in the Employees' Share Option Scheme ("ESOS")

Directors of the Group and the Company and other members of key management have been granted the following number of options under the ESOS:

	Number of options over ordinary shares of RM1 each Group and Company 2012	2011
At 1 May	2,364,000	107,000
Granted	-	2,282,000
Exercised	(2,130,000)	(25,000)
Expired	(234,000)	-
At 30 April	-	2,364,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 28).

34. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 30 April 2012 are as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

34. Fair value of financial instruments (cont'd)

A. Fair value of financial instruments that are carried at fair value (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
At 30 April 2012				
Financial assets:				
Investment securities – current				
- Equity instruments (quoted)	2,056,670	-	-	2,056,670
Investment securities – non-current				
- Equity instruments (quoted)	1,388,568	-	-	1,388,568
At 30 April 2011				
Financial assets:				
Investment securities - current				
- Equity instruments (quoted)	1,000,000	-	-	1,000,000
Investment securities – non-current				
- Equity instruments (quoted)	1,356,426	-	-	1,356,426

There were no material transfers between Level 1 and Level 2 during the current financial year.

The Group does not have any financial instruments classified as Level 3 at 30 April 2012.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group Carrying amount RM	Group Fair value RM
At 30 April 2012			
Financial assets:			
Investment securities – unquoted equity instruments	21	17,952,167	*
At 30 April 2011			
Financial assets:			
Investment securities – unquoted equity instruments	21	10,656,851	*

Investment securities - unquoted equity instruments

* It is not practicable to estimate the fair value of the Group's non-current unquoted investments due to the lack of quoted market prices and the variability to estimate fair value.

34. Fair value of financial instruments (cont'd)

C. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	24
Trade and other payables (current)	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by limiting the Group's associations with business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reports.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group Chief Executive Officer.

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2012		2011	
	RM	% of total	RM	% of total
By country:				
Malaysia	29,245,637	49.6	28,512,718	54.2
United States of America	338,861	0.6	240,901	0.5
Singapore	3,547,714	6.0	4,029,973	7.6
China and Hong Kong	4,286,941	7.3	1,209,738	2.3
Vietnam	21,129,044	35.9	18,545,639	35.3
Japan	340,594	0.6	36,614	0.1
	58,888,791	100.0	52,575,583	100.0

	2012		2011	
	RM	% of total	RM	% of total
By industry sectors:				
Manufacturing and sales of packaging materials	29,566,427	50.2	28,936,797	55.0
Manufacturing and sales of garments	29,322,364	49.8	23,638,786	45.0
	58,888,791	100.0	52,575,583	100.0

At the reporting date, approximately 66% (2011: 45%) of the Group's trade receivables were due from one (2011: one) major customer from the manufacturing and sales of garments industry located in Malaysia.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

35. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of available credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all 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 of a reasonable level to its overall debt position. Furthermore, the Group is able to raise funds from both capital markets and financial institutions and balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Group 2012		
	On demand or within 1 year RM	1 to 5 years RM	Total RM
Financial assets:			
Trade and other receivables	59,472,294	-	59,472,294
Investment securities (quoted)	3,445,238	-	3,445,238
Cash and bank balances	40,376,580	-	40,376,580
Total undiscounted financial assets	103,294,112	-	103,294,112
Financial liabilities:			
Trade and other payables	44,658,418	-	44,658,418
Total undiscounted financial liabilities	44,658,418	-	44,658,418

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Company 2012		
	On demand or within 1 year RM	**1 to 5 years RM**	**Total RM**
Financial assets:			
Trade and other receivables	48,197,000	-	48,197,000
Cash and bank balances	5,206,960	-	5,206,960
Total undiscounted financial assets	53,403,960	-	53,403,960
Financial liabilities:			
Trade and other payables	117,899	-	117,899
Total undiscounted financial liabilities	117,899	-	117,899

	Group 2011		
	On demand or within 1 year RM	**1 to 5 years RM**	**Total RM**
Financial assets:			
Trade and other receivables	53,379,325	-	53,379,325
Investment securities (quoted)	2,356,426	-	2,356,426
Cash and bank balances	18,194,250	-	18,194,250
Total undiscounted financial assets	73,930,001	-	73,930,001
Financial liabilities:			
Trade and other payables	46,823,676	-	46,823,676
Total undiscounted financial liabilities	46,823,676	-	46,823,676

35. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Company 2011		
	On demand or within 1 year RM	1 to 5 years RM	Total RM
Financial assets:			
Trade and other receivables	45,006,155	-	45,006,155
Cash and bank balances	308,528	-	308,528
Total undiscounted financial assets	45,314,683	-	45,314,683
Financial liabilities:			
Trade and other payables	82,056	-	82,056
Total undiscounted financial liabilities	82,056	-	82,056

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets and liabilities, 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 deposits in banks.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group entities, i.e. RM, comprising US Dollar ("USD"), China Reminbi ("RMB") and Singapore Dollar ("SGD"). The foreign currency in which these transactions are denominated is mainly US Dollars ("USD").

Approximately 51% (2011: 46%) of the Group's receivables are denominated in foreign currencies whilst almost 62% (2011: 61%) of the Group's payables are denominated in the functional currency of the Group entities.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD and SGD) amounted to RM19,026,590 (2011: RM2,366,839) for the Group.

35. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the various exchange rates against the functional currency of the Group entities, with all other variables held constant.

Group			2012 RM	2011 RM
			Profit net of tax	
			Increase / (Decrease)	
USD/RM	-	strengthened 5%	(435,451)	(218,297)
	-	weakened 5%	435,451	218,297
RMB/RM	-	strengthened 5%	640,302	25,398
	-	weakened 5%	(640,302)	(25,398)
SGD/RM	-	strengthened 5%	13,730	12,307
	-	weakened 5%	(13,730)	(12,307)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments are listed on the main market of Bursa Malaysia Securities Berhad. These instruments are classified as available-for-sale financial assets.

At the reporting date, if the share prices had been 5% higher/lower, with all other variables held constant, the Group's fair value reserve in equity and profit net of tax would increase by RM69,428 (2011: RM67,821) and RM77,125 (2011: RM50,000) respectively . If the share prices had been 5% lower, with all other variables held constant, the Group's fair value reserve and profit net of tax would decrease by RM69,428 (2011: RM67,821) and RM77,125 (2011: RM50,000) respectively.

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 April 2012 and 30 April 2011.

The Group monitors capital using net gearing ratio, which is net debt divided by equity attributable to the owners of the parent. The Group's policy is to keep the Group net gearing ratio at a level deemed appropriate considering business, economic and investment conditions.

36. Capital management (cont'd)

	Note	Group 2012 RM	Group 2011 RM
Trade and other payables	26	44,658,418	46,823,676
Less:- Cash and bank balances	25	(40,376,580)	(18,194,250)
Net debt		4,281,838	28,629,426
Equity attributable to the owners of the parent		186,289,894	157,192,971
Less: Fair value reserve	30	(57,856)	(25,714)
Total capital		186,232,038	157,167,257
Capital and net debt		190,513,876	185,796,683
Gearing ratio		2%	15%

37. 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

For management purpose, the Group is organised into business units based on their products and services, and has mainly two reportable operating segments as follows:

(i) Manufacturing and sales of packaging materials; and

(ii) Manufacturing and sales of garments

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax, as explained in the table below.

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

37. Segmental information (cont'd)

(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.

37. Segmental information (cont'd)

Business segments

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

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
30 April 2012				
Revenue				
External customers	109,738,533	424,384,943	-	543,123,476
Inter-segment	273,946	-	(273,946)	-
Total revenue	110,012,479	424,384,943	(273,946)	534,123,476
Results				
Segment results	5,813,407	34,231,210	-	40,044,617
Interest income	494,737	36,487	-	531,224
Dividend income	-	844,092	-	844,092
Operating profit				41,419,933
Finance costs				(545,656)
Profit before tax				40,874,277
Income tax expense				(10,235,977)
Profit for the year				30,638,300
Assets				
Segment assets	99,928,037	140,368,304	-	240,296,341
Unallocated assets				
Tax recoverable				207,498
Total assets				240,503,839
Liabilities				
Segment liabilities	11,743,603	32,914,815	-	44,658,418
Unallocated liabilities				
Tax and deferred tax liabilities				9,526,642
Total liabilities				54,185,060

37. Segmental information (cont'd)

Business segments (cont'd)

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
Other segment information				
Amortisation	13,120	-	-	13,120
Depreciation	2,758,336	2,377,669	-	5,136,005
Capital expenditure	2,826,105	1,446,553	-	4,272,658
Non-cash (income)/ expenses other than depreciation and amortisation	42,224	(689,900)	-	(647,676)
30 April 2011				
Revenue				
External customers	105,357,278	338,299,502	-	443,656,780
Inter-segment	366,201	-	(366,201)	-
Total revenue	105,723,479	338,299,502	(366,201)	443,656,780
Results				
Segment results	3,602,708	19,566,711	37,396	23,206,815
Interest income	292,873	25,495	-	318,368
Dividend income	16,772	232,672	-	249,444
Operating profit				23,774,627
Finance costs				(515,732)
Profit before tax				23,258,895
Income tax expense				(5,998,750)
Profit for the year				17,260,145

37. Segmental information (cont'd)

Business segments (cont'd)

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
Assets				
Segment assets	93,938,211	116,989,043	-	210,927,254
Unallocated assets				
Tax recoverable				693,601
Total assets				211,620,855
Liabilities				
Segment liabilities	12,009,543	34,814,133	-	46,823,676
Unallocated liabilities				
Tax and deferred tax liabilities				7,575,342
Total liabilities				54,399,018
Other segment information				
Amortisation	13,120	-	-	13,120
Depreciation	3,274,962	2,375,576	-	5,650,538
Capital expenditure	1,968,655	3,279,606	-	5,248,261
Impairment loss on investment securities	-	20,285	-	20,285
Non-cash (income)/ expenses other than depreciation, amortisation and impairment	(7,114)	335,487	-	328,373

Information about major customers

Revenue from a major customer amounts to RM419,631,832 (2011: RM334,957,884), arising from sales made by the garment segment.

37. 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 China.

	Total revenue – sales to external customers		Segment assets		Capital expenditure	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Malaysia	103,338,088	99,161,951	193,902,347	177,460,847	3,634,288	3,863,244
Vietnam	-	-	41,240,280	30,880,816	583,276	1,100,695
United States of America	211,874,578	126,826,408	-	-	-	-
Europe	145,720,120	128,202,484	-	-	-	-
China	19,017,959	12,358,115	4,690,834	2,585,591	55,094	284,322
Others *	54,172,731	77,107,822	462,880	-	-	-
	534,123,476	443,656,780	240,296,341	210,927,254	4,272,658	5,248,261

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

38. Subsequent event

Subsequent to year end, the Company and certain of its subsidiaries were subjected to an income tax examination by the Inland Revenue Board (IRB) for the years of assessment 2006 to 2011. The income tax expense for the current year does not include any potential tax adjustments which may arise upon the finalisation of the outcome of such examinations.

39. Authorisation of financial statements for issue

The financial statements for the year ended 30 April 2012 were authorised for issue in accordance with a resolution of the directors on 28 August 2012.

40. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 30 April 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained profits as at reporting date may be analysed as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits of the Company and its subsidiaries				
- Realised	108,023,885	84,264,416	11,390,034	8,148,648
- Unrealised	(6,995,237)	(7,506,043)	(9,862)	(11,496)
	101,028,648	76,758,373	11,380,172	8,137,152
Less: Consolidation adjustments	(27,050,956)	(27,050,956)	-	-
	73,977,692	49,707,417	11,380,172	8,137,152

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 @30-4-2012 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	22	8,403
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	29	234
	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	22	1,871
	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	16	2,410
	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	12	252
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	32	1,865
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	24	9,836

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 @30-4-2012 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	22	7,516
	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	22	515
	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	22	331

(^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 30 August 2012

	Shareholders	No. of Shares	% Shareholding
1.	Berjaya Group Berhad	23,800,000	21.94
2.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged securities account for KP Holdings Sdn Bhd	14,149,639	13.04
3.	Tan Poay Seng	12,731,700	11.74
4.	Kamarudin bin Jaffar (Dato')	7,209,007	6.64
5.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Kok Ping (Tan Sri Dato' Seri)	5,600,000	5.16
6.	Berjaya Sompo Insurance Berhad	5,260,000	4.85
7.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Fabulous Channel Sdn Bhd	2,450,000	2.26
8.	Lee Yuit Eow	2,349,400	2.17
9.	Tan Kok Aun	1,899,481	1.75
10.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Tengku Adnan bin Tengku Mansor (Datuk Seri)	1,890,000	1.74
11.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Kok Ping (Tan Sri Dato' Seri)	1,556,027	1.43
12.	CIMB Group Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd for Berjaya Group Berhad (Prime Credit)	1,500,000	1.38
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tekun Asas Sdn Bhd (PB)	1,195,800	1.10
14.	Tan Poay Seng	1,112,762	1.03
15.	Heah Theare Haw	1,000,000	0.92
16.	Tan Poay Teik	1,000,000	0.92
17.	Tiah Thee Seng	1,000,000	0.92
18.	Tan Kok Pooh	930,142	0.86
19.	South Island Holdings Sdn. Bhd.	749,940	0.69
20.	South Island Development Company Sdn. Berhad	632,300	0.58
21.	Tan Kim Chai	597,900	0.55
22.	Leading Builders Sdn Bhd	501,000	0.46
23.	Roger Chan Wan Chung	500,000	0.46
24.	Tan Kok Ping (Tan Sri Dato' Seri)	450,500	0.42
25.	South Island Building Sdn Bhd	450,000	0.41
26.	HLG Nominee (Tempatan) Sdn Bhd Pledged securities account for Ta Kin Yan	399,900	0.37
27.	Seow Siew Chin	396,500	0.37
28.	Lee Yuit Eow	379,600	0.35
29.	Phneah Hooi Lan	378,000	0.35
30.	Lee Yuit Eow	373,100	0.34
	Total	**92,442,698**	**85.21**

Substantial Shareholders and Directors' Shareholdings
as at 30 August 2012

Substantial Shareholders as at 30 August 2012 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	7,606,527	7.01	(1) 14,149,639	13.04
Berjaya Group Berhad	25,300,000	23.32	(2) 5,260,000	4.85
Dato' Kamarudin bin Jaffar	7,209,007	6.64	-	-
Tan Poay Seng	13,844,462	12.76	-	-
Berjaya Corporation Berhad	-	-	(3) 30,560,000	28.17
Tan Sri Dato' Seri Vincent Tan Chee Yioun	-	-	(4) 30,560,000	28.17

Notes:

(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 Sompo Insurance Berhad and Berjaya Corporation Berhad, the ultimate holding company of Berjaya Group Berhad.*

Directors' Shareholdings as at 30 August 2012

	Direct		Indirect (>)(<)	
Name	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	7,606,527	7.01	^ 14,149,639	13.04
			> 1,315,000	1.21
Tan Poay Seng ("TPS")	13,844,462	12.76	-	-
Tan Kok Aun	1,899,481	1.75	< 44,167	0.04
H'ng Cheok Seng	270,000	0.25	-	-
Datuk Noor Zahidi bin Omar	50,000	0.05	-	-
Tan Thiam Chai	-	-	-	-
Mawan Noor Aini Binti Md. Ismail	2,393	#	-	-
Chang Chuen Hwa	330,000	0.30	< 50,144	0.05
(Alternate Director to TPS)			> 15,000	0.01

\# *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 children 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 30 August 2012

Authorised share capital	:	RM500,000,000
Issued and fully paid-up	:	RM108,487,900
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	483	0.00
100 – 1,000	202	171,749	0.16
1,001 – 10,000	1,417	4,298,693	3.96
10,001 – 100,000	216	6,467,647	5.96
100,001 – 5,424,394	50	34,058,982	31.40
5,424,395 – and above	5	63,490,346	58.52
Total	**1,901**	**108,487,900**	**100.00**

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MAGNI-TECH INDUSTRIES BERHAD
(422585-V)
(Incorporated in Malaysia)

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 Fifteenth Annual General Meeting of the Company to be held at Berjaya 1, 7th Floor, Georgetown City Hotel (formerly known as Berjaya Penang Hotel), 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Thursday, 18 October 2012 at 10.30 a.m. and at any adjournment thereof.

	ORDINARY RESOLUTION							
	1	2	3	4	5	6	7	8
FOR								
AGAINST								

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

As witness my hand this __________day of ____________________,2012.

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. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

** Strike out whichever is not desired*

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Stamp

To,

THE COMPANY SECRETARY

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

51-21-A MENARA BHL BANK

JALAN SULTAN AHMAD SHAH

10050 PENANG

Fold Here