MAGNI-TECH INDUSTRIES BERHAD (422585-V)

Annual Report 2013

MAGNI-TECH INDUSTRIES BERHAD

(Company No. 422585-V)

(Incorporated in Malaysia)

Annual Report 2013

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Corporate Information

Board of Directors

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

Company Secretaries	Lee Peng Loon (MACS 01258) P'ng Chiew Keem (MAICSA 7026443)
Auditors	Grant Thornton (AF: 0042) 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10500 Penang. Tel: 04-2287828 Fax: 04-2279828
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 Hong Leong Bank Berhad
Stock Exchange Listing	Main Market, Bursa Malaysia
Stock Short Name / Stock Number	Magni / 7087
Sector	Consumer Products
Place of Incorporation and Domicile	Malaysia

Corporate Structure

Subsidiaries and Associate as at 3 October 2013

Magni-Tech Industries Berhad
Investment Holding

100%
South Island Garment Sdn Bhd
(No. 24114-U)
Garment Manufacturing

100%
South Island Plastic Sdn Bhd
(No. 89385-D)
Flexible Plastic Packaging

100%
Inter-Pacific Packaging Sdn Bhd
(No. 186388-V)
Corrugated Packaging

99.64%
South Island Packaging (Penang) Sdn Bhd
(No. 23225-D)
Inner Packaging

26.26%
GPS Tech Solutions Sdn Bhd
(No. 454796-M)

Financial Highlights

	30-4-2009 RM'000	30-4-2010 RM'000	30-4-2011 RM'000	30-4-2012 RM'000	30-4-2013 RM'000
Revenue	388,094	376,717	443,657	534,123	565,817
Profit before Tax	15,736	21,798	23,259	40,818	48,014
Profit net of Tax	11,539	16,496	17,260	30,582	35,832
Paid Up Share Capital	103,575	103,575	103,600	108,488	108,488
Reserves	31,973	43,289	53,593	77,802	98,443
Net Assets Per Share (RM)	1.31	1.42	1.52	1.72	1.91
Basic Earnings Per Share (Sen)	11.1	15.9	16.7	28.4	33.0
Gross Dividend Per Share (Sen)	5 TE*	6 & 3 TE*	8	8 & 3 TE*	8 TE & 5 ST*

*TE = Tax Exempt ; ST = Single Tier

Profile of Directors

Tan Sri Dato' Seri Tan Kok Ping

Executive Chairman
Appointed to the Board on 18-2-2000
Aged 67, Malaysian,
Bachelor Degree in Commerce, Nanyang University Singapore
Occupation: Company Director

He 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 a subsidiary of Berjaya Land Berhad as well as in several private limited companies.

He was previously Managing Director and Deputy Chairman of Berjaya Sports Toto Berhad, Non-Executive Chairman of Berjaya Retail Berhad, Chairman of Penang Joint Chambers of Commerce and Deputy President of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

He is the Executive Adviser and former President of Penang Chinese Chamber of Commerce.

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

Tan Poay Seng

Managing Director
Member of the Remuneration Committee
Appointed to the Board on 18-2-2000
Aged 47, 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 64, 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 37 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
Member of Audit Committee and Nominating Committee
Appointed to the Board on 18-2-2000
Aged 55, Malaysian
Fellow Member, Association of Chartered Certified Accountants, UK
Occupation: Company Director

He has over 25 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
Chairman of Audit Committee, Nominating Committee and Remuneration Committee
Appointed to the Board on 18-2-2000
Aged 56, 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 55, 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.

Tan Thiam Chai (cont'd)

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, Atlan Holdings Bhd and several subsidiary and affiliated companies of Berjaya Corporation Group of Companies as well as in several other private limited companies.

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

Mawan Noor Aini Binti Md. Ismail

Independent Non-Executive Director
Member of Audit Committee, Nominating Committee and Remuneration Committee
Appointed to the Board on 8-2-2010
Aged 65, Malaysian
Master 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 56, 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 30 years of service with SIP, he has gained extensive knowledge of the plastic film packaging industry.

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

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 ("TKA"), who are brothers; Tan Poay Seng ("TPS") is the son of TKP ; and Chang Chuen Hwa (Alternate Director to TPS) is the brother-in-law of TKP and TKA.

Notice of Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held at Berjaya 1, 7th Floor, Georgetown City Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Friday, 25 October 2013 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 2013 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

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

   i) Tan Poay Seng **Resolution 2**
   ii) Tan Kok Aun **Resolution 3**
   iii) Mawan Noor Aini Binti Md. Ismail **Resolution 4**

3. To approve the payment of a final tax exempt dividend of 3 sen per share and a special single tier dividend of 5 Sen per share for the financial year ended 30 April 2013. **Resolution 5**

4. To approve the payment of Directors' fees for the financial year ended 30 April 2013. **Resolution 6**

5. To re-appoint Messrs. Grant Thornton as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

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** **Resolution 8**

   "That, subject always to provisions of the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares to be issued."

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

"That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Company and its subsidiaries as specified in Section 2.1 of the Company's Circular to Shareholders dated 3 October 2013 ("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. **Continuing in Office as Independent Non-Executive Director** **Resolution 10**

"That authority be and is hereby given to Datuk Noor Zahidi Bin Omar who had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company."

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

9. **Proposed Amendments to the Company's Articles of Association** **Resolution 11**

"That, the amendments to the Company's Articles of Association as set out in Part B of the Company's Circular to Shareholders dated 3 October 2013 be hereby approved and that the Directors be hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the Proposed Amendments to the Company's Articles of Association."

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

By Order of the Board,

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

Penang
Date: 3 October 2013

Further notice is hereby given that for the purpose of determining a member who shall be entitled to attend the Sixteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 17 October 2013. Only a depositor whose name appears on the Record of Depositors as at 17 October 2013 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 SPECIAL BUSINESS

7. The proposed Resolution 8, is to seek a renewal of the general mandate for the directors of the Company to allot and issue shares in the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

   As at the date of notice of meeting, no new shares have 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.

8. The proposed Resolution 9, is to enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information on the Proposed Renewal of Shareholders' Mandate is set out in Part A of the Circular to Shareholders dated 3 October 2013, dispatched together with the Company's Annual Report for the financial year ended 30 April 2013.

9. The proposed Resolution 10, is to allow the independent director to be retained and continue to act as independent director to fulfil the requirements of paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to be in line with the recommendations 3.2 and 3.3 of the Malaysian Code of Corporate Governance 2012. The details of justifications are set out in page 15 of the Company's Annual Report for the financial year ended 30 April 2013.

10. The proposed Resolution 11, is to allow the Company's Articles of Association to be in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 7 November 2013 in respect of ordinary transfers;

b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The dividend, if approved will be paid on 25 November 2013 to depositors who are registered in the Record of Depositors of the Company on 7 November 2013.

By Order of the Board,

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

Penang
Date: 3 October 2013

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 2013 ("the financial year").

Industry Review

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.

The garment industry has been stifled by the rising labour costs resulting from shortage of manpower and the minimum wage order which took effect from 2013 while facing with rising level of competition from emerging economies such as China and India and developing economies such as Bangladesh and other parts of the world that have pools of low-wage labour. Going forward, the garment industry is very challenging and hence appropriate strategy is necessary to cope with the above constraints.

Likewise, the packaging industries continue to experience intense competition and rising labour and other operating costs resulting from the minimum wage order and inflationary pressures.

Group's Performance

Amidst challenging conditions, the Group posted a commendable set of results for the financial year. Revenue increased by 5.9% compared with previous year mainly due to higher sale orders received from both the garment and packaging businesses.

Profit before Taxation for the financial year increased by 17.6% to RM48.014 million mainly attributed to higher revenue.

The Group's net assets per share as at the financial year end stood at RM1.91 as compared to RM1.72 in 2012.

The Group's financial position remains healthy with zero gearing as at the end of the financial year.

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.

During the financial year, the Group continued to drive sales volume and as a result, revenue from garment rose by 6.9% in spite of the slowdown in garment consumptions in the major importing countries.

Likewise, revenue from packaging segments edged up by 2.2%. Our marketing strategy for the packaging segment will continue to focus on consumables, pharmaceuticals, healthcare related products, food and beverage for daily necessities which are not only recession proof but also have higher value-added.

Overall operating costs were well contained as a result of our lean management efforts and strict cost 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.

Going Forward

The Group maintains a cautious outlook for the next financial year ending 30 April 2014 amid the global economic uncertainty. However, both the garment and packaging businesses are expected to remain profitable for the next financial year.

We are not complacent with the encouraging results for the financial year. The Group will continue to strengthen the organizational and financial footing to remain resilient in the difficult operating environment and be on the look for any new opportunities which we believe can create value and generate good returns to our shareholders.

Dividends

The Board has recommended a final tax exempt dividend of 3 Sen per share and a special single tier dividend of 5 Sen per share for the financial year (2012 : 8 Sen per share less 25% income tax and a special tax exempt dividend of 3 Sen per share) for approval by the shareholders at the forthcoming Annual General Meeting. Total dividends paid and proposed for the financial year will amount to 13 Sen net dividends per share (2012: 9 Sen net per share), a 44.4% increase over the previous year's.

I am pleased to say 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

Statement on Corporate Governance

The Board is pleased to disclose hereunder the Statement of Corporate Governance which outlines the Group practices and policies in alignment with the recommended principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

A. Establish Clear Roles and Responsibilities

Clear Functions of the Board and Management

The Board has the overall responsibility for corporate governance, setting strategic direction, overseeing the management of the Group's business and ultimately creating shareholders' value in the long run.

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 complied with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad that at least 1/3 of the Board are Independent Directors.

The Board delegates to the Managing Director, and through the latter to other management, the authority and responsibility for running the Company's business.

The duties and responsibilities of the Board include:

(a) Formulating the Group's strategic plans;
(b) Approving the Group's annual budget;
(c) Carrying out periodic review of the Group's financial and operating results;
(d) Identifying principal risks and ensure the implementation of appropriate systems to manage those risks;
(e) Overseeing the conduct of the Group's business; and
(f) Ensuring that the Group's management information and internal controls system are in place and properly implemented.

Formalized Ethical Standards through Code of Conduct

The Board shall observe and adhere to the Company's Code of Conduct for Directors which provide guidance regarding ethical and behavioral considerations or actions in discharging their duties and responsibilities.

Strategies Promoting Sustainability

The Board seeks to implement sustainability strategies which yield environmental economic and social benefits. For further information, please refer to our Corporate Social Responsibility report on page 21 of this Annual Report.

Directors' Access to Information and Advice

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.

Company Secretary

The Board is supported by qualified and competent company secretaries who are responsible for ensuring that the Company's Memorandum and Articles of Association, procedure and applicable rules and regulations are applied with.

Board Charter

The Company's Board Charter sets out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance. The Board Charter will be periodically reviewed and published on the Company's corporate website http://www.magni-tech.com.my.

B. Strengthen Composition

The Board has delegated the specific responsibilities to 3 Board Committees, namely the Audit Committee, Nominating Committee and Remuneration 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.

Audit Committee

The Audit Committee Report is set out on pages 19 and 20 of this Annual Report.

Nominating Committee ("NC")

The NC was established by the Board on 18 July 2013 comprising entirely on Non-Executive Directors with the majority being Independent Non-Executive Directors.

The NC leads the process for board appointments and the annual assessment of directors and makes recommendation to the Board.

The NC reviews candidates for directorship based on criteria such as their qualifications, skills, experience, wisdom and competency. The ultimate goal is to ensure that the Board as a whole has the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

The composition of NC is as follows:
1) Chairman - Datuk Noor Zahidi Bin Omar (Independent Non-Executive Director)
2) Member - Mawan Noor Aini Binti Md. Ismail (Independent Non-Executive Director)
3) Member - H'ng Cheok Seng (Non-Independent Non-Executive Director)

Prior to the establishment of the NC, the functions were carried out by the Board as a whole. No NC meeting was held during the financial year as NC was established after the financial year end.

Remuneration Committee ("RC")

The RC was established by the Board on 18 July 2013 comprising 2 Independent Non-Executive Directors and one Executive Director.

The remuneration for Directors should be determined so as to ensure the Company attracts and retains the Directors to run the Company efficiently. The remuneration for Executive Directors is structured so as to link reward to corporate and individual performance.

Prior to the establishment of the RC, the functions were carried out by the Board as a whole. No RC meeting was held during the financial year as RC was established after the financial year end.

Directors' Remuneration

The number of directors (excluding director of a subsidiary) whose total remuneration falls into each successive band of RM50,000 is as follows:

	Number of Directors	
	2013	2012
Executive Directors:		
RM200,001 – RM250,000	1	1
RM400,001 – RM450,000	1	1
RM2,450,001 – RM2,500,000	-	1
RM2,650,001 – RM2,700,000	1	-
RM4,800,001 – RM4,850,000	-	1
RM5,100,001 – RM5,150,000	1	-
Non-Executive Directors:		
Below RM50,000	4	4

The category and amount of directors' remuneration are disclosed in Note 26 to the financial statements.

C. Reinforce Independence

Annual Assessment of Independent Directors

The Board carries out an annual assessment of the independent directors with the aim of strengthening the role of independent directors to facilitate independent and objective decision making in the Company, free from undue influence and bias.

Shareholders' Approval for Independent Director

MCCG 2012 recommends that the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director.

Datuk Noor Zahidi Bin Omar has served as Independent Non-Executive Director for more than nine years. The Board will table proposals to retain Datuk Noor Zahidi Bin Omar as Independent Director for approval by the shareholders at the forthcoming Annual General Meeting of the Company based on the following reasons. He has met the criteria under the definition of Independent Director pursuant to Paragraph 15.09 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ; and the Board is satisfied with the experience, contribution and independent judgment that he has bring to the Board.

Chairman and Managing Director to be held by different individuals

These top two positions are held by two different individuals. 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.

The Chairman is responsible for leading the Board and ensuring its effectiveness whilst the Managing Director is responsible for running the Group's business.

Chairman to be a Non-Executive Director

MCCG 2012 recommends that the Chairman of the Board to be a non-executive member of the Board and in the event, the Chairman is not an independent director, the Board must comprise a majority of independent directors. The Company's Chairman is an executive member of the Board and is not an independent director by virtue of his substantial interest in the Group.

The Board believes that the Chairman is capable of acting in the best interest of the shareholders and hence does not see the necessity of nominating an independent non-executive chairman at this juncture.

D. Foster Commitment

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The Board meets at least 4 times a year. During the financial year ended 30 April 2013, the Board held 4 meetings and the details of each Director's attendance are set out on pages 4 to 6 of the Annual Report.

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 2013 include Bursa Malaysia's Half Day Governance Programmes on Role of the Audit Committee in Assuring Audit Quality, Duties of the Audit Committee, Corporate Integrity System Malaysia, Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance, Sustainability Training for Directors & Practitioners, Bursa Malaysia's Half Day Dialogue Session on Revised Shariah Screening Methodology, Bursatra Sdn Bhd's Half Day Seminar-Malaysia Code on Corporate Governance 2012, Bursatra Sdn Bhd-Related Party Transaction; Budget 2013 and Tax Audit Framework and Findings, Advocacy Sessions on Disclosure for Chief Executive Officers and Chief Financial Officers, Preparing your first Malaysian Financial Reporting Standards quarterly report, Transfer Pricing Update Training by Ernst & Young, Preparing for Change, Managing Strategy and Weighing up your Options.

E. Uphold Integrity in Financial Reporting

Compliance with Applicable Financial Reporting Standards

The financial statements of the Company and of the Group were prepared in accordance with the applicable accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Board is committed to provide a fair assessment of the Group's performance, position and prospects primarily through the Annual Financial Statements, quarterly financial reports and corporate announcements on significant developments to the shareholders.

The Audit Committee, which assists the Board in discharging its duties on financial reporting is to ensure that the financial statements of the Company and of the Group comply with applicable financial reporting standards in Malaysia.

Assessment of Suitability and Independence of External Auditors

The Audit Committee assesses the suitability and independence of the external auditors on an annual basis.

The Audit Committee is satisfied with the performance, competence and independence of the external auditors and had recommended their re-appointment to the Board for shareholders' appoval at the forthcoming annual general meeting.

F. Recognize and Manage Risks

Framework

The Board had established an appropriate framework to manage risks. An overview of the Group's risk management and internal control are set out on page 18 of this Annual Report.

Internal Audit Function

The Internal Audit Function of the Group is outsourced to a professional internal audit service provider firm. Further details of the activities of the internal audit function are set out on pages 19 to 20 of this Annual Report.

G. Ensure Timely and High Quality Disclosure

The Board is committed to use its best endeavour to provide accurate and complete information on a timely and even basis to enable shareholders to make informed investment decision.

The Company's website is regularly updated and provides relevant information on the Company which is accessible to the public.

H. Strengthen Relationship between Company and Shareholders

Shareholder Participation at General Meetings
Effective Communication and Proactive Engagement

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 as public information.

Poll Voting

The Chairman would inform the shareholders on their right to demand a poll for any resolutions in accordance with the Company's Articles of Association before the commencement of any general meetings.

Compliance Statement

Save as disclosed above, the Board considers that the Company has complied with the Principles and Recommendations set out in MCCG 2012.

This statement was made in accordance with a resolution of the Board of Directors dated 5 September 2013.

Statement on Risk Management and Internal Control

Responsibility

The Board of Directors recognizes the importance of risk management and internal control to good corporate governance. The Board affirms its overall responsibility for the Group's risk management and internal control system 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.

Risk Management Framework

The Board with the assistance of the Executive Directors and Heads of operating units take steps to identify, assess and manage key business risks of the Group, thereby enabling better management and mitigation of their negative impact on the business. This is done through interviews with senior management and periodic site visits to the operating units.

The key processes of the risk management and internal control functions include the following:

1) Ongoing review of the risk assessment reports by the Management of the respective operating units and subsequently by the Board.

2) 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.

3) Budgets are reviewed and approved by the Head of the respective operating units 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.

4) Credit control review within each of the operating units.

5) Quality control section within the respective operating units, the functions of which include minimizing wastage and improving productivity and quality of the products and customers' service. All the manufacturing units have been accredited to ISO9001 : 2008.

Conclusion

The Board has received assurance from the Executive Directors and Heads of operating units that the risk management and internal control system of the Group is operating adequately and effectively.

This statement was made in accordance with a resolution of the Board of Directors dated 5 September 2013.

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

Membership

The Audit Committee member shall comprise at least 3 Non-Executive Directors, a majority of whom, including the Chairman, shall be independent directors.

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;
      iii) going concern assumptions; and
      iv) compliance with applicable financial reporting standards and regulatory 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; and
   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 appointment of external auditors and audit fees and to recommend the nomination of a person or persons as external auditors.

4) To review the suitability and independence of external auditors.

5) To prepare the Audit Committee Report at the end of each financial year.

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; and

6) Review factors relating to the independence of external auditors.

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 RM20,886.

Statement on Directors' Responsibility
as at 30 April 2013

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of each financial year and of their results and cash flows for the financial year.

In preparing the financial statements, the Directors consider that all applicable accounting standards have been followed, appropriate accounting policies have been adopted and applied consistently and the financial statements have been prepared on a going concern basis. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group, 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 available 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.

Marketplace

The Group promotes good ethical business culture and honesty and integrity in all business dealings, respect for the interests of the relevant stakeholders. These also help to promote healthy marketplace.

Environment and Workplace

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 has 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 2013. At the same time, the Group also initiated staff welfare functions as an effort to enhance work-life balance among the staff.

Community

As a responsible corporate citizen, the Group also provided financial assistance to schools and local charitable organizations. During the financial year ended 30 April 2013, the Group donated about RM336,811 to schools, sports, and charitable organizations. Other community works involved included visiting the handicapped children centres, homes for the blind, old folks homes and other charitable organizations.

Other Corporate Disclosure

Convictions for Offences

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

Utilisation of Proceeds Raised from Corporate Proposals

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

Share Buy-Backs, Options or Convertible Securities

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

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 fees incurred for services rendered to the Company and its subsidiary for the financial year by the Company's external auditors and a company which is affiliated to the auditors' firm amounted RM12,000.

Variation of Results

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

Profit Guarantee

The Company did not provide any profit guarantee to any parties during the financial year.

Material Contracts or Contract Relating to Loans

During the financial year, other than those disclosed in Note 32 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.

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 18 October 2012. The said Mandate is subject to renewal at the forthcoming Annual General Meeting. Details of such transactions are disclosed in Note 32 to the financial statements.

Conflict of Interest

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

Directors' Report
for the financial year ended 30 April 2013

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2013.

PRINCIPAL ACTIVITIES

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 6 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 after taxation for the year	**35,832,276**	**16,259,896**
Attributable to:		
Owners of the parent	**35,830,483**	**16,259,896**
Non-controlling interests	**1,793**	**-**
	35,832,276	**16,259,896**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 30 April 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

(i) First and final dividend of 8 sen per share less 25% tax and a special tax exempt dividend of 3 sen per share amounting to RM9,763,911 in respect of the financial year ended 30 April 2012 as proposed in the directors' report of that year; and

(ii) An interim tax exempt dividend of 5 sen per share amounting RM5,424,395 in respect of the financial year ended 30 April 2013.

DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, a final tax exempt dividend of 3 sen per share and a special single tier dividend of 5 sen per share totalling RM8,679,032 in respect of the financial year ended 30 April 2013 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2014.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture and did not grant any option to anyone to take up unissued shares of the Company.

DIRECTORS

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

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
Mawan Noor Aini Binti Md. Ismail
Chang Chuen Hwa (Alternate Director to Tan Poay Seng)

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year are as follows:

	------------ Number of ordinary shares of RM1 each ------------			
	Balance at 1.5.12	**Bought**	**Sold**	**Balance at 30.4.13**
The Company				
Direct Interest:				
Tan Sri Dato' Seri Tan Kok Ping	9,606,527	-	(2,100,000)	7,506,527
Tan Poay Seng	11,778,962	2,159,900	-	13,938,862
Tan Kok Aun	1,899,481	-	-	1,899,481
H'ng Cheok Seng	270,000	-	-	270,000
Datuk Noor Zahidi Bin Omar	50,000	-	-	50,000
Mawan Noor Aini Binti Md Ismail	2,393	-	-	2,393
Chang Chuen Hwa (alternate director to Tan Poay Seng)	330,000	-	-	330,000

DIRECTORS' INTERESTS IN SHARES (cont'd)

	------------ Number of ordinary shares of RM1 each ------------			
	Balance at 1.5.12	Bought	Sold	Balance at 30.4.13
The Company				
Indirect Interest:				
Interest of Spouse/Children of the Directors*				
Tan Sri Dato' Seri Tan Kok Ping	1,315,000	100,000	-	1,415,000
Tan Kok Aun	44,167	-	-	44,167
Chang Chuen Hwa (alternate director to Tan Poay Seng)	65,144	-	(10,000)	55,144
Mawan Noor Aini Binti Md Ismail	3,905	-	(3,905)	-
Deemed Interest:				
Tan Sri Dato' Seri Tan Kok Ping**	14,149,639	-	-	14,149,639

* 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.

By virtue of their shareholding in the Company, Tan Sri Dato' Seri Tan Kok Ping and Mr. Tan Poay Seng are also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

Other than as disclosed above, none of the other directors holding office at 30 April 2013 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts, 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.

At the date of this report, the directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the Group and in the Company inadequate to any substantial extent, and

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, and

(iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and

(iv) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons, and

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

AUDITORS

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors:

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

Penang,

Date: 22 August 2013

Directors' Statement

We, **Tan Sri Dato' Seri Tan Kok Ping** and **Tan Poay Seng**, being two of the directors of **Magni-Tech Industries Berhad** state that in the opinion of the directors, the financial statements set out on pages 31 to 96 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2013** and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 39 on page 97 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

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

Date: 22 August 2013

Statutory Declaration

I, **Tan Poay Seng**, the director primarily responsible for the financial management of **Magni-Tech Industries Berhad** do solemnly and sincerely declare that the financial statements set out on pages 31 to 97 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this 22nd)
day of August 2013.)

Tan Poay Seng

Before me,

GOH SUAN BEE
No. P 125
Commissioner for Oaths

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

Company No. 422585-V
(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 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 31 to 96.

The financial statements for the preceding year were audited by another firm of auditors whose report dated 28 August 2012, expressed an unqualified opinion on those statements.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 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 give a true and fair view of the financial position of the Group and of the Company as at 30 April 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report to the members of Magni-Tech Industries Berhad (cont'd)

Company No. 422585-V
(Incorporated In Malaysia)

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act,
(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements,
(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes, and
(d) The auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 39, on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with 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

1. As stated in Note 2.4 to the financial statements, Magni-Tech Industries Berhad adopted Malaysian Financial Reporting Standards on 1 May 2012 with a transition date of 1 May 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 April 2012 and 1 May 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 30 April 2012 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 April 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 May 2012 do not contain misstatements that materially affect the financial position as at 30 April 2013 and financial performance and cash flows for the financial year then ended.

2. 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.

Grant Thornton
No. AF: 0042
Chartered Accountants

John Lau Tiang Hua, DJN
No. 1107/03/14 (J)
Chartered Accountant

Date: 22 August 2013

Penang

Statements of Financial Position
as at 30 April 2013

	NOTE	GROUP 30.4.13 RM	GROUP 30.4.12 RM	GROUP 1.5.11 RM	COMPANY 30.4.13 RM	COMPANY 30.4.12 RM	COMPANY 1.5.11 RM
ASSETS							
Non-current assets							
Property, plant and equipment	4	61,612,822	62,766,949	64,278,276	20,730	51,678	80,055
Investment property	5	124,643	141,725	158,807	-	-	-
Investment in subsidiaries	6	-	-	-	86,067,772	86,067,772	86,067,772
Investment in an associate	7	-	-	-	-	-	-
Investment securities	8	22,795,152	21,397,405	13,013,277	-	-	-
		84,532,617	84,306,079	77,450,360	86,088,502	86,119,450	86,147,827
Current assets							
Inventories	9	61,945,812	53,088,536	60,098,667	-	-	-
Trade and other receivables	10	75,650,821	62,267,546	55,183,977	49,408,159	48,197,000	45,006,155
Tax recoverable		252,761	207,498	693,601	9,976	63,868	53,033
Cash and bank balances	11	49,279,416	40,376,580	18,194,250	5,084,518	5,206,960	308,528
		187,128,810	155,940,160	134,170,495	54,502,653	53,467,828	45,367,716
Non-current assets held for sale	12	-	257,600	-	-	-	-
		187,128,810	156,197,760	134,170,495	54,502,653	53,467,828	45,367,716
TOTAL ASSETS		271,661,427	240,503,839	211,620,855	140,591,155	139,587,278	131,515,543
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	14	108,487,900	108,487,900	103,600,000	108,487,900	108,487,900	103,600,000
Share premium	14	3,766,446	3,766,446	3,048,336	3,766,446	3,766,446	3,048,336
Other reserves	15	113,209	114,526	837,218	15,824,999	15,824,999	16,636,503
Retained profits	16	94,563,199	73,921,022	49,707,417	12,451,762	11,380,172	8,137,152
		206,930,754	186,289,894	157,192,971	140,531,107	139,459,517	131,421,991
Non-controlling interests		30,678	28,885	28,866	-	-	-
Total equity		206,961,432	186,318,779	157,221,837	140,531,107	139,459,517	131,421,991
Non-current liabilities							
Deferred tax liabilities	17	7,649,882	7,604,102	7,365,438	4,000	9,862	11,496
Current liabilities							
Trade and other payables	18	55,080,699	44,658,418	46,823,676	56,048	117,899	82,056
Tax payable		1,969,414	1,922,540	209,904	-	-	-
		57,050,113	46,580,958	47,033,580	56,048	117,899	82,056
Total liabilities		64,699,995	54,185,060	54,399,018	60,048	127,761	93,552
TOTAL EQUITY AND LIABILITIES		271,661,427	240,503,839	211,620,855	140,591,155	139,587,278	131,515,543

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Income Statements
for the financial year ended 30 April 2013

		GROUP		COMPANY	
	NOTE	**2013 RM**	2012 RM	**2013 RM**	2012 RM
Revenue	19	565,817,306	534,123,476	18,217,028	12,040,253
Cost of sales		(475,540,045)	(456,716,114)	-	-
Gross profit		90,277,261	77,407,362	18,217,028	12,040,253
Other items of income					
Interest income	20	925,523	531,224	182,957	100,733
Dividend income	21	1,069,032	844,092	-	-
Other income	22	1,595,378	3,886,377	-	-
Other items of expense					
Administrative expenses		(36,552,706)	(32,291,185)	(859,490)	(891,630)
Selling and distribution expenses		(8,782,544)	(9,014,607)	-	-
Finance costs	23	(518,271)	(545,656)	(276)	(299)
Profit before taxation	24	48,013,673	40,817,607	17,540,219	11,249,057
Taxation	27	(12,181,397)	(10,235,977)	(1,280,323)	(1,638,031)
Profit for the year		35,832,276	30,581,630	16,259,896	9,611,026
Profit attributable to:					
Owners of the parent		35,830,483	30,581,611	16,259,896	9,611,026
Non-controlling interests		1,793	19	-	-
		35,832,276	30,581,630	16,259,896	9,611,026
Earnings per share attributable to owners of the parent (sen per share)					
- Basic/ Diluted	28	33.0	28.4		

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 30 April 2013

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Profit for the year	35,832,276	30,581,630	16,259,896	9,611,026
Other comprehensive (loss)/ income, net of tax:				
Net gain/(loss) on available-for-sale financial assets				
- Gain on fair value changes	1,460	88,812	-	-
- Transfer to profit or loss upon disposal	(2,777)	-	-	-
Other comprehensive (loss)/ income for the year	(1,317)	88,812	-	-
Total comprehensive income for the year	35,830,959	30,670,442	16,259,896	9,611,026
Total comprehensive income attributable to:				
Owners of the parent	35,829,166	30,670,423	16,259,896	9,611,026
Non-controlling interests	1,793	19	-	-
	35,830,959	30,670,442	16,259,896	9,611,026

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 30 April 2013

	NOTE	Share Capital RM	Share Premium RM	Other Reserves RM	Retained Profits RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		|------ Attributable to owners of the parent				------|		
		|— Non-distributable —|			Distributable			
2013								
Balance at beginning		108,487,900	3,766,446	114,526	73,921,022	186,289,894	28,885	186,318,779
Total comprehensive income for the year		-	-	(1,317)	35,830,483	35,829,166	1,793	35,830,959
Transaction with owners:								
Dividends	29	-	-	-	(15,188,306)	(15,188,306)	-	(15,188,306)
Balance at end		108,487,900	3,766,446	113,209	94,563,199	206,930,754	30,678	206,961,432
2012								
Balance at beginning		103,600,000	3,048,336	837,218	49,707,417	157,192,971	28,866	157,221,837
Total comprehensive income for the year		-	-	88,812	30,581,611	30,670,423	19	30,670,442
Transactions with owners:								
Dividend	29	-	-	-	(6,509,274)	(6,509,274)	-	(6,509,274)
Exercise of employee share options	13	4,887,900	718,110	(670,236)	-	4,935,774	-	4,935,774
Expiry of employee share options	15	-	-	(141,268)	141,268	-	-	-
Total transactions with owners		4,887,900	718,110	(811,504)	(6,368,006)	(1,573,500)	-	(1,573,500)
Balance at end		108,487,900	3,766,446	114,526	73,921,022	186,289,894	28,885	186,318,779

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 30 April 2013

		|—— Non-distributable ——		|——	Distributable	
	NOTE	Share Capital RM	Share Premium RM	Other Reserve RM	Retained Profits RM	Total Equity RM
2013						
Balance at beginning		108,487,900	3,766,446	15,824,999	11,380,172	139,459,517
Total comprehensive income for the year		-	-	-	16,259,896	16,259,896
Transaction with owners:						
Dividends	29	-	-	-	(15,188,306)	(15,188,306)
Balance at end		108,487,900	3,766,446	15,824,999	12,451,762	140,531,107
2012						
Balance at beginning		103,600,000	3,048,336	16,636,503	8,137,152	131,421,991
Total comprehensive income for the year		-	-	-	9,611,026	9,611,026
Transactions with owners:						
Dividend	29	-	-	-	(6,509,274)	(6,509,274)
Exercise of employee share options	13	4,887,900	718,110	(670,236)	-	4,935,774
Expiry of employee share options	15	-	-	(141,268)	141,268	-
Total transactions with owners		4,887,900	718,110	(811,504)	(6,368,006)	(1,573,500)
Balance at end		108,487,900	3,766,446	15,824,999	11,380,172	139,459,517

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2013

	GROUP		COMPANY	
				(Restated)
	2013 RM	2012 RM	**2013 RM**	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	48,013,673	40,817,607	17,540,219	11,249,057
Adjustments for:				
Bad debts	9,136	68,338	-	-
Depreciation	5,470,305	5,149,125	37,742	37,847
Dividend income	(1,069,032)	(844,092)	(17,581,028)	(11,404,253)
Gain on disposal of available-for-sale financial asset	(49,676)	-	-	-
Gain on disposal of non-current assets held for sale	(26,400)	-	-	-
Gain on disposal of property, plant and equipment	(212,604)	(33,952)	-	-
Impairment loss on trade receivables	69,425	-	-	-
Interest expense	-	45	-	-
Interest income	(925,523)	(531,224)	(182,957)	(100,733)
Net fair value gain on available-for-sale financial asset realised upon disposal	(2,777)	-	-	-
Property, plant and equipment written off	22,551	287,694	-	-
Reversal of impairment losses on trade receivables	(31,342)	(304,221)	-	-
Unrealised gain on foreign exchange	(191,618)	(608,865)	-	-
Operating profit/(loss) before working capital changes	51,076,118	44,000,455	(186,024)	(218,082)
(Increase)/Decrease in inventories	(8,857, 276)	7,010,131	-	-
(Increase)/Decease in receivables	(12,992,468)	(7,449,287)	(4,500)	3,239
Increase/(Decrease) in payables	10,190,852	(941,053)	(61,851)	35,843
Cash generated from/(used in) operations	39,417,226	42,620,246	(252,375)	(179,000)
Income tax paid	(12,138,940)	(7,798,574)	(34,571)	(1,650,500)
Income tax refund	4,934	-	-	-
Interest paid	-	(45)	-	-
Net cash from/(used in) operating activities/Balance carried forward	27,283,220	34,821,627	(286,946)	(1,829,500)

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2013 (cont'd)

	GROUP		COMPANY	
				(Restated)
	2013 RM	2012 RM	**2013 RM**	2012 RM
Balance brought forward	27,283,220	34,821,627	(286,946)	(1,829,500)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	913,675	531,224	182,957	100,733
Net change in subsidiaries balances	-	-	(1,206,659)	(1,569,084)
Net dividend received	1,037,750	844,092	16,383,306	9,779,253
Proceeds from disposal of available-for-sale financial asset	1,184,671	-	-	-
Proceeds from disposal of non-current assets held for sale	284,000	-	-	-
Proceeds from disposal of property, plant and equipment	212,900	140,600	-	-
Purchase of investment securities	(2,500,000)	(8,295,316)	-	-
Purchase of property, plant and equipment	(4,321,943)	(4,272,658)	(6,794)	(9,470)
Net cash (used in)/from investing activities	(3,188,947)	(11,052,058)	15,352,810	8,301,432
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(15,188,306)	(6,509,274)	(15,188,306)	(6,509,274)
Exercise of employee share options	-	4,935,774	-	4,935,774
Net cash used in financing activities	(15,188,306)	(1,573,500)	(15,188,306)	(1,573,500)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	8,905,967	22,196,069	(122,442)	4,898,432
Effects of changes in exchange rates on cash and bank balances	(3,131)	(13,739)	-	-
CASH AND BANK BALANCES AT BEGINNING	40,376,580	18,194,250	5,206,960	308,528
CASH AND BANK BALANCES AT END	49,279,416	40,376,580	5,084,518	5,206,960

The notes set out on pages 38 to 96 form an integral part of these financial statements.

Notes to the Financial Statements
- 30 April 2013

1. CORPORATE INFORMATION

General

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 registered office of the Company is located at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Level 18, Penas Tower, Midlands Park Centre, 488-A, Jalan Burmah, 10350 Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 August 2013.

Principal Activities

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 6 to the financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.4 First-time Adoption of MFRSs

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards has been applied.

2. BASIS OF PREPARATION (cont'd)

2.4 First-time Adoption of MFRSs (cont'd)

The following accounting policies have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 April 2013, the comparative information presented in these financial statements for the financial year ended 30 April 2012 and in the preparation of the opening MFRS statement of financial position at 1 May 2011 (the Group's date of transition to MFRSs).

The explanation and financial impacts on transition to MFRSs are disclosed in Note 38.1.

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Interpretations ("IC Int") that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Amendments to MFRSs effective 1 July 2012

MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

MFRSs effective 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by International Accounting Standards Board ("IASB") in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production of A Surface Mine

Amendments to MFRSs effective 1 January 2013

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Annual Improvements 2009 – 2011 Cycle issued in July 2012

Amendments to MFRSs effective 1 January 2014

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective (cont'd)

MFRSs effective 1 January 2015

MFRS 7	Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon the first adoption, except for:

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement. MFRS 9 requires financial assets to be classified into two measurement categories: fair value and amortised cost, determined at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Most of the requirements for financial liabilities are retained, except for cases where the fair value option is taken, the part of a fair value change due to an entity's own risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 10 Consolidated Financial Statements

MFRS 10 introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127 Consolidated and Separate Financial Statements and IC Interpretation 112 Consolidation - Special Purpose Entities. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhance disclosures about fair value measurements. It replaces the existing fair value guidance in different MFRSs.

The adoption of MFRS 13 will result in a change in accounting policy for the items measured at fair value in the financial statements. The Group is currently examining the financial impact of adopting MFRS 13.

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

2.6.2 Key sources of estimation uncertainty

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

(i) **Useful lives of depreciable assets**

Plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

(ii) **Impairment of plant and equipment**

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and equipment does not exceed its recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(iii) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Key sources of estimation uncertainty (cont'd)

(iv) Impairment of financial assets

The Group assesses at the end of each reporting period 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 of assets with similar credit risk characteristics.

(v) Deferred tax assets

Deferred tax assets are recognised for unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the tax losses and other deductible temporary differences 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 tax planning strategies.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRSs statements of financial position of the Group and of the Company at 1 May 2011 (the transition date to MFRSs), unless otherwise stated.

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

Acquisition on or after 1 May 2011

For acquisitions on or after 1 May 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 May 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 May 2011.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for¬ sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(v) Non-controlling inerests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Investment in an Associate

An associate is an entity, including unincorporated entity, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Investment in an Associate (cont'd)

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investment in associates is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

3.3 Property, Plant and Equipment

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

Property, plant and equipment are depreciated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

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

Freehold land is not amortised as it has an infinite life.

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

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.4 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.

Building is depreciated on the straight line method to write off the cost to its residual value over its estimated useful life at 4% per annum.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Investment Properties (cont'd)

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

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 3.3 up to the date of change in use.

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

For arrangements entered into prior to 1 May 2011, the date of inception is deemed to be 1 May 2011 in accordance with the MFRS 1.

Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership, which include hire purchase arrangement, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between 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 recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

A leased asset is depreciated over the 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 of the asset and the lease term.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Leases (cont'd)

Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

3.6 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss.

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

3.7 Financial Instruments

3.7.1 Initial recognition and measurement

A financial asset or a financial liability is 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 instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments (cont'd)

3.7.1 Initial recognition and measurement (cont'd)

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3.7.2 Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) **Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

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

(b) **Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments (cont'd)

3.7.2 Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

3.7.3 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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

At the end of the reporting period, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Financial Instruments (cont'd)

3.7.4 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.8 Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial 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.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Impairment of Financial Assets (cont'd)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.9 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.

3.10 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).

- Finished goods and work-in-progress: costs of 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 represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. 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.

Other borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and when the revenue can be reliably measured on the following bases:

(i) **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.

(ii) **Dividend income**

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

(iii) **Management fees**

Management fee is recognised on an accrual basis when services are rendered.

(iv) **Interest income**

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

(v) **Rental income**

Rental income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Employee Benefits

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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as expenses as incurred.

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 the end of each reporting period 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 premium if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

3.15 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Income Tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.16 Foreign Currency

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.

Foreign currency translations

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 rates of exchange ruling at the end of the reporting period. 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 end of the reporting period 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 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 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.18 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 Non-current assets held for sale

Non-current assets are classified as held for sale their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

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.

3.20 Share Capital and Share Issuance Expenses

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

Share capital represents the nominal value of shares that have been issued. Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared.

Share premium includes any premiums received upon issuance of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM	Buildings RM	Long leasehold land RM	Short leasehold land RM	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
At cost								
At 1 May 2011	6,819,133	31,578,090	630,000	3,767,253	74,820,402	14,775,389	8,949,236	141,339,503
Additions	-	282,166	-	-	2,726,962	780,580	482,950	4,272,658
Disposals	-	-	-	-	(78,973)	-	(356,669)	(435,642)
Written off	-	-	-	-	(424,485)	(222,542)	-	(647,027)
Reclassification to non-current assets held for sale	(140,000)	(140,000)	-	-	-	-	-	(280,000)
At 30 April 2012/1 May 2012	6,679,133	31,720,256	630,000	3,767,253	77,043,906	15,333,427	9,075,517	144,249,492
Additions	-	173,470	-	-	2,015,276	1,062,116	1,071,081	4,321,943
Disposals	-	-	-	-	(9,249)	(24,808)	(598,715)	(632,772)
Written off	-	-	-	-	(163,450)	(269,601)	-	(433,051)
At 30 April 2013	6,679,133	31,893,726	630,000	3,767,253	78,886,483	16,101,134	9,547,883	147,505,612
Accumulated depreciation								
At 1 May 2011	-	8,008,832	173,104	691,906	52,174,811	9,615,419	6,397,155	77,061,227
Current charge	-	633,422	7,739	87,525	2,447,185	1,031,393	924,777	5,132,041
Disposals	-	-	-	-	(56,627)	-	(272,366)	(328,993)
Written off	-	-	-	-	(140,578)	(218,754)	-	(359,332)
Reclassification to non-current assets held for sale	-	(22,400)	-	-	-	-	-	(22,400)
At 30 April 2012/1 May 2012	-	8,619,854	180,843	779,431	54,424,791	10,428,058	7,049,566	81,482,543
Current charge	-	636,055	7,739	87,524	2,587,619	1,220,702	913,584	5,453,223
Disposals	-	-	-	-	(9,247)	(24,516)	(598,713)	(632,476)
Written off	-	-	-	-	(157,420)	(253,080)	-	(410,500)
At 30 April 2013	-	9,255,909	188,582	866,955	56,845,743	11,371,164	7,364,437	85,892,790
Carrying amount								
At 1 May 2011	6,819,133	23,569,258	456,896	3,075,347	22,645,591	5,159,970	2,552,081	64,278,276
At 30 April 2012	6,679,133	23,100,402	449,157	2,987,822	22,619,115	4,905,369	2,025,951	62,766,949
At 30 April 2013	6,679,133	22,637,817	441,418	2,900,298	22,040,740	4,729,970	2,183,446	61,612,822

Notes to the Financial Statements
- 30 April 2013 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY

	Office equipment and renovation RM	Motor vehicles RM	Total RM
At cost			
At 1 May 2011	286,246	568,667	854,913
Additions	9,470	-	9,470
At 30 April 2012/ 1 May 2012	295,716	568,667	864,383
Additions	6,794	-	6,794
At 30 April 2013	302,510	568,667	871,177
Accumulated depreciation			
At 1 May 2011	264,730	510,128	774,858
Current charge	8,567	29,280	37,847
At 30 April 2012/ 1 May 2012	273,297	539,408	812,705
Current charge	8,483	29,259	37,742
At 30 April 2013	281,780	568,667	850,447
Carrying amount			
At 1 May 2011	21,516	58,539	80,055
At 30 April 2012	22,419	29,259	51,678
At 30 April 2013	20,730	-	20,730

(i) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use amounting to **RM46,692,347** (30.4.12: RM45,634,728; 1.5.11: RM37,536,679) and **RM814,765** (30.4.12: RM671,367; 1.5.11: RM671,367) respectively.

(ii) As at 30 April 2013, a parcel of freehold land of a subsidiary with carrying amount of **RM100,000** (30.4.12: RM100,000; 1.5.11: RM100,000) is in the process of being transferred to the name of the subsidiary.

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(iii) The carrying amounts of property, plant and equipment of the Group pledged as securities for banking facilities granted to the subsidiaries are as follows:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
Freehold land	2,555,000	2,555,000	2,695,000
Buildings	14,227,169	14,534,197	14,672,221
Long leasehold land	350,309	356,482	362,655
Short leasehold land	2,710,713	2,792,856	2,874,999
Plant and machinery, electrical and piping installations	5,052,367	4,414,699	4,638,164
Office furniture, fittings, equipment and renovation	3,987,171	4,011,251	4,457,557
Motor vehicles	1,361,860	1,350,240	1,509,021
	30,244,589	30,014,725	31,209,617

5. INVESTMENT PROPERTY

	GROUP RM
At cost	223,654
Accumulated depreciation	
At 1 May 2011	64,847
Current charge	17,082
At 30 April 2012/ At 1 May 2012	81,929
Current charge	17,082
At 30 April 2013	99,011
Carrying amount	
At 1 May 2011	158,807
At 30 April 2012	141,725
At 30 April 2013	124,643

The investment property comprises leasehold building held by a subsidiary and leased to a third party (Note 30(c)).

The investment property has an open market value of approximately **RM2,185,000** (30.4.12: RM1,281,000; 1.5.11: RM981,280).

Direct operating expenses incurred by the Group on the investment property during the financial year amounted to **RM30,675** (2012: RM30,675).

6. INVESTMENT IN SUBSIDIARIES

	COMPANY		
	30.4.13	30.4.12	1.5.11
	RM	RM	RM
Unquoted shares, at cost	86,067,772	86,067,772	85,350,412
ESOS granted to employees of subsidiaries	-	-	717,360
	86,067,772	86,067,772	86,067,772

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

Name of Subsidiaries	Effective Equity Interest			Principal Activities
	30.4.13	30.4.12	1.5.11	
	%	%	%	
South Island Garment Sdn. Bhd.	100	100	100	Manufacturing and sales of garments.
Inter-Pacific Packaging Sdn. Bhd	100	100	100	Manufacturing and distribution of corrugated fibre board cartons and boxes for industrial and commercial uses.
* South Island Packaging (Penang) Sdn. Bhd.	99.64	99.64	99.64	Manufacturing and distribution of inner packaging boxes for industrial and commercial uses.
* South Island Plastics Sdn. Bhd.	100	100	100	Manufacturing and distribution of flexible plastic packaging materials for industrial and commercial uses.

* Not audited by Grant Thornton.

7. INVESTMENT IN AN ASSOCIATE

	30.4.13 RM	30.4.12 RM	1.5.11 RM
GROUP			
Unquoted shares, at cost			
- in Malaysia	5,870,000	5,870,000	5,870,000
Share of post-acquisition reserves	(3,186,149)	(3,186,149)	(3,186,149)
	2,683,851	2,683,851	2,683,851
Less: Accumulated impairment losses	(2,683,851)	(2,683,851)	(2,683,851)
	-	-	-
COMPANY			
Unquoted shares, at cost			
- in Malaysia	5,870,000	5,870,000	5,870,000
Less: Accumulated impairment losses	(5,870,000)	(5,870,000)	(5,870,000)
	-	-	-

The details of the associate, which is incorporated in Malaysia, are as follows:

Name of Associate	Effective Equity Interest 30.4.13 %	30.4.12 %	1.5.11 %	Principal Activities
GPS Tech Solutions Sdn. Bhd. ("GPS Tech")	26.26	26.26	26.26	Designing, developing and marketing of global positioning system products.

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 2013 at the end of the reporting period was **RM3,064,614** (30.4.12: RM2,669,301; 1.5.11: RM2,376,550), of which **RM395,313** (2012: RM292,751) was the share of current year's losses. The Group has no obligation in respect of these losses.

8. INVESTMENT SECURITIES

	GROUP		
	30.4.13	30.4.12	1.5.11
	RM	RM	RM
Available-for-sale financial assets:			
- Investment in bond, at fair value	-	1,002,777	-
- Shares quoted in Malaysia, at fair value	1,379,993	1,388,568	1,356,426
- Quoted unit trusts, at fair value	3,595,210	1,053,893	1,000,000
- Unquoted shares, at cost	17,819,949	19,051,949	11,756,633
Less: Accumulated impairment losses*	-	(1,099,782)	(1,099,782)
	17,819,949	17,952,167	10,656,851
	22,795,152	21,397,405	13,013,277
Market value of:			
- Shares quoted in Malaysia	1,379,993	1,388,568	1,356,426
- Quoted unit trusts	3,595,210	1,053,893	1,000,000
- Investment in bond	-	1,002,777	-

* The movement of accumulated impairment losses is as follows:

	2013	2012
	RM	RM
Balance at beginning	1,099,782	1,099,782
Disposal	(1,099,782)	-
Balance at end	-	1,099,782

9. INVENTORIES

	GROUP		
	30.4.13	30.4.12	1.5.11
	RM	RM	RM
Raw materials	13,269,449	12,774,431	12,518,139
Work-in-progress	46,698,355	38,753,691	45,687,504
Finished goods	1,476,183	1,093,255	1,368,770
Consumables, tools and spare parts	501,825	467,159	524,254
	61,945,812	53,088,536	60,098,667

During the financial year, the inventories recognised in profit or loss as cost of sales is **RM475,540,045** (2012: RM456,716,114).

10. TRADE AND OTHER RECEIVABLES

	30.4.13 RM	30.4.12 RM	1.5.11 RM
GROUP			
Trade receivables (Note 10.1)			
Third parties	73,298,215	59,450,413	53,441,426
Less: Allowance for impairment	(569,873)	(561,622)	(865,843)
Trade receivables, net	72,728,342	58,888,791	52,575,583
Other receivables			
Sundry receivables	298,610	275,261	478,692
Refundable deposits	288,479	288,242	325,050
Non-refundable deposits	20,322	20,000	-
Prepayments	2,315,068	2,795,252	1,804,652
	2,922,479	3,378,755	2,608,394
	75,650,821	62,267,546	55,183,977
COMPANY			
Other receivables			
Refundable deposits	5,675	5,675	8,914
Non-refundable deposits	4,500	-	-
Amount due from subsidiaries (Note 10.2)	49,397,984	48,191,325	44,997,241
	49,408,159	48,197,000	45,006,155

The currency profile of the Group's trade and other receivables is as follows:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
Ringgit Malaysia	33,936,050	30,476,194	30,006,047
US Dollar	23,215,746	18,743,325	24,198,653
Chinese Renminbi	18,140,491	12,706,049	507,961
Singapore Dollar	348,334	289,710	285,936
Others	10,200	52,268	185,380
	75,650,821	62,267,546	55,183,977

The entire other receivables of the Company is denominated in Ringgit Malaysia.

Notes to the Financial Statements
- 30 April 2013 (cont'd)

10. TRADE AND OTHER RECEIVABLES (cont'd)

10.1 Trade receivables

Included herein is an amount of **RM96,511** (30.4.12: RM101,291; 1.5.11: RM99,145) due from a company in which a director of the Company has substantial financial interests.

Trade receivables are non-interest bearing and are generally on 15 to 120 days (30.4.12: 15 to 120 days; 1.5.11: 15 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movement of allowance for impairment is as follows:

	2013 RM	2012 RM
Balance at beginning	561,622	865,843
Current year	69,425	-
Reversal of impairment loss	(31,342)	(304,221)
Written off	(29,832)	-
Balance at end	569,873	561,622

10.2 Amount due from subsidiaries

The amount due from subsidiaries relates to advances which are unsecured, non-interest bearing and are repayable on demand.

11. CASH AND BANK BALANCES

	30.4.13 RM	30.4.12 RM	1.5.11 RM
GROUP			
Cash on hand and at banks	2,605,577	4,055,093	2,048,774
Deposits with licensed banks:			
- fixed deposits	44,760,339	5,006,957	186,030
- short term placements	1,913,500	31,314,530	15,959,446
	49,279,416	40,376,580	18,194,250
COMPANY			
Cash on hand and at banks	56,741	200,002	122,498
Fixed deposits with licensed bank	5,027,777	5,006,958	186,030
	5,084,518	5,206,960	308,528

11. CASH AND BANK BALANCES (cont'd)

The currency profile of the Group's cash and bank balances is as follows:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
Ringgit Malaysia	47,867,502	21,323,732	15,878,715
US Dollar	1,349,362	18,986,638	2,240,278
Others	62,552	66,210	75,257
	49,279,416	40,376,580	18,194,250

The Company's cash and bank balances are denominated in Ringgit Malaysia.

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

The effective interest rates per annum and maturities of the deposits with licensed banks as at the end of the reporting period are as follows:

	30.4.13	30.4.12	1.5.11
GROUP			
Interest rates of:			
- fixed deposits	3.10% to 3.30%	3.04% to 3.12%	2.15% to 2.60%
- short term placements	0.14% to 2.50%	0.10% to 3.04%	0.10% to 2.90%
Maturities of:			
- fixed deposits	1 to 3 months	1 to 4 months	12 months
- short term placements	2 to 7 days	2 to 30 days	3 to 30 days
COMPANY			
Interest rates of:			
- fixed deposits	3.10% to 3.13%	3.04% to 3.12%	2.15% to 2.60%
Maturities of:			
- fixed deposits	1 to 3 months	1 to 4 months	12 months

12. NON-CURRENT ASSETS HELD FOR SALE

	30.4.13 RM	30.4.12 RM	1.5.11 RM
Reclassified from property, plant and equipment:			
- Freehold land	-	140,000	-
- Buildings	-	117,600	-
	-	257,600	-

During the previous financial year, the Group had entered into sale and purchase agreements with third parties through its wholly-owned subsidiary to dispose of the above properties for a total cash consideration of RM284,000. The disposals were completed during the financial year under review.

13. EMPLOYEE BENEFITS

Employee share options scheme ("ESOS")

The Company's ESOS is governed by the By-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 By-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.

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 fulfils 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 By-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 fulfils the conditions of eligibility in By-Law 5.1 (ii). Employees include full time Executive Directors.

13. **EMPLOYEE BENEFITS** (cont'd)

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

(b) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS, 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.

(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 previous financial year:

	Option 1	**Option 2**	**Option 3**		
Grant Date	**18.7.2001**	**18.8.2006**	**3.1.2011**		
Expiry Date	**17.7.2011**	**17.7.2011**	**17.7.2011**	**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	-	-	-	-	-

13. EMPLOYEE BENEFITS (cont'd)

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

All un-exercised ESOS have since expired during the previous financial year on 17 July 2011.

i. **Details of share options during the previous financial year:**

2012	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 previous financial year**

As disclosed in Note 14, options exercised during the previous financial year resulted in issuance of 4,887,900 ordinary shares at an average price of RM1.01 each. The related weighted average share price at the date of exercise was RM1.38.

14. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares of RM1 each		Amount	
	2013	2012	**2013 RM**	2012 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000

	Number of ordinary shares of RM1 each Share capital (issued and fully paid)	Amount: Share capital (issued and fully paid) RM	Share premium RM	Total share capital and share premium RM
At 1 May 2011	103,600,000	103,600,000	3,048,336	106,648,336
Exercise of ESOS (Note 13)	4,887,900	4,887,900	718,110	5,606,010
At 30 April 2012/ At 30 April 2013	108,487,900	108,487,900	3,766,446	112,254,346

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.

15. OTHER RESERVES

	GROUP		
	Share option reserve RM	Fair value reserve RM	Total RM
At 1 May 2011	811,504	25,714	837,218
Other comprehensive income:			
Gain on fair value changes in available-for-sale financial assets	-	88,812	88,812
Transactions with owners:			
Exercise of ESOS	(670,236)	-	(670,236)
Expiry of ESOS	(141,268)	-	(141,268)
	(811,504)	-	(811,504)
At 30 April 2012/ At 1 May 2012	-	114,526	114,526
Other comprehensive income:			
Gain on fair value changes in available-for-sale financial assets	-	1,460	1,460
Net gain on available-for-sale financial assets transfer to profit or loss upon disposal	-	(2,777)	(2,777)
	-	(1,317)	(1,317)
At 30 April 2013	-	113,209	113,209

	COMPANY		
	Share option reserve RM	Capital reserve RM	Total RM
At 1 May 2011	811,504	15,824,999	16,636,503
Transactions with owners:			
Exercise of ESOS	(670,236)	-	(670,236)
Expiry of ESOS	(141,268)	-	(141,268)
	(811,504)	-	(811,504)
At 30 April 2012/ 30 April 2013	-	15,824,999	15,824,999

15. OTHER RESERVES (cont'd)

Share option reserve

The employee share option reserve represents the equity-settled share options granted to employees (Note 13). 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.

16. RETAINED PROFITS

Subject to agreement by the Inland Revenue Board, the Company has 108 balance and tax exempt income account to frank and distribute all of its retained profits as at the end of the reporting period if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining 108 balance as at the end of the reporting period will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

17. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Balance at beginning	7,604,102	7,365,438	9,862	11,496
Transfer from/ (to) profit or loss	86,977	86,756	(6,000)	(4,356)
	7,691,079	7,452,194	3,862	7,140
(Over)/ Under provision in prior year	(41,197)	151,908	138	2,722
Balance at end	7,649,882	7,604,102	4,000	9,862

17. DEFERRED TAX LIABILITIES (cont'd)

The deferred tax liabilities/(assets) are represented by temporary differences arising from:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
GROUP			
- Property, plant and equipment	7,708,882	7,819,103	7,697,439
- Payables	-	-	(186,914)
- Receivables	-	-	186,914
- Unabsorbed tax losses, capital allowances and reinvestment allowance	(5,000)	(193,000)	(309,000)
- Others	(54,000)	(22,001)	(23,001)
	7,649,882	7,604,102	7,365,438
COMPANY			
- Property, plant and equipment	4,000	9,862	11,496

18. TRADE AND OTHER PAYABLES

	30.4.13 RM	30.4.12 RM	1.5.11 RM
GROUP			
Trade payables (Note 18.1)			
Third parties	46,835,460	37,007,015	39,907,918
Other payables (Note 18.2)			
Sundry payables	3,128,225	2,975,112	2,934,538
Accruals	5,117,014	4,676,291	3,981,220
	8,245,239	7,651,403	6,915,758
	55,080,699	44,658,418	46,823,676
COMPANY			
Other payables			
Sundry payables	25,548	99,899	64,056
Accruals	30,500	18,000	18,000
	56,048	117,899	82,056

18. TRADE AND OTHER PAYABLES (cont'd)

The currency profile of the Group's trade and other payables is as follows:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
Ringgit Malaysia	19,498,521	17,130,971	18,219,293
US Dollar	35,554,899	27,512,338	28,564,588
Singapore Dollar	27,279	15,109	39,795
	55,080,699	44,658,418	46,823,676

The entire other payables of the Company is denominated in Ringgit Malaysia.

18.1 Trade payables

Included herein are the followings:

- An amount of **RM24,982,239** (30.4.12: RM20,218,482; 1.5.11: RM8,868,741) due to a company in which the Group has financial interests; and
- An amount of **RM4,030** (30.4.12: RM6,355; 1.5.11: RM4,495) due to a company in which certain directors of the Company have financial interests.

Trade payables are non-interest bearing and are normally settled within **30 to 90 days** (30.4.12: 30 to 90 days; 1.5.11: 30 to 90 days) credit terms.

18.2 Other payables

Included herein is an amount of **RM20,784** (30.4.12: RM24,266; 1.5.11: RM9,430) due to companies in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.

19. REVENUE

	GROUP		**COMPANY**	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Sale of goods	565,817,306	534,123,476	-	-
Gross dividend income from unquoted subsidiaries	-	-	17,581,028	11,404,253
Management fee from subsidiaries	-	-	636,000	636,000
	565,817,306	534,123,476	18,217,028	12,040,253

20. INTEREST INCOME

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

21. DIVIDEND INCOME

	GROUP	
	2013 RM	2012 RM
Dividend income from:		
Available-for-sale financial assets		
- Shares quoted in Malaysia	94,532	99,642
- Unquoted shares outside Malaysia	974,500	744,450
	1,069,032	844,092

22. OTHER INCOME

	GROUP	
	2013 RM	2012 RM
Freight charges claim from vendors	490,893	3,611,452
Gain on disposal of available-for-sale financial asset	49,676	-
Gain on disposal of non-current assets held for sale	26,400	-
Gain on disposal of property, plant and equipment	212,604	33,952
Insurance claim	45,245	40,243
Miscellaneous	52,576	44,730
Net fair value gain on available-for-sale financial asset realised upon disposal	2,777	-
Realised gain on foreign exchange	559,207	-
Rental income from investment properties	156,000	156,000
	1,595,378	3,886,377

23. FINANCE COSTS

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Interest expense on bank borrowings	-	45	-	-
Bank charges	518,271	545,611	276	299
	518,271	545,656	276	299

24. PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
After charging/(crediting):				
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	63,000	39,500	15,000	18,000
- under provision in prior year	-	2,000	-	-
- other services	3,000	-	3,000	-
- Other auditors				
- statutory audit	33,000	60,525	-	-
- other services	17,920	10,000	17,920	10,000
Bad debts	9,136	68,338	-	-
Depreciation of:				
- property, plant and equipment (Note 4)	5,453,223	5,132,041	37,742	37,847
- investment property (Note 5)	17,082	17,082	-	-
Employee benefits expense (Note 25)	53,105,684	48,950,416	150,576	147,740
Impairment loss on trade receivables (Note 10)	69,425	-	-	-
Net foreign exchange (gain)/loss:				
- realised	(271,810)	(291,862)	-	-
- unrealised	(191,618)	(608,865)	-	-
Non-executive directors' remuneration (Note 26)	126,000	126,000	126,000	126,000
Operating leases – minimum lease payments for:				
- land and buildings	864,219	789,545	141,889	141,348
- plant and machinery	44,127	48,378	-	-
Property, plant and equipment written off	22,551	287,694	-	-
Reversal of impairment losses on trade receivables (Note 10)	(31,342)	(304,221)	-	-

25. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Wages and salaries	49,448,950	45,696,432	127,000	118,050
Contributions to defined contribution plan	2,724,281	2,571,565	16,513	14,480
Social security contributions	276,079	207,803	1,240	1,238
Other benefits	656,374	474,616	5,823	13,972
	53,105,684	48,950,416	150,576	147,740

Included in employee benefits expense of the Group is executive directors' remuneration amounting to RM9,050,693 (2012: RM8,507,863) as further disclosed in Note 26.

26. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Directors of the Company:				
Executive:				
Salary and allowances	2,023,000	1,962,000	-	-
Bonus and incentive	5,584,000	5,167,000	-	-
Defined contribution plan	770,490	705,660	-	-
Fees	60,000	60,000	-	-
Other emoluments	1,683	1,683	-	-
	8,439,173	7,896,343	-	-
Non-executive:				
Fees	108,000	108,000	108,000	108,000
Other emoluments	18,000	18,000	18,000	18,000
	126,000	126,000	126,000	126,000
Director of a subsidiary:				
Executive:				
Salary and allowances	396,000	396,000	-	-
Bonus and incentive	150,000	150,000	-	-
Defined contribution plan	65,520	65,520	-	-
	611,520	611,520	-	-
Benefits-in-kind	19,100	7,800	-	-
	630,620	619,320	-	-

Notes to the Financial Statements
- 30 April 2013 (cont'd)

26. DIRECTORS' REMUNERATION (cont'd)

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Total directors' remuneration	9,176,693	8,633,863	126,000	126,000
Estimated money value of benefits-in-kind	19,100	7,800	-	-
Total directors' remuneration including benefits-in-kind	9,195,793	8,641,663	126,000	126,000
Total directors' remuneration:				
Executive directors' remuneration	9,050,693	8,507,863	-	-
Non-executive directors' remuneration	126,000	126,000	126,000	126,000
Estimated money value of benefits-in-kind	19,100	7,800	-	-
	9,195,793	8,641,663	126,000	126,000

The Group's total directors' remuneration can be further analysed as:

	2013		2012	
	RM	%	RM	%
Salary, fee and other benefits	2,935,713	31.9	2,854,443	33.0
Bonus and performance incentive	6,260,080	68.1	5,787,220	67.0
	9,195,793	100	8,641,663	100

The number of directors (excluding director of a subsidiary) whose total remuneration fall within the following band is as follows:

	Number of Directors	
	2013	2012
Executive directors:		
RM200,001 - RM250,000	1	1
RM400,001 - RM650,000	1	1
RM1,500,001 - RM2,500,000	-	1
RM2,500,001 - RM3,500,000	1	-
RM4,500,001 - RM5,500,000	1	1
Non-executive directors:		
Below RM50,000	4	4

27. TAXATION

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(12,109,778)	(10,139,076)	(1,262,000)	(1,649,573)
- Deferred tax relating to the origination and reversal of temporary differences	(86,977)	(86,756)	6,000	4,356
	(12,196,755)	(10,225,832)	(1,256,000)	(1,645,217)
Under/(Over) provision in prior year				
- Current tax	(25,839)	141,763	(24,185)	9,908
- Deferred tax	41,197	(151,908)	(138)	(2,722)
	15,358	(10,145)	(24,323)	7,186
	(12,181,397)	(10,235,977)	(1,280,323)	(1,638,031)

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Profit before taxation	48,013,673	40,817,607	17,540,219	11,249,057
Income tax at Malaysian statutory tax rate of 25%	(12,003,418)	(10,204,402)	(4,385,055)	(2,812,264)
Effects of:				
Income not subject to tax	332,211	405,446	3,197,536	1,226,063
Expenses not deductible for tax purposes	(527,983)	(431,987)	(68,481)	(59,016)
Utilisation of current year's reinvestment allowance	-	2,111	-	-
Expenses allowable for double deductions	2,435	3,000	-	-
	(12,196,755)	(10,225,832)	(1,256,000)	(1,645,217)
Over /(Under) provision in prior year	15,358	(10,145)	(24,323)	7,186
	(12,181,397)	(10,235,977)	(1,280,323)	(1,638,031)

27. TAXATION (cont'd)

The amount and future availability of unabsorbed tax losses, capital allowances and reinvestment allowance at the end of the reporting period are estimated as follows:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
GROUP			
Unabsorbed tax losses	20,000	760,000	760,000
Unabsorbed capital allowances	-	10,000	501,000
Unutilised reinvestment allowance	3,350,000	3,433,000	3,433,000
	3,370,000	4,203,000	4,694,000

These unabsorbed tax losses, unabsorbed capital allowances and unutilised reinvestment allowance are available to be carried forward for set off against future assessable income of the subsidiary.

28. EARNINGS PER SHARE

GROUP

(a) **Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follow:

	2013	2012
Profit attributable to owners of the parent (RM)	35,830,483	30,581,611
Weighted average number of ordinary shares of RM1 each	108,487,900	107,655,876
Basic earnings per share (sen)	33.0	28.4

(b) **Diluted earnings per share**

	2013	2012
Diluted earnings per share (sen)	33.0	28.4

The Group does not have any diluted potential ordinary shares in the current financial year as the ESOS had expired in the previous financial year on 17 July 2011.

Notes to the Financial Statements
- 30 April 2013 (cont'd)

29. DIVIDEND

	GROUP AND COMPANY			
	2013		2012	
	Net dividend per share (sen)	**Net dividend RM**	Net dividend per share (sen)	Net dividend RM
In respect of financial year ended 30 April 2013:				
- An interim tax exempt dividend of 5 sen per share	5	5,424,395	-	-
In respect of financial year ended 30 April 2012:				
- A first and final dividend of 8 sen per share less 25% tax and a special tax exempt dividend of 3 sen per share	9	9,763,911	-	-
In respect of financial year ended 30 April 2011:				
- A first and final dividend of 8 sen per share less 25% tax	-	-	6	6,509,274
	14	15,188,306	6	6,509,274

At the forthcoming Annual General Meeting, a final tax exempt dividend of 3 sen per share and a special single tier dividend of 5 sen per share totalling to RM8,679,032 in respect of the financial year ended 30 April 2013 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2014.

30. COMMITMENTS

	GROUP		
	30.4.13 RM	30.4.12 RM	1.5.11 RM
(a) **Capital commitment**			
Approved and contracted for:			
- Property, plant and equipment	-	262,730	-

30. COMMITMENTS (cont'd)

(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 as at the end of the reporting period are as follows:

	GROUP		
	30.4.13	30.4.12	1.5.11
	RM	RM	RM
Not later than 1 year	106,700	214,100	406,550
Later than 1 year and not later than 5 years	7,000	-	-
	113,700	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 as at the end of the reporting period is as follows:

	GROUP		
	30.4.13	30.4.12	1.5.11
	RM	RM	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

Rental income from rental generating investment property recognised in profit or loss during the financial year is as disclosed in Note 22.

31. SEGMENT 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 taxation, 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.

(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.

31. SEGMENT INFORMATION (cont'd)

By business segments

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
2013				
Revenue				
External customers	112,192,838	453,624,468	-	565,817,306
Inter-segment	316,169	-	(316,169)	-
Total revenue	112,509,007	453,624,468	(316,169)	565,817,306
Results				
Segment results	6,750,816	39,786,573	-	46,537,389
Interest income	602,710	322,813	-	925,523
Dividend income	-	1,069,032	-	1,069,032
Operating profit				48,531,944
Finance costs				(518,271)
Profit before taxation				48,013,673
Taxation				(12,181,397)
Profit for the year				35,832,276
Assets				
Segment assets	100,102,817	171,305,849	-	271,408,666
Unallocated assets				
Tax recoverable				252,761
Total assets				271,661,427
Liabilities				
Segment liabilities	11,955,455	43,125,244	-	55,080,699
Unallocated liabilities				
Tax and deferred tax liabilities				9,619,296
Total liabilities				64,699,995
Other segment information				
Depreciation	2,775,674	2,694,631	-	5,470,305
Capital expenditure	1,280,964	3,040,979	-	4,321,943
Non-cash (income)/expenses other than depreciation and amortisation	(52,056)	(361,249)	-	(413,305)

31. SEGMENT INFORMATION (cont'd)

By business segments (cont'd)

2012	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
Revenue				
External customers	109,738,533	424,384,943	-	534,123,476
Inter-segment	273,946	-	(273,946)	-
Total revenue	110,012,479	424,384,943	(273,946)	534,123,476
Results				
Segment results	5,756,737	34,231,210	-	39,987,947
Interest income	494,737	36,487	-	531,224
Dividend income	-	844,092	-	844,092
Operating profit				41,363,263
Finance costs				(545,656)
Profit before tax				40,817,607
Income tax expenses				(10,235,977)
Profit for the year				30,581,630
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
Other segment information				
Depreciation	2,771,456	2,377,669	-	5,149,125
Capital expenditure	2,826,105	1,446,553	-	4,272,658
Non-cash (income)/expenses other than depreciation and amortisation	98,894	(689,900)	-	(591,006)

31. SEGMENT INFORMATION (cont'd)

Information about major customers

Total revenue from a major customer which individually contributed to more than 10% of Group revenue amounted to RM430,436,847 (2012: RM419,631,832), arising from sales by the garment segment.

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		Non-current assets	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Malaysia	109,545,695	103,338,088	57,119,992	58,857,416
Vietnam	-	-	3,558,067	2,833,628
United States of America	232,443,439	211,874,578	-	-
Europe	137,954,979	145,720,120	-	-
China	25,669,017	19,017,959	1,059,406	1,217,630
Others*	60,204,176	54,172,731	-	-
	565,817,306	534,123,476	61,737,465	62,908,674

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

Non-current assets information presented above which excludes financial assets, consist of the following items as presented in the Group's statement of financial position:

	2013 RM	2012 RM
Property, plant and equipment	61,612,822	62,766,949
Investment properties	124,643	141,725
	61,737,465	62,908,674

32. RELATED PARTY DISCLOSURES

(a) Related party transactions

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

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Sales of finished goods to companies in which certain directors have interests:				
- Yong Guan Heng & Co. Sdn. Bhd.	399,590	412,714	-	-
Purchase of goods and services from companies in which certain directors have interests:				
- Induscor Supplies (M) Sdn. Bhd.	177,663	169,366	-	-
- Pen'ads (M) Sdn. Bhd.	19,779	24,317	5,177	3,672
Rental of premises paid and payable to companies in which certain directors have interests:				
- South Island Building Sdn. Bhd.	5,200	-	-	-
- Induscor Supplies (M) Sdn. Bhd.	8,600	11,550	-	-
- KP Holdings Sdn. Bhd.	136,800	136,800	136,800	136,800
Subcontract fees paid and payable to a company in which a subsidiary is a corporate shareholder				
- Viet Tien Garment Joint Stock Corporation	91,323,025	84,800,520	-	-
Gross dividends from subsidiaries	-	-	17,581,028	11,404,253
Management fees from subsidiaries	-	-	636,000	636,000

32. RELATED PARTY DISCLOSURES (cont'd)

(b) Compensation of key management personnel

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

	2013 RM	2012 RM	**2013 RM**	2012 RM
Short-term employee benefits	9,348,423	8,778,780	126,000	126,000
Defined contribution plan	942,090	865,680	-	-
	10,290,513	9,644,460	126,000	126,000
Analysed as:				
- Directors	9,176,693	8,633,863	126,000	126,000
- Other key management personnel	1,113,820	1,010,597	-	-
	10,290,513	9,644,460	126,000	126,000

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly.

Directors' interests in the ESOS

Directors of the Group and of the Company and other members of key management were granted the following number of options under the ESOS, all of which had expired in the previous financial year:

	Number of options over ordinary shares of RM1 each	
	2013 RM	2012 RM
Balance at beginning	-	2,364,000
Exercised	-	(2,130,000)
Expired	-	(234,000)
Balance at end	-	-

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as available-for-sale financial assets ("AFS"), loans and receivables ("L&R") and financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	AFS RM	L&R RM	FL RM
GROUP				
30.4.13				
Financial assets				
Investment securities (Note 8)	22,795,152	22,795,152	-	-
Trade and other receivables (Note 10)	73,315,431	-	73,315,431	-
Cash and bank balances (Note 11)	49,279,416	-	49,279,416	-
	145,389,999	22,795,152	122,594,847	-
Financial liabilities				
Trade and other payables (Note 18)	55,080,699	-	-	55,080,699
30.4.12				
Financial assets				
Investment securities (Note 8)	21,397,405	21,397,405	-	-
Trade and other receivables (Note 10)	59,452,294	-	59,452,294	-
Cash and bank balances (Note 11)	40,376,580	-	40,376,580	-
	121,226,279	21,397,405	99,828,874	-
Financial liabilities				
Trade and other payables (Note 18)	44,658,418	-	-	44,658,418
1.5.11				
Financial assets				
Investment securities (Note 8)	13,013,277	13,013,277	-	-
Trade and other receivables (Note 10)	53,379,325	-	53,379,325	-
Cash and bank balances (Note 11)	18,194,250	-	18,194,250	-
	84,586,852	13,013,277	71,573,575	-
Financial liabilities				
Trade and other payables (Note 18)	46,823,676	-	-	46,823,676

33. CATEGORIES OF FINANCIAL INSTRUMENTS (cont'd)

COMPANY	Carrying amount RM	AFS RM	L&R RM	FL RM
30.4.13				
Financial assets				
Other receivables (Note 10)	49,403,659	-	49,403,659	-
Cash and bank balances (Note 11)	5,084,518	-	5,084,518	-
	54,488,177	-	54,488,177	-
Financial liabilities				
Other payables (Note 18)	56,048	-	-	56,048
30.4.12				
Financial assets				
Other receivables (Note 10)	48,197,000	-	48,197,000	-
Cash and bank balances (Note 11)	5,206,960	-	5,206,960	-
	53,403,960	-	53,403,960	-
Financial liabilities				
Other payables (Note 18)	117,899	-	-	117,899
1.5.11				
Financial assets				
Other receivables (Note 10)	45,006,155	-	45,006,155	-
Cash and bank balances (Note 11)	308,528	-	308,528	-
	45,314,683	-	45,314,683	-
Financial liabilities				
Other payables (Note 18)	82,056	-	-	82,056

34. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency 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 years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

34. FINANCIAL RISK MANAGEMENT

34.1 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.

34.1.1 Trade receivables

The Group extends credit terms to its customers that range between 15 to 120 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, debt monitoring procedures are performed on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Ageing analysis of trade receivables

The ageing of trade receivables of the Group is as follows:

	30.4.13 RM	30.4.12 RM	1.5.11 RM
Not past due	53,488,679	36,969,135	34,602,947
Past due 0 - 30 days	8,098,574	8,450,153	9,139,162
Past due 31 - 60 days	6,078,946	4,050,235	3,413,909
Past due more than 60 days	5,062,143	9,419,268	5,024,694
	19,239,663	21,919,656	17,577,765
Individually impaired	569,873	561,622	1,260,714
	73,298,215	59,450,413	53,441,426

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.

34. FINANCIAL RISK MANAGEMENT (cont'd)

34.1 Credit risk (cont'd)

34.1.1 Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables of RM19,239,663 (30.4.12: RM21,919,656; 1.5.11: RM17,577,765) that were past due but not impaired. These relate to customers which have 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. These balances are unsecured in nature.

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the end of the reporting period 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.

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 end of the reporting period are as follows:

	30.4.13		30.4.12		1.5.11	
	RM	**% of total**	RM	% of total	RM	% of total
By country:						
Malaysia	30,758,692	42.3	29,245,637	49.6	28,512,718	54.2
United States of America	1,170,452	1.6	338,861	0.6	240,901	0.5
Singapore	2,897,184	4.0	3,547,714	6.0	4,029,973	7.6
China and Hong Kong	3,947,393	5.4	4,286,941	7.3	1,209,738	2.3
Vietnam	33,304,739	45.8	21,129,044	35.9	18,545,639	35.3
Indonesia	348,334	0.5	-	-	-	-
Thailand	285,436	0.4	-	-	-	-
Canada	16,112	0.0	-	-	-	-
Japan	-	-	340,594	0.6	36,614	0.1
	72,728,342	100.0	58,888,791	100.0	52,575,583	100.0
By industry sectors:						
Manufacturing and sales of:						
- packaging materials	31,427,794	43.2	29,566,427	50.2	28,936,797	55.0
- garments	41,300,548	56.8	29,322,364	49.8	23,638,786	45.0
	72,728,342	100.0	58,888,791	100.0	52,575,583	100.0

34. FINANCIAL RISK MANAGEMENT (cont'd)

34.1 Credit risk (cont'd)

34.1.1 Trade receivables (cont'd)

As at the end of the reporting period, the Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (30.4.12: 1 customer; 1.5.11: 1 customer) representing **51%** (30.4.12: 66%; 1.5.11: 45%) of the total trade receivables. However, the risk is mitigated by the fact that this is a long established customer and the Group has been awarded as an approved vendor of the said customer for more than 10 years.

34.1.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to its subsidiaries.

34.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The financial liabilities of the Group and of the Company as at the end of the reporting period will mature in less than one year based on the carrying amounts reflected in the financial statements.

34.3 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.

34. FINANCIAL RISK MANAGEMENT (cont'd)

34.4 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily US Dollar ("USD"), Chinese Renminbi ("RMB") and Singapore Dollar ("SGD").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period is as follows:

	USD RM	RMB RM	SGD RM	OTHERS RM
GROUP				
30.4.13				
Trade and other receivables	23,215,746	18,140,491	348,334	10,200
Cash and bank balances	1,349,362	-	-	62,552
Trade and other payables	(35,554,899)	-	(27,279)	-
Net exposure	(10,989,791)	18,140,491	321,055	72,752
30.4.12				
Trade and other receivables	18,743,325	12,706,049	289,710	52,268
Cash and bank balances	18,986,638	-	-	66,210
Trade and other payables	(27,512,338)	-	(15,109)	-
Net exposure	10,217,625	12,706,049	274,601	118,478
1.5.11				
Trade and other receivables	24,198,653	507,961	285,936	185,380
Cash and bank balances	2,240,278	-	-	75,257
Trade and other payables	(28,564,588)	-	(39,795)	-
Net exposure	(2,125,657)	507,961	246,141	260,637

34. FINANCIAL RISK MANAGEMENT (cont'd)

34.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonable possible change in the foreign currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased/(reduced) profit before taxation by the amount shown below and a corresponding decrease would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	2013 RM	2012 RM
USD	1,098,979	(1,021,763)
RMB	(1,814,049)	(1,270,605)
SGD	(32,106)	(27,460)
Others	(7,275)	(11,848)
Reduce in profit before taxation	(754,451)	(2,331,676)

35 CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets (except for quoted shares and unit trusts) and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature.

The investment in quoted shares and unit trusts (Note 8) have been adjusted to their fair values by reference to their published market bid price at the end of the reporting period. The unquoted shares are carried at cost as it is not practicable to reasonably estimate their fair values due to lack of comparable quoted market prices and available market data for valuation. Therefore, these investments are carried at their original costs less any impairment losses.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

36.1 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

GROUP	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.4.13				
Available-for-sale financial assets:				
Quoted shares, at fair value	1,379,993	-	-	1,379,993
Quoted unit trust, at fair value	3,595,210	-	-	3,595,210
30.4.12				
Available-for-sale financial assets:				
Quoted shares, at fair value	1,388,568	-	-	1,388,568
Quoted unit trust, at fair value	1,053,893	-	-	1,053,893
Investment in bond	1,002,777	-	-	1,002,777
1.5.11				
Available-for-sale financial assets:				
Quoted shares, at fair value	1,356,426	-	-	1,388,568
Quoted unit trust, at fair value	1,000,000	-	-	1,053,893

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

As at the end of the reporting period, the Group does not have any financial instruments classified as Level 3.

37. CONTINGENT LIABILITY (UNSECURED)

During the financial year, the Company and certain subsidiaries were subjected to an income tax examination by the Inland Revenue Board ("IRB") for the years of assessment 2006 to 2011. As the examination is still on going and there is no indication of any additional tax liabilities to be raised by the IRB, the financial statements of the Company and the said subsidiaries for the financial year ended 30 April 2013 do not include any potential tax adjustments which may arise upon the finalisation of the outcome of such examination.

38. COMPARATIVE FIGURES

38.1 Explanation of transition to MFRSs

As stated in Note 2.4 to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The transition to MFRSs does not have any financial impact to the financial statements of the Company.

In preparing the opening consolidated statement of financial position at 1 May 2011, the Group has adjusted certain amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial statements is set out as follows:

(i) **Property, plant and equipment - Deemed cost exemption**

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standards IAS 16 (Revised) Property, Plant and Equipment, which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain property, plant and equipment at revalued amounts, but had not adopted a policy of revaluation, and continued to carry those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRSs, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRSs, the Company elected to apply the optional exemption to use the previous revaluation of the said assets, adjusted for depreciation, if any, as deemed cost under MFRSs.

However, the entire revaluation reserve was utilised prior to the transition to MFRSs and thus, no financial impact on the financial statements.

(ii) **Prepaid land lease payments**

The prepaid land lease payments on leasehold land has been reclassified as property, plant and equipment upon transition to MFRSs. At the date of transition to MFRSs, the optional exemption in MFRS 1 was applied to regard the revalued amount of revalued leasehold land as at 30 April 2011 as deemed cost under MFRSs.

The fair value of the revalued leasehold land of the Group as at 1 May 2011 was determined to be RM657,243 of which is treated as its deemed cost as at that date.

38. COMPARATIVE FIGURES (cont'd)

38.1 Explanation of transition to MFRSs (cont'd)

(iii) Investment securities

The Group had previously treated certain investment in unit trusts and bond which were held for long-term investment as held for trading non-derivative financial assets and presented under current assets. Upon transition to MFRSs, the Group has reclassified these investments as available-for-sale financial assets carried at fair value and presented under non-current assets.

The impact arising from the change is summarised as follows:

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Consolidated statement of financial position			
At 1 May 2011			
Non-current assets			
Property, plant and equipment	63,621,033	657,243	64,278,276
Prepaid land lease payments	657,243	(657,243)	-
Investment securities	12,013,277	1,000,000	13,013,277
Current assets			
Investment securities	1,000,000	(1,000,000)	-
At 30 April 2012			
Non-current assets			
Property, plant and equipment	62,122,826	644,123	62,766,949
Prepaid land lease payments	644,123	(644,123)	-
Investment securities	19,340,735	2,056,670	21,397,405
Current assets			
Investment securities	2,056,670	(2,056,670)	-
Equity			
Retained profits	73,977,692	(56,670)	73,921,022
Other reserves	57,856	56,670	114,526
Consolidated income statement			
30 April 2012			
Other income	3,943,047	(56,670)	3,886,377
Profit before taxation	40,874,277	(56,670)	40,817,607
Profit for the year	30,638,300	(56,670)	30,581,630

38. COMPARATIVE FIGURES (cont'd)

38.1 Explanation of transition to MFRSs (cont'd)

(iii) **Investment securities** (cont'd)

	FRSs RM	Effect of transition to MFRSs RM	MFRSs RM
Consolidated statement of comprehensive income			
30 April 2012			
Gain on fair value changes on available-for-sale financial assets	32,142	56,670	88,812
Total comprehensive income for the year	30,670,442	-	30,670,442

Other than the above, the transition to MFRSs did not have any other impact to the comparative amounts reported in the Group's financial statements for the current financial year.

38.2 Other restatement

In prior years, net change in subsidiaries balances has been included under financing activities in the Company's statement of cash flows. This amount has now been reclassified to investing activities to conform with current year's presentation as shown below:

	Previously stated RM	Reclassification RM	Restated RM
Statement of cash flows			
Cash flows from investing activities			
Net change in subsidiaries balances	-	(1,569,084)	(1,569,084)
Net cash from investing activities	9,870,516	(1,569,084)	8,301,432
Cash flows from financing activities			
Net change in subsidiaries balances	(1,569,084)	1,569,084	-
Net cash used in financing activities	(3,142,584)	1,569,084	(1,573,500)

39. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period has been prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and 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 are as follows:

	GROUP		COMPANY	
	2013 RM	2012 RM	**2013 RM**	2012 RM
Total retained profits of the Company and its subsidiaries				
- Realised	131,490,373	107,967,215	12,455,762	11,390,034
- Unrealised	(7,649,882)	(6,995,237)	(4,000)	(9,862)
	123,840,491	100,971,978	12,451,762	11,380,172
Less: Consolidation adjustments	(29,277,292)	(27,050,956)	-	-
	94,563,199	73,921,022	12,451,762	11,380,172

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 @30-4-2013 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	23	8,290
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	30	216
	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	23	1,808
	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	17	2,377
	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	13	249
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	33	1,808
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	25	9,646

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 @30-4-2013 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	23	7,429
	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	23	255
	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	23	328

(^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 12 September 2013

	Shareholders	No. of Shares	% Shareholding
1.	Tan Poay Seng	16,518,862	15.23
2.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Juara Sejati Sdn Bhd	13,200,000	12.17
3.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged securities account for KP Holdings Sdn Bhd	10,000,000	9.22
4.	Kamarudin Bin Jaffar (Dato')	7,209,007	6.64
5.	Maybank 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.	Amsec Nominees (Tempatan) Sdn Bhd Pledged securities account for Berjaya Group Berhad	5,000,000	4.61
8.	KP Holdings Sdn Bhd	4,149,639	3.82
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Berjaya Group Berhad	3,500,000	3.23
10.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Fabulous Channel Sdn Bhd	2,450,000	2.26
11.	Lee Yuit Eow	2,349,400	2.17
12.	Berjaya Group Berhad	2,100,000	1.94
13.	Tan Kok Aun	1,899,481	1.75
14.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Tengku Adnan Bin Tengku Mansor (Datuk Seri)	1,890,000	1.74
15.	CIMB Group Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd for Berjaya Group Berhad (Prime Credit)	1,500,000	1.38
16.	Tan Kok Pooh	790,142	0.73
17.	South Island Holdings Sdn. Bhd.	719,940	0.66
18.	Ta Kin Yan	717,000	0.66
19.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Arsam Bin Damis (IPM)	699,500	0.64
20.	South Island Development Company Sdn. Berhad	602,300	0.56
21.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tekun Asas Sdn Bhd (PB)	555,000	0.51
22.	Lim Pei Tiam @ Liam Ahat Kiat	534,000	0.49
23.	Leading Builders Sdn Bhd	501,000	0.46
24.	Tan Poay Teik	500,500	0.46
25.	South Island Building Sdn Bhd	420,000	0.39
26.	Stuart Saw Teik Siew	420,000	0.39
27.	Tang Chin Hong	400,000	0.37
28.	Seow Siew Chin	396,500	0.37
29.	Lee Yuit Eow	379,600	0.35
30.	Phneah Hooi Lan	378,000	0.35
	Total	**90,639,871**	**83.55**

Substantial Shareholders and Directors' Shareholdings
as at 12 September 2013

Substantial Shareholders as at 12 September 2013 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	5,625,527	5.19	(1) 14,149,639	13.04
Berjaya Group Berhad ("BGB")	12,100,000	11.15	(2) 18,460,000	17.02
Dato' Kamarudin Bin Jaffar	7,209,007	6.64	-	-
Tan Poay Seng	16,518,862	15.23	-	-
Berjaya Corporation Berhad "(BCB")	-	-	(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 Juara Sejati Sdn Bhd ("JSSB") and Berjaya Sompo Insurance Berhad ("BSIB").*

(3) *Deemed interested by virtue of its interest in BSIB and its 100% equity interest in BGB, the immediate holding company of JSSB.*

(4) *Deemed interested by virtue of his interest in BSIB and BCB, the ultimate holding company of BGB and JSSB.*

Directors' Shareholdings as at 12 September 2013

	Direct		Indirect (>)(<)	
Name	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	5,625,527	5.19	^ 14,149,639	13.04
			> 915,500	0.84
Tan Poay Seng ("TPS")	16,518,862	15.23	-	-
Tan Kok Aun	1,899,481	1.75	< 34,167	0.03
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 (Alternate Director to TPS)	330,000	0.30	< 50,144	0.05
			> 5,000	#

\# *Less than 0.01%*

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

> *Shares held by 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 12 September 2013

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	548	0.00
100 – 1,000	217	177,649	0.16
1,001 – 10,000	1,353	4,300,996	3.97
10,001 – 100,000	234	6,871,406	6.33
100,001 – 5,424,394	59	44,609,432	41.12
5,424,395 – and above	5	52,527,869	48.42
Total	**1,879**	**108,487,900**	**100.00**

MAGNI-TECH INDUSTRIES BERHAD
(Company No. 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 Sixteenth Annual General Meeting of the Company to be held at Berjaya 1, 7th Floor, Georgetown City Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Friday, 25 October 2013 at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	Approval of Audited Financial Statements & Reports of Directors and Auditors thereon		
2	Re-election of Tan Poay Seng as Director		
3	Re-election of Tan Kok Aun as Director		
4	Re-election of Mawan Noor Aini Binti Md Ismail as Director		
5	Payment of a final tax exempt dividend of 3 Sen per share and a special single tier dividend of 5 Sen per share		
6	Payment of Directors' Fees		
7	Re-appointment of Grant Thornton as auditors at a remuneration to be fixed by Director		
8	Authority for Directors to Allot and Issue Shares		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		
10	Continuing in Office as Independent Non-Executive Director		
11	Proposed Articles Amendments		

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 ____________________, 2013.

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

Fold Here

Stamp

To,

THE COMPANY SECRETARY
MAGNI-TECH INDUSTRIES BERHAD (422585-V)
51-21-A MENARA BHL BANK
JALAN SULTAN AHMAD SHAH
10050 PENANG

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