MAGNI-TECH INDUSTRIES BERHAD

(Company No. 422585-V)

(Incorporated in Malaysia)

Annual Report 2014

CONTENTS

Corporate Information

Board of Directors

Executive Chairman	Tan Sri Dato' Seri Tan Kok Ping
Managing Director	Tan Poay Seng
Executive Director	Tan Kok Aun
Non-Independent Non-Executive Directors	H'ng Cheok Seng Tan Thiam Chai
Independent Non-Executive Director	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
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

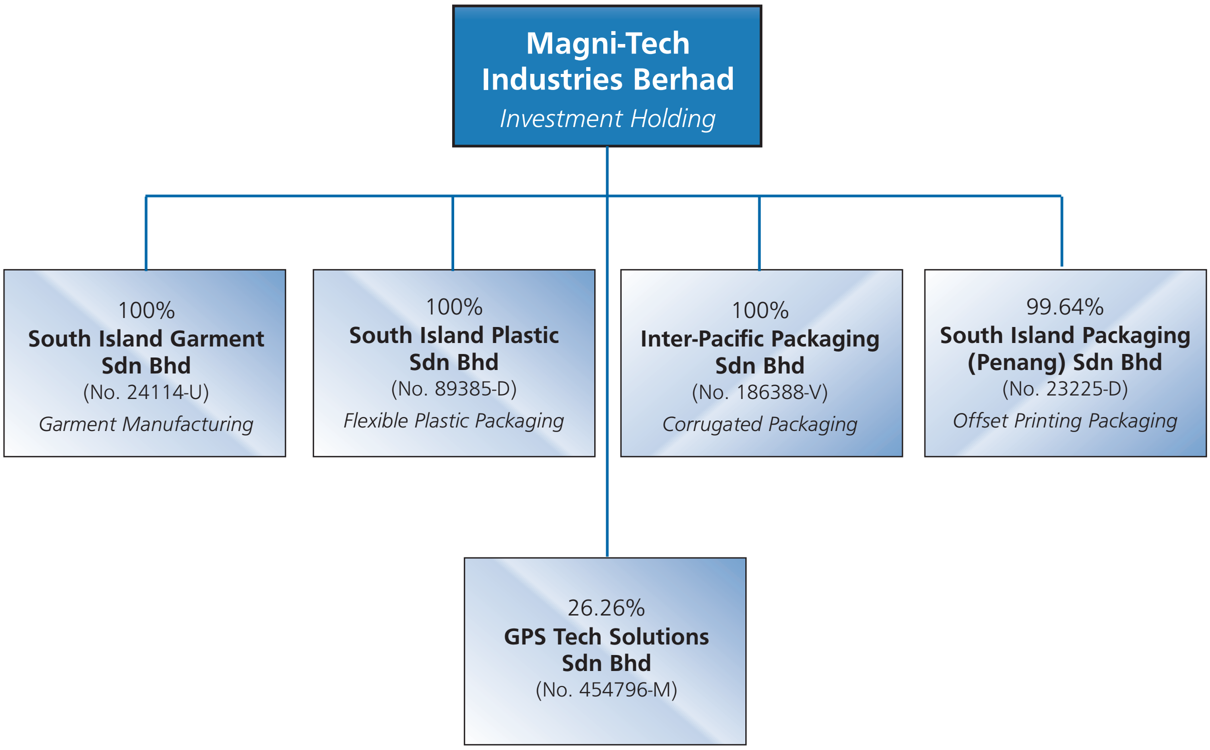
Listed on Second Board, Bursa Malaysia on 18 April 2000
Transfer to Main Market on 8 April 2003
Sector : Consumer Products
Stock Short Name : Magni
Stock Number : 7087

Date and Place of Incorporation

Incorporated in Malaysia on 12 March 1997

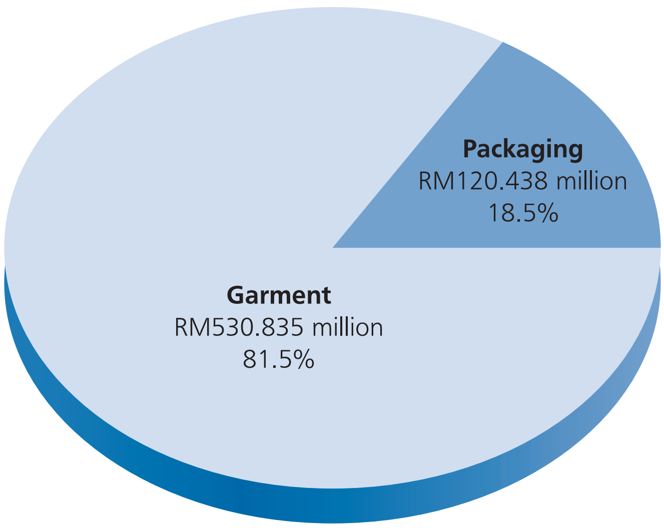
Corporate Structure

Subsidiaries and Associate as at 15 September 2014



Revenue by Segment

for the financial year ended 30 April 2014



Related Index:
Details of subsidiaries and associate : Pages 61 to 63
Further Segment information : Pages 78 to 82

Financial Highlights

Operating Results (RM000)	30-4-2010	30-4-2011	30-4-2012	30-4-2013	30-4-2014
Revenue	376,717	443,657	534,123	565,817	651,273
Profit before Tax	21,798	23,259	40,818	48,014	55,412
Profit after Tax	16,496	17,260	30,582	35,832	41,951

Key Financial Position Highlights (RM000)	30-4-2010	30-4-2011	30-4-2012	30-4-2013	30-4-2014
Total Assets	193,157	211,621	240,504	271,661	305,098
Paid Up Share Capital	103,575	103,600	108,488	108,488	108,488
Reserves					
Retained Profits	40,219	49,707	73,921	94,563	122,410
Share Premium and Other Reserves	3,070	3,886	3,881	3,880	3,986
Shareholders' Equity	146,864	157,193	186,290	206,931	234,884

Key Financial Indicators	30-4-2010	30-4-2011	30-4-2012	30-4-2013	30-4-2014
Return on Shareholders' Equity	11.2%	11.0%	16.4%	17.3%	17.9%
Return on Total Assets	8.5%	8.2%	12.7%	13.2%	13.8%
Gearing Ratio	0.0007	-	-	-	-
Net Assets Per Share (RM)	1.42	1.52	1.72	1.91	2.17
Basic Earnings Per Share (Sen)	15.9	16.7	28.4	33.0	38.7
Gross Dividend Per Share (Sen)	6 & 3 TE	8	8 & 3 TE	8 TE & 5 ST	8 TE & 5 ST
Net Dividend Per Share (Sen)	6	8	11	13	13
Net Dividend Yield	5.0%	6.0%	8.4%	7.7%	4.8%
Price Earning (PE) Ratio	7.5	8.0	4.6	5.1	6.9
Share Price as at the financial year end (RM)	1.20	1.33	1.31	1.68	2.69

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 68, 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 all 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 48, 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 65, 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 38 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 56, 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.

Tan Thiam Chai

Non-Independent Non-Executive Director
Appointed to the Board on 7-1-2009
Aged 56, Malaysian
Fellow member of the Association of Chartered Certified Accountants (UK)
and member of the Malaysian Institute of Accountants.
Occupation : Company Director

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

Currently, he is the Chief Financial Officer of Berjaya Corporation Berhad and the Executive Director of both Berjaya Land Berhad and Berjaya Assets Berhad. He also holds directorships in Cosway Corporation Limited, Taiga Building Products Limited (Listed in Toronto Stock Exchange, Canada), Cosway Corporation Berhad, Berjaya Food Berhad, Indah Corporation Berhad, 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 67, 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

Profile of Directors (cont'd)

Mawan Noor Aini Binti Md. Ismail (cont'd)

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 57, 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 31 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.

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 and passed away on 20 August 2014
Aged 57, 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 was also the Executive Chairman of Keltrade Sdn Bhd.

He attended 3 out of 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.

Related Index:
Directors' remuneration : Pages 73 and 74
Related party disclosures : Pages 83 and 84

Notice of Annual General Meeting

Notice is hereby given that the 17th 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 Wednesday, 8 October 2014 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 2014 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To re-elect Tan Sri Dato' Seri Tan Kok Ping, a director who retires by rotation in accordance with Article 94(1) of the Company's Articles of Association and who, being eligible, offer himself for re-election. **Resolution 2**

3. To re-elect Mr H'ng Cheok Seng, a director who retires by rotation in accordance with Article 94(1) of the Company's Articles of Association and who, being eligible, offer himself for re-election. **Resolution 3**

4. 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 2014. **Resolution 4**

5. To approve the payment of Directors' fees for the financial year ended 30 April 2014. **Resolution 5**

6. 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 6**

As Special Business:

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

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

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

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

"That, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for the day-to-day operations of the Company and its subsidiaries as specified in Section 2.1 of the Company's Circular to Shareholders dated 15 September 2014 ("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."

9. 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.

Notice of Annual General Meeting (cont'd)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 17th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 30 September 2014. Only a depositor whose name appears on the Record of Depositors as at 30 September 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board,

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

Penang
Date: 15 September 2014

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

   As at the date of notice of meeting, no new shares 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 8, is to enable the Company and its subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day to day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information on the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 15 September 2014, dispatched together with the Company's Annual Report for the financial year ended 30 April 2014.

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 24 October 2014 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 6 November 2014 to depositors who are registered in the Record of Depositors of the Company on 24 October 2014.

By Order of the Board,

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

Penang
Date: 15 September 2014

Chairman's Statement

On behalf of the Board of Directors, it is once again my pleasure to present the Annual Report for the year ended 30 April 2014 ("the financial year").

Macro Environment

The global economy improved at a modest rate last year and continues to be characterized by political uncertainty and economic volatility. Several emerging economies are grappling with slowing growth, inflation, currency devaluations and high deficits. In general, the impact of this slowdown is being felt on consumer sentiment locally and across advanced and emerging economies.

Industry Review

The Group is primarily engaged in the manufacturing of garments for export, which accounted for 82% of the Group's revenue for the financial year, and a wide range of flexible plastic packaging, corrugated packaging products and offset printing packaging products which are primarily for the local market.

The major challenges facing the garment industry continue to include rising costs as well as increased competition from emerging economies such as China and India and other countries with lower labour and production costs. Likewise, the packaging industries continue to experience intense competition under the excess supply situation and rising operating costs.

Factors such as the implementation of minimum wage scheme in January 2014, electricity tariff hikes and rising inflation have affected our overall gross margin in Malaysia.

Group's Performance

Despite challenging conditions, the Group achieved a commendable set of results in terms of both revenue and profits. Revenues rose by 15.1% to RM651.273 million while profit before tax (PBT) increased by 15.4% year-on-year to RM55.412 million.

During the financial year, the Group continued to drive sales volume and with the continuous support of our valued customers, revenue from garment segment rose by 17.0% in spite of the slower demand in garment consumptions in the major importing countries. Likewise, revenue from packaging business improved by 7.3%.

PBT for the financial year increased by 15.4% mainly attributed to higher revenue and productivity, aided by higher other operating income and investment related income.

The Group's net assets per share as at the financial year end stood at RM2.17 as compared to RM1.91 in 2013. The financial position remains healthy with zero gearing as at the end of the financial year.

Chairman's Statement (cont'd)

Operations

The key factors that affect the operating performance include mainly labour costs, other operating costs and the product demand for garment segment ; plastic and paper related raw material costs, operating costs and the product demand for packaging business.

Our strategy for garment business is to continue deepening the business partnership with our key customers in order to procure higher orders particularly those of more sophisticated and higher value-added ones.

As for packaging segment, we will continue to focus on consumables, food and beverage, healthcare related products and pharmaceuticals which are not only recession proof but also have higher value-added.

Lean management efforts and strict cost discipline are engaged in our operational processes to mitigate the impact of cost inflation.

The Group will continue with its drive for higher productivity by focusing on product innovation, processing streamlining, human resources and skills development, and reinvestment in new machineries. The Group will also invest in upgrading the information system to provide sophisticated tracking and support decision making.

We believe that the ability to adapt to changing conditions coupled with continuous improvement is never ending processes necessary for success with our customers.

Going Forward

The Group maintains a cautious outlook for the next financial year ending 30 April 2015 amid the global economic uncertainty. However, both the garment and packaging businesses are expected to remain profitable for the next financial year.

The Group will remain steadfast to its prudent strategies but nevertheless it is open to any new opportunities which 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 (2013 : 8 Sen) 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 (2013 : 13 Sen net per share) which are equivalent to 33.6% (2013 : 39.4%) of the profit attributable to owners of the Company.

Chairman's Statement (cont'd)

Appreciation

I would like to extend our sincere appreciation to the Management and Staff for their dedication and hard work and to extend our sincere thanks to all our stakeholders for their continued support and co-operation.

We are truly saddened by the demise of our Non-Executive Director Datuk Noor Zahidi bin Omar on 20 August 2014. On behalf of the Board, I wish to convey our deepest condolences to his family members and at the same time record our appreciation for his valuable contributions to the Company during his term of service.

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's 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 currently has 6 members, 3 of whom are Executive Directors, 1 of whom is Independent Non-Executive Director whilst the remaining 2 are Non-Independent Non-Executive Directors.

The vacancy which arose on the Board due to the demise of Datuk Noor Zahidi bin Omar on 20 August 2014 will be filled within three months. Upon filling this vacancy for independent director, the Board will have 2 Independent Non-Executive Directors and comply 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 23 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 complied 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 21 and 22 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 during the financial year was:

1) Chairman - Datuk Noor Zahidi Bin Omar (Independent Non-Executive Director, passed away on 20 August 2014)
2) Member - Mawan Noor Aini Binti Md. Ismail (Independent Non-Executive Director)
3) Member - H'ng Cheok Seng (Non-Independent Non-Executive Director)

The NC met once during the financial year. All the members of the NC were present at the said meeting. For the financial year, the NC assessed and made recommendations to the Board with regards to the re-election of directors retiring by rotation, the composition of the Board.

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.

The composition of RC during the financial year was:

1) Chairman - Datuk Noor Zahidi Bin Omar (Independent Non-Executive Director, passed away on 20 August 2014)
2) Member - Mawan Noor Aini Binti Md. Ismail (Independent Non-Executive Director)
3) Member - Tan Poay Seng (Managing Director)

The RC met once during the financial year. All the members of the RC were present at the said meeting.

The category, amount of directors' remuneration and the number of Directors whose total remunerations falls into each successive band of RM50,000 are disclosed in Note 24 to the financial statements.

The vacancies in both the NC and RC due to the demise of Datuk Noor Zahidi Bin Omar will be filled within 3 months.

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 if it is so determined that the expertise and experience of a non-independent director is still relevant to the Company.

As at 15 September 2014, none of the independent director has served more than a cumulative term of nine years, or for which the independent director would be designated as an Non-Independent Director after the said 9 years of service, or to be officially re-elected by shareholders in general meetings.

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 so that no one individual has unfettered powers of decision.

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 is of the view that the Chairman will remain objective in expressing his views and will allow all Board Members the opportunity to participate and express their views in deliberations and decision making in the Board. Hence 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 2014, the Board held 4 meetings and the details of each Director's attendance are set out on pages 5 to 7 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 2014 include Tax Seminar on Malaysian Budget 2014, Marketing and Branding, Internal Audit Evolves, Seminar on Roles & Functions of Bank Negara Malaysia, Future of Corporate Reporting, Advocacy Sessions on Corporate Disclosure for Directors, Outreach on the new Revenue Standard, Government intervention in Business, Some Public Policy Issues, and The Capital Market-Marketplace Huddle.

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' approval 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 20 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 21 to 22 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 rights 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 11 August 2014.

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 11 August 2014.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements and pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Group for the financial year ended 30 April 2014.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement was made in accordance with a resolution of the Board of Directors dated 11 August 2014.

Audit Committee's Report

The members of the Audit Committee ("AC") during the financial year were as follows:

Chairman	:	Datuk Noor Zahidi Bin Omar	(Independent Non-Executive Director, passed away on 20 August 2014)
Members	:	Mawan Noor Aini Binti Md. Ismail	(Independent Non-Executive Director)
		H'ng Cheok Seng	(Non-Independent Non-Executive Director)

The vacancy in AC due to the demise of Datuk Noor Zahidi bin Omar will be filled within 3 months in accordance with Para 15.19 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Terms of Reference

Membership

The AC 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 AC 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 AC 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;
      iv) compliance with applicable financial reporting standards and regulatory requirements; and
   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 AC Report at the end of each financial year.

Procedure

The AC 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 AC Meetings held during the Financial year

There were 5 meetings held during the financial year. All the members of the AC were present at the said 5 meetings.

Summary of Activities of the AC held during the Financial Year

The AC met 5 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.

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 AC'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 AC. Audit reports that were presented to the AC were also forwarded to the management concerned for their attention and necessary actions.

The internal audit costs incurred during the financial year was RM20,660.

Statement on Directors' Responsibility

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 and 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 2014. 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 2014, the Group donated about RM620,990 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 RM12,500.

Variation of Results

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

Profit Guarantee

There was no profit guarantee received by the Company during the financial year.

Material Contracts or Contract Relating to Loans

During the financial year, other than those disclosed in Note 30 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 25 October 2013. The said Mandate is subject to renewal at the forthcoming Annual General Meeting. Details of such transactions are disclosed in Note 30 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 2014

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 2014.

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 for the year	41,951,155	6,794,451
Attributable to:		
Owners of the parent	41,950,054	6,794,451
Non-controlling interests	1,101	-
	41,951,155	6,794,451

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 2014 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 had paid the following dividends:

(i) Final tax exempt dividend of 3 sen per share and a special single tier dividend of 5 sen per share amounting to RM8,679,032 in respect of the financial year ended 30 April 2013 as proposed in the directors' report of that year; and

(ii) An interim tax exempt dividend of 5 sen per share amounting to RM5,424,395 in respect of the financial year ended 30 April 2014.

Directors' Report
for the financial year ended 30 April 2014 (cont'd)

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 amounting to RM8,679,032 in respect of the financial year ended 30 April 2014 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 2015.

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 1.5.13	**Bought**	**Sold**	**Balance at 30.4.14**
The Company				
Direct Interest:				
Tan Sri Dato' Seri Tan Kok Ping	7,506,527	-	(2,481,500)	5,025,027
Tan Poay Seng	13,938,862	2,830,000	-	16,768,862
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 1.5.13	**Bought**	**Sold**	**Balance at 30.4.14**
The Company				
Indirect Interest:				
Interest of Spouse/Children of the Directors*				
Tan Sri Dato' Seri Tan Kok Ping	1,415,000	100,500	-	1,515,500
Tan Kok Aun	44,167	-	(10,000)	34,167
Chang Chuen Hwa (alternate director to Tan Poay Seng)	55,144	-	-	55,144
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 2014 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.

Directors' Report
for the financial year ended 30 April 2014 (cont'd)

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: 11 August 2014

Directors' Statement

In the opinion of the Directors, the financial statements set out on pages 33 to 92 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the supplementary information set out on page 93 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: 11 August 2014

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 33 to 92 and the supplementary information set out on page 93 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 **11th**)
day of **August 2014**.)

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 2014 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 33 to 92.

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 2014 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 on page 93 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

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. 1107/03/16 (J)
Chartered Accountant

Date: 11 August 2014

Penang

Statements of Financial Position
as at 30 April 2014

	NOTE	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	62,006,102	61,612,822	25,748	20,730
Investment property	5	116,561	124,643	-	-
Investment in subsidiaries	6	-	-	86,067,772	86,067,772
Investment in an associate	7	-	-	-	-
Investment securities	8	24,347,839	22,795,152	-	-
		86,470,502	84,532,617	86,093,520	86,088,502
Current assets					
Inventories	9	62,638,600	61,945,812	-	-
Trade and other receivables	10	84,857,877	75,650,821	42,188,646	49,408,159
Tax recoverable		143,674	252,761	41,156	9,976
Cash and bank balances	11	70,987,349	49,279,416	4,952,748	5,084,518
		218,627,500	187,128,810	47,182,550	54,502,653
TOTAL ASSETS		305,098,002	271,661,427	133,276,070	140,591,155
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	108,487,900	108,487,900	108,487,900	108,487,900
Share premium	12	3,766,446	3,766,446	3,766,446	3,766,446
Other reserves	13	220,031	113,209	15,824,999	15,824,999
Retained profits	14	122,409,826	94,563,199	5,142,786	12,451,762
		234,884,203	206,930,754	133,222,131	140,531,107
Non-controlling interests		31,779	30,678	-	-
Total equity		234,915,982	206,961,432	133,222,131	140,531,107
Non-current liabilities					
Deferred tax liabilities	15	7,101,026	7,649,882	5,000	4,000
Current liabilities					
Trade and other payables	16	60,325,555	55,080,699	48,939	56,048
Tax payable		2,755,439	1,969,414	-	-
		63,080,994	57,050,113	48,939	56,048
Total liabilities		70,182,020	64,699,995	53,939	60,048
TOTAL EQUITY AND LIABILITIES		305,098,002	271,661,427	133,276,070	140,591,155

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Income Statements
for the financial year ended 30 April 2014

	NOTE	GROUP 2014 RM	GROUP 2013 RM	COMPANY 2014 RM	COMPANY 2013 RM
Revenue	17	651,272,746	565,817,306	8,009,333	18,217,028
Cost of sales		(555,131,524)	(475,540,045)	-	-
Gross profit		96,141,222	90,277,261	8,009,333	18,217,028
Other items of income					
Interest income	18	1,751,589	925,523	153,375	182,957
Dividend income	19	1,915,927	1,069,032	-	-
Other income	20	3,923,864	1,595,378	-	-
Other items of expense					
Administrative expenses		(38,496,306)	(36,552,706)	(822,239)	(859,490)
Selling and distribution expenses		(9,277,252)	(8,782,544)	-	-
Finance costs	21	(547,368)	(518,271)	(529)	(276)
Profit before taxation	22	55,411,676	48,013,673	7,339,940	17,540,219
Taxation	25	(13,460,521)	(12,181,397)	(545,489)	(1,280,323)
Profit for the year		41,951,155	35,832,276	6,794,451	16,259,896
Profit attributable to:					
Owners of the Company		41,950,054	35,830,483	6,794,451	16,259,896
Non-controlling interests		1,101	1,793	-	-
		41,951,155	35,832,276	6,794,451	16,259,896
Earnings per share attributable to owners of the Company (sen per share)					
- Basic/Diluted	26	38.7	33.0		

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 30 April 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Profit for the year	41,951,155	35,832,276	6,794,451	16,259,896
Other comprehensive income/(loss), net of tax:				
Items that will be reclassified subsequently to profit or loss:				
Net gain/(loss) on available-for-sale financial assets				
- Gain on fair value changes	106,822	1,460	-	-
- Transfer to profit or loss upon disposal	-	(2,777)	-	-
Other comprehensive income/(loss) for the year	106,822	(1,317)	-	-
Total comprehensive income for the year	42,057,977	35,830,959	6,794,451	16,259,896
Total comprehensive income attributable to:				
Owners of the Company	42,056,876	35,829,166	6,794,451	16,259,896
Non-controlling interests	1,101	1,793	-	-
	42,057,977	35,830,959	6,794,451	16,259,896

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 30 April 2014

		|------ Attributable to owners of the Company				------|	
			|--- Non-distributable	---|	Distributable			
	NOTE	Share Capital RM	Share Premium RM	Other Reserves RM	Retained Profits RM	Total RM	Non-Controlling Interests RM	Total Equity RM
2014								
Balance at beginning		108,487,900	3,766,446	113,209	94,563,199	206,930,754	30,678	206,961,432
Total comprehensive income for the year		-	-	106,822	41,950,054	42,056,876	1,101	42,057,977
Transaction with owners:								
Dividends	27	-	-	-	(14,103,427)	(14,103,427)	-	(14,103,427)
Balance at end		108,487,900	3,766,446	220,031	122,409,826	234,884,203	31,779	234,915,982
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
Transactions with owners:								
Dividend	27	-	-	-	(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

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 30 April 2014

	NOTE	Share Capital RM	Share Premium RM	Other Reserve RM	Retained Profits RM	Total Equity RM
			|—— Non-distributable ——|		Distributable	
2014						
Balance at beginning		108,487,900	3,766,446	15,824,999	12,451,762	140,531,107
Total comprehensive income for the year		-	-	-	6,794,451	6,794,451
Transaction with owners:						
Dividends	27	-	-	-	(14,103,427)	(14,103,427)
Balance at end		108,487,900	3,766,446	15,824,999	5,142,786	133,222,131
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
Transactions with owners:						
Dividends	27	-	-	-	(15,188,306)	(15,188,306)
Balance at end		108,487,900	3,766,446	15,824,999	12,451,762	140,531,107

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2014

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	55,411,676	48,013,673	7,339,940	17,540,219
Adjustments for:				
Bad debts	-	9,136	-	-
Depreciation	5,560,330	5,470,305	8,584	37,742
Dividend income	(1,915,927)	(1,069,032)	(7,373,333)	(17,581,028)
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	(111,827)	(212,604)	-	-
Impairment loss on trade receivables	253,902	69,425	-	-
Impairment loss on investment securities	83,399	-	-	-
Interest income	(1,751,589)	(925,523)	(153,375)	(182,957)
Net fair value gain on available-for-sale financial asset realised upon disposal	-	(2,777)	-	-
Property, plant and equipment written off	33,058	22,551	112	-
Reversal of impairment losses on trade receivables	(40,940)	(31,342)	-	-
Unrealised loss/(gain) on foreign exchange	336,179	(191,618)	-	-
Operating profit/(loss) before working capital changes	57,858,261	51,076,118	(178,072)	(186,024)
Increase in inventories	(692,788)	(8,857,276)	-	-
Increase in receivables	(9,846,629)	(12,992,468)	(11,403)	(4,500)
Increase/(Decrease) in payables	5,328,483	10,190,852	(7,109)	(61,851)
Cash generated from/(used in) operations	52,647,327	39,417,226	(196,584)	(252,375)
Income tax paid	(13,339,401)	(12,138,940)	(82,336)	(34,571)
Income tax refund	225,136	4,934	-	-
Net cash from/(used in) operating activities/Balance carried forward	39,533,062	27,283,220	(278,920)	(286,946)

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2014 (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Balance brought forward	39,533,062	27,283,220	(278,920)	(286,946)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,749,315	913,675	153,375	182,957
Net change in subsidiaries balances	-	-	7,230,916	(1,206,659)
Net dividend received	1,886,663	1,037,750	6,880,000	16,383,306
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	540,800	212,900	-	-
Purchase of investment securities	(1,500,000)	(2,500,000)	-	-
Purchase of property, plant and equipment	(6,407,559)	(4,321,943)	(13,714)	(6,794)
Net cash (used in)/from investing activities	(3,730,781)	(3,188,947)	14,250,577	15,352,810
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(14,103,427)	(15,188,306)	(14,103,427)	(15,188,306)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	21,698,854	8,905,967	(131,770)	(122,442)
Effects of changes in exchange rates on cash and bank balances	9,079	(3,131)	-	-
CASH AND BANK BALANCES AT BEGINNING	49,279,416	40,376,580	5,084,518	5,206,960
CASH AND BANK BALANCES AT END	70,987,349	49,279,416	4,952,748	5,084,518

The notes set out on pages 40 to 92 form an integral part of these financial statements.

Notes to the Financial Statements
- 30 April 2014

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 11 August 2014.

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 requirements of 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

2. BASIS OF PREPARATION (cont'd)

2.2 Basis of measurement (cont'd)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

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 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations ("IC Int") and Amendments to IC Int

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial year except for the adoption of the following new MFRSs, amendments/ improvements to MFRSs, IC Int and amendments to IC Int that are mandatory for the current financial year:

Amendments to MFRSs effective 1 July 2012

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

MFRSs and IC Int 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)

2. BASIS OF PREPARATION (cont'd)

2.4 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

MFRSs and IC Int effective 1 January 2013 (cont'd)

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

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company except for the following:

MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current period. MFRS 13 established a single source of guidance and disclosure for fair value measurements. The scope of MFRS 13 is broad. The fair value measurement requirements of MFRS 13 apply to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of MFRS 2 Share-based Payment, leasing transaction that are within the scope of MFRS 117 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective application from 1 January 2013. In addition, specific transition provisions were given to entities such that they need not apply the disclosure requirements set out in the MFRS 13 in comparative information provided for periods before the initial application of the MFRS 13. In accordance with these transitional provisions, the Group has not made any new disclosures required by MFRS 13 for the comparative period. Other than the additional disclosures, the application of MFRS 13 did not have any material impact on the amounts recognised in the Group's and in the Company's financial statements.

2. BASIS OF PREPARATION (cont'd)

2.4 Adoption of New MFRSs, Amendments/Improvements to MFRSs, IC Interpretations ("IC Int") and Amendments to IC Int (cont'd)

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

The Group and the Company adopted amendments to MFRS 101 on 1 May 2013. The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified or recycled to profit or loss at a future point in time have to be presented separately from items that will not be reclassified or recycled to profit or loss at a future point in time. The amendments affect presentation only and have no impact on the Group's and the Company's financial position or performance.

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 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 and IC Int effective for financial periods beginning on or after 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
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to	
MFRS 119	Defined Benefit Plans: Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

Effective date yet to be confirmed

Amendments to	
MFRS 7	Financial Instrument: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (2009,2010)
MFRS 9	Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon adoption.

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 20 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 following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below.

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.

The Group adopted MFRS 10 Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns through its power over the entity. In the previous financial years, control exists when the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. However, the adoption of MFRS 10 has no significant impact to the financial statements of the Group for the current financial year.

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.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and their carrying amount is recognised in profit or loss.

(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.

For new acquisitions, 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 either 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(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 former subsidiary from the consolidated statement of financial position. 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.

(v) 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 associate is 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 cost of the investment includes transaction costs. 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, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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 the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(v) Associate (cont'd)

Investment in associate 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 the investment includes transaction costs.

(vi) Non-controlling interests

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.

(vii) 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.

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

3.2 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Property, Plant and Equipment (cont'd)

Long leasehold land is in respect of land with remaining lease period in excess of fifty years whilst short leasehold land refers to land with remaining lease period of less than fifty years, both determined as at the reporting date.

Depreciation on capital expenditure in progress commences when the assets are ready for their intended use.

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.

3.3 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.

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 3.2 up to the date of change in use.

3.4 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases (cont'd)

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.

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.

3.5 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Impairment of Non-Financial Assets (cont'd)

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.

3.6 Financial Instruments

3.6.1 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.

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.

3.6.2 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Financial Instruments (cont'd)

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

Financial assets (cont'd)

(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 are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

3.6.3 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Financial Instruments (cont'd)

3.6.3 Financial guarantee contracts (cont'd)

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.

3.6.4 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.

3.7 Impairment of Financial Assets

All financial assets (except for investment in subsidiaries and investment in an associate) 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Impairment of Financial Assets (cont'd)

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.

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.

3.8 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.

3.9 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.

3.10 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)

3.11 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.

3.12 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.

3.13 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

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 which the unutilised tax incentive can be utilised.

3.15 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 translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Foreign Currency (cont'd)

Foreign currency translations (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge or currency risk, which are recognised in other comprehensive income.

3.16 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.17 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.

3.18 Share Capital, Share Issuance Expenses and Dividends

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.

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

2014	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	Capital expenditure in progress RM	Total RM
At cost									
Balance at beginning	6,679,133	31,893,726	630,000	3,767,253	78,886,483	16,101,134	9,547,883	-	147,505,612
Additions	-	3,897	-	-	1,449,283	1,174,442	1,358,906	2,421,031	6,407,559
Disposals	-	-	-	-	(121,000)	-	(844,487)	-	(965,487)
Written off	-	-	-	-	(613,054)	(1,147,865)	(116,613)	-	(1,877,532)
Balance at end	6,679,133	31,897,623	630,000	3,767,253	79,601,712	16,127,711	9,945,689	2,421,031	151,070,152
Accumulated depreciation									
Balance at beginning	-	9,255,909	188,582	866,955	56,845,743	11,371,164	7,364,437	-	85,892,790
Current charge	-	637,947	7,739	87,524	2,658,894	1,269,559	890,585	-	5,552,248
Disposals	-	-	-	-	(86,573)	-	(449,941)	-	(536,514)
Written off	-	-	-	-	(612,972)	(1,114,890)	(116,612)	-	(1,844,474)
Balance at end	-	9,893,856	196,321	954,479	58,805,092	11,525,833	7,688,469	-	89,064,050
Carrying amount	6,679,133	22,003,767	433,679	2,812,774	20,796,620	4,601,878	2,257,220	2,421,031	62,006,102
2013									
At cost									
Balance at beginning	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)
Balance at end	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									
Balance at beginning	-	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)
Balance at end	-	9,255,909	188,582	866,955	56,845,743	11,371,164	7,364,437	-	85,892,790
Carrying amount	6,679,133	22,637,817	441,418	2,900,298	22,040,740	4,729,970	2,183,446	-	61,612,822

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

COMPANY

	Office equipment and renovation RM	Motor vehicles RM	Total RM
2014			
At cost			
Balance at beginning	302,510	568,667	871,177
Additions	13,714	-	13,714
Written off	(45,271)	-	(45,271)
Balance at end	270,953	568,667	839,620
Accumulated depreciation			
Balance at beginning	281,780	568,667	850,447
Current charge	8,584	-	8,584
Written off	(45,159)	-	(45,159)
Balance at end	245,205	568,667	813,872
Carrying amount	25,748	-	25,748
2013			
At cost			
Balance at beginning	295,716	568,667	864,383
Additions	6,794	-	6,794
Balance at end	302,510	568,667	871,177
Accumulated depreciation			
Balance at beginning	273,297	539,408	812,705
Current charge	8,483	29,259	37,742
Balance at end	281,780	568,667	850,447
Carrying amount	20,730	-	20,730

Notes to the Financial Statements
- 30 April 2014 (cont'd)

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

(i) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, the cost of which amounted to **RM45,495,618** (2013: RM46,692,347) and **RM792,595** (2013: RM814,765) respectively.

(ii) As at 30 April 2014, a parcel of freehold land of a subsidiary with carrying amount of **RM100,000** (2013: RM100,000) is in the process of being transferred to the name of the subsidiary.

(iii) Included in the capital expenditure in progress of the Group is the full cost of a leasehold land amounting to **RM2,158,012** acquired during the financial year under review, of which the land title is yet to be transferred to the name of the subsidiary.

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

	2014 RM	2013 RM
Freehold land	2,555,000	2,555,000
Buildings	12,467,945	14,227,169
Long leasehold land	-	350,309
Short leasehold land	2,628,570	2,710,713
Plant and machinery, electrical and piping installations	4,798,724	5,052,367
Office furniture, fittings, equipment and renovation	3,961,328	3,987,171
Motor vehicles	1,523,031	1,361,860
	27,934,598	30,244,589

5. INVESTMENT PROPERTY

	GROUP	
	2014 RM	2013 RM
At cost	223,654	223,654
Accumulated depreciation		
Balance at beginning	99,011	81,929
Current charge	8,082	17,082
Balance at end	107,093	99,011
Carrying amount	116,561	124,643

The investment property comprises leasehold building held by a subsidiary and leased to a third party (Note 28 (b)).

5. INVESTMENT PROPERTY (cont'd)

The amounts recognised in profit or loss are as follows:

	2014 RM	2013 RM
Rental income from rental generating property	88,000	156,000
Direct operating expenses arising from rental generating property	22,110	30,675

Fair value information

Fair value of investment property is categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM
2014			
Leasehold building	-	1,200,000	-

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair value of the leasehold building has been generally derived based on directors' estimation by using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2014 RM	2013 RM
Unquoted shares, at cost	86,067,772	86,067,772

6. INVESTMENT IN SUBSIDIARIES (cont'd)

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

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2014	2013	
	%	%	
South Island Garment Sdn. Bhd.	100	100	Manufacturing and sales of garments.
Inter-Pacific Packaging Sdn. Bhd.	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	Manufacturing and distribution of inner packaging boxes for industrial and commercial uses.
* South Island Plastics Sdn. Bhd.	100	100	Manufacturing and distribution of flexible plastic packaging materials for industrial and commercial uses.

* Not audited by Grant Thornton.

7. INVESTMENT IN AN ASSOCIATE

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Unquoted shares, at cost - in Malaysia	5,870,000	5,870,000	5,870,000	5,870,000
Share of post-acquisition reserves	(3,186,149)	(3,186,149)	-	-
	2,683,851	2,683,851	5,870,000	5,870,000
Less: Accumulated impairment losses	(2,683,851)	(2,683,851)	(5,870,000)	(5,870,000)
	-	-	-	-

7. INVESTMENT IN AN ASSOCIATE (cont'd)

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

Name of Associate	Effective Equity Interest		Principal Activities
	2014	2013	
	%	%	
GPS Tech Solutions Sdn. Bhd. ("GPS Tech")	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 2014 at the end of the reporting period was RM3,432,592 (2013: RM3,064,614), of which RM367,978 (2013: RM395,313) was the share of current year's losses. The Group has no obligation in respect of these losses.

8. INVESTMENT SECURITIES

	GROUP	
	2014 RM	2013 RM
Available-for-sale financial assets:		
- Shares quoted in Malaysia, at fair value	1,391,258	1,379,993
Less: Impairment loss	(83,399)	-
	1,307,859	1,379,993
- Quoted unit trusts, at fair value	5,220,031	3,595,210
	6,527,890	4,975,203
- Unquoted shares, at cost	17,819,949	17,819,949
	24,347,839	22,795,152
Market value of:		
- Shares quoted in Malaysia	1,307,859	1,379,993
- Quoted unit trusts	5,220,031	3,595,210

Notes to the Financial Statements
- 30 April 2014 (cont'd)

9. INVENTORIES

	GROUP	
	2014	2013
	RM	RM
Raw materials	12,841,259	13,269,449
Work-in-progress	47,844,769	46,698,355
Finished goods	1,558,025	1,476,183
Consumables, tools and spare parts	394,547	501,825
	62,638,600	61,945,812

During the financial year, the inventories recognised in profit or loss as cost of sales is **RM555,131,524** (2013: RM475,540,045).

10. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	RM	RM	**RM**	RM
Trade receivables (Note 10.1)				
Third parties	83,315,296	73,298,215	-	-
Less: Allowance for impairment	(782,835)	(569,873)	-	-
Trade receivables, net	82,532,461	72,728,342	-	-
Other receivables				
Sundry receivables	380,176	298,610	-	-
Refundable deposits	280,677	288,479	5,775	5,675
Non-refundable deposits	4,500	20,322	4,500	4,500
Prepayments	1,660,063	2,315,068	11,302	-
Amount due from subsidiaries (Note 10.2)	-	-	42,167,069	49,397,984
	84,857,877	75,650,821	42,188,646	49,408,159

10. TRADE AND OTHER RECEIVABLES (cont'd)

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

	2014 RM	2013 RM
Ringgit Malaysia	34,066,674	33,936,050
US Dollar	45,078,074	23,215,746
Chinese Renminbi	5,355,395	18,140,491
Singapore Dollar	357,734	348,334
Others	-	10,200
	84,857,877	75,650,821

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

10.1 Trade receivables

Included herein is an amount of RM809 (2013: RM96,511) 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 (2013: 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:

	2014 RM	2013 RM
Balance at beginning	569,873	561,622
Current year	253,902	69,425
Reversal of impairment loss	(40,940)	(31,342)
Written off	-	(29,832)
Balance at end	782,835	569,873

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.

Notes to the Financial Statements
- 30 April 2014 (cont'd)

11. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Cash on hand and at bank	5,120,950	2,605,577	74,971	56,741
Deposits with licensed banks:				
- fixed deposits	47,851,399	44,760,339	4,877,777	5,027,777
- short term placements	18,015,000	1,913,500	-	-
	70,987,349	49,279,416	4,952,748	5,084,518

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

	2014 RM	2013 RM
Ringgit Malaysia	51,148,715	47,867,502
US Dollar	19,446,802	1,349,362
Other	391,832	62,552
	70,987,349	49,279,416

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:

	GROUP	
	2014	2013
Interest rates of:		
- fixed deposits	2.10% to 3.24%	3.10% to 3.30%
- short term placements	0.08% to 2.90%	0.14% to 2.50%
Maturities of:		
- fixed deposits	1 to 3 months	1 to 3 months
- short term placements	2 to 7 days	2 to 7 days

	COMPANY	
	2014	2013
Interest rates of fixed deposits	3.08% to 3.15%	3.10% to 3.13%
Maturities of fixed deposits	1 to 3 months	1 to 3 months

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares of RM1 each 2014	2013	Amount 2014 RM	2013 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
Balance at beginning/end	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.

13. OTHER RESERVES

	GROUP 2014 RM	2013 RM
Fair value reserve		
Balance at beginning	113,209	114,526
Other comprehensive income		
Gain on fair value changes in available-for-sale financial assets	106,822	1,460
Net gain on available-for-sale financial assets transfer to profit or loss upon disposal	-	(2,777)
	106,822	(1,317)
Balance at end	220,031	113,209

13. OTHER RESERVES (cont'd)

	COMPANY	
	2014 RM	2013 RM
Capital reserve	15,824,999	15,824,999

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.

14. RETAINED PROFITS

As at 31 December 2013, the remaining Section 108 balance of the Company has expired upon reaching the six-year transitional period. Accordingly, the Company may distribute single tier dividends subject to the availability of retained profits effective 1 January 2014.

15. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Balance at beginning	7,649,882	7,604,102	4,000	9,862
Transfer (to)/from profit or loss	(250,856)	86,977	1,000	(6,000)
	7,399,026	7,691,079	5,000	3,862
(Over)/Under provision in prior year	(298,000)	(41,197)	-	138
Balance at end	7,101,026	7,649,882	5,000	4,000

15. DEFERRED TAX LIABILITIES (cont'd)

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

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
- Property, plant and equipment	7,256,026	7,708,882	5,000	4,000
- Unabsorbed tax losses	(103,000)	(5,000)	-	-
- Others	(52,000)	(54,000)	-	-
	7,101,026	7,649,882	5,000	4,000

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Trade payables (Note 16.1)				
Third parties	52,392,750	46,835,460	-	-
Other payables (Note 16.2)				
Sundry payables	2,936,743	3,128,225	14,279	25,548
Accruals	4,996,062	5,117,014	34,660	30,500
	7,932,805	8,245,239	48,939	56,048
	60,325,555	55,080,699	48,939	56,048

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

	2014 RM	2013 RM
Ringgit Malaysia	18,361,375	19,498,521
US Dollar	41,924,663	35,554,899
Singapore Dollar	39,517	27,279
	60,325,555	55,080,699

16. TRADE AND OTHER PAYABLES (cont'd)

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

16.1 Trade payables

Included herein are the followings:

(i) An amount of **RM31,061,618** (2013: RM24,982,239) due to a company in which the Group has financial interests; and

(ii) An amount of **RM19,920** (2013: RM4,030) 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 120 days (2013: 30 to 90 days) credit terms.

16.2 Other payables

Included herein is an amount of RM5,150 (2013: RM20,784) due to companies in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.

17. REVENUE

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Sale of goods	651,272,746	565,817,306	-	-
Gross dividend income from unquoted subsidiaries	-	-	7,373,333	17,581,028
Management fee from subsidiaries	-	-	636,000	636,000
	651,272,746	565,817,306	8,009,333	18,217,028

18. INTEREST INCOME

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

Notes to the Financial Statements
- 30 April 2014 (cont'd)

19. DIVIDEND INCOME

	GROUP	
	2014	2013
	RM	RM
Dividend income from:		
Available-for-sale financial assets		
- Shares quoted in Malaysia	75,265	94,532
- Unquoted shares outside Malaysia	1,840,662	974,500
	1,915,927	1,069,032

20. OTHER INCOME

	GROUP	
	2014	2013
	RM	RM
Freight charges claim from vendors	-	490,893
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	111,827	212,604
Insurance claim	77,151	45,245
Miscellaneous	16,652	52,576
Net fair value gain on available-for-sale financial asset realised upon disposal	-	2,777
Realised gain on foreign exchange	3,615,234	559,207
Rental income from:		
- Rental generating investment property	88,000	156,000
- Others	15,000	-
	3,923,864	1,595,378

21. FINANCE COSTS

Finance costs comprise of only bank and commission charges incurred.

22. PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
After charging/(crediting):				
Auditors' remuneration				
- Company's auditors				
- statutory audit	60,000	63,000	15,000	15,000
- other services	3,000	3,000	3,000	3,000
- Other auditors				
- statutory audit				
- current year	34,000	33,000	-	-
- under provision in prior year	1,000	-	-	-
- other services	11,660	17,920	11,660	17,920
Bad debts	-	9,136	-	-
Depreciation of:				
- property, plant and equipment (Note 4)	5,552,248	5,453,223	8,584	37,742
- investment property (Note 5)	8,082	17,082	-	-
Employee benefits expense (Note 23)	56,935,735	53,105,684	159,432	150,576
Impairment loss on investment securities (Note 8)	83,399	-	-	-
Impairment loss on trade receivables (Note 10)	253,902	69,425	-	-
Net foreign exchange (gain)/loss:				
- realised	(3,615,234)	(271,810)	-	-
- unrealised	336,179	(191,618)	-	-
Non-executive directors' remuneration (Note 24)	126,000	126,000	126,000	126,000
Operating leases - minimum lease payments for:				
- land and buildings	575,327	864,219	144,133	141,889
- plant and machinery	51,820	44,127	-	-
Property, plant and equipment written off	33,058	22,551	112	-
Reversal of impairment losses on trade receivables (Note 10)	(40,940)	(31,342)	-	-

23. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Wages and salaries	53,109,529	49,448,950	135,725	127,000
Contributions to defined contribution plan	2,975,580	2,724,281	17,609	16,513
Social security contributions	303,997	276,079	1,240	1,240
Other benefits	546,629	656,374	4,858	5,823
	56,935,735	53,105,684	159,432	150,576

Included in employee benefits expense of the Group is executive directors' remuneration amounting to **RM8,692,869** (2013: RM9,050,693) as further disclosed in Note 24.

24. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Directors of the Company:				
Executive:				
Salary and allowances	2,034,000	2,023,000	-	-
Bonus and incentive	5,214,126	5,584,000	-	-
Defined contribution plan	746,080	770,490	-	-
Fees	60,000	60,000	-	-
Other emoluments	1,683	1,683	-	-
	8,055,889	8,439,173	-	-
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	170,000	150,000	-	-
Defined contribution plan	70,980	65,520	-	-
	636,980	611,520	-	-
Benefits-in-kind	19,100	19,100	-	-
	656,080	630,620	-	-

24. DIRECTORS' REMUNERATION (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Total directors' remuneration	8,818,869	9,176,693	126,000	126,000
Estimated money value of benefits-in-kind	19,100	19,100	-	-
Total directors' remuneration including benefits-in-kind	8,837,969	9,195,793	126,000	126,000
Total directors' remuneration:				
Executive directors' remuneration	8,692,869	9,050,693	-	-
Non-executive directors' remuneration	126,000	126,000	126,000	126,000
Estimated money value of benefits-in-kind	19,100	19,100	-	-
	8,837,969	9,195,793	126,000	126,000

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

	2014		2013	
	RM	%	RM	%
Salary, fee and other benefits	3,003,843	34.0	2,935,713	31.9
Bonus and performance incentive	5,834,126	66.0	6,260,080	68.1
	8,837,969	100	9,195,793	100

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

	Number of Directors	
	2014	2013
Executive directors:		
RM200,001 – RM250,000	1	1
RM400,001 – RM450,000	1	1
RM2,550,001 – RM2,600,000	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

25. TAXATION

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Malaysian income tax:				
Based on results for the year				
- Current tax	(14,087,129)	(12,109,778)	(535,000)	(1,262,000)
- Deferred tax				
Relating to the origination and reversal of temporary differences	255,604	(86,977)	(967)	6,000
Changes in tax rate	(4,748)	-	(33)	-
	250,856	(86,977)	(1,000)	6,000
	(13,836,273)	(12,196,755)	(536,000)	(24,323)
Under/(Over) provision in prior year				
- Current tax	77,752	(25,839)	(9,489)	(24,185)
- Deferred tax	298,000	41,197	-	(138)
	375,752	15,358	(9,489)	(24,323)
	(13,460,521)	(12,181,397)	(545,489)	(1,280,323)

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

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Profit before taxation	55,411,676	48,013,673	7,339,940	17,540,219
Income tax at Malaysian statutory tax rate of 25%	(13,852,919)	(12,003,418)	(1,834,985)	(4,385,055)
Effects of:				
Income not subject to tax	552,785	332,211	1,350,000	3,197,536
Expenses not deductible for tax purposes	(533,560)	(527,983)	(50,982)	(68,481)
Expenses allowable for double deductions	2,169	2,435	-	-
Changes in tax rate	(4,748)	-	(33)	-
	(13,836,273)	(12,196,755)	(536,000)	(1,256,000)
Over /(Under) provision in prior year	375,752	15,358	(9,489)	(24,323)
	(13,460,521)	(12,181,397)	(545,489)	(1,280,323)

25. TAXATION (cont'd)

The corporate tax rate will be reduced to 24% from the year of assessment 2016 as announced in the Malaysian Budget 2014. Consequently, deferred tax assets and liabilities are measured using this tax rate.

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

	2014 RM	2013 RM
GROUP		
Unabsorbed tax losses	413,000	20,000
Unutilised reinvestment allowance	2,623,000	2,817,000
	3,036,000	2,837,000

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

26. 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 Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2014	2013
Profit attributable to owners of the Company (RM)	41,950,054	35,830,483
Weighted average number of ordinary shares of RM1 each	108,487,900	108,487,900
Basic earnings per share (sen)	38.7	33.0

(b) **Diluted earnings per share**

Diluted earnings per share (sen)	38.7	33.0

The Group does not have any diluted potential ordinary shares as at the end of the reporting period.

27. DIVIDENDS

	GROUP AND COMPANY			
	2014		2013	
	Net dividend per share (sen)	**Net dividend RM**	Net dividend per share (sen)	Net dividend RM
In respect of financial year ended 30 April 2014:				
- An interim tax exempt dividend of 5 sen per share	5	5,424,395	-	-
In respect of financial year ended 30 April 2013:				
- A final tax exempt dividend of 3 sen per share and a special single tier dividend of 5 sen per share	8	8,679,032	-	-
- 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
	13	14,103,427	14	15,188,306

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 amounting to RM8,679,032 in respect of the financial year ended 30 April 2014 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 2015.

28. LEASE COMMITMENTS

(a) 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	
	2014 RM	2013 RM
Not later than 1 year	68,800	106,700
Later than 1 year and not later than 5 years	-	7,000
	68,800	113,700

(b) 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	
	2014 RM	2013 RM
Not later than 1 year	180,000	-
Later than 1 year and not later than 5 years	105,000	-
	285,000	-

Rental income from rental generating investment property recognised in profit or loss during the financial year is as disclosed in Note 20.

29. 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.

29. SEGMENT INFORMATION (cont'd)

(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.

Notes to the Financial Statements
- 30 April 2014 (cont'd)

29. 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
2014				
Revenue				
External customers	120,438,345	530,834,401	-	651,272,746
Inter-segment	158,384	-	(158,384)	-
Total revenue	120,596,729	530,834,401	(158,384)	651,272,746
Results				
Segment results	5,762,326	46,529,202	-	52,291,528
Interest income	594,133	1,157,456	-	1,751,589
Dividend income	-	1,915,927	-	1,915,927
Operating profit				55,959,044
Finance costs				(547,368)
Profit before taxation				55,411,676
Taxation				(13,460,521)
Profit for the year				41,951,155
Assets				
Segment assets	101,371,019	203,583,309	-	304,954,328
Unallocated assets				
Tax recoverable				143,674
Total assets				305,098,002
Liabilities				
Segment liabilities	12,618,902	47,706,653	-	60,325,555
Unallocated liabilities				
Tax and deferred tax liabilities				9,856,465
Total liabilities				70,182,020
Other segment information				
Depreciation	2,689,298	2,871,032	-	5,560,330
Capital expenditure	1,446,852	4,960,707	-	6,407,559
Non-cash (income)/expenses other than depreciation and amortisation	224,983	328,788	-	553,771

Notes to the Financial Statements
- 30 April 2014 (cont'd)

29. SEGMENT INFORMATION (cont'd)

By business segments

2013	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
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)

29. 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 RM507,084,101 (2013: RM430,436,847), 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, European Countries, China, Other Asian Countries and South America.

	Total revenue - sales to external customers		Non-current assets	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Malaysia	120,043,000	109,545,695	57,946,851	57,119,992
Vietnam	-	-	3,267,024	3,558,067
United States of America	150,144,785	232,443,439	-	-
European Countries	150,969,899	142,001,733	-	-
China	50,767,745	25,669,017	908,788	1,059,406
Other Asian Countries	77,067,408	44,002,932	-	-
South America	53,104,404	-	-	-
Others*	49,175,505	12,154,490	-	-
	651,272,746	565,817,306	62,122,663	61,737,465

* Others mainly refer to countries such as Mexico, Australia and Canada.

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:

	2014 RM	2013 RM
Property, plant and equipment	62,006,102	61,612,822
Investment properties	116,561	124,643
	62,122,663	61,737,465

30. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company, if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making any financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The Group has related party relationship with its subsidiaries, key management personnel and those companies as disclosed in Note 30 (b).

(b) 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	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Sales of finished goods to companies in which certain directors have interests:				
- Yong Guan Heng & Co. Sdn. Bhd.	227,026	399,590	-	-
- South Island Building Sdn. Bhd.	8,186	-	-	-
Purchase of goods and services from companies in which certain directors have interests:				
- Induscor Supplies (M) Sdn. Bhd.	235,108	177,663	-	-
- Pen'ads (M) Sdn. Bhd.	6,780	19,779	4,660	5,177
- Yong Guan Heng & Co. Sdn. Bhd.	19,575	-	-	-

30. RELATED PARTY DISCLOSURES (cont'd)

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Rental of premises paid and payable to companies in which certain directors have interests:				
- South Island Building Sdn. Bhd.	6,000	5,200	-	-
- Induscor Supplies (M) Sdn. Bhd.	12,600	8,600	-	-
- 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	121,732,610	91,323,025	-	-
Gross dividends from subsidiaries	-	-	7,373,333	17,581,028
Management fees from subsidiaries	-	-	636,000	636,000

(c) Compensation of key management personnel

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

	GROUP		COMPANY	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Short-term employee benefits	8,692,303	9,348,423	126,000	126,000
Defined contribution plan	932,752	942,090	-	-
	9,625,055	10,290,513	126,000	126,000
Analysed as:				
- Directors	8,818,869	9,176,693	126,000	126,000
- Other key management personnel	806,186	1,113,820	-	-
	9,625,055	10,290,513	126,000	126,000

31. FINANCIAL INSTRUMENTS

31.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:
(i) Available-for-sale financial assets ("AFS");
(ii) Loans and receivables ("L&R"); and
(iii) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	AFS RM	L&R RM	FL RM
GROUP				
2014				
Financial assets				
Investment securities	24,347,839	24,347,839	-	-
Trade and other receivables	83,193,314	-	83,193,314	-
Cash and bank balances	70,987,349	-	70,987,349	-
	178,528,502	24,347,839	154,180,663	-
Financial liabilities				
Trade and other payables	60,325,555	-	-	60,325,555
2013				
Financial assets				
Investment securities	22,795,152	22,795,152	-	-
Trade and other receivables	73,315,431	-	73,315,431	-
Cash and bank balances	49,279,416	-	49,279,416	-
	145,389,999	22,795,152	122,594,847	-
Financial liabilities				
Trade and other payables	55,080,699	-	-	55,080,699
COMPANY				
2014				
Financial assets				
Other receivables	42,172,844	-	42,172,844	-
Cash and bank balances	4,952,748	-	4,952,748	-
	47,125,592	-	47,125,592	-
Financial liabilities				
Other payables	48,939	-	-	48,939

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of Financial Instruments (cont'd)

COMPANY	Carrying amount RM	AFS RM	L&R RM	FL RM
2013				
Financial assets				
Other receivables	49,403,659	-	49,403,659	-
Cash and bank balances	5,084,518	-	5,084,518	-
	54,488,177	-	54,488,177	-
Financial liabilities				
Other payables	56,048	-	-	56,048

31.2 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.

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.

31.3 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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Credit risk (cont'd)

31.3.1 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 ongoing 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:

	2014 RM	2013 RM
Not past due	64,808,898	53,488,679
Past due 0 - 30 days	8,378,830	8,098,574
Past due 31 - 60 days	4,666,049	6,078,946
Past due more than 60 days	4,687,684	5,062,143
	17,723,563	19,239,663
Individually impaired	782,835	569,873
	83,315,296	73,298,215

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.

Receivables that are past due but not impaired

The Group has trade receivables of RM17,723,563 (2013: RM19,239,663) 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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Credit risk (cont'd)

31.3.1 Trade receivables (cont'd)

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:

	2014		2013	
	RM	**% of total**	RM	% of total
By country:				
Malaysia	31,618,025	38.3	30,758,692	42.3
Vietnam	44,540,964	54.0	33,304,739	45.8
Singapore	5,187,195	6.3	2,897,184	4.0
Japan	605,531	0.7	-	-
Indonesia	357,734	0.5	348,334	0.5
Thailand	89,596	0.1	285,436	0.4
China and Hong Kong	71,550	0.1	3,947,393	5.4
United States of America	33,847	0.0	1,170,452	1.6
Canada	28,019	0.0	16,112	0.0
	82,532,461	100.0	72,728,342	100.0
By industry sectors:				
Manufacturing and sales of:				
- packaging materials	32,148,374	39.0	31,427,794	43.2
- garments	50,384,087	61.0	41,300,548	56.8
	82,532,461	100.0	72,728,342	100.0

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 (2013: 1 customer) representing 60% (2013: 51%) 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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Credit risk (cont'd)

31.3.2 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.

31.4 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.

31.5 Interest rate risk

The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in short term deposits with licensed banks.

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

31.6 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 cash equivalents 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").

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Foreign currency risk (cont'd)

The Group uses forward foreign currency contracts to manage some of the transactions exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward foreign currency contracts are used to hedge the sales denominated in USD for which firm commitments existed at the end of the reporting period, maturing in May 2014.

The Group has not recognised any gain or loss arising from the fair value changes to the derivative instruments as the effect is negligible. The amount of the forward foreign currency contracts outstanding as at the end of the reporting period is USD1,830,000 (2013: USD Nil).

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				
2014				
Trade and other receivables	45,078,074	5,355,395	357,734	-
Cash and bank balances	19,446,802	-	-	391,832
Trade and other payables	(41,924,663)	-	(39,517)	-
Net exposure	22,600,213	5,355,395	318,217	391,832
2013				
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

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 (reduced)/increased 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.

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	GROUP	
	2014	2013
	RM	RM
USD	(2,260,021)	1,098,979
RMB	(535,540)	(1,814,049)
SGD	(31,822)	(32,106)
Others	(39,183)	(7,275)
Reduce in profit before taxation	(2,866,566)	(754,451)

31.7 Fair value information

The carrying amounts of the Group's and the Company's cash and bank balances, short term receivables and payables as at the end of the reporting period approximate their fair values due to their short-term nature.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares which is categorised as available-for-sale investment due to the lack of comparable quoted price in an active market and the fair value cannot be reliably measured.

The table below analyses the fair value of financial instruments together with their respective carrying amounts shown in the statement of financial position.

	Fair value of financial instruments				Carrying
	Level 1	Level 2	Level 3	Total	amount
	RM	RM	RM	RM	RM
GROUP					
2014					
Financial assets					
Quoted shares and unit trusts	6,527,890	-	-	6,527,890	6,527,890
2013					
Financial assets					
Quoted shares and unit trusts	4,975,203	-	-	4,975,203	4,975,203

31. FINANCIAL INSTRUMENTS (cont'd)

31.7 Fair value information (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical quoted shares and unit trusts that the entity can access at the measurement date.

32. 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 shareholder's 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. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The capital structure of the Group consists of equity attributable to owners of the Company, excluding fair value reserve, details of which are disclosed in Note 12 and Note 14 to the financial statements.

The Group is not subject to any externally imposed capital requirements by its lenders.

33. CONTINGENT LIABILITY (UNSECURED)

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. There is no indication of any additional tax liabilities to be raised by the IRB and as at the end of the reporting period, the examination has yet to be finalised.

Supplementary Information

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	
	2014 RM	2013 RM	**2014 RM**	2013 RM
Total retained profits of the Company and its subsidiaries				
- Realised	159,125,424	131,490,373	5,147,786	12,455,762
- Unrealised	(7,437,205)	(7,649,882)	(5,000)	(4,000)
	151,688,219	123,840,491	5,142,786	12,451,762
Less: Consolidation adjustments	(29,278,393)	(29,277,292)	-	-
Total retained profits as per statements of financial position	122,409,826	94,563,199	5,142,786	12,451,762

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 @30-4-2014 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	24	8,103
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 Factory	99 years Leasehold expiring on 28-9-2071	31	206
	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	24	1,745
	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	18	2,345
	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	14	245
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	34	1,751
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	26	9,398

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 @30-4-2014 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	24	7,303
	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	24	252
	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	24	324

(^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 19 August 2014

	Shareholders	No. of Shares	% Shareholding
1.	Tan Poay Seng	16,768,862	15.46
2.	KP Holdings Sdn Bhd	14,149,639	13.04
3.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Juara Sejati Sdn Bhd	13,200,000	12.17
4.	Kamarudin Bin Jaffar (Dato')	7,209,007	6.64
5.	Berjaya Sompo Insurance Berhad	5,260,000	4.85
6.	Tan Kok Ping (Tan Sri Dato' Seri)	5,025,027	4.63
7.	Amsec Nominees (Tempatan) Sdn Bhd Pledged securities account – AmBank (M) Berhad for Berjaya Group Berhad	5,000,000	4.61
8.	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Berjaya Group Berhad	3,500,000	3.23
9.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Fabulous Channel Sdn Bhd	2,550,000	2.35
10.	Lee Yuit Eow	2,349,400	2.17
11.	Berjaya Group Berhad	2,015,600	1.86
12.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Tengku Adnan bin Tengku Mansor (Datuk Seri)	1,890,000	1.74
13.	Tan Kok Aun	1,819,481	1.68
14.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged securities account for for Berjaya Group Berhad (Prime Credit)	1,500,000	1.38
15.	Tan Poay Teik	1,100,500	1.01
16.	South Island Holdings Sdn. Bhd.	719,940	0.66
17.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Arsam bin Damis	699,500	0.64
18.	South Island Development Company Sdn. Berhad	602,300	0.56
19.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tekun Asas Sdn Bhd	550,000	0.51
20.	Leading Builders Sdn Bhd	501,000	0.46
21.	Lim Pei Tiam @ Liam Ahat Kiat	500,000	0.46
22.	Tang Chin Hong	440,000	0.41
23.	South Island Building Sdn Bhd	420,000	0.39
24.	Tan Kok Pooh	410,142	0.38
25.	Lee Yuit Eow	379,600	0.35
26.	Phneah Hooi Lan	378,000	0.35
27.	Lee Yuit Eow	373,100	0.34
28.	Chai Yuen Choy	369,500	0.34
29.	Tan Su Chin (Dato')	366,223	0.34
30.	Seow Siew Chin	351,500	0.32
	Total	**90,398,321**	**83.33**

Substantial Shareholders and Directors' Shareholdings
as at 19 August 2014

Substantial Shareholders as at 19 August 2014 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	5,025,027	4.63	(1) 14,149,639	13.04
KP Holdings Sdn Bhd ("KPSB")	14,149,639	13.04	-	-
Tan Poay Seng	16,768,862	15.46	-	-
Dato' Kamarudin Bin Jaffar	7,209,007	6.64	-	-
Juara Sejati Sdn Bhd ("JSSB")	13,200,000	12.17	-	-
Berjaya Group Berhad ("BGB")	12,015,600	11.08	(2) 18,460,000	17.02
Berjaya Corporation Berhad ("BCB")	-	-	(3) 30,475,600	28.09
Tan Sri Dato' Seri Vincent Tan Chee Yioun	-	-	(4) 30,475,600	28.09

Notes:

(1) *Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through KPSB.*

(2) *Deemed interested by virtue of its 100% equity interest in JSSB and its deemed interest in Berjaya Sompo Insurance Berhad ("BSIB").*

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

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

Directors' Shareholdings as at 19 August 2014

	Direct		Indirect (>)(<)	
Name	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	5,025,027	4.63	^ 14,149,639	13.04
			> 1,515,500	1.40
Tan Poay Seng ("TPS")	16,768,862	15.46	-	-
Tan Kok Aun	1,819,481	1.68	< 34,167	0.03
H'ng Cheok Seng	270,000	0.25	-	-
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	#
Datuk Noor Zahidi Bin Omar (Passed away on 20-8-2014)	50,000	0.05	-	-

\# *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 19 August 2014

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	12	448	0.00
100 – 1,000	316	257,049	0.24
1,001 – 10,000	1,523	5,065,596	4.67
10,001 – 100,000	260	7,584,579	6.99
100,001 – 5,424,394	57	44,252,720	40.79
5,424,395 – and above	4	51,327,508	47.31
Total	**2,172**	**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 17th 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 Wednesday, 8 October 2014 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 Sri Dato' Seri Tan Kok Ping as Director		
3	Re-election of H'ng Cheok Seng as Director		
4	Payment of Dividend		
5	Payment of Directors' Fees		
6	Re-appointment of Grant Thornton as auditors at a remuneration to be fixed by Director		
7	Authority for Directors to Allot and Issue Shares		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

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 ______________________, 2014.

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.
7. Only a depositor whose name appears on the Record of Depositors as at 30 September 2014 (General Meeting Record of Depositors) shall be eligible to attend, vote and speak at the meeting or appoint proxies to attend, vote and speak on his/her behalf.

* Strike out whichever is not desired.

Fold Here

Stamp

To,

THE COMPANY SECRETARY

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

51-21-A MENARA BHL BANK

JALAN SULTAN AHMAD SHAH

10050 PENANG

Fold Here