MAGNI-TECH INDUSTRIES BERHAD

(Company No. 422585-V)

(Incorporated in Malaysia)

Annual Report 2016

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

Annual Report 2016

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 Dato' Rosely Bin Samsuri
Independent Non-Executive Directors	Mawan Noor Aini Binti Md. Ismail Tan Poh Heng
Alternate Directors	Chang Chuen Hwa *(Alternate Director to Tan Poay Seng)* Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin *(Alternate Director to Dato' Rosely Bin Samsuri)*

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
AmBank (M) Berhad

Stock Exchange Listing

Main Board, Bursa Malaysia
Sector : Consumer Products
Stock Short Name : Magni
Stock Number : 7087

Date and Place of Incorporation

Incorporated in Malaysia on 12 March 1997

Corporate Structure

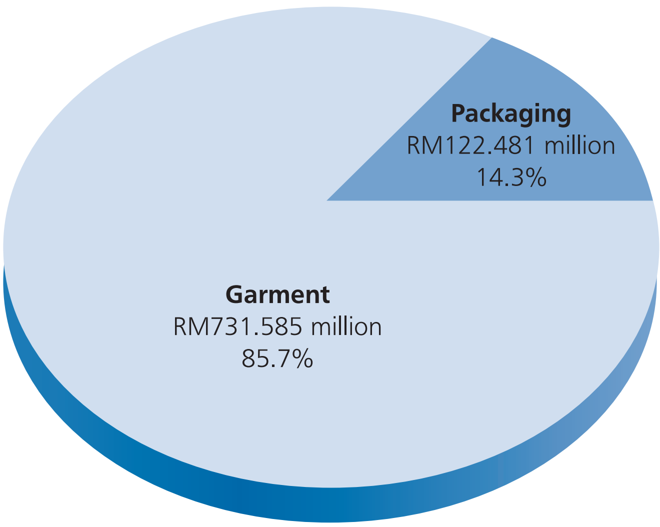
Subsidiaries as at 15 August 2016

Magni-Tech Industries Berhad
Investment Holding

- 100% **South Island Garment Sdn Bhd** (No. 24114-U) *Garment Manufacturing*
- 100% **South Island Plastics Sdn Bhd** (No. 89385-D) *Flexible Plastic Packaging*
- 100% **Inter-Pacific Packaging Sdn Bhd** (No. 186388-V) *Corrugated Packaging*
- 99.64% **South Island Packaging (Penang) Sdn Bhd** (No. 23225-D) *Inner Packaging*

Revenue by Segment

for the financial year ended 30 April 2016



Related Index:
Details of subsidiaries : Note 6 of the Financial Statements
Further Segment information : Note 28 of the Financial Statements

Financial Highlights

Operating Results (RM000)	30-4-2012	30-4-2013	30-4-2014	30-4-2015	30-4-2016
Revenue	534,123	565,817	651,273	716,380	854,066
Profit before Tax	40,818	48,014	55,412	69,406	107,273
EBITDA	46,498	51,410	67,724	75,182	112,841
Profit after Tax	30,582	35,832	41,951	52,204	82,114

Key Financial Position Highlights (RM000)	30-4-2012	30-4-2013	30-4-2014	30-4-2015	30-4-2016
Total Assets	240,504	271,661	305,098	337,187	398,687
Investment Securities	21,397	22,795	24,348	63,134	53,659
Cash and Cash Equivalents	40,377	49,279	70,987	69,039	64,113

Paid Up Share Capital	108,488	108,488	108,488	108,488	162,732
Reserves					
Retained Profits	73,921	94,563	122,410	160,510	160,142
Share Premium and Other Reserves	3,881	3,880	3,986	3,767	77
Shareholders' Equity	186,290	206,931	234,884	272,765	322,951

Key Financial Indicators	30-4-2012	30-4-2013	30-4-2014	30-4-2015	30-4-2016
Return on Shareholders' Equity	16.4%	17.3%	17.9%	19.1%	25.4%
Return on Total Assets	12.7%	13.2%	13.8%	15.5%	20.6%
Net Assets Per Share (RM)	1.14	1.27	1.44	1.68	1.98
Basic Earnings Per Share (Sen)	18.8	22.0	25.8	32.1	50.5
Net Dividend Per Share (Sen)	6	8.7	8.7	10	18
Dividend Amount (RM'000)	9,764	14,103	14,103	16,273	29,292
Dividend Payout Ratio	31.9%	39.4%	33.6%	31.2%	35.7%

1) Net assets per share, basic earnings per share and net dividend per share (FYR 2012 – 2015) were restated due to bonus issue
2) Dividends for FYR 2016 includes the proposed dividend as per Resolution 5 of the Notice of AGM on page 10
3) The Company has zero gearing as at the end of the past 5 financial years

Profile of Directors

Tan Sri Dato' Seri Tan Kok Ping

Executive Chairman
Appointed to the Board of Directors (Board) on 18-2-2000
Malaysian, Aged 69, Male
Bachelor Degree in Commerce, Nanyang University Singapore
Occupation : Company Director

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

He also sits on the Board of a subsidiary of Berjaya Land Berhad as well as in several private limited companies.

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

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

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

Tan Poay Seng

Managing Director
Member of the Remuneration Committee
Appointed to the Board on 18-2-2000
Malaysian, Aged 49, Male
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 5 Board Meetings held during the FYR.

Tan Kok Aun

Executive Director
Appointed to the Board on 18-2-2000
Malaysian, Aged 67, Male
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, a 99.64% owned subsidiary of the Company. He has gathered over 40 years of experience and knowledge in the printing and packaging industry. He also sits on the Board of several private limited companies.

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

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
Malaysian, Aged 57, Male
Fellow Member, Association of Chartered Certified Accountants, UK
Occupation : Company Director

He has over 28 years' experience in financial, corporate and accounting related positions with investment holding, garment manufacturing, local and multi-national electronic manufacturing companies. Prior to his Pre-U studies, he had 6 years of audit and taxation working experience with a local public accounting firm.

He attended all the 5 Board Meetings held during the FYR.

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
Malaysian, Aged 68, Female
Master in Public Administration (Finance) from University of Southern California. and Associate member of the Malaysian Institute of Chartered Secretaries and Administrators
Occupation : Company Director

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

She attended all the 5 Board Meetings held during the FYR.

Tan Poh Heng

Independent Non-Executive Director
Chairman/Member of Audit Committee, Nominating and Remuneration Committees
Appointed to the Board on 20-11-2014
Malaysian, Aged 59, Male
Member of both the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants
Occupation : Company Director

He joined Messrs. Price Waterhouse & Co. as an Audit Assistant in May 1978 until March 1983 when he completed his professional examination and qualified as an accountant. He joined Messrs. Peat, Marwick, Mitchell & Co. as a Qualified Assistant. In January 1985, he left the accounting firm as an Audit Supervisor to join South Island Garment Sdn Bhd as a Chief Accountant. He left South Island Garment Sdn Bhd in March 2002 when he held the position of Senior General Manager.

Profile of Directors (cont'd)

Tan Poh Heng (cont'd)

He was attached to Messrs. JB Lau & Associates as the Senior Audit Manager from June 2002 to September 2003. He was the Chief Financial Officer of GPS Tech Solutions Sdn Bhd from December 2004 to August 2012. Currently he is the Financial Controller of Punch Industry Malaysia Sdn Bhd, a 100% subsidiary company of Punch Industry Co., Ltd which is a listed company in Japan.

He has also been an Independent Non-Executive Director and Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of Scope Industries Berhad since 13 May 2008.

He attended all the 5 Board Meetings held during the FYR.

Dato' Rosely Bin Samsuri

Non-Independent Non-Executive Director
Appointed to the Board on 16-2-2016
Malaysian, Aged 63, Male
Master in Business Administration (International Business) from the University of New Haven, Connecticut, USA, Bachelor of Science (Finance) from the Indiana State University, Indiana, USA, and Diploma in Accountancy from University Technology Mara, Malaysia.
Occupation : Company Director

He has been appointed as the Director of Perbadanan Nasional Berhad (PNS) since 12th May 2011. He is the Chairman of the Directors Investment Committee of PNS and a member of the Board Nomination & Remuneration Committee of PNS.

He started his career with Negara Properties Sdn. Bhd. after which he moved on to a banking and Co-Operative industry and had a vast experience in banking and finance throughout his 24 years stint with Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), whereby his last position with Bank Rakyat was as the General Manager of Corporate Services & Bank Secretary as well as the member of various Board Committees and Board Subsidiaries of Bank Rakyat. He is also a Director in Bioalpha Holdings Berhad, Ikhtiar Factoring Sdn Bhd and Neigu Engineering & Shipyard Sdn Bhd.

He attended 1 Board Meeting held from the date of his appointment to the end of the FYR.

Chang Chuen Hwa

Alternate Director to Tan Poay Seng
Appointed to the Board on 18-2-2000 and re-designated as the Alternate Director on 23-8-2008
Malaysian, Aged 59, Male
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 32 years of service with SIP, he has gained extensive knowledge of the plastic film packaging industry.

Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin

Alternate Director to Dato' Rosely Bin Samsuri
Appointed to the Board on 16-2-2016
Malaysian, Aged 51, Male
Master in Science and Corporate Communication from School of Modern Languages & Communication, Universiti Putra Malaysia (UPM), a Bachelor in Business Administration from School of Business, Royal Melbourne Institute of Technology (RMIT), and Diploma in Business Studies from Mara Institute of Technology, Malaysia.
Occupation : Managing Director

He has been appointed as the Managing Director of Perbadanan Nasional Berhad (PNS) since 1st December 2007.

He is a member of Directors Investment Committee of PNS. He was previously the Managing Director of Yayasan Tekun Nasional.

Prior to joining Yayasan Tekun Nasional, he had accumulated over 20 years of experience in banking operations, corporate management, property and information technology with a last attachment at Bank Muamalat Malaysia Berhad as a Branch Manager whereas he began his career at Bank Bumiputera Malaysia Berhad.

He had also served as a Lecturer at Universiti Tenaga Nasional (UNITEN).

Family Relationship - Directors

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 : Note 23 of the Financial Statements
Related party disclosures : Note 29 of the Financial Statements

Key Senior Management

Lee Koong Chen @ Lee Kong Chew

Malaysian, Aged 75, Male
Managing Director of Inter-Pacific Packaging Sdn Bhd (IPP),
a wholly owned subsidiary of Magni
Mechanical Engineering Degree from National Taiwan University

He was one of the pioneers in the corrugated line having more than 40 years of experience in printing and packaging. He was the Works Manager in Federal Paper Products, Shah Alam for 18 years, General Manager in Pan Asian Paper Product Sdn Bhd, Penang for 4 years and Federal Printing & Packaging Sdn Bhd for one year. He set up IPP in early 1990 and was appointed to the Board of IPP on 2 August 1993. He steered IPP to become a leader in the industrial packaging industry. He was the Executive Director of Magni from 18 February 2000 to 23 September 2008. He is currently a member of the Board of Engineers Malaysia.

Profile of Directors (cont'd)

Tang Beng Hong

Malaysian, Aged 56, Male
Group General Manager of South Island Garment Sdn Bhd (SIG),
a wholly owned subsidiary of Magni
Diploma in Accounting

He joined SIG in May 1998 as Senior Operation Manager of Vietnam Operations. He was transferred to Head Office of SIG as Assistant General Manager of Operation Division in Dec 2001. In Apr 2002, he was promoted to General Manager to oversee the entire operations and subsequently promoted to Group General Manager in Oct 2011. Before joining SIG, he worked with Liz Claiborne, Indonesia for 14 years as Quality Team Leader.

Lim Eng Chuan

Malaysian, Aged 48, Male
General Manager of SIG,
a wholly owned subsidiary of Magni
Graduate of the Association of Chartered Certified Accountants (UK)

He joined SIG as an Assistant Accountant in April 1994 and had worked his way up to Finance Manager. In May 2005, he was promoted to Assistant General Manager with his responsibilities extended to oversee certain operational aspects of SIG. He was subsequently promoted to General Manager effective October 2011. Prior to this, he had worked with a local audit firm for a period of 2 years.

Poh Seng Chit

Malaysian, Aged 54, Male
General Manager of South Island Plastics Sdn Bhd (SIP),
a wholly owned subsidiary of Magni
Chartered Accountant, Malaysian Institute of Accountants
Associate Member, Chartered Institute of Management Accountants, UK

He joined SIP as an Accountant in January 1991 and was promoted to Administrative Manager in May 1994 to oversee the finance, administration and personnel aspects of SIP. He was further promoted to Deputy General Manager in May 1999 and General Manager in May 2000. Prior to joining SIP, he was attached to a local audit firm for a period of 3 years.

Family Relationship and Other Disclosure – Key Senior Management

None of the Key Senior Management has family relationship with any Director and/or major shareholder of Magni.

None of the Key Senior Management has any conflict of interest with the Company or been convicted for any offence within the past 5 years, other than traffic offences if any.

Notice of Annual General Meeting

Notice is hereby given that the 19th 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, 28 September 2016 at 10.30 a.m. for the following purposes:-

AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 April 2016 together with the Reports of the Directors and Auditors thereon. **Please refer to Note 7**

2. To consider and if thought fit, to pass with or without modifications, the following special resolution pursuant to Section 129(6) of the Companies Act, 1965: **Resolution 1**

   "THAT Tan Sri Dato' Seri Tan Kok Ping, who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed as a director of the Company to hold office until the next Annual General Meeting of the Company."

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

4. To re-elect Cik Mawan Noor Aini Binti Md. Ismail, a director who retires by rotation in accordance with Article 94(1) of the Company's Articles of Association and who, being eligible, offers herself for re-election. **Resolution 3**

5. To re-elect Dato' Rosely Bin Samsuri, a director who retires pursuant to Article 101 of the Company's Articles of Association and who, being eligible, offers himself for re-election. **Resolution 4**

6. To approve the payment of a single tier final dividend of 3 Sen per share and a single tier special dividend of 2 Sen per share for the financial year ended 30 April 2016. **Resolution 5**

7. To approve the increase and the payment of Directors Fees for the financial year ended 30 April 2016. **Resolution 6**

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

As Special Business:

9. **Proposed Renewal of General Mandate for the Directors to Allot and Issue New Shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 8**

   "THAT, subject always to provisions of the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and the approvals of the relevant government/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Act, to allot and issue new 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 of and quotation for the additional shares to be issued."

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

"THAT, subject always to the provisions of the Companies Act, 1965 ("the Act"), the Memorandum & Articles of Association of the Company, the requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, the 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 Part A, Section 2.1 of the Company's Circular to Shareholders dated 30 August 2016 ("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 a resolution passed by the shareholders at a general meeting,

whichever is the earlier;

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 Part A, Section 2.4 of the Circular."

11. **Proposed Share Buy-Back by the Company of up to 10% of its Issued and Paid-Up Share Capital of the Company** **Resolution 10**

"That, subject always to the Companies Act, 1965 ("the Act"), Part IIIA of the Companies Regulations, 1966, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other regulatory authorities, approval be and is hereby given for the Company to purchase such number of ordinary shares of RM1.00 each in the Company ("MAGNI Shares"), as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit, necessary and expedient in the interest of the Company provided that-

(i) the maximum number of MAGNI Shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total issued and paid-up capital of the Company; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing MAGNI Shares shall not exceed the total retained profits or share premium reserve of the Company or both.

And that, upon completion of the purchase(s) of the MAGNI Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with the MAGNI Shares so purchased by the Company in the following manner:-

(a) to cancel all the MAGNI Shares so purchased; or

(b) to retain all the MAGNI Shares so purchased as treasury shares for future resale on Bursa Securities and/or for distribution as dividend to the Shareholders of the Company; or

(c) retain part of MAGNI Shares so purchased as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and/or any other regulatory authorities for the time being in force.

And that, the Directors of the Company be and are hereby empowered immediately upon the passing of this ordinary resolution until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at the Proposed Share Buy-Back was passed, at which time it will lapse unless by an ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever is the earlier.

And that, the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including the opening and maintaining of central depositories accounts under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreement, arrangement and guarantee with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any condition, modification, revaluation, variation and/or amendments (if any) as may be imposed by the relevant authorities from time to time."

12. 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 19th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 22 September 2016. Only a depositor whose name appears on the Record of Depositors as at 22 September 2016 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: 30 August 2016

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 NOTE ON ORDINARY BUSINESS

7. The Agenda 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders of the Company. Hence, the Agenda 1 is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

8. The proposed Resolution 8 is to seek a renewal of general mandate for the directors of the Company to allot and issue new shares in the Company up to an amount not exceeding 10% of the total issued and paid-up share capital of the Company for the time being for such purposes as the directors consider 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.

   The proposed renewal of general mandate for issuance 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.

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

9. The proposed Resolution 9, is to enable the Company and its subsidiaries to enter into recurrent transactions involving the interest 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 the 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 30 August 2016, dispatched together with the Company's Annual Report for the financial year ended 30 April 2016.

10. The proposed Resolution 10, is to give the Directors of the Company authority to purchase the Company's shares up to 10% of the issued and paid-up share capital of the company by utilising the funds allocated which shall not exceed the retained profits and share premium of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next Annual General Meeting. Further information on the Proposed Share Buy-Back is set out in Part B of the Circular to Shareholders dated 30 August 2016, dispatched together with the Company's 2016 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT a Single Tier Final Dividend of 3 Sen per share and a Single Tier Special Dividend of 2 Sen per share for the financial year ended 30 April 2016, if approved, will be paid on 28 October 2016 to shareholders registered in the Record of Depositors of the Company on 13 October 2016.

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 13 October 2016 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.

By Order of the Board,

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

Penang

Date: 30 August 2016

Statement Accompanying Notice of Annual General Meeting

(Pursuant To Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Securities)

ELECTION OF DIRECTORS

There are no individuals who are standing for election as directors at the forthcoming 19th Annual General Meeting of the Company.

GENERAL MANDATE FOR ISSUANCE OF SHARES

The Resolution 8 tabled under Special Business as per the Notice of 19th Annual General Meeting of the Company dated 30 August 2016 is a renewal of general mandate pursuant to Section 132D of the Companies Act, 1965 granted from shareholders of the Company at the last Annual General Meeting held on 23 October 2015.

The renewal of general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 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.

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

Chairman's Statement

On behalf of the Board of Directors, I am delighted to present you the Annual Report for the financial year ended 30 April 2016 ("FYR").

Business Segment

The Group is primarily engaged in the manufacturing of garments for export, which accounted for 85.7% of the Group's revenue for the FYR, and a wide range of flexible plastic packaging, corrugated and offset printing packaging products which are primarily for the local market.

Overall Group's Performance

The Group continued to perform commendably amid continuing uncertainties surrounding the lackluster local and global economies. Group revenue and profit before tax (PBT) for the FYR soared 19.2% to RM854.066 million and 54.6% to RM107.273 million respectively vis-à-vis last year. Net profit for the FYR saw a 57.3% jump to RM82.114 million surpassing its previous year record of RM52.204 million.

To put things into perspective, Group revenue and PBT have increased significantly recording a 5-year compound annual growth of 14.0% and 35.8% respectively.

Garment Performance

Our garment arm has remained as the key contributor to the Group's overall performance. This segment achieved a strong growth in both the revenue and PBT for the FYR by 22.7% to RM731.585 million and by 58.2% to RM100.498 million respectively. The higher garment revenue was mainly due to favourable foreign exchange differences.

The increase in Group PBT was mainly fueled by higher garment revenue, favourable foreign exchange differences, positive results from on-going productivity improvements and vigilant cost control.

Packaging Performance

Our packaging operations managed to achieve 2.1% and 14.4% growth of revenue and PBT respectively for the FYR. The moderate increase in packaging revenue was mainly due to higher sale orders received. The higher PBT, particularly from flexible plastic packaging business was mainly driven by cost containment efforts and better productivity.

Earnings and Financial Position

The improved net profit performance for the FYR translated into a net return-on-equity of 25.4% as compared to 19.1% last year. The basic earnings per share for the FYR was 50.5 Sen versus 32.1 Sen previously.

Based on the closing share price of RM4.08 as at 15 August 2016, the price earnings ratio for the FYR comes out to be 8.1.

The net assets per share as at the end of the FYR rose as much as 17.9% to RM1.98 from RM1.68 at end of last year despite larger dividend payments. The Group is in a healthy financial position with cash balances (before other liquid investment assets) of RM64.113 million as at the end of the FYR.

Industry and Operations - Garment

Besides the product demand, labour costs and other operating costs remain to be the key factors that mainly affect the operating performance of the garment business.

There have been rapid changes in the market demand and customers' expectation in today's fashion world. Hence, skills and talent development for the workforce are of utmost importance, be it in the product development centre or other operational areas. We aspire to enlarge our pool of star employees who are able to contribute to the company's success and growth.

Continuous improvement is most effective when it becomes a natural part of the way in which the daily work is performed. Through the adoption of lean principles, efforts such as creating a more positive work environment, improvements in working conditions and work organization, process re-engineering and enhancement have also been fruitful as evidenced by increased productivity and competitiveness for garment segment.

Over the years, the Group has been blessed with the continued support of its customers in the form of sustainable sales orders in spite of the weak economic climate. We will continue to work cohesively with our customers to help them drive value, particularly to focus on more sophisticated and higher value-added products that satisfy the aesthetic senses of the ultimate buyers. We believe that these positive efforts will go a long way in strengthening the vitality and depth of our customer relationships.

Industry and Operations - Packaging

Aside from the product demand, the key factors that affect the operating performance of packaging business include mainly labour costs, other operating costs, and plastic and paper related raw material costs.

The packaging segment continues to focus on consumables, food and beverage, pharmaceuticals and healthcare related products which enjoy higher value-added, recession proof and may also ride on higher demand due to population growth.

We are also accelerating cost cuts in the face of competitive environment, coupled with rising costs which have posed a real challenge to our profitability.

Going Forward

Concerns over a potential global recession, stock market volatility, renewed declines in oil prices, Brexit's impact and other uncertainties have induced an air of caution among businesses.

The Group maintains a cautiously positive outlook for the next financial year ending 30 April 2017 amid the challenging market conditions both domestically and overseas. However, both the garment and packaging businesses are expected to remain profitable for the next financial year.

The garment industry is traditionally characterized by high intensity of labour and low intensity of capital. The implementation of minimum wage of RM1,000 effective 1 July 2016 has added to the burden of price inflation being faced by the industry operators. We hope the incremental labour cost will be mitigated by strict cost control, not discounting the fact that it may be partially passed on to our customers.

The labour cost inflation is expected to continue given the excess demand over its supply. In the long run, we have to move away from over reliance on the manual labour as one of the drivers of growth and intensify our efforts in seeking innovative solutions such as through using our high-performance sewing machines and related labor-saving devices. We will continue to invest in automation, talent and embrace technology in order to stay in the forefront of the industry.

The Group will continue to focus on its core business of garment manufacturing and to accelerate sustainable growth through organic means. With the strong net cash position, we are keeping an eye on strategic M&A opportunities in the same industry while not ruling out any diversification into other industries should opportunities arise.

For our packaging business which has been characterised by slim profit margin and potentially high capex for reinvestment, the Management will continue to optimize its packaging operations for resource productivity in order to achieve sustainable profits but remain open to new growth opportunities.

Dividends

A single tier final dividend of 3 Sen per share and a single tier special dividend of 2 Sen per share for the FYR (2015 : 5.33 Sen) has been recommended by the Board for shareholders' approval at the forthcoming 19th Annual General Meeting. Total dividends paid and proposed for the FYR amount to RM29.292 mil (2015 : RM16.273 mil), representing a 35.7% (2015 : 31.2%) payout ratio.

The net dividend per share for the FYR being 18 Sen (2015 : 10 Sen net per share – restated due to bonus issue), translating into a decent dividend yield of 4.4% p.a. based on the closing share price of RM4.08 as at 15 August 2016.

Corporate Development

The one-for-two bonus issue which increased the paid up share capital of the Company from RM108,487,900 to RM162,731,842 was completed on 12 November 2015. As at 15 August 2016, the market capitalisation of the Company appreciated sharply by 88.3% to RM663.946 million from RM352.586 million at the last financial year end.

Appreciation

It gives me great pleasure, on behalf of the Board of Directors, to express our sincere gratitude and appreciation to all shareholders, valued customers, business associates and partners for their support and co-operation throughout the year. My appreciation is also extended to fellow Directors for their invaluable advice and guidance and the Management and staff for their commitment towards ensuring success of the Group. I look forward to continued support from all stakeholders in the coming years.

I would also like to take this opportunity to extend my appreciation to Mr Tan Thiam Chai who had resigned as a Director, for his contributions to the Group and welcome Dato' Rosely Bin Samsuri and his alternate Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin to the Board.

Tan Sri Dato' Seri Tan Kok Ping
Chairman

Statement on Corporate Governance

The Board is committed in ensuring the practice of good corporate governance in the conduct of the business and affairs of the Group. This statement explains how the Group has applied 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 responsibility for the oversight and overall management of the Group and ultimately creating shareholders' value in the long run.

The duties and responsibilities of the Board include:

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

The Board delegates to the relevant Board Committees and Managing Director (MD) specific powers of the Board to ensure the effective discharge of its functions and responsibilities.

Significant matters reserved for the Board's consideration include:

(a) Approval of financial results;
(b) Declaration of dividends;
(c) Approval of directors' fees;
(d) Major capital commitments; and
(e) Material corporate or financial exercises.

The Chairman leads the Board and is responsible for the effective performance of the Board.

Supported by the Heads of the operating units, the MD is responsible for the day-to-day management of the business and operations of the Group within the policies, strategies and decisions adopted by the Board, and is accountable to the Board.

Formalized Ethical Standards through Code of Conduct

The Company's Code of Ethics (COE) provides the standard of conduct required for directors and employees regarding ethical and behavioral considerations or actions in discharging their duties and responsibilities.

The COE promotes integrity and ethical conduct in all aspects of the Group operations. The areas covered in the COE include dealings in securities, confidentiality of information, conflict of interest, bribery and corruption, gifts and dealings with business partners.

The COE can be accessed on the Company's corporate website at http://www.magni-tech.com.my.

Whistleblowing Channel

The whistleblowing channel is enable employees and others to seek advice and without fear of retaliation raise concerns or report instances of improper activities or misconduct, potential non-compliance with our COE, other corporate policies, laws and regulations.

Employees are encouraged to first discuss any compliance matters internally with their immediate superior. If such measures are not deemed to be sufficient, advice may be sought or incidents may be reported to the Managing Director office via email no. cheryl@magni-tech.com.my or csh@magni-tech.com.my.

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 32 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.

Board papers with sufficient notice are distributed to Directors before Board meetings to enable the Directors to peruse and seek additional information or obtained further explanation on matters to be deliberated.

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

Company Secretaries

The Board is supported by two competent company secretaries who are qualified to act as company secretary under Section 139A of the Companies Act 1965. The Company Secretaries are responsible for advising the Board, particularly with regard to governance matters, the Company's Memorandum and Articles of Association, Board policies and procedures, and applicable rules and regulations.

The Company Secretaries also perform other routine company secretarial duties, such as maintenance of the relevant statutory records and lodgement of forms and returns to the Companies Commission of Malaysia.

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 30 and 31 of this Annual Report.

Nominating Committee ("NC")

The NC comprises 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 FYR was:

1) Chairman - Tan Poh Heng (Independent Non-Executive Director)
2) Member - Mawan Noor Aini Binti Md. Ismail (Independent Non-Executive Director)
3) Member - H'ng Cheok Seng (Non-Independent Non-Executive Director)

The NC met twice during the FYR. All the members of the NC were present at the said meeting. NC assessed and made recommendations to the Board for re-appointments/appointment with regards to the followings:

(a) The re-election of 2 directors, namely Tan Poay Seng and Tan Thiam Chai retiring by rotation, and 1 director Mr Tan Poh Heng retiring in accordance with Article 101 of the Company's Articles of Association.

(b) The appointment of Dato' Rosely Bin Samsuri as Non-Independent Non-Executive Director and Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin as his alternate.

NC also carried out the annual assessment as follows:

(a) On effectiveness of the Board as a whole based on criteria covering area such as Board responsibilities and composition, meeting process, conduct, time commitment and Board/ management relationship.

(b) On effectiveness of the Board Committees in terms of their responsibilities, composition, process and time commitment.

(c) On contribution of individual Directors based on criteria which include responsibilities, strength, and ability to act in the best interests of the Company in decision making and the training needs.

(d) On independence of all Independence Directors based on criteria including the criteria of independence as per the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NC was satisfied with results of the above assessments.

Remuneration Committee ("RC")

The RC comprises 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 FYR was:

1) Chairman - Tan Poh Heng (Independent Non-Executive Director)
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 FYR. 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 23 of the financial statements.

The Board Diversity

The Board acknowledges the need to enhance board diversity, as it is essential to the efficient functioning of the Board and indicates good governance practices.

The Board endeavour diversification in terms of experience, skills, expertise, competencies, gender and age to enable the Group to enhance its business and governance performance. The Board encourages female candidates to take up board position in order to promote gender equality. In the event a vacancy arises, the Board will consider gender diversity in its nomination process.

Currently, there is one woman Director on the Board, namely Puan Mawan Noor Aini Binti Md. Ismail holding 14.3% of the Board's seats.

Appointment and Re-election of Directors

During the FYR, Dato' Rosely Bin Samsuri was appointed as a new Director of the Company on 16 February 2016 to replace Mr Tan Thiam Chai who resigned on 1 February 2016. On the same date, Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin was appointed the alternate Director to Dato' Rosely Bin Samsuri.

Appointments of Director to the Board shall be made and carried out based on the recommendation of the NC. The Board shall comprise members who collectively have the right mix of qualifications, skills, competencies and other complimentary attributes that will best serve the needs of the Company. Time commitment will also be obtained from a Director at the time of appointment. Additionally, All Board members should notify the Chairman of the Board before accepting any new directorship outside the Group.

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election at the Annual General Meeting ("AGM"). No Director stays in office for more than three (3) years without being subject to re-election by shareholders.

Eligible directors may seek re-election at the AGM. The NC is responsible for recommending to the Board those Directors who are eligible to stand for re-election. The recommendation is based on the reviews of their performance taking into consideration their contribution to the Board through their skills, experience, qualities and ability to act in the best interests of the Company in decision making.

Directors who are above the age of seventy (70) are statutorily required to seek re-appointment at each AGM in accordance with Section 129(2) of the Companies Act, 1965.

In July 2016, the Board approved the recommendation of the NC that the following Directors who are due to retire at the forthcoming AGM be eligible to stand for re-election :

No.	Name of Director	Type of retirement
1.	Tan Sri Dato' Seri Tan Kok Ping	Section 129(2) of Companies Act 1965
2.	Tan Kok Aun	By Rotation as per Article 94(1)
3.	Mawan Noor Aini Binti Md. Ismail	By Rotation as per Article 94(1)
4.	Dato' Rosely Bin Samsuri	As per Article 101

All the said four Directors have expressed their intention to seek re-election.

C. Reinforce Independence

Annual Assessment of Independent Directors

The Board currently has 7 members, 3 of whom are Executive Directors, 2 of whom are Independent Non-Executive Directors whilst the remaining 2 are Non-Independent Non-Executive Directors.

The Board has 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 through NC 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.

Criteria have been set to assess the independence of independent Directors which are in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 August 2016, 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 leads the board of directors in providing governance and oversight as well as guidance on strategic matters. The Chairman presides at the Board meetings and general meetings.

The Managing Director's responsibility is to focus on the business and operations of the Group, ensuring that it is run efficiently and effectively and in accordance with the strategic decisions of the Board.

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.

The presence of the Independent Directors, though not forming a majority of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board as evidenced in their contribution and participation as members of the various Board Committees.

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 FYR, the Board held 5 meetings and the details of each Director's attendance are set out on pages 5 to 7 of this Annual Report.

Directors' Training

All Directors have completed their Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board through the NC has assessed the training needs of each director and recommended the types of training programs that the Directors may attend in order to enhance their knowledge and contribution to the Board.

Details of the training programmes attended by the Directors during the FYR are as follows:

No.	Name of Director	Seminar / Training Programmes attended
1.	Tan Sri Dato' Seri Tan Kok Ping	(i) Tax Seminar on Malaysia Budget 2016 on 5 November 2015
2.	Tan Poay Seng	(i) Directors' CSR Seminar on Integrating Sustainability for Greater Business Value on 27 Aug 2015 (ii) Tax Seminar on Malaysia Budget 2016 on 5 November 2015
3.	Tan Kok Aun	(i) Tax Seminar on Malaysia Budget 2016 on 5 November 2015
4.	H'ng Cheok Seng	(i) Building Resilience on 12 November 2015 (ii) Finance Professionals' Role on 7 April 2016 (iii) Assessing the Risk of Social Media on 27 April 2016
5.	Mawan Noor Aini Binti Md. Ismail	(i) Tax Seminar on Malaysia Budget 2016 on 5 November 2015
6.	Tan Poh Heng	(i) Tax Seminar on Malaysia Budget 2016 on 5 November 2015

Save as disclosed above, Dato' Rosely Bin Samsuri was not able to attend any seminars and/or training programmes during the FYR due to his overseas travelling and busy work schedule. However, he has kept himself abreast of new regulatory requirements, economic and business developments through readings and business interactions to enable him to contribute to the Board effectively.

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 reports, 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 External Auditors have provided written assurance that they have complied with the relevant ethical requirements regarding professional independence.

The Audit Committee is satisfied with the performance, competence and independence of the external auditors and has recommended to the Board for their re-appointment as external auditor for shareholders' approval at the forthcoming AGM.

F. Recognize and Manage Risks

Framework

The Board has established an appropriate framework to manage risks. An overview of the Group's risk management and internal control is set out on pages 28 to 29 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 page 31 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 Board has established the Corporate Disclosure Policy which applies to all Directors, management and employees of the Group. It outlines the Group's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, and restrictions on insider trading. It also provide guidelines to facilitate implementation and consistent disclosure practice across the Group.

The Corporate Disclosure Policy and Procedures is made available on the Company's website at http://www.magni-tech.com.my.

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 AGM 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

In line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company will implement poll voting for all the resolutions set out in the Notice of AGM at the AGM. In addition, the Company will appoint at least 1 scrutineer to validate the votes cast at the AGM.

In previous general meetings held, the Chairman had informed 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 29 July 2016.

Statement on Risk Management and Internal Control

Responsibility

The Board affirms its overall responsibility for the Group's system of risk management and internal control. This responsibility includes reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organisational, operational and compliance controls matters. However, in view of the inherent limitations in any system, such system of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board regards risk management as an integral part of business operations and confirms that the Management will continue to undertake the process of identifying, evaluating and managing significant risks.

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

The Management is responsible for implementing the framework, policies and procedures on risk and internal control approved by the Board.

Risk Management

The Keys Aspects of the risk management are :

1) The Risk Management Teams are charged with the responsibilities of continuous and management of the risks of the Group.

2) Risk assessment review are performed at least annually to identify, assess and manage the risks faced. The risk management processes are reviewed to ensure that on-going measures taken were adequate to manage, address or mitigate the identified risks and the status is reported to the Audit Committee.

3) The Audit Committee upon receiving the risk assessment report shall review it and would inform the Directors, of any salient matters noted by the Audit Committee and which required the Board's notice or direction.

Internal Controls

The key processes of the internal control functions include the following:

1) Defined delegation of responsibilities to Board Committees, Managing Director and heads of operating units, as set out in the Company organizational structure.

2) Budgets process is established requiring all operating units to prepare budget are reviewed by the heads of the respective operating units to prepare budget on an annual basis for the Management approval. 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.

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

4) 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.

   Our garment subsidiary has been accredited to ISO9001:2015 Quality Management System and ISO14001:2015 Environmental Management System while the rest of the subsidiaries have been accredited to ISO9001 : 2008.

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

6) In house or outsourced training and development programmes which correspond to the needs of staff at all levels.

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 FYR.

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 29 July 2016.

Audit Committee's Report

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

Chairman : Tan Poh Heng (Independent Non-Executive Director)

Members : Mawan Noor Aini Binti Md. Ismail (Independent Non-Executive Director)
H'ng Cheok Seng (Non-Independent Non-Executive Director)

Membership

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

Number of AC Meetings held during the FYR

There were 6 meetings held during the FYR. All AC members were present at the said 6 meetings.

Summary of Work of the AC held during the FYR

The said AC meetings were mainly for the purpose of discharging its oversight role on the Company's financial reporting, risk management, external audit and internal audit.

Financial Reporting

1) AC reviewed the unaudited quarterly results before presenting to the Board for approval and announcement to Bursa Malaysia Securities Berhad.
2) Reviewed the draft audited financial statements for FYR 2015, before presenting to the Board for approval, with regard to the relevant disclosures and focusing on:
   (a) Consistency in adoption and application of accounting policies.
   (b) Significant audit issues.
   (c) Going concern assumption.
   (d) Compliance with applicable approved accounting standards, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other statutory requirements.
3) Reviewed the recurrent related party transactions entered into by the Group and the relevant procedures to ensure that recurrent related party transactions are undertaken on normal commercial terms and at arm's length.

Risk Management

1) Reviewed the reports prepared by the Risk Management Teams in relation to the adequacy and integrity of the risk management and internal control systems in mitigating significant risks.

External Audit

1) Reviewed with the external auditors, Grant Thornton their audit plan, audit approach and reporting requirements and proposed fee for the external audit.
2) Assessed the suitability and independence of the external auditors taking into consideration the adequacy of experience, their resources and professional staff assigned to carry out the audit.
3) Of the 6 AC meetings held during the financial year, 2 sessions were held with the external auditors without the presence of the Executive Directors and other employees of the Group.
4) Being satisfied with the performance of Grant Thornton's performance, competence and independence, AC recommended to the Board for their re-appointment as external auditors for the FYR at the relevant AGM.

Internal Audit

1) Reviewed the internal audit reports presented and ensure recommendations therefrom are acted upon by the Management.

2) Assessed and reviewed the following in respect of internal audit:
   (a) Of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
   (b) The internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action has been taken on the recommendations of the internal audit function; and
   (c) The adequacy and independence of the Company's internal audit function, and any potential weaknesses which may undermine its effectiveness.

Internal Audit Function

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

The internal auditors report directly to AC and has direct access to the Chairman of the AC on all the internal control and internal audit issues.

The AC receives reports from the internal auditors on the results of the internal audit activities performed. The AC discusses the internal audit reports to ensure recommendations from the reports are duly acted upon by the Management. The internal auditors monitor the implementation of the audit recommendations through periodic follow up.

The internal auditors adopts a risk based auditing approach in planning the audit assignments taking into consideration industry specific requirements. Significant findings, recommendations and management responses are brought to the attention of the Board.

Summary of Work of Internal Audit Function

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 operating 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 made 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. Significant findings, recommendations and management responses were brought to the attention of the Board. The internal auditors carried out periodic follow up on the implementation of the audit recommendations.

The internal audit costs incurred during the FYR was RM18,200.

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

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.

Workplace

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

The Group does not adopt any formal policy for its workforce in terms of gender, ethnic and age. The evaluation of the suitability of any candidate as a member of the workforce is solely based on the candidate's merit and suitability for the job. Equal opportunity is extended to the workforce irrespective of their gender, ethnic and age.

Community

As a responsible corporate citizen, the Group also provided financial assistance to schools and local charitable organizations. During the FYR, the Group donated about RM298,300 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 5 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 FYR.

Non-Audit Fees

The non-audit fees paid or payable to the Company's external auditors and a company affiliated to the auditors' firm during the FYR were as follows:

Non-audit fees incurred by	Amount (RM)
(a) the Company	6,030
(b) the Group	14,690

Material Contracts or Contract Relating to Loans

During the FYR, other than those disclosed in Note 29 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 AGM held on 23 October 2015. The said Mandate is subject to renewal at the forthcoming AGM. Details of such transactions are disclosed in Note 29 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 2016

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 2016**.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the subsidiaries are manufacturing and sales of garments and packaging materials.

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 financial year	**82,114,131**	**13,397,722**
Attributable to:		
Owners of the Company	**82,112,955**	**13,397,722**
Non-controlling interests	**1,176**	**-**
	82,114,131	**13,397,722**

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 2016** 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) Single tier final dividend of 3 sen per share and a single tier special dividend of 7 sen per share amounting to RM10,848,790 in respect of the financial year ended 30 April 2015 as proposed in the directors' report of that year;

(ii) A single tier interim dividend of 5 sen per share and a single tier special dividend of 3 sen per share amounting to RM13,018,547 in respect of the financial year ended 30 April 2016; and

(iii) A second single tier interim dividend of 3 sen per share and a single tier special dividend of 2 sen per share amounting to RM8,136,592 in respect of the financial year ended 30 April 2016.

DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, a single tier final dividend of 3 sen per share and a single tier special dividend of 2 sen per share amounting to RM8,136,592 in respect of the financial year ended 30 April 2016 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 2017.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company increased its issued and fully paid up share capital from RM108,487,900 to RM162,731,842 by way of bonus issue of 54,243,942 new ordinary shares of RM1 each on the basis of 1 bonus share for every 2 existing ordinary shares of RM1 each held in the Company through the capitalisation of RM3,766,446 from share premium and RM50,477,496 from retained profits. The new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

Other than the foregoing, 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
Mawan Noor Aini Binti Md. Ismail
Tan Poh Heng
Dato' Rosely Bin Samsuri (Appointed on 16.2.16)
Chang Chuen Hwa (Alternate Director to Tan Poay Seng)
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (Alternate Director to Dato' Rosely Bin Samsuri) (Appointed on 16.2.16)
Tan Thiam Chai (Resigned on 1.2.16)

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 1.5.15	Bonus Issue	Bought/ (Sold)	Balance at 30.4.16
The Company				
Direct Interest:				
Tan Sri Dato' Seri Tan Kok Ping	2,825,027	1,500,000	2,174,973	6,500,000
Tan Poay Seng	17,168,862	9,859,431	3,050,000	30,078,293
Tan Kok Aun	1,319,481	510,000	(299,481)	1,530,000
H'ng Cheok Seng	431,000	302,500	174,000	907,500
Mawan Noor Aini binti Md. Ismail	2,393	1,196	-	3,589
Chang Chuen Hwa (alternate director to Tan Poay Seng)	330,000	165,000	-	495,000
Indirect Interest:				
Interest of Spouse/Children of the Directors*				
Tan Sri Dato' Seri Tan Kok Ping	3,715,500	1,850,250	(15,000)	5,550,750
Tan Kok Aun	444,167	-	(444,167)	-
Chang Chuen Hwa (alternate director to Tan Poay Seng)	55,144	27,572	5,000	87,716
Deemed Interest:				
Tan Sri Dato' Seri Tan Kok Ping**	14,149,639	7,100,000	50,361	21,300,000

* 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 2016 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.

DIRECTORS' BENEFITS (cont'd)

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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts, 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 provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, and

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

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

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

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

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

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

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

AUDITORS

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

Signed in accordance with a resolution of the directors:

Tan Sri Dato' Seri Tan Kok Ping

Tan Poay Seng

Penang,

Date: 29 July 2016

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 42 to 100 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 2016** 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 101 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: 29 July 2016

Statutory Declaration

I, **Tan Poay Seng**, the officer primarily responsible for the financial management of **Magni-Tech Industries Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 42 to 100 and the supplementary information set out on page 101 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 **29th**)
day of **July 2016**.)

Tan Poay Seng

Before me,

Goh Suan Bee
No. P125
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 2016** 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 information as set out on pages 42 to 100.

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 2016** 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 101 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. 1107/03/18 (J)
Chartered Accountant

Date: 29 July 2016

Penang

Statements of Financial Position
as at 30 April 2016

	NOTE	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	57,151,088	58,111,188	28,298	36,111
Investment property	5	103,997	110,279	-	-
Investment in subsidiaries	6	-	-	86,067,772	86,067,772
Investment securities	7	53,659,356	63,133,792	-	-
		110,914,441	121,355,259	86,096,070	86,103,883
Current assets					
Inventories	8	115,924,691	64,051,096	-	-
Trade and other receivables	9	107,689,589	82,722,291	90,226,337	108,830,466
Current tax assets		44,899	19,302	-	5,452
Cash and bank balances	10	64,113,316	69,039,186	4,885,451	4,807,891
		287,772,495	215,831,875	95,111,788	113,643,809
TOTAL ASSETS		398,686,936	337,187,134	181,207,858	199,747,692
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	11	162,731,842	108,487,900	162,731,842	108,487,900
Share premium		-	3,766,446	-	3,766,446
Other reserves	12	77,028	-	15,824,999	15,824,999
Retained profits	13	160,141,889	160,510,359	2,550,534	71,634,237
		322,950,759	272,764,705	181,107,375	199,713,582
Non-controlling interests		33,041	31,865	-	-
Total equity		322,983,800	272,796,570	181,107,375	199,713,582
Non-current liabilities					
Deferred tax liabilities	14	6,362,314	6,547,170	7,000	8,000
Current liabilities					
Trade and other payables	15	63,445,765	52,446,169	50,733	26,110
Current tax liabilities		5,895,057	5,397,225	42,750	-
		69,340,822	57,843,394	93,483	26,110
Total liabilities		75,703,136	64,390,564	100,483	34,110
TOTAL EQUITY AND LIABILITIES		398,686,936	337,187,134	181,207,858	199,747,692

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Income Statements
for the financial year ended 30 April 2016

		GROUP		COMPANY	
	NOTE	2016 RM	2015 RM	2016 RM	2015 RM
Revenue	16	854,066,300	716,379,883	14,296,000	81,487,806
Cost of sales		(702,459,542)	(602,832,708)	-	-
Gross profit		151,606,758	113,547,175	14,296,000	81,487,806
Other items of income					
Interest income	17	1,524,799	1,302,693	166,665	116,954
Dividend income	18	4,194,647	2,775,021	-	-
Other income	19	8,647,079	6,511,688	-	-
Other items of expense					
Administrative expenses		(48,042,313)	(44,614,937)	(873,828)	(846,801)
Selling and distribution expenses		(10,177,407)	(9,654,848)	-	-
Finance costs	20	(480,646)	(461,180)	(819)	(369)
Profit before tax	21	107,272,917	69,405,612	13,588,018	80,757,590
Tax expense	24	(25,158,786)	(17,201,566)	(190,296)	(162,712)
Profit for the financial year		82,114,131	52,204,046	13,397,722	80,594,878
Profit attributable to:					
Owners of the Company		82,112,955	52,203,960	13,397,722	80,594,878
Non-controlling interests		1,176	86	-	-
		82,114,131	52,204,046	13,397,722	80,594,878
Earnings per share attributable to owners of the Company (sen per share)					
- Basic/Diluted	25	50.5	32.1		

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 30 April 2016

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit for the financial year	82,114,131	52,204,046	13,397,722	80,594,878
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	223,608	71,128	-	-
- Transfer to profit or loss upon disposal	(146,580)	(291,159)	-	-
Other comprehensive income/(loss) for the financial year	77,028	(220,031)	-	-
Total comprehensive income for the financial year	82,191,159	51,984,015	13,397,722	80,594,878
Total comprehensive income attributable to:				
Owners of the Company	82,189,983	51,983,929	13,397,722	80,594,878
Non-controlling interests	1,176	86	-	-
	82,191,159	51,984,015	13,397,722	80,594,878

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 30 April 2016

		|------ 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
2016								
Balance at beginning		108,487,900	3,766,446	-	160,510,359	272,764,705	31,865	272,796,570
Total comprehensive income for the financial year		-	-	77,028	82,112,955	82,189,983	1,176	82,191,159
Transactions with owners:								
Bonus issue	11	54,243,942	(3,766,446)	-	(50,477,496)	-	-	-
Dividends	26	-	-	-	(32,003,929)	(32,003,929)	-	(32,003,929)
Total transactions with owners		54,243,942	(3,766,446)	-	(82,481,425)	(32,003,929)	-	(32,003,929)
Balance at end		162,731,842	-	77,028	160,141,889	322,950,759	33,041	322,983,800
2015								
Balance at beginning		108,487,900	3,766,446	220,031	122,409,826	234,884,203	31,779	234,915,982
Total comprehensive income for the financial year		-	-	(220,031)	52,203,960	51,983,929	86	51,984,015
Transactions with owners:								
Dividends	26	-	-	-	(14,103,427)	(14,103,427)	-	(14,103,427)
Balance at end		108,487,900	3,766,446	-	160,510,359	272,764,705	31,865	272,796,570

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 30 April 2016

	NOTE	Share Capital RM	Share Premium RM	Other Reserve RM	Retained Profits RM	Total Equity RM
			|—— Non-distributable ——|		Distributable	
2016						
Balance at beginning		108,487,900	3,766,446	15,824,999	71,634,237	199,713,582
Total comprehensive income for the financial year		-	-	-	13,397,722	13,397,722
Transactions with owners:						
Bonus issue	11	54,243,942	(3,766,446)	-	(50,477,496)	-
Dividends	26	-	-	-	(32,003,929)	(32,003,929)
Total transactions with owners		54,243,942	(3,766,446)	-	(82,481,425)	(32,003,929)
Balance at end		162,731,842	-	15,824,999	2,550,534	181,107,375
2015						
Balance at beginning		108,487,900	3,766,446	15,824,999	5,142,786	133,222,131
Total comprehensive income for the financial year		-	-	-	80,594,878	80,594,878
Transactions with owners:						
Dividends	26	-	-	-	(14,103,427)	(14,103,427)
Balance at end		108,487,900	3,766,446	15,824,999	71,634,237	199,713,582

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2016

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	107,272,917	69,405,612	13,588,018	80,757,590
Adjustments for:				
Depreciation	5,568,291	5,776,656	11,302	9,487
Dividend income	(4,194,647)	(2,775,021)	(13,660,000)	(80,851,806)
(Gain)/Loss on disposal of property, plant and equipment	(185,332)	139,144	-	-
Impairment loss on trade receivables	12,491	41,185	-	-
Impairment loss on investment securities	73,967	211,812	-	-
Interest income	(1,524,799)	(1,302,693)	(166,665)	(116,954)
Loss/(Gain) on disposal of investment securities	33,437	(6,303)	-	-
Net fair value gain on available-for-sale financial assets realised upon disposal	(146,580)	(291,159)	-	-
Property, plant and equipment written off	960,068	408,396	71	-
Reversal of impairment loss on trade receivables	(37,622)	(16,480)	-	-
Unrealised loss on foreign exchange	826,584	712,132	-	-
Operating profit/(loss) before working capital changes	108,658,775	72,303,281	(227,274)	(201,683)
Increase in inventories	(51,873,595)	(1,412,496)	-	-
(Increase)/Decrease in receivables	(29,511,017)	2,103,446	(400)	6,079
Increase/(Decrease) in payables	14,724,388	(8,592,319)	24,623	(22,829)
Cash generated from/(used in) operations	41,998,551	64,401,912	(203,051)	(218,433)
Income tax paid	(24,911,209)	(15,138,049)	(163,854)	(159,954)
Income tax refunded	39,802	148,785	20,760	35,946
Net cash from/(used in) operating activities/Balance carried forward	17,127,144	49,412,648	(346,145)	(342,441)

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2016 (cont'd)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Balance brought forward	17,127,144	49,412,648	(346,145)	(342,441)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,531,749	1,309,865	166,665	116,954
Net dividend received	3,682,610	2,344,759	13,660,000	80,851,806
Proceeds from disposal of investment securities	41,085,433	14,303,760	-	-
Proceeds from disposal of property, plant and equipment	185,461	758,251	-	-
Purchase of investment securities	(30,982,756)	(52,793,832)	-	-
Purchase of property, plant and equipment	(5,562,106)	(3,181,251)	(3,560)	(19,850)
Repayment from/(Advance to) subsidiaries	-	-	18,604,529	(66,647,899)
Net cash from/(used in) investing activities	9,940,391	(37,258,448)	32,427,634	14,301,011
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(32,003,929)	(14,103,427)	(32,003,929)	(14,103,427)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(4,936,394)	(1,949,227)	77,560	(144,857)
Effects of changes in exchange rates on cash and bank balances	10,524	1,064	-	-
CASH AND BANK BALANCES AT BEGINNING	69,039,186	70,987,349	4,807,891	4,952,748
CASH AND BANK BALANCES AT END	64,113,316	69,039,186	4,885,451	4,807,891

The notes set out on pages 49 to 100 form an integral part of these financial statements.

Notes to the Financial Statements
- 30 April 2016

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 29 July 2016.

Principal Activities

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the subsidiaries are manufacturing and sales of garments and packaging materials.

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 ("MFRS"), International Financial Reporting Standards ("IFRS") 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 below.

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 asset 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 Amendments/Improvements to MFRS

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 standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 July 2014
Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
Amendments to MFRS Annual improvements to MFRS 2010-2012 Cycle
Amendments to MFRS Annual improvements to MFRS 2011-2013 Cycle

Initial application of the above standards did not have any material impact to the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (cont'd)

2.5 Standards Issued But Not Yet Effective

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2016
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101 Disclosure Initiative
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
Amendments to MFRS 127 Equity Method in Separate Financial Statements
Annual Improvements to MFRS 2012–2014 Cycle

Effective for annual periods beginning on or after 1 January 2017
Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives
Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Effective for annual periods beginning on or after 1 January 2019
MFRS 16 Leases

Effective date yet to be confirmed
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in *MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation ("IC Int") 13 Customer Loyalty Programmes, IC Int 15 Agreements for Construction of Real Estate, IC Int 18 Transfers of Assets from Customers and IC Int 131 Revenue – Barter Transactions Involving Advertising Services.* Upon adoption of *MFRS 15*, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of *MFRS 15* will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 15.

2. BASIS OF PREPARATION (cont'd)

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

MFRS 16 Leases

The scope of *MFRS 16* includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under *MFRS 117*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (e.g., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (e.g., the lease liability) and an asset representing the right to use the underlying asset during the lease term (e.g., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under *MFRS 117*. Lessors will continue to classify all leases using the same classification principle in *MFRS 117* and distinguish between two types of leases: operating and finance leases.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group and the Company are currently assessing the financial impact of adopting *MFRS 16*.

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. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

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.

(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.

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 structured 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 controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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 a subsidiary, the difference between the net disposal proceeds and its 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) 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.

(vi) Transactions eliminated on consolidation

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

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 the lease period of 42 - 99 years
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.

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 Property

An investment property is a property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is 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 fair value.

Investment property is derecognised when either it has 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Investment Property (cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU").

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

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 or the Company becomes 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.

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.

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)

(a) **Loans and receivables** (cont'd)

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

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

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

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

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

All financial assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Financial Instruments (cont'd)

3.6.3 Financial guarantee contracts (cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to 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 end of the reporting period and the amount initially recognised less cumulative amortisation.

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 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.6.5 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

3.11 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 fee**

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

(iv) **Interest income**

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

(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 Goods and Services Tax

Goods and Services Tax ("GST") is a consumption tax based on the value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input tax that a company pays on business purchases is offset against output tax.

Revenue, expenses and assets are recognised net of GST except:

- where the GST incurred in a purchase of asset or service is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with GST inclusive.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.16 Foreign Currency Transactions

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 translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

3.17 Segment Reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.18 Contingencies

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

3.19 Share Capital, Share Issuance Expenses and Dividends

An equity instrument is any contract that evidences a residual interest in the assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.19 Share Capital, Share Issuance Expenses and Dividends (cont'd)

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.

3.20 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land RM	Buildings RM	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
2016								
At cost								
Balance at beginning	6,679,133	31,981,873	6,555,266	76,308,815	15,321,376	9,735,317	-	146,581,780
Additions	800,000	1,116,548	-	2,109,214	1,330,164	206,180	-	5,562,106
Disposals	-	-	-	-	(3,735)	(882,473)	-	(886,208)
Written off	-	-	-	(443,063)	(2,217,662)	-	-	(2,660,725)
Balance at end	7,479,133	33,098,421	6,555,266	77,974,966	14,430,143	9,059,024	-	148,596,953
Accumulated depreciation								
Balance at beginning	-	10,515,675	1,258,779	58,809,185	11,077,216	6,809,737	-	88,470,592
Current charge	-	645,215	117,060	2,445,069	1,427,500	927,165	-	5,562,009
Disposals	-	-	-	-	(3,611)	(882,468)	-	(886,079)
Written off	-	-	-	(382,136)	(1,318,521)	-	-	(1,700,657)
Balance at end	-	11,160,890	1,375,839	60,872,118	11,182,584	6,854,434	-	91,445,865
Carrying amount	7,479,133	21,937,531	5,179,427	17,102,848	3,247,559	2,204,590	-	57,151,088
2015								
At cost								
Balance at beginning	6,679,133	31,897,623	4,397,253	79,601,712	16,127,711	9,945,689	2,421,031	151,070,152
Additions	-	164,250	-	335,752	1,089,469	1,591,780	-	3,181,251
Disposals	-	-	-	(1,592,450)	(2,464)	(2,057,432)	-	(3,652,346)
Written off	-	(80,000)	-	(2,036,199)	(1,901,078)	-	-	(4,017,277)
Reclassification	-	-	2,158,013	-	7,738	255,280	(2,421,031)	-
Balance at end	6,679,133	31,981,873	6,555,266	76,308,815	15,321,376	9,735,317	-	146,581,780
Accumulated depreciation								
Balance at beginning	-	9,893,856	1,150,800	58,805,092	11,525,833	7,688,469	-	89,064,050
Current charge	-	638,086	107,979	2,452,344	1,393,271	1,178,694	-	5,770,374
Disposals	-	-	-	(695,781)	(1,744)	(2,057,426)	-	(2,754,951)
Written off	-	(16,267)	-	(1,752,470)	(1,840,144)	-	-	(3,608,881)
Balance at end	-	10,515,675	1,258,779	58,809,185	11,077,216	6,809,737	-	88,470,592
Carrying amount	6,679,133	21,466,198	5,296,487	17,499,630	4,244,160	2,925,580	-	58,111,188

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

COMPANY

	Office equipment and renovation RM	Motor vehicles RM	Total RM
2016			
At cost			
Balance at beginning	290,803	568,667	859,470
Addition	3,560	-	3,560
Written off	(18,919)	-	(18,919)
Balance at end	275,444	568,667	844,111
Accumulated depreciation			
Balance at beginning	254,692	568,667	823,359
Current charge	11,302	-	11,302
Written off	(18,848)	-	(18,848)
Balance at end	247,146	568,667	815,813
Carrying amount	28,298	-	28,298
2015			
At cost			
Balance at beginning	270,953	568,667	839,620
Additions	19,850	-	19,850
Balance at end	290,803	568,667	859,470
Accumulated depreciation			
Balance at beginning	245,205	568,667	813,872
Current charge	9,487	-	9,487
Balance at end	254,692	568,667	823,359
Carrying amount	36,111	-	36,111

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 **RM48,141,799** (2015: RM44,670,335) and **RM791,763** (2015: RM792,595) respectively.

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

	2016 RM	2015 RM
Freehold land	2,555,000	2,555,000
Buildings	11,856,655	12,162,300
Leasehold land	2,464,284	2,546,427
Plant and machinery, electrical and piping installations	4,146,180	3,335,087
Office furniture, fittings, equipment and renovation	2,624,430	3,506,238
Motor vehicles	1,114,532	1,656,246
	24,761,081	25,761,298

5. INVESTMENT PROPERTY

	GROUP	
	2016 RM	2015 RM
At cost	223,654	223,654
Accumulated depreciation		
Balance at beginning	113,375	107,093
Current charge	6,282	6,282
Balance at end	119,657	113,375
Carrying amount	103,997	110,279

(i) The investment property comprises building held by a subsidiary and leased to a third party (Note 27 (b)).

5. INVESTMENT PROPERTY (cont'd)

(ii) The amounts recognised in profit or loss are as follows:

	2016 RM	2015 RM
Rental income from rental generating property	187,500	180,000
Direct operating expenses arising from rental generating property	22,715	22,661

(iii) For fair value measurement of the building, refer Note 31.2 to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2016 RM	2015 RM
Unquoted shares, at cost	86,067,772	86,067,772

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

Name of Subsidiaries	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
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 offset printing packaging products 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 SECURITIES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Available-for-sale financial assets				
- Shares quoted in Malaysia, at fair value	1,391,258	1,391,258	-	-
Less: Impairment loss				
Balance at beginning	(295,211)	(83,399)	-	-
Current year	(73,967)	(211,812)	-	-
Balance at end	(369,178)	(295,211)	-	-
	1,022,080	1,096,047	-	-
- Quoted unit trusts, at fair value	34,817,327	44,217,796	-	-
- Unquoted shares, at cost	20,503,800	20,503,800	5,870,000	5,870,000
Less: Impairment loss	(2,683,851)	(2,683,851)	(5,870,000)	(5,870,000)
	17,819,949	17,819,949	-	-
	53,659,356	63,133,792	-	-

	GROUP	
	2016 RM	2015 RM
Market value of:		
- Shares quoted in Malaysia	1,022,080	1,096,047
- Quoted unit trusts	34,954,354	44,466,781

8. INVENTORIES

	GROUP	
	2016 RM	2015 RM
Raw materials	18,110,807	12,668,853
Work-in-progress	95,850,265	49,166,416
Finished goods	1,260,813	1,299,105
Consumables, tools and spare parts	639,056	664,913
Goods-in-transit	63,750	251,809
	115,924,691	64,051,096

During the financial year, the inventories recognised in profit or loss as cost of sales is **RM702,459,542** (2015: RM602,832,708).

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables (Note 9.1)				
Third parties	91,714,502	81,477,096	-	-
Less: Allowance for impairment	(782,409)	(807,540)	-	-
	90,932,093	80,669,556	-	-
Other receivables				
Sundry receivables	112,897	134,955	-	-
Refundable deposits	585,825	270,497	11,398	10,998
Non-refundable deposits	4,500	4,500	4,500	4,500
Prepayments	15,692,584	1,622,146	-	-
GST receivable	361,690	20,637	-	-
Amount due from subsidiaries (Note 9.2)	-	-	90,210,439	108,814,968
	16,757,496	2,052,735	90,226,337	108,830,466
	107,689,589	82,722,291	90,226,337	108,830,466

The currency profile of trade and other receivables is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	52,832,492	34,118,084	90,226,337	108,830,466
US Dollar	54,575,387	48,395,641	-	-
Singapore Dollar	281,710	208,566	-	-
	107,689,589	82,722,291	90,226,337	108,830,466

9.1 Trade receivables

Included herein is an amount of **RM34,564** (2015: RM82,957) 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** (2015: 15 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. TRADE AND OTHER RECEIVABLES (cont'd)

The movement of allowance for impairment is as follows:

	2016 RM	2015 RM
Balance at beginning	807,540	782,835
Current year	12,491	41,185
Reversal of impairment loss	(37,622)	(16,480)
Balance at end	782,409	807,540

9.2 Amount due from subsidiaries

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

10. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash on hand and at bank	4,476,637	2,950,721	43,200	25,640
Deposits with licensed banks:				
- fixed deposits	23,477,979	29,302,465	4,842,251	4,782,251
- short term placements	36,158,700	36,786,000	-	-
	64,113,316	69,039,186	4,885,451	4,807,891

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	30,187,046	34,613,225	4,885,451	4,807,891
US Dollar	33,831,366	34,285,534	-	-
Others	94,904	140,427	-	-
	64,113,316	69,039,186	4,885,451	4,807,891

10. CASH AND BANK BALANCES (cont'd)

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

	GROUP 2016	GROUP 2015
Fixed deposits	3.10% to 4.30%	3.05% to 4.15%
Short term placements	0.25% to 3.03%	0.10% to 2.70%

	COMPANY 2016	COMPANY 2015
Fixed deposits	3.10% to 4.20%	3.10% to 4.15%

11. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2016	2015	2016 RM	2015 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
Balance at beginning	108,487,900	108,487,900	108,487,900	108,487,900
Bonus issue	54,243,942	-	54,243,942	-
Balance at end	162,731,842	108,487,900	162,731,842	108,487,900

During the financial year, the Company increased its issued and fully paid up share capital from RM108,487,900 to RM162,731,842 by way of bonus issue of 54,243,942 new ordinary shares of RM1 each on the basis of 1 bonus share for every 2 existing ordinary shares of RM1 each held in the Company through the capitalisation of RM3,766,446 from share premium and RM50,477,496 from retained profits.

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 general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements
- 30 April 2016 (cont'd)

12. OTHER RESERVES

	GROUP 2016 RM	GROUP 2015 RM
Fair value reserve		
Balance at beginning	-	220,031
Other comprehensive income		
Gain on fair value changes in available-for-sale financial assets	223,608	71,128
Net gain on available-for-sale financial assets transfer to profit or loss upon disposal	(146,580)	(291,159)
	77,028	(220,031)
Balance at end	77,028	-

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.

	COMPANY 2016 RM	COMPANY 2015 RM
Capital reserve	15,824,999	15,824,999

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.

13. RETAINED PROFITS

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

14. DEFERRED TAX LIABILITIES

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Balance at beginning	6,547,170	7,101,026	8,000	5,000
Transfer (to)/from profit or loss	(207,856)	(564,856)	4,000	5,000
	6,339,314	6,536,170	12,000	10,000
Under/(Over) provision in prior year	23,000	11,000	(5,000)	(2,000)
Balance at end	6,362,314	6,547,170	7,000	8,000

Notes to the Financial Statements
- 30 April 2016 (cont'd)

14. DEFERRED TAX LIABILITIES (cont'd)

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
- Property, plant and equipment	6,449,314	6,582,170	7,000	8,000
- Unabsorbed tax losses	(36,000)	(78,000)	-	-
- Others	(51,000)	43,000	-	-
	6,362,314	6,547,170	7,000	8,000

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables (Note 15.1)				
Third parties	57,830,166	44,142,187	-	-
Other payables (Note 15.2)				
Sundry payables	2,315,813	2,438,351	6,650	3,934
Accruals	3,198,158	5,758,596	36,000	20,500
GST payable	101,628	107,035	8,083	1,676
	5,615,599	8,303,982	50,733	26,110
	63,445,765	52,446,169	50,733	26,110

The currency profile of trade and other payables is as follows:

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Ringgit Malaysia	19,405,401	19,500,918	50,733	26,110
US Dollar	43,916,748	32,899,377	-	-
Singapore Dollar	123,616	45,874	-	-
	63,445,765	52,446,169	50,733	26,110

15. TRADE AND OTHER PAYABLES (cont'd)

15.1 Trade payables

Included herein is an amount of **RM21,539** (2015: RM20,263) 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** (2015: 30 to 120 days) credit terms.

15.2 Other payables

Included herein is an amount of **RM20,853** (2015: RM25,251) due to companies in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.

16. REVENUE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sale of goods	854,066,300	716,379,883	-	-
Gross dividend income from unquoted subsidiaries	-	-	13,660,000	80,851,806
Management fee from subsidiaries	-	-	636,000	636,000
	854,066,300	716,379,883	14,296,000	81,487,806

17. INTEREST INCOME

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

18. DIVIDEND INCOME

	GROUP	
	2016 RM	2015 RM
Dividend income from:		
Available-for-sale financial assets		
- Shares and unit trusts quoted in Malaysia	1,738,060	509,271
- Unquoted shares outside Malaysia	2,456,587	2,265,750
	4,194,647	2,775,021

19. OTHER INCOME

	GROUP 2016 RM	GROUP 2015 RM
Gain on disposal of investment securities	-	6,303
Gain on disposal of property, plant and equipment	185,332	-
Insurance claim	11,817	91,804
Miscellaneous	279,599	5,269
Net fair value gain on available-for-sale financial asset realised upon disposal	146,580	291,159
Realised gain on foreign exchange	7,768,629	5,890,673
Rental income from:		
- Rental generating investment property	187,500	180,000
- Others	30,000	30,000
Reversal of impairment loss on trade receivables	37,622	16,480
	8,647,079	6,511,688

20. FINANCE COSTS

Finance costs comprise of only bank and commission charges incurred.

21. PROFIT BEFORE TAX

This is arrived at:

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
After charging/(crediting):				
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	80,000	70,000	20,000	15,000
- under provision in prior year	8,000	10,000	5,000	-
- other services	3,000	3,000	3,000	3,000
- Other auditors				
- statutory audit	35,000	34,000	-	-

21. PROFIT BEFORE TAX (cont'd)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Depreciation of:				
- property, plant and equipment (Note 4)	5,562,009	5,770,374	11,302	9,487
- investment property (Note 5)	6,282	6,282	-	-
Employee benefits expense (Note 22)	63,543,639	62,534,177	176,662	167,730
(Gain)/Loss on disposal of property, plant and equipment	(185,332)	139,144	-	-
Impairment loss on investment securities (Note 7)	73,967	211,812	-	-
Impairment loss on trade receivables (Note 9)	12,491	41,185	-	-
Loss/(Gain) on disposal of investment securities	33,437	(6,303)	-	-
Net foreign exchange (gain)/loss:				
- realised	(7,768,629)	(5,890,673)	-	-
- unrealised	826,584	712,132	-	-
Non-executive directors' remuneration (Note 23)				
- present directors	118,500	112,700	118,500	112,700
- past director	21,000	-	21,000	-
Operating leases - minimum lease payments for:				
- land and buildings	978,746	817,714	146,627	146,136
- plant and machinery	49,778	53,092	-	-
Property, plant and equipment written off	960,068	408,396	71	-
Reversal of impairment loss on trade receivables (Note 9)	(37,622)	(16,480)	-	-

22. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages and fee	57,591,635	56,992,675	150,185	141,975
Contributions to defined contribution plan	3,811,655	3,550,000	18,793	18,447
Social security contributions	339,441	316,020	1,240	1,240
Other benefits	1,800,908	1,675,482	6,444	6,068
	63,543,639	62,534,177	176,662	167,730

Included in employee benefits expense of the Group is executive directors' remuneration amounting to **RM9,863,205** (2015: RM10,134,529) as further disclosed in Note 23.

23. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Directors of the Company:				
Executive:				
Salary and allowances	2,034,000	2,034,000	-	-
Bonus and incentive	6,450,250	6,595,250	-	-
Defined contribution plan	770,116	770,116	-	-
Fees	60,000	60,000	-	-
Other emoluments	1,859	1,683	-	-
	9,316,225	9,461,049	-	-
Benefits-in-kind	25,000	12,500	-	-
	9,341,225	9,473,549	-	-
Non-executive:				
Fees	133,500	102,700	133,500	102,700
Other emoluments	6,000	10,000	6,000	10,000
	139,500	112,700	139,500	112,700

23. DIRECTORS' REMUNERATION (cont'd)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Director of a subsidiary:				
Executive:				
Salary and allowances	396,000	396,000	-	-
Bonus and incentive	80,000	200,000	-	-
Defined contribution plan	70,980	77,480	-	-
	546,980	673,480	-	-
Benefits-in-kind	21,000	20,767	-	-
	567,980	694,247	-	-
Total directors' remuneration	10,002,705	10,247,229	139,500	112,700
Estimated money value of benefits-in-kind	46,000	33,267	-	-
Total directors' remuneration including benefits-in-kind	10,048,705	10,280,496	139,500	112,700
Total directors' remuneration:				
Executive directors' remuneration	9,863,205	10,134,529	-	-
Non-executive directors' remuneration	139,500	112,700	139,500	112,700
Estimated money value of benefits-in-kind	46,000	33,267	-	-
	10,048,705	10,280,496	139,500	112,700

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

	2016		2015	
	RM	%	RM	%
Salary, fee and other benefits	2,996,319	29.8	2,956,610	28.8
Bonus and performance incentive	7,052,386	70.2	7,323,886	71.2
	10,048,705	100	10,280,496	100

23. DIRECTORS' REMUNERATION (cont'd)

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

	Number of Directors 2016	Number of Directors 2015
Executive directors:		
RM200,001 – RM250,000	1	1
RM400,001 – RM450,000	1	1
RM2,500,001 – RM2,550,000	1	-
RM2,700,001 – RM2,750,000	-	1
RM6,100,001 – RM6,150,000	-	1
RM6,150,001 – RM6,200,000	1	-
Non-executive directors:		
Below RM50,000	5	5

24. TAX EXPENSE

	GROUP 2016 RM	GROUP 2015 RM	COMPANY 2016 RM	COMPANY 2015 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(25,345,437)	(17,869,300)	(183,000)	(166,000)
- Deferred tax				
Relating to the origination and reversal of temporary differences	207,856	519,856	(4,000)	(5,000)
Changes in tax rate	-	45,000	-	-
	207,856	564,856	(4,000)	(5,000)
	(25,137,581)	(17,304,444)	(187,000)	(171,000)
(Under)/Over provision in prior year				
- Current tax	1,795	113,878	(8,296)	6,288
- Deferred tax	(23,000)	(11,000)	5,000	2,000
	(21,205)	102,878	(3,296)	8,288
	(25,158,786)	(17,201,566)	(190,296)	(162,712)

24. TAX EXPENSE (cont'd)

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

	GROUP		COMPANY	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Profit before tax	107,272,917	69,405,612	13,588,018	80,757,590
Income tax at Malaysian statutory tax rate of **24%** (2015: 25%)	(25,745,500)	(17,351,403)	(3,261,124)	(20,189,398)
Income not subject to tax	1,220,600	916,570	3,278,400	20,212,952
Expenses not deductible for tax purposes	(702,681)	(954,568)	(204,276)	(194,554)
Expenses allowable for double deductions	1,000	4,957	-	-
Utilisation of unabsorbed reinvestment allowance	89,000	35,000	-	-
Changes in tax rate	-	45,000	-	-
	(25,137,581)	(17,304,444)	(187,000)	(171,000)
(Under)/Over provision in prior year	(21,205)	102,878	(3,296)	8,288
	(25,158,786)	(17,201,566)	(190,296)	(162,712)

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

	GROUP	
	2016 RM	**2015 RM (Restated)**
Unabsorbed tax losses	152,000	312,000
Unabsorbed reinvestment allowance	2,015,000	2,388,000

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

25. 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:

	2016	2015
Profit attributable to owners of the Company (RM)	82,112,955	52,203,960
Weighted average number of ordinary shares of RM1 each	162,731,842	162,731,842*
Basic earnings per share (sen)	50.5	32.1*

(b) **Diluted earnings per share**

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

* As the bonus issue during the financial year was without consideration, it is treated as if it had occurred before 1 May 2014, the earliest period presented. Accordingly, the weighted average number of ordinary shares and earnings per share have been restated.

26. DIVIDENDS

	2016 RM	2015 RM
In respect of financial year ended 30 April 2016:		
- A single tier interim dividend of 5 sen per share and a single tier special dividend of 3 sen per share	13,018,547	-
- Second single tier interim dividend of 3 sen per share and a single tier special dividend of 2 sen per share	8,136,592	-
In respect of financial year ended 30 April 2015:		
- A single tier interim dividend of 5 sen per share	-	5,424,395
- A single tier final dividend of 3 sen per share and a single tier special dividend of 7 sen per share	10,848,790	-
In respect of financial year ended 30 April 2014:		
- A tax exempt final dividend of 3 sen per share and a single tier special dividend of 5 sen per share	-	8,679,032
	32,003,929	14,103,427

26. DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, a single tier final dividend of 3 sen per share and a single tier special dividend of 2 sen per share amounting to RM8,136,592 in respect of the financial year ended 30 April 2016 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 2017.

27. 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	
	2016 RM	**2015 RM**
Not later than 1 year	280,800	337,800
Later than 1 year and not later than 5 years	7,000	203,800
	287,800	541,600

(b) **Operating lease commitments - as lessor**

The Group has entered into a non-cancellable operating lease agreement on its investment property. This lease has remaining non-cancellable lease terms of 1 to 2 years.

Future minimum rental receivable under the non-cancellable operating lease as at the end of the reporting period is as follows:

	GROUP	
	2016 RM	**2015 RM**
Not later than 1 year	328,500	120,000

28. SEGMENT INFORMATION

(a) Reporting format

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

(b) Business segments

For management purpose, the Group is organised into two business 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 segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax, as explained in the table below.

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

(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 - 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 2016 (cont'd)

28. 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
2016				
Revenue				
External customers	122,481,054	731,585,246	-	854,066,300
Inter-segment	84,848	-	(84,848)	-
Total revenue	122,565,902	731,585,246	(84,848)	854,066,300
Results				
Segment results	6,087,395	95,946,722	-	102,034,117
Interest income	735,147	789,652	-	1,524,799
Dividend income	-	4,194,647	-	4,194,647
Operating profit				107,753,563
Finance costs				(480,646)
Profit before tax				107,272,917
Tax expense				(25,158,786)
Profit for the financial year				82,114,131
Assets				
Segment assets	102,577,599	296,064,438	-	398,642,037
Unallocated assets				
Current tax assets				44,899
Total assets				398,686,936
Liabilities				
Segment liabilities	14,669,584	48,776,181	-	63,445,765
Unallocated liabilities				
Current tax and deferred tax liabilities				12,257,371
Total liabilities				75,703,136
Other segment information				
Depreciation	2,608,891	2,959,400	-	5,568,291
Capital expenditure	2,727,258	2,834,848	-	5,562,106
Non-cash (income)/expenses other than depreciation and amortisation	(134,651)	1,671,664	-	1,537,013

28. SEGMENT INFORMATION (cont'd)

By business segments

2015	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
Revenue				
External customers	119,995,895	596,383,988	-	716,379,883
Inter-segment	92,202	-	(92,202)	-
Total revenue	120,088,097	596,383,988	(92,202)	716,379,883
Results				
Segment results	5,346,455	60,442,623	-	65,789,078
Interest income	597,571	705,122	-	1,302,693
Dividend income	-	2,775,021	-	2,775,021
Operating profit				69,866,792
Finance costs				(461,180)
Profit before tax				69,405,612
Tax expense				(17,201,566)
Profit for the financial year				52,204,046
Assets				
Segment assets	99,816,071	237,351,761	-	337,167,832
Unallocated assets				
Current tax assets				19,302
Total assets				337,187,134
Liabilities				
Segment liabilities	12,037,046	40,409,123	-	52,446,169
Unallocated liabilities				
Current tax and deferred tax liabilities				11,944,395
Total liabilities				64,390,564
Other segment information				
Depreciation	2,749,093	3,027,563	-	5,776,656
Capital expenditure	1,392,440	1,788,811	-	3,181,251
Non-cash (income)/expenses other than depreciation and amortisation	(11,679)	1,210,406	-	1,198,727

28. SEGMENT INFORMATION (cont'd)

Information about major customers

Total revenue from a major customer which contributed to more than 10% of the Group revenue amounted to **RM668,423,242** (2015: RM564,830,016), arising from sales by the garment segment.

Geographical Segments

The Group's operations are located mainly in Malaysia except for a subsidiary's garment manufacturing activities which are partially carried out in Vietnam. The customers for the packaging material segment are primarily located in Malaysia. The customers for the garments segment are located worldwide mainly in the following countries:

	Total revenue - sales to external customers		Non-current assets	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Malaysia	121,778,691	121,469,700	54,222,292	55,240,309
Vietnam	-	-	3,032,793	2,981,158
United States of America	250,056,560	180,829,710	-	-
European countries	204,608,531	170,356,563	-	-
China	90,949,532	63,976,931	-	-
Other Asian countries	79,872,758	69,430,331	-	-
South America	42,357,278	37,963,874	-	-
North America	23,048,008	19,018,563	-	-
Australia	17,625,855	11,204,273	-	-
Africa	5,061,551	8,327,063	-	-
Others*	18,707,536	33,802,875	-	-
	854,066,300	716,379,883	57,255,085	58,221,467

* Others mainly refer to countries such as Arab, Panama, New Zealand and Russia.

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:

	2016 RM	**2015 RM**
Property, plant and equipment	57,151,088	58,111,188
Investment property	103,997	110,279
	57,255,085	58,221,467

29. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Group has related party relationship with its subsidiaries, key management personnel and those companies as disclosed in Note 29 (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	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of finished goods to companies in which certain directors have interests:				
- Yong Guan Heng & Co. Sdn. Bhd.	206,749	303,299	-	-
- South Island Building Sdn. Bhd.	39,426	35,091	-	-
- Pen'ads (M) Sdn. Bhd.	-	2,140	-	-
- Induscor Supplies (M) Sdn. Bhd.	-	12,525	-	-
Purchase of goods and services from companies in which certain directors have interests:				
- Induscor Supplies (M) Sdn. Bhd.	219,906	199,551	-	-
- Industrial Adhesives Nitta Inc. Sdn. Bhd.	5,056	-	-	-
- Pen'ads (M) Sdn. Bhd.	5,495	3,910	3,900	3,910
- Yong Guan Heng & Co. Sdn. Bhd.	-	23,726	-	-
Rental of premises paid and payable to companies in which certain directors have interests:				
- South Island Building Sdn. Bhd.	7,200	6,400	-	-
- Induscor Supplies (M) Sdn. Bhd.	15,000	13,800	-	-
- KP Holdings Sdn. Bhd.	136,800	136,800	136,800	136,800

29. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Sales of property, plant and equipment to a director of the Company	169,811	-	-	-
Gross dividends from subsidiaries	-	-	13,660,000	80,851,806
Management fees from subsidiaries	-	-	636,000	636,000

(c) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

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

	GROUP		COMPANY	
	2016 RM	2015 RM	2016 RM	2015 RM
Short-term employee benefits	10,571,019	10,270,023	139,500	112,700
Defined contribution plan	992,008	939,900	-	-
	11,563,027	11,209,923	139,500	112,700
Analysed as:				
- Directors	10,002,705	10,247,229	139,500	112,700
- Other key management personnel	1,560,322	962,694	-	-
	11,563,027	11,209,923	139,500	112,700

30. FINANCIAL INSTRUMENTS

30.1 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				
2016				
Financial assets				
Investment securities	53,659,356	53,659,356	-	-
Trade and other receivables	91,992,505	-	91,992,505	-
Cash and bank balances	64,113,316	-	64,113,316	-
	209,765,177	53,659,356	156,105,821	-
Financial liabilities				
Trade and other payables	63,445,765	-	-	63,445,765
2015				
Financial assets				
Investment securities	63,133,792	63,133,792	-	-
Trade and other receivables	81,095,645	-	81,095,645	-
Cash and bank balances	69,039,186	-	69,039,186	-
	213,268,623	63,133,792	150,134,831	-
Financial liabilities				
Trade and other payables	52,446,169	-	-	52,446,169
COMPANY				
2016				
Financial assets				
Trade and other receivables	90,221,837	-	90,221,837	-
Cash and bank balances	4,885,451	-	4,885,451	-
	95,107,288	-	95,107,288	-
Financial liabilities				
Other payables	50,733	-	-	50,733

30. FINANCIAL INSTRUMENTS (cont'd)

30.1 Categories of Financial Instruments (cont'd)

COMPANY	Carrying amount RM	AFS RM	L&R RM	FL RM
2015				
Financial assets				
Other receivables	108,825,966	-	108,825,966	-
Cash and bank balances	4,807,891	-	4,807,891	-
	113,633,857	-	113,633,857	-
Financial liabilities				
Other payables	26,110	-	-	26,110

30.2 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.

30.3 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.

30. FINANCIAL INSTRUMENTS (cont'd)

30.3 Credit risk (cont'd)

30.3.1 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:

	2016 RM	2015 RM
Not past due	71,407,309	60,819,917
Past due 0 - 30 days	10,738,902	8,750,790
Past due 31 - 60 days	5,092,021	4,887,188
Past due more than 60 days	3,693,861	6,211,661
	19,524,784	19,849,639
Individually impaired	782,409	807,540
	91,714,502	81,477,096

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 **RM19,524,784** (2015: RM19,849,639) 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.

30. FINANCIAL INSTRUMENTS (cont'd)

30.3 Credit risk (cont'd)

30.3.1 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:

	2016		2015	
	RM	% of total	RM	% of total
By country:				
Malaysia	35,907,966	39.5	31,936,194	39.6
Vietnam	46,284,808	51.0	38,605,443	47.9
Singapore	4,152,700	4.5	2,982,421	3.7
Japan	1,854,631	2.0	3,782,916	4.7
China and Hong Kong	2,071,828	2.3	3,004,490	3.7
Indonesia	281,710	0.3	213,442	0.3
Thailand	173,704	0.2	88,863	0.1
United States of America	204,746	0.2	37,192	0.0
Canada	-	0.0	18,595	0.0
	90,932,093	100.0	80,669,556	100.0
By industry sectors:				
Manufacturing and sales of:				
- packaging materials	36,341,523	40.0	31,911,528	39.6
- garments	54,590,570	60.0	48,758,028	60.4
	90,932,093	100.0	80,669,556	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** (2015: 1 customer) representing **56%** (2015: 58%) 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.

30. FINANCIAL INSTRUMENTS (cont'd)

30.3 Credit risk (cont'd)

30.3.2 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.

30.3.3 Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by them. However, as at the end of the reporting period, there was no outstanding balance owing to the banks. As such, it is not exposed to any credit risk.

30.4 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.

30.5 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.

30.6 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.

30. FINANCIAL INSTRUMENTS (cont'd)

30.6 Foreign currency risk (cont'd)

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") and Singapore Dollar ("SGD").

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 2016.

The Group has not recognised any gain or loss arising from the fair value changes to the derivative instruments as the effect is insignificant. The amount of the forward foreign currency contracts outstanding as at the end of the reporting period is **USD1,300,000** (2015: USD2,010,000).

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	SGD RM	OTHERS RM
GROUP			
2016			
Trade and other receivables	54,575,387	281,710	-
Cash and bank balances	33,831,366	-	94,904
Trade and other payables	(43,916,748)	(123,616)	-
Net exposure	44,490,005	158,094	94,904
2015			
Trade and other receivables	48,395,641	208,566	-
Cash and bank balances	34,285,534	-	140,427
Trade and other payables	(32,899,377)	(45,874)	-
Net exposure	49,781,798	162,692	140,427

30. FINANCIAL INSTRUMENTS (cont'd)

30.6 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

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

	GROUP	
	2016 RM	2015 RM
USD	(4,449,001)	(4,978,180)
SGD	(15,809)	(16,269)
Others	(9,490)	(14,043)
Reduce in profit before tax	(4,474,300)	(5,008,492)

31. FAIR VALUE MEASUREMENT

31.1 Fair value measurement of financial instruments

The carrying amounts of the Group's cash and bank balances and 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 Company's investment in unquoted shares which is categorised as available-for-sale investments due to the lack of comparable quoted prices in an active market and the fair values cannot be reliably measured.

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - Unobservable inputs for the asset or liability

The table below analyses financial instruments carried at fair value which fair value is disclosed, together with their fair values and carrying amounts shown in the Group's statement of financial position.

31. FAIR VALUE MEASUREMENT (cont'd)

31.1 Fair value measurement of financial instruments (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2016					
Financial assets					
Quoted shares and unit trusts	35,976,434	-	-	35,976,434	35,839,407
2015					
Financial assets					
Quoted shares and unit trusts	45,562,828	-	-	45,562,828	45,313,843

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.

31.2 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016				
Investment property				
- Building	-	1,200,000	-	1,200,000
2015				
Investment property				
- Building	-	1,200,000	-	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.

31. FAIR VALUE MEASUREMENT (cont'd)

31.2 Fair value measurement of non-financial assets (cont'd)

Level 2 fair value

Level 2 fair value of the building has been generally derived using the sales comparison approach. Selling 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.

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 11 and Note 13 to the financial statements.

As at the end of the reporting period, the Group has not breached any of the debt covenants imposed by its lenders.

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 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	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits of the Company and its subsidiaries				
- Realised	196,623,799	197,143,695	2,557,534	71,642,237
- Unrealised	(7,202,255)	(7,354,857)	(7,000)	(8,000)
	189,421,544	189,788,838	2,550,534	71,634,237
Less: Consolidation adjustments	(29,279,655)	(29,278,479)	-	-
Total retained profits as per statements of financial position	160,141,889	160,510,359	2,550,534	71,634,237

List of Properties owned by the Group

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Years)	Carrying Amount @30-4-2016 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	26	7,827
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	33	191
	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	26	1,620
	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	20	2,279
	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	16	237
	22 Jalan Tambur 33/19, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor. (^12)	186 sq.m./ 279 sq.m.	Office Premises	Freehold	16	955
	24 Jalan Tambur 33/19, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor. (^12)		Office Premises	Freehold	16	955
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	36	1,636

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

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Years)	Carrying Amount @30-4-2016 RM'000
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	28	8,903
	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	26	7,052
	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	26	246
	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	26	317
	Lot Nos. PT 4586, Mk. 1, SPT(*), Solok Perusahaan 2, Prai Industrial Estate, 13600 Perai, Penang. (^11)	4443.42 sq.m.	Land	99 years Leasehold expiring on 5-8-2113	-	2,123

(^1) Purchased on 16 September 1989
(^2) Purchased on 27 May 1988
(^3) Purchased on 30 June 1990
(^4) Purchased on 18 April 2002
(^5) Purchased on 14 May 2002
(^6) Purchased in November 1972 and revalued in 1989
(^7) Purchased in 1987 & 1989 respectively and revalued in 2005
(^8) Purchased in 1990 and revalued in 2005
(^9) Purchased on 11 December 1989 and revalued in 2005
(^10) Purchased on 1 August 1990 and revalued in 2005
(^11) Purchased on 6 August 2014
(^12) Purchased on 5 February 2016
(*) Seberang Perai Tengah
(#) Seberang Perai Selatan
(~) Prai Industrial Park, 13600 Prai, Penang

Thirty Largest Securities Account Holders
as at 15 August 2016

	Shareholders	No. of Shares	% Shareholding
1.	Tan Poay Seng	30,138,293	18.52
2.	KP Holdings Sdn Bhd	21,300,000	13.09
3.	Perbadanan Nasional Berhad	12,106,500	7.44
4.	Kamarudin Bin Jaffar (Dato')	10,813,510	6.64
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	7,000,000	4.30
6.	Tan Kok Ping (Tan Sri Dato' Seri)	5,098,000	3.13
7.	Lee Yuit Eow	3,524,100	2.17
8.	Tan Poay Teik	3,000,750	1.84
9.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Tengku Adnan bin Tengku Mansor (Datuk Seri)	2,835,000	1.74
10.	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Am Inv)	2,464,900	1.51
11.	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	2,232,300	1.37
12.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Kok Ping (AT 0080) (Tan Sri Dato' Seri)	2,000,000	1.23
13.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged securities account for Muara Setara Sdn Bhd (MGN-MSS0010M))	1,650,000	1.01
14.	Tan Ai Ling	1,650,000	1.01
15.	Tan Kok Aun	1,530,000	0.94
16.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged securities account for Arsam bin Damis (MGN-MSS0010M))	1,500,000	0.92
17.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Arsam bin Damis (AA0023)	1,445,000	0.89
18.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Puritan Trust : Fidelity Series Intrinsic Opportunities Fund	1,250,000	0.77
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,200,000	0.74
20.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Capital Management Sdn Bhd	1,149,100	0.71
21.	H'ng Cheok Seng	1,085,300	0.67
22.	Stuart Saw Teik Siew	1,038,450	0.64
23.	CitiGroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 12)	1,000,000	0.61
24.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged securities account for Arsam bin Damis (MGN-ARD0003M))	1,000,000	0.61
25.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An for Petroliam Nasional Berhad (Amundi Malaysia)	950,000	0.58
26.	Tang Chin Hong	880,000	0.54
27.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F9LJ for Fidelity Global Intrinsic Value Investment Trust	867,900	0.53
28.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad – Kenanga Growth Fund	866,600	0.53
29.	Lee Yuit Eow	856,900	0.53
30.	CitiGroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)(Kenanga)	833,500	0.51
	Total	**123,266,103**	**75.75**

Substantial Shareholders and Directors' Shareholdings
as at 15 August 2016

Substantial Shareholders as at 15 August 2016 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	7,098,000	4.36	(1) 21,300,000	13.09
KP Holdings Sdn Bhd ("KPSB")	21,300,000	13.09	-	-
Tan Poay Seng	30,138,293	18.52	-	-
Perbadanan Nasional Berhad ("PNS")	12,106,500	7.44	-	-
Dato' Kamarudin Bin Jaffar	10,813,510	6.64	-	-
Dato' Dr Tengku Rethwan Bin Tengku Mansor	-	-	(2) 12,106,500	7.44

Notes:

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

(2) Deemed interested pursuant to a Put Option Agreement dated 11 January 2016 and a Call Option Agreement dated 11 January 2016 with PNS.

Directors' Shareholdings as at 15 August 2016

	Direct		Indirect (>)(<)	
Name	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	7,098,000	4.36	^ 21,300,000	13.09
			> 5,550,750	3.41
Tan Poay Seng ("TPS")	30,138,293	18.52	-	-
Tan Kok Aun	1,530,000	0.94	-	-
H'ng Cheok Seng	1,085,300	0.67	-	-
Mawan Noor Aini Binti Md. Ismail	3,589	#	-	-
Tan Poh Heng	-	-	-	-
Dato' Rosely Bin Shamsuri	-	-	-	-
Chang Chuen Hwa	500,000	0.31	< 84,216	0.05
(Alternate Director to TPS)			> 7,500	#
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (Alternate Director to Dato' Rosely Bin Samsuri)	-	-	-	-

 # 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 spouse notified pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

Key Senior Management's Shareholdings
as at 15 August 2016

	Direct		Indirect (>)(<)	
Name	**No. of Shares**	**% Shareholding**	**No. of Shares**	**% Shareholding**
Lee Koong Chen @ Lee Kong Chew	248,550	0.15	-	-
Tang Beng Hong	120,000	0.07	-	-
Lim Eng Chuan	450,000	0.28	< 15,000	#
Poh Seng Chit	1,500	#	-	-

\# *Less than 0.01%.*
< *Shares held by spouse notified pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.*

Analysis of Shareholdings
as at 15 August 2016

Authorised share capital	:	RM500,000,000
Issued and fully paid-up	:	RM162,731,842
Class of Share	:	Ordinary shares of RM1 each fully paid
Voting Rights	:	On a poll – one vote for every ordinary share held

Size of Shareholdings	No. of Shareholders	No. of Shares	% Shareholding
1 – 99	55	2,246	0.00
100 – 1,000	563	378,258	0.23
1,001 – 10,000	1,908	6,572,043	4.04
10,001 – 100,000	423	12,077,975	7.42
100,001 – 8,136,591	98	69,343,017	42.61
8,136,592 – and above	4	74,358,303	45.70
Total	**3,051**	**162,731,842**	**100.00**

MAGNI-TECH INDUSTRIES BERHAD
(Company No. 422585-V)
(Incorporated in Malaysia)

Proxy Form

CDS Account No. ____________________

* 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 19th 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, 28 September 2016 at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	Re-appointment of Tan Sri Dato' Seri Tan Kok Ping as Director.		
2	Re-election of Tan Kok Aun as Director.		
3	Re-election of Mawan Noor Aini Binti Md. Ismail as Director.		
4	Re-election of Dato' Rosely Bin Samsuri as Director.		
5	To approve the payment of a single tier final dividend and single tier special dividend.		
6	To approve the increase and the payment of Directors' fees.		
7	Re-appointment of Grant Thornton as auditors at a remuneration to be fixed by Directors.		
8	Proposed Renewal of General Mandate for Directors to Allot and Issue New Share pursuant to Section 132D of the Companies Act, 1965.		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and Trading Nature.		
10	Proposed Share Buy-Back.		

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 ____________________, 2016.

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 22 September 2016 (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.*

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Stamp

To,

THE COMPANY SECRETARY

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

51-21-A MENARA BHL BANK

JALAN SULTAN AHMAD SHAH

10050 PENANG

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