Annual Report 2017

MAGNI-TECH INDUSTRIES BERHAD

(Company No. 422585-V)

(Incorporated in Malaysia)

MAGNI-TECH INDUSTRIES BERHAD (422585-V)

Annual Report 2017

CONTENTS

Corporate Information

Board of Directors

Executive Chairman	Tan Sri Dato' Seri Tan Kok Ping
Managing Director	Tan Poay Seng
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,
10050 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 Market, Bursa Malaysia Securities Berhad
Sector : Consumer Products
Stock Short Name : MAGNI
Stock Number : 7087

Date and Place of Incorporation

Incorporated in Malaysia on 12 March 1997

Principal Activities

MAGNI Group is primarily involved in investment holding, manufacturing and sale of garments, and a wide range of corrugated and flexible plastic packaging products

Corporate Structure

Subsidiaries as at 15 August 2017

Magni-Tech Industries Berhad
Investment Holding

Garment Segment

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

Packaging Segment

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

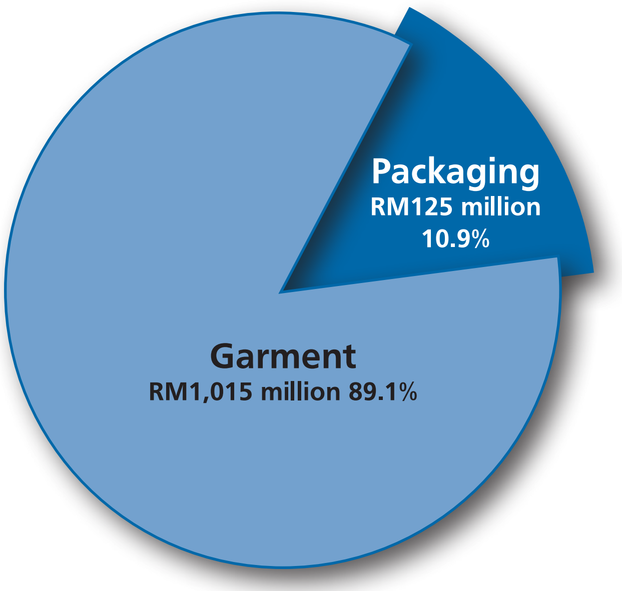
100%
Inter-Pacific Packaging Sdn Bhd
(No. 186388-V)
("IPP")
Corrugated Packaging

Ceased Offset Printing Packaging Business in Q4-2017

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

Revenue by Segment

for the financial year ended 30 April 2017 ("FYR 2017")



Related Index:

Details of subsidiaries : Note 6 of the Financial Statements
Further Segment information : Note 29 of the Financial Statements

Financial Highlights

Operating Results (RM000)	FYR 2013	FYR 2014	FYR 2015	FYR 2016	FYR 2017
Revenue	565,817	651,273	716,380	854,066	1,139,947
Profit before Tax	48,014	55,412	69,406	107,273	154,304
EBITDA	51,410	67,724	75,182	112,841	162,566
Profit after Tax	35,832	41,951	52,204	82,114	120,092

Key Financial Position Highlights (RM000)					
Total Assets	271,661	305,098	337,187	398,687	484,376
Investment Securities	22,795	24,348	63,134	53,659	96,515
Cash and Cash Equivalents	49,279	70,987	69,039	64,113	53,084

Paid Up Share Capital	108,488	108,488	108,488	162,732	162,732
Reserves					
Retained Profits	94,563	122,410	160,510	160,142	246,067
Other Reserves	3,880	3,986	3,767	77	186
	98,443	126,396	164,277	160,219	246,253
Shareholders' Equity	206,931	234,884	272,765	322,951	408,985

Key Financial Indicators					
Return on average Shareholders' Equity	18.2%	19.0%	20.6%	27.6%	32.8%
Return on Total Assets	13.2%	13.8%	15.5%	20.6%	24.8%
Net Assets Per Share (RM)	1.27	1.44	1.68	1.98	2.51
Basic Earnings Per Share (Sen)	22.0	25.8	32.1	50.5	73.8
Net Dividend Per Share (Sen)	8.7	8.7	10	18	23
Dividend Amount (RM'000)	14,103	14,103	16,273	29,292	37,428
Dividend Payout Ratio	39.4%	33.6%	31.2%	35.7%	31.2%

1) EBITDA for FYR 2017 is normalized by excluding costs on closure of offset printing packaging business of RM2.57 million
2) Dividends for FYR 2017 include the proposed dividend as per Resolution 4 of the Notice of AGM
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 70, 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 4 Board Meetings held during FYR 2017.

Tan Poay Seng

Managing Director
Member of the Remuneration Committee
Appointed to the Board on 18-2-2000
Malaysian, Aged 50, Male
Diploma in Hotel Management, Switzerland
Occupation : Company Director

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

He also sits on the Board of several private limited companies.

He attended all the 4 Board Meetings held during FYR 2017.

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 59, 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 4 Board Meetings held during FYR 2017.

Profile of Directors (cont'd)

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 69, 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 4 Board Meetings held during FYR 2017.

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 60, 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 SIG as a Chief Accountant. He left SIG in March 2002 when he held the position of Senior General Manager.

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 4 Board Meetings held during FYR 2017.

Profile of Directors (cont'd)

Dato' Rosely Bin Samsuri

Non-Independent Non-Executive Director
Appointed to the Board on 16-2-2016
Malaysian, Aged 64, 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 12 May 2011. He is the Chairman of the Directors Investment Committee 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 3 out of the 4 Board Meetings held during FYR 2017.

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 60, Male
Bachelor of Business Studies Degree, Massey University, New Zealand
Occupation : Company Director

He is the Managing Director of SIP. He was attached to SIP since 1982. During his 34 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 52, 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 PNS since 1 December 2007.

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

Profile of Directors (cont'd)

Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin (cont'd)

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

Tan Sri Dato' Seri Tan Kok Ping is the father of Tan Poay Seng, and Chang Chuen Hwa (Alternate Director to Tan Poay Seng) is the brother-in-law of Tan Sri Dato' Seri Tan Kok Ping. Except for these Directors, none of the other Directors has any family relationship with any other Director and/or major shareholders of the Company.

Related Index :
Directors' remuneration : Note 24 of the Financial Statements
Related party disclosures : Note 30 of the Financial Statements

Key Senior Management

Lee Koong Chen @ Lee Kong Chew

Malaysian, Aged 76, Male
Managing Director of 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.

Yap Yong Teck

Malaysian, Aged 50, Male
Managing Director of SIG,
a wholly owned subsidiary of MAGNI
Graduate of the Chartered Institute of Management Accountants (UK)

He has been serving as the Managing Director of SIG since 6 June 2017. He joined Tai Wah Garments Industry Sdn Bhd (TWA) as an Finance Manager in May 1995. From 1997 to 2000 he was seconded to Ramatex Berhad as Deputy General Manager (Corporate Finance) to support various corporate activities. In mid 2000, he was transferred back to Tai Wah Garments Industry as General Manager and worked his way up to Managing Director with his responsibilities to manage and lead the business of TWA. Prior to joining TWA, he had worked as Internal Auditor and Accountant for a listed company for a period of 5 years.

Lim Eng Chuan

Malaysian, Aged 49, 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 in October 2011. Prior to joining SIG, he had worked with a local audit firm for a period of 2 years.

Key Senior Management (cont'd)

Poh Seng Chit

Malaysian, Aged 55, 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 20th Annual General Meeting ("AGM") of the Company will be held at Berjaya 1, 7th Floor, Berjaya Penang Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Thursday, 28 September 2017 at 10.30 a.m. for the following purposes:-

A G E N D A

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 April 2017 together with the Reports of the Directors and Auditors thereon. — Please refer to Note 7

2. To re-appoint Tan Sri Dato' Seri Tan Kok Ping as a Director of the Company. — **Resolution 1** Please refer to Note 8

3. To re-elect Mr. H'ng Cheok Seng, a director who retires by rotation in accordance with Article 94(1) of the Company's Constitution and who, being eligible, offers himself for re-election. — **Resolution 2**

4. To re-elect Mr. Tan Poh Heng, a director who retires by rotation in accordance with Article 94(1) of the Company's Constitution and who, being eligible, offers himself for re-election. — **Resolution 3**

5. To approve the payment of a single tier final dividend of 3 Sen per share and a single tier special dividend of 4 Sen per share for the financial year ended 30 April 2017. — **Resolution 4**

6. To approve the increase and the payment of Directors' Fees of RM162,000.00 for the financial year ended 30 April 2017. — **Resolution 5**

7. To approve the payment of Directors' Benefits up to an amount not exceeding RM35,000.00 from 31 January 2017 until the conclusion of the next AGM of the Company. — **Resolution 6**

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

As Special Business:

To consider and if thought fit, to pass with or without any modifications the following ordinary resolution:-

9. **PROPOSED RENEWAL OF GENERAL MANDATE FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES IN THE COMPANY** — **Resolution 8**

   "THAT, subject always to the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the regulations, guidelines and practice notes issued from time to time by Bursa Securities or any other regulatory authorities, approval be and is hereby given for the Directors of the Company to allot and issue new shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, PROVIDED THAT the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company and that the approval conferred by this resolution shall take effect immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the AGM of the Company held next after the approval was given;

(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given,

whichever is earlier; or

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

whichever is the earlier;

THAT, the Directors of the Company be hereby authorised to enter into such transactions, arrangements, agreements and documents as are necessary with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors, in their absolute discretion deem fit and in the best interest of the Company.

AND THAT, any Executive Director and/or the Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things as are necessary to give full effect to such transactions as authorised by this resolution."

10. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE ISSUED SHARE CAPITAL OF THE COMPANY** **Resolution 9**

"THAT, subject always to the Companies Act, 2016 ("the Act"), rules and regulations and orders made pursuant to the Act, the Constitution of the Company and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares ("MAGNI Shares") comprised in the total number of issued shares of the Company as may be determined by the Directors from time to time through Bursa Securities subject further to the following:

(i) the aggregate number MAGNI Shares which may be purchased or held by the Company shall not exceed 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued shares of the Company does not fall below the minimum share capital requirements of the Main LR of Bursa Securities that the Company continues to maintain a shareholding spread that is in compliance with the Main LR after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the MAGNI Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company;

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;

Notice of Annual General Meeting (cont'd)

i. the conclusion of the next AGM of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

ii. the expiration of the period within the next AGM of the Company after that date is required by law to be held; or

iii. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the MAGNI Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the MAGNI Shares by the Company, the Directors of the Company be and are hereby authorised to retain the MAGNI Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main LR of Bursa Securities and any other relevant authority for the time being in force.

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give full effect to and to complete the purchase of MAGNI Shares.

11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 20th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 20 September 2017. Only a depositor whose name appears on the Record of Depositors as at 20 September 2017 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 2017

NOTES ON APPOINTMENT OF PROXY

1. A proxy may but need not be a member of 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 twenty-four (24) hours before the time appointed for the taking of the poll or at any adjournment thereof.

3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

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

6. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

EXPLANATORY NOTES ON ORDINARY BUSINESS

7. The Audited Financial Statements in Agenda 1 had been approved by the Board pursuant to Section 251(1) of the Companies Act, 2016. Hence, this agenda does not require formal approval of shareholders of the Company and is meant for discussion pursuant to Section 248(2) of the Companies Act, 2016.

8. There is no age limit to act as directors in a public company pursuant to the Companies Act, 2016 which came in force on 31 January 2017. In this respect, Tan Sri Dato' Seri Tan Kok Ping aged above 70 who was re-appointed pursuant to Section 129 of the Companies Act, 1965 at the last AGM of the Company, his term in office will end at the conclusion of the forthcoming 20th AGM of the Company to be held on 28 September 2017.

   The proposed Resolution 1, if passed, will enable Tan Sri Dato' Seri Tan Kok Ping, who had offered himself for re-appointment to continue to act as a director of the Company and he shall be subject to retirement by rotation at a later date.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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

   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 placing of shares for the purpose of funding future investment, working capital and/or acquisition.

   As at the date of notice of 20th AGM, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

10. The proposed Resolution 9, is to seek the shareholders' approval for the Directors of the Company to purchase the Company's shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits 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 AGM. Further information on the Proposed Renewal of Share Buy-Back Authority of up to 10% of the Issued Share Capital of the Company is set out in the Share Buy-Back Statement dated 30 August 2017, dispatched together with the Company's 2017 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 4 Sen per share for the financial year ended 30 April 2017, if approved, will be paid on 27 October 2017 to shareholders registered in the Record of Depositors of the Company on 13 October 2017.

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 2017 in respect of ordinary transfers;

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

By Order of the Board,

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

Penang
Date: 30 August 2017

Statement Accompanying Notice of AGM

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

1) No individuals are standing for election as Directors at the forthcoming 20th AGM of the Company.

2) The profiles of the Directors who are standing for re-election as in Agenda 3 and Agenda 4 of the Notice of the 20th AGM of the Company are set out in the Profile of Directors section of this Annual Report.

3) The details of the Directors' interests in the securities of the Company as at 15 August 2017 are set out in the Substantial Shareholders and Directors' Shareholdings sections of this Annual Report.

4) The Resolution 8 tabled under Special Business as per the Notice of 20th AGM of the Company dated 30 August 2017 is a renewal of general mandate granted by shareholders of the Company at the last AGM held on 28 September 2016.

   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 notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

Management Discussion and Analysis

Business Overview

The Group's core business remains in manufacturing and sale of garments which contributed 89.1% of our Group revenue in FYR 2017. The balance Group revenue of 10.9% for FYR 2017 was contributed by its packaging segment.

A breakdown of the Group's revenue and results by business segment, and revenue by geographical location is shown in Note 29 of the financial statements for FYR 2017.

Discontinued and Continuing Packaging Business

The closing down of offset printing packaging business, the non-performing division of the packaging segment operated by SIPP came as part of the Group's efforts in streamlining its businesses. This closure was completed in final quarter of FYR 2017 and entailed the one-off closure costs of RM2.57 million. The discontinued operation has contributed 1.7% of the Group's Revenue for FYR 2017. The closure did not and will not have material effect on the earnings and earnings per share of the Group for FYR 2017 and FYR 2018.

The continuing operations of the Group's packaging segment (namely, SIP and IPP) currently manufacture and distribute a wide array of flexible plastic packaging and corrugated packaging products.

Overall Group's Performance

The Group remained resilient amid the global economic challenges. FYR 2017 saw the Group achieving its best ever revenue and profit before tax (PBT), which soared by 33.5% to RM1,140 million and 43.8% to RM154.304 million respectively vis-à-vis last year. Net profit for FYR 2017 saw a 46.3% jump to RM120.092 million surpassing its previous year record of RM82.114 million.

Looking back, Group revenue and PBT have increased significantly recording a compound annual growth of 16.4% and 30.5% respectively over the past five years.

Garment Performance

Our garment arm achieved a remarkable growth in both the revenue and PBT for FYR 2017 by 38.8% and 48.4% respectively.

The higher garment revenue was mainly due to higher sale orders received and to a moderate extent aided by favourable foreign exchange movements. The increase in garment PBT was mainly driven by higher revenue, lower foreign exchange loss and positive results from on-going productivity improvements and vigilant cost control.

Packaging Performance

Notwithstanding the said closure of offset printing packaging business, our overall packaging operations managed to achieve a 1.7% increase in revenue for FYR 2017.

Packaging PBT decreased by 26.2% mainly due to SIPP's business closure costs of RM2.57 million. Stripping out these closure costs, packaging PBT was better than the previous year by 11.3% mainly due to higher revenue, gross profit margin and other operating income.

Group Earnings and Financial Position

The improved net profit performance for FYR 2017 translated into a net return on average shareholders' equity of 32.8% as compared to 27.6% last year. The basic earnings per share for FYR 2017 was 73.8 Sen versus 50.5 Sen previously.

Total Assets expanded by 21.5% from RM398.687 million as at the end of FYR 2016 to RM484.376 million at end of FYR 2017 in tandem with higher retained earnings. The increase in investment securities from RM53.659 million to RM96.515 million was largely due to additional investment in money market related unit trusts. Inventories and receivables increased from RM115.925 million and RM107.690 million to RM145.892 million and RM131.880 million respectively mainly due to higher garment revenue and strengthening of USD.

The net assets per share as at the end of FYR 2017 rose as much as 26.8% to RM2.51 from RM1.98 at end of last year despite larger dividend payments. The Group is in a healthy financial position with cash balances of RM53.084 million and money markets related unit trusts of RM77.750 million as at the end of FYR 2017.

Capital Expenditure

The total capital expenditure incurred by the Group for FYR 2017 was RM7.817 million (including RM6.550 million for garment segment) which was wholly financed out of funds generated from operations.

Business Risks - Garment

With the concentrated customer base, it is important to be mindful of customers' changing needs and preferences and to take these consideration as we develop our strategy. We are required to be flexible and fast in meeting the changes required by the customers as well as to continuously improve every facet of the operations in order to remain relevant and stand the test of time.

With more than 40 years of experience in the industry, we have shaped a strong reputation as one of the established manufacturers of garments around the region. We have also developed a long term strategic relationship with the customers.

Blessed with the continued support from these valued customers, the garment segment has been instrumental in the continuous growth of the Group. This has been facilitated by a more focused and effective deployment of resources and the economies of scale resulting from customer concentration. Consequently, garment revenue and PBT have grown steadily recording a compound annual growth of 16.4% and 30.5% respectively over the past five years.

The Group seeks to mitigate the risk of customer concentration through proactively working with customers to create value, particularly to focus on more sophisticated and higher value-added products needed by them.

Garment revenue is derived from export sales. Garment segment also imports considerably its raw materials (comprising fabrics and accessories) and pays manufacturing costs abroad. The risk of foreign exchange fluctuations is mitigated through natural hedges by paying for its imports with the USD revenue received.

Effective forex management is in place to have better visibility of forex movements thereby mitigating this economic risk. For FYR 2017, the Group recorded realized and unrealized foreign exchange gains of RM9.626 million (FYR 2016 : RM7.769 million) and RM0.516 million (FYR 2016 : Loss of RM0.827 million) respectively.

Business Risks – Packaging and General

Having more than 30 years of experience in the industry and operating in today's highly competitive business environment, the packaging segment has positioned itself favorably in the market by earning a reputation that emphasizes quality and reliable products, timely delivery and competitive pricing backed by excellent customer services in order to reduce competition risk.

Other business risks inherent in both the garment and packaging industries are higher labour costs particularly due to hike in local minimum wage and foreign workers levy, utility costs and other operating costs. Likewise, our garment operations in Vietnam has experienced higher minimum wage. Local and Vietnam minimum wages increased by 11.1% (effective 1 July 2016) and average 7.3% (effective 1 January 2017) respectively. The Group seeks to manage these risk exposures vigilantly through continuous review and evaluation of the Group's operations and strategies, prudent and lean management of resources.

Business Strategy – Garment

The Garment segment will continue to improve its revenue and profitability through the following initiatives:

a) Proactive customer engagement will remain as a key strategy to reach the customers.
b) Diversification of product range to enhance our market share.
c) Invest and develop talents to support the future growth of business.
d) Embrace modernization, invest in IT, new technology and automation to improve productivity while driving our business and manufacturing process excellence.
e) Lean management, cost control in striving for operational efficiency to remain competitive.
f) Expansion of manufacturing capacity.

Our garment arm is exploring to have a joint venture ("JV") with our Vietnamese partner and associate to build 2 new green and sustainable manufacturing plants in Vietnam with Target Leed Gold Certification. The precise percentage share, investment costs and other relevant details of the JV will be announced to Bursa Securities once the details are finalized and agreed upon by the JV parties.

The Group will continue to focus on its core business of garment manufacturing and to achieve growth organically. Given the strong cash resources, we are well positioned to tap into strategic merger and acquisition opportunities in the same industry while not ruling out any diversification into other industries whenever opportunities arise.

Business Strategy - Packaging

Our flexible plastic business unit, SIP will allocate a capital expenditure of approximately RM10 million for acquisition of new machines as well as to replace certain obsolete machines to enhance the manufacturing capabilities. RM1 million has been incurred in FYR 2017 and the balance of RM9 million will be disbursed in stages during FYR 2018. The new machineries are expected to contribute positively to packaging revenue and earnings effective FYR 2019.

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.

Lean management and stringent cost management for operational efficiency have become a key part of our corporate culture. Continuous efforts have been made to inculcate these positive mindsets across all the business units.

Management Discussion and Analysis (cont'd)

For the corrugated packaging business which has been saddled with lower profit margin and potentially high capex for reinvestment, we will continue to manage the business prudently by driving the costs low, optimizing for resource productivity and be prepared to turn any prevailing market conditions into opportunities for business sustainability and growth.

Business Outlook

For FYR 2018, the global economic landscape is expected to remain challenging. There are still numerous uncertainties such as the controversial drastic change in US trade and foreign policies and the subduing global demand. Domestically, we are continuously obsessed with downside risks associated with political uncertainty surrounding the upcoming general election, fluctuation of exchange rate, rising costs and so on.

We maintain a cautious outlook for FYR 2018 amid these challenges. However, both the garment and packaging businesses are expected to remain profitable for FYR 2018.

We shall continue to propel the Group's businesses to the next level growth in line with our strategy as stated above.

Dividends

A single tier final dividend of 3 Sen per share and a single tier special dividend of 4 Sen per share for FYR 2017 totaling 7 Sen (FYR 2016 : 5 Sen) have been recommended by the Board for shareholders' approval at the forthcoming 20th AGM.

Total dividends paid and proposed for FYR 2017 amount to 23 Sen per share or RM37.428 million (FYR 2016 : 18 Sen per share or RM29.292 million), representing a payout ratio of 31.2% (FYR 2016 : 35.7%). The Directors will endeavor to maintain a dividend payout ratio in the region of 30% subject to the Group's financial performance and capex requirement.

Backed by our growth strategies and healthy cash flow from operations, MAGNI has paid / proposed annual dividends of 8.7 Sen, 8.7 Sen, 10 Sen, 18 and 23 Sen per share respectively in the last five years.

Appreciation

The Board of Directors wishes to express its sincere appreciation to all our shareholders and stakeholders for their relentless support and confidence, and to our dedicated employees for their contributions and commitment to the Group in making this year a significant success.

The Board also wishes to take this opportunity to extend its appreciation to Mr Tan Kok Aun who retired as a Director in June 2017, for his contributions to the Group.

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 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 Managing Director 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 other 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 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 34 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 to obtain 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 235 of the Companies Act 2016. The Company Secretaries are responsible for advising the Board, particularly with regard to governance matters, the Company's Constitution, 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 32 and 33 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 FYR 2017 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 FYR 2017. All the members of the NC were present at the said meeting. NC assessed and made recommendations to the Board for re-appointment/re-election at 2016's AGM with regards to the followings :

No.	Name of Director	Type of retirement
1.	Tan Sri Dato' Seri Tan Kok Ping	Due to age limit and to re-appoint him to hold office until the next AGM
2.	Tan Kok Aun	By Rotation as per Article 94(1) of the Company's Constitution and offered themselves for re-election
3.	Mawan Noor Aini Binti Md. Ismail	
4.	Dato' Rosely Bin Samsuri	Pursuant to Article 101 of the Company's Constitution and offered himself for re-election

NC also carried out the annual assessments 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 LR of Bursa Securities.

NC was satisfied with the results of the above assessments.

Remuneration Committee ("RC")

The RC comprises 2 Independent Non-Executive Directors and 1 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 FYR 2017 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 FYR 2017. All the members of the RC were present at the said meeting.

The category, amount of directors' remuneration and the number of Directors whose total remunerations falls into each successive band of RM50,000 are disclosed in Note 24 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, Puan Mawan Noor Aini Binti Md. Ismail holding 16.7% of the Board's seats.

Appointment and Re-election of Directors

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 Constitution, 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 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.

In August 2017, 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	Retired in last year's AGM due to age limit and re-appointed then to hold office until the forthcoming AGM under the old Companies Act
2.	H'ng Cheok Seng	By Rotation as per Article 94(1) of the Company's Constitution.
3.	Tan Poh Heng	

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

C. Reinforce Independence

Annual Assessment of Independent Directors

The Board currently has 6 members, 2 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 complies with Main Market LR of Bursa Securities 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 LR of Bursa Securities.

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 2017, 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 a 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 FYR 2017, the Board held 4 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 LR of Bursa Securities. 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 FYR 2017 are as follows:

No.	Name of Director	Seminar / Training Programmes attended
1.	Tan Sri Dato' Seri Tan Kok Ping	(i) Malaysian Budget 2017 Seminar on 4 November 2016
2.	Tan Poay Seng	(i) Sustainability Forum on 2 September 2016 (ii) Digital Disruption on 5 September 2016 (iii) Malaysian Budget 2017 Seminar on 4 November 2016
3.	H'ng Cheok Seng	(i) Igniting Confidence on 8 Nov 2016 (ii) Tread carefully with change management on 4 April 2017 (iii) The search for a sustainable approach to accountancy on 5 April 2017
4.	Mawan Noor Aini Binti Md. Ismail	(i) Malaysian Budget 2017 Seminar on 4 November 2016
5	Tan Poh Heng	(i) Malaysian Budget 2017 Seminar on 4 November 2016 (ii) 2017 Global Economic Outlook on 8 March 2017

Save as disclosed above, Dato' Rosely Bin Samsuri was not able to attend any seminars and/or training programmes during FYR 2017 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 Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016.

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 Malaysian Financial Reporting Standards.

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 their re-appointment as external auditors 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 are set out on pages 30 to 31 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 33 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 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

Voting at the last AGM held on 28 September 2016, was conducted by poll. Likewise, all the resolutions set out in the notice of the forthcoming AGM shall be voted upon by poll.

Compliance Statement

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

This statement was made in accordance with a resolution of the Board of Directors dated 11 August 2017.

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 Team ("RMT") plays a pivotal role in continuous monitoring and management of the risks and 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 and to be reviewed by the heads of the respective operating units 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 Main Market LR of Bursa Securities 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 FYR 2017.

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

This statement was made in accordance with a resolution of the Board of Directors dated 11 August 2017.

Audit Committee's Report

The members of the Audit Committee ("AC") during FYR 2017 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 FYR 2017

There were 6 meetings held during FYR 2017. All AC members were present at the said 6 meetings.

Terms of Reference of AC

AC is guided by its terms of reference as set out in the Company's corporate website http://www.magni-tech.com.my.

Summary of Work of the AC held during the Financial Year

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 Securities.
2) Reviewed the draft audited financial statements for FYR 2017, 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 LR of Bursa Securities 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

Reviewed the reports by the risk management team 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 their re-appointment as external auditors for FYR 2018 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 adopt 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 FYR 2017, 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 FYR 2017 was RM19,959.

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 the applicable Malaysian Financial Reporting 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, 2016.

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 FYR 2017. 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 FYR 2017, the Group donated about RM334,453 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 FYR 2017.

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 FYR 2017 were as follows:

Non-audit fees incurred by	Amount (RM)
(a) the Company	6,000
(b) the Group	14,760

Material Contracts or Contract Relating to Loans

During FYR 2017, other than those disclosed in Note 30 to the Financial Statements, there were no material contracts or contract relating to loans with the Company and its subsidiaries involving Directors' and major shareholders' interest.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Shareholders Mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature was obtained at the AGM held on 28 September 2016. Details of such transactions are disclosed in Note 30 to the financial statements.

Conflict of Interest

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

Directors' Report
for the financial year ended 30 April 2017

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 2017**.

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	**120,092,306**	**35,633,960**
Attributable to:		
Owners of the Company	**120,098,353**	**35,633,960**
Non-controlling interests	**(6,047)**	**-**
	120,092,306	**35,633,960**

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 single tier special dividend of 2 sen per share amounting to RM8,136,592 in respect of the financial year ended 30 April 2016 as proposed in the directors' report of that year;

(ii) Single tier interim dividend of 5 sen per share amounting to RM8,136,592 in respect of the financial year ended 30 April 2017;

(iii) Second single tier interim dividend of 3 sen per share and single tier special dividend of 2 sen per share amounting to RM8,136,592 in respect of the financial year ended 30 April 2017; and

(iv) Third single tier interim dividend of 3 sen per share and single tier special dividend of 3 sen per share amounting to RM9,763,911 in respect of the financial year ended 30 April 2017.

Directors' Report
for the financial year ended 30 April 2017 (cont'd)

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 4 sen per share amounting to RM11,391,229 in respect of the financial year ended 30 April 2017 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2018.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

DIRECTORS

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

Directors of the Company:

Tan Sri Dato' Seri Tan Kok Ping
Tan Poay Seng
H'ng Cheok Seng
Mawan Noor Aini Binti Md. Ismail
Tan Poh Heng
Dato' Rosely Bin Samsuri
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)
Tan Kok Aun (resigned on 21.6.2017)

Directors of the Subsidiaries:

Tan Kok Aun (resigned on 21.6.2017)
Lee Koong Chen @ Lee Kong Chew

Directors' Report
for the financial year ended 30 April 2017 (cont'd)

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			
	Balance at 1.5.16	Bought	Sold	Balance at 30.4.17
The Company				
Direct Interest:				
Tan Sri Dato' Seri Tan Kok Ping	6,500,000	598,000	-	7,098,000
Tan Poay Seng	30,078,293	1,802,300	-	31,880,593
Tan Kok Aun	1,530,000	-	-	1,530,000
H'ng Cheok Seng	907,500	177,800	-	1,085,300
Mawan Noor Aini binti Md. Ismail	3,589	-	-	3,589
Chang Chuen Hwa (alternate director to Tan Poay Seng)	495,000	5,000	-	500,000
Indirect Interest:				
Interest of Spouse/Children of the Directors*				
Tan Sri Dato' Seri Tan Kok Ping	5,550,750	100,000	(50,000)	5,600,750
Chang Chuen Hwa (alternate director to Tan Poay Seng)	87,716	9,000	-	96,716
Deemed Interest:				
Tan Sri Dato' Seri Tan Kok Ping**	21,300,000	-	-	21,300,000

* Disclosure pursuant to Section 59 (11) (c) of the Companies Act 2016.
** Deemed interested by virtue of his shareholdings in KP Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

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 2017 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' FEES AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Group and of the Company are as follows:

	GROUP RM	COMPANY RM
Salary and allowances	2,433,600	-
Bonus and incentive	6,671,600	-
Defined contribution plan	841,684	-
Fees	222,000	162,000
Other emoluments	8,051	6,000
Benefits-in-kind	54,333	-
Indemnity given or insurance effected for any director	13,600	13,600
	10,244,868	181,600

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.

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.

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.

Directors' Report
for the financial year ended 30 April 2017 (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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 would 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

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

In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due,

(ii) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the impairment loss on investment in a subsidiary recognised in the Company's profit or loss during the financial year under review, and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

There was no indemnity given to or insurance effected for the officers of the Company.

Directors' Report
for the financial year ended 30 April 2017 (cont'd)

AUDITORS

The total amount of fees paid to or receivable by the auditors, Grant Thornton, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 April 2017 were RM86,000 and RM23,000 respectively.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company.

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

Signed in accordance with a resolution of the directors:

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

Penang,

Date: 11 August 2017

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 49 to 111 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017** 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 112 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors:

Tan Sri Dato' Seri Tan Kok Ping

Tan Poay Seng

Date: 11 August 2017

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 49 to 111 and the supplementary information set out on page 112 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 **11**)
day of **August 2017**.)

Tan Poay Seng
(I/C No. 661112-08-5255)

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

Opinion

We have audited the financial statements of **Magni-Tech Industries Berhad**, which comprise the statements of financial position as at **30 April 2017** 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 notes to the financial statements, including significant accounting policies, as set out on pages 49 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 April 2017**, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountant*s ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Company No. 422585-V
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of plant and machinery *(Note 4 to the financial statements)* As at 30 April 2017, the Group holds significant plant and machinery as disclosed in Note 4 to the financial statements, with aggregate carrying amount of RM57 million. We have identified impairment of plant and machinery as a key audit matter because the determination of whether or not an impairment charge for plant and equipment was necessary involved management judgements and estimation uncertainty in order to ensure the assets are recoverable at their carrying amounts.	Our audit procedures included the following: • Obtaining an understanding of: - how the Group identifies impairment indicators; and - how the Group makes the accounting estimates for impairment. • Performing physical sighting of assets on sampling basis to ensure the plant and machinery are working in good conditions.
Valuation net of inventories *(Note 8 to the financial statements)* The Group holds significant inventories as at 30 April 2017 which exposed the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying value. We focused on this area as it involves estimation uncertainty by the directors in determining the accuracy of provision for inventory obsolescence and in assessing the adequacy of inventory not stated at the lower of cost or market value.	Our audit procedures in relation to the valuation net of inventories included: • Obtaining an understanding of: - the Group's inventory management process; - how the Group identifies and assesses inventory write-downs; and - how the Group makes the accounting estimates for inventory write-downs. • Reviewing the consistency of the application of management's methodology in determining and estimating the provision from year to year. • Reviewing and testing the reliability of the ageing report of inventories provided by management. • Reviewing and testing the net realisable value of inventories on sampling basis. • Evaluating the reasonableness and adequacy of the inventories write-downs recognised for identified exposures.

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

Company No. 422585-V
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables *(Note 9 to the financial statements)* The Group has significant trade receivables as at 30 April 2017 and it is subject to credit risk exposure. We focus on this area as the assessment of recoverability of receivables involved management judgements and estimation uncertainty in determining the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.	Our audit procedures in relation to management's impairment assessment included: • Obtaining an understanding of: - the Group's control over the customers collection process; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment. • Reviewing the consistency of the application of management's methodology for calculating the impairment from year to year. • Reviewing the aging analysis of trade receivables and testing the reliability thereof. • Reviewing subsequent collections for major customers and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue balances. • Examining other evidence including customer correspondences. • Evaluating the adequacy of the impairment estimated and provided in the financial statements.
Impairment of investment in subsidiaries *(Notes 6 and 34 to the financial statements)* The Company's carrying amount of investment in subsidiaries as at 30 April 2017 was RM79 million. The closure of business of a subsidiary, South Island Packaging (Penang) Sdn. Bhd. ("SIPP") during the financial year under review is an impairment indication on the recoverable amount of the investment. We focus on this area because there is management judgements and estimation uncertainty involved in arriving at the recoverable amount of SIPP.	Our audit procedures included the following: • Obtaining an understanding of: - how the Group identifies impairment indicators; and - how the Group makes the accounting estimates for impairment. • Assessing management's view on the existence of impairment indicator. • Assessing management's procedures for determining the recoverable amount of SIPP. • Considered the adequacy of the disclosures on the impairment assessment and impairment loss recognised in the financial statements.

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

Company No. 422585-V
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Company No. 422585-V
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Company No. 422585-V
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out on page 112 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 266 of the Companies Act 2016 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
No. 1107/03/18 (J)
Chartered Accountant

Date: 11 August 2017

Penang

Statements of Financial Position
as at 30 April 2017

	NOTE	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	56,632,785	57,151,088	57,179	28,298
Investment property	5	97,715	103,997	-	-
Investment in subsidiaries	6	-	-	78,841,749	86,067,772
Investment securities	7	96,514,930	53,659,356	-	-
		153,245,430	110,914,441	78,898,928	86,096,070
Current assets					
Inventories	8	145,892,318	115,924,691	-	-
Trade and other receivables	9	131,880,144	107,689,589	91,674,314	90,226,337
Current tax assets		188,325	44,899	-	-
Cash and bank balances	10	53,084,147	64,113,316	12,114,431	4,885,451
		331,044,934	287,772,495	103,788,745	95,111,788
Non-current assets held for sale	11	85,427	-	-	-
		331,130,361	287,772,495	103,788,745	95,111,788
TOTAL ASSETS		484,375,791	398,686,936	182,687,673	181,207,858
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	162,731,842	162,731,842	162,731,842	162,731,842
Other reserves	13	186,111	77,028	15,824,999	15,824,999
Retained profits	14	246,066,555	160,141,889	4,010,807	2,550,534
		408,984,508	322,950,759	182,567,648	181,107,375
Non-controlling interests		26,994	33,041	-	-
Total equity		409,011,502	322,983,800	182,567,648	181,107,375
Non-current liabilities					
Deferred tax liabilities	15	5,335,611	6,362,314	1,000	7,000
Current liabilities					
Trade and other payables	16	62,053,620	63,445,765	78,525	50,733
Current tax liabilities		7,975,058	5,895,057	40,500	42,750
		70,028,678	69,340,822	119,025	93,483
Total liabilities		75,364,289	75,703,136	120,025	100,483
TOTAL EQUITY AND LIABILITIES		484,375,791	398,686,936	182,687,673	181,207,858

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Income Statements
for the financial year ended 30 April 2017

		GROUP		COMPANY	
	NOTE	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	17	1,139,947,286	854,066,300	43,586,000	14,296,000
Cost of sales		(936,629,504)	(702,459,542)	-	-
Gross profit		203,317,782	151,606,758	43,586,000	14,296,000
Other items of income					
Interest income	18	1,717,643	1,524,799	240,523	166,665
Dividend income	19	4,507,911	4,194,647	-	-
Other income	20	11,188,690	8,647,079	-	-
Other items of expense					
Administrative expenses		(51,690,635)	(48,042,313)	(8,005,452)	(873,828)
Selling and distribution expenses		(14,104,105)	(10,177,407)	-	-
Finance costs	21	(632,882)	(480,646)	(422)	(819)
Profit before tax	22	154,304,404	107,272,917	35,820,649	13,588,018
Tax expense	25	(34,212,098)	(25,158,786)	(186,689)	(190,296)
Profit for the financial year		120,092,306	82,114,131	35,633,960	13,397,722
Profit attributable to:					
Owners of the Company		120,098,353	82,112,955	35,633,960	13,397,722
Non-controlling interests		(6,047)	1,176	-	-
		120,092,306	82,114,131	35,633,960	13,397,722
Earnings per share attributable to owners of the Company (sen per share)					
- Basic/Diluted	26	73.8	50.5		

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Statements of Comprehensive Income
for the financial year ended 30 April 2017

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit for the financial year	120,092,306	82,114,131	35,633,960	13,397,722
Other comprehensive income, 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	109,083	223,608	-	-
- Transfer to profit or loss upon disposal	-	(146,580)	-	-
Other comprehensive income for the financial year	109,083	77,028	-	-
Total comprehensive income for the financial year	120,201,389	82,191,159	35,633,960	13,397,722
Total comprehensive income attributable to:				
Owners of the Company	120,207,436	82,189,983	35,633,960	13,397,722
Non-controlling interests	(6,047)	1,176	-	-
	120,201,389	82,191,159	35,633,960	13,397,722

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 30 April 2017

		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
2017								
Balance at beginning		162,731,842	-	77,028	160,141,889	322,950,759	33,041	322,983,800
Total comprehensive income for the financial year		-	-	109,083	120,098,353	120,207,436	(6,047)	120,201,389
Transactions with owners:								
Dividends	27	-	-	-	(34,173,687)	(34,173,687)	-	(34,173,687)
Balance at end		162,731,842	-	186,111	246,066,555	408,984,508	26,994	409,011,502
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	12	54,243,942	(3,766,446)	-	(50,477,496)	-	-	-
Dividends	27	-	-	-	(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

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Statement of Changes in Equity
for the financial year ended 30 April 2017

		|—— Non-distributable ——|			Distributable	
	NOTE	Share Capital RM	Share Premium RM	Other Reserve RM	Retained Profits RM	Total Equity RM
2017						
Balance at beginning		162,731,842	-	15,824,999	2,550,534	181,107,375
Total comprehensive income for the financial year		-	-	-	35,633,960	35,633,960
Transactions with owners:						
Dividends	27	-	-	-	(34,173,687)	(34,173,687)
Balance at end		162,731,842	-	15,824,999	4,010,807	182,567,648
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	12	54,243,942	(3,766,446)	-	(50,477,496)	-
Dividends	27	-	-	-	(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

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2017

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	154,304,404	107,272,917	35,820,649	13,588,018
Adjustments for:				
Depreciation	5,691,536	5,568,291	11,999	11,302
Dividend income	(4,507,911)	(4,194,647)	(42,960,000)	(13,660,000)
(Gain)/Loss on disposal of investment securities	(109,381)	33,437	-	-
Gain on disposal of property, plant and equipment	(121,272)	(185,332)	-	-
Impairment loss on trade receivables	53,884	12,491	-	-
Impairment loss on investment in a subsidiary	-	-	7,226,023	-
Impairment loss on investment securities	77,328	73,967	-	-
Interest income	(1,717,643)	(1,524,799)	(240,523)	(166,665)
Loss on disposal of non-current assets held for sale	12,511	-	-	-
Net fair value gain on available-for-sale financial assets realised upon disposal	-	(146,580)	-	-
Property, plant and equipment written off	131,324	960,068	-	71
Reversal of impairment loss on trade receivables	(6,330)	(37,622)	-	-
Unrealised (gain)/loss on foreign exchange	(516,000)	826,584	-	-
Operating gain/(loss) before working capital changes	153,292,450	108,658,775	(141,852)	(227,274)
Increase in inventories	(29,967,627)	(51,873,595)	-	-
Increase in receivables	(26,544,871)	(29,511,017)	-	(400)
Increase in payables	1,428,346	14,724,388	27,792	24,623
Cash generated from/(used in) operations	98,208,298	41,998,551	(114,060)	(203,051)
Income tax paid	(33,302,226)	(24,911,209)	(194,939)	(163,854)
Income tax refunded	-	39,802	-	20,760
Net cash from/(used in) operating activities	64,906,072	17,127,144	(308,999)	(346,145)

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Statements of Cash Flows
for the financial year ended 30 April 2017 (cont'd)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Balance brought forward	64,906,072	17,127,144	(308,999)	(346,145)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,717,643	1,531,749	240,523	166,665
Net dividend received	3,649,257	3,682,610	42,960,000	13,660,000
Proceeds from disposal of investment securities	16,086,481	41,085,433	-	-
Proceeds from disposal of non-current assets held for sale	2,418,673	-	-	-
Proceeds from disposal of property, plant and equipment	123,132	185,461	-	-
Purchase of investment securities	(57,942,265)	(30,982,756)	-	-
Purchase of property, plant and equipment	(7,816,746)	(5,562,106)	(40,880)	(3,560)
Repayment (to)/from subsidiaries	-	-	(1,447,977)	18,604,529
Net cash (used in)/from investing activities	(41,763,825)	9,940,391	41,711,666	32,427,634
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(34,173,687)	(32,003,929)	(34,173,687)	(32,003,929)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(11,031,440)	(4,936,394)	7,228,980	77,560
Effects of changes in exchange rates on cash and bank balances	2,271	10,524	-	-
CASH AND BANK BALANCES AT BEGINNING	64,113,316	69,039,186	4,885,451	4,807,891
CASH AND BANK BALANCES AT END	53,084,147	64,113,316	12,114,431	4,885,451

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Notes to the Financial Statements
- 30 April 2017

1. CORPORATE INFORMATION

General

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 August 2017.

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 2016 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 and the Company.

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 and the Company use 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 and IC Interpretations ("IC Int")

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years 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 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

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 2017
Amendments to MFRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014-2016 Cycle)
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 2 Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 140 Investment Property: Transfers of Investment Property
Annual Improvements to MFRS Standards 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

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 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of *MFRS 9*. This new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of *MFRS 9*, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of *MFRS 9*, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's investment in unquoted shares, if any, will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy, but it is anticipated that the adoption will 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 (cont'd)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in *MFRS 111 Construction Contracts, MFRS 118 Revenue, 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 is currently assessing the financial impact of adopting *MFRS 15*.

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 (i.e., 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 (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., 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 as 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 Company is currently assessing the financial impact of adopting *MFRS 16*.

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2. BASIS OF PREPARATION (cont'd)

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

***Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives** (cont'd)*

On initial application of the amendments, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure to be provided by the Group.

2.6 Significant Accounting Estimates and Judgements

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

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

2.6.1 Judgements made in applying accounting policies

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

2.6.2 Key sources of estimation uncertainty

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

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

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the plant and equipment to be 3 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and equipment. Therefore, future depreciation charges could be revised.

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

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

2. BASIS OF PREPARATION (cont'd)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Key sources of estimation uncertainty (cont'd)

(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.

(v) **Impairment of investment in subsidiaries**

The Company carries out impairment test based on the estimate of the higher of value-in-use or the fair value less cost to sell of the cash-generating unit ("CGU") to which the investment in the subsidiaries belong to. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of Consolidation (cont'd)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Property, Plant and Equipment (cont'd)

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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.2 up to the date of change in use.

3.4 Leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Leases (cont'd)

Finance lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

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

Operating leases

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

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

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

3.5 Impairment of Non-Financial Assets

The 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").

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Financial Instruments (cont'd)

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

Financial assets (cont'd)

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

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

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

All financial assets are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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

3.6.3 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Financial Instruments (cont'd)

3.6.3 Financial guarantee contracts (cont'd)

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

3.6.4 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.

3.7 Impairment of Financial Assets

All financial assets (except for investment in subsidiaries) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Impairment of Financial Assets (cont'd)

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.

3.9 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Non-current Assets Held for Sale

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

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

3.11 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.12 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

3.13 Income Recognition

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

(i) **Sale of goods**

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Income Recognition (cont'd)

(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.

3.14 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

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

3.15 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Income Tax (cont'd)

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

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

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

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

3.16 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.

3.17 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Foreign Currency Transactions (cont'd)

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.

3.18 Segment Reporting

For management purposes, the Group is organised into operating segments based on business segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

3.19 Share Capital, Share Issuance Expenses and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Prior to Companies Act 2016 which came into operation on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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
2017								
At cost								
Balance at beginning	7,479,133	33,098,421	6,555,266	77,974,966	14,430,143	9,059,024	-	148,596,953
Additions	-	103,889	-	3,420,411	1,540,733	1,000,518	1,751,195	7,816,746
Disposals	-	-	-	(157,499)	-	(512,239)	-	(669,738)
Written off	-	-	-	(1,024,114)	(246,606)	-	-	(1,270,720)
Reclassified to non-current assets held for sale	-	-	-	(16,342,659)	(1,309,412)	(934,724)	-	(18,586,795)
Balance at end	7,479,133	33,202,310	6,555,266	63,871,105	14,414,858	8,612,579	1,751,195	135,886,446
Accumulated depreciation								
Balance at beginning	-	11,160,890	1,375,839	60,872,118	11,182,584	6,854,434	-	91,445,865
Current charge	-	663,484	117,061	2,403,040	1,496,830	1,004,839	-	5,685,254
Disposals	-	-	-	(155,642)	-	(512,236)	-	(667,878)
Written off	-	-	-	(900,691)	(238,705)	-	-	(1,139,396)
Reclassified to non-current assets held for sale	-	-	-	(14,038,230)	(1,217,681)	(814,273)	-	(16,070,184)
Balance at end	-	11,824,374	1,492,900	48,180,595	11,223,028	6,532,764	-	79,253,661
Carrying amount	7,479,133	21,377,936	5,062,366	15,690,510	3,191,830	2,079,815	1,751,195	56,632,785
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

Notes to the Financial Statements
- 30 April 2017 (cont'd)

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

COMPANY

	Office equipment and renovation RM	Motor vehicles RM	Total RM
2017			
At cost			
Balance at beginning	275,444	568,667	844,111
Additions	40,880	-	40,880
Balance at end	316,324	568,667	884,991
Accumulated depreciation			
Balance at beginning	247,146	568,667	815,813
Current charge	11,999	-	11,999
Balance at end	259,145	568,667	827,812
Carrying amount	57,179	-	57,179
2016			
At cost			
Balance at beginning	290,803	568,667	859,470
Additions	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

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 **RM58,371,992** (2016: RM48,141,799) and **RM800,193** (2016: RM791,763) 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:

	2017 RM	**2016 RM**
Freehold land	2,555,000	2,555,000
Buildings	11,551,010	11,856,655
Leasehold land	2,382,141	2,464,284
Plant and machinery, electrical and piping installations	5,845,936	4,146,180
Office furniture, fittings, equipment and renovation	2,624,093	2,624,430
Motor vehicles	1,375,008	1,114,532
	26,333,188	24,761,081

5. INVESTMENT PROPERTY

	GROUP	
	2017 RM	**2016 RM**
At cost	223,654	223,654
Accumulated depreciation		
Balance at beginning	119,657	113,375
Current charge	6,282	6,282
Balance at end	125,939	119,657
Carrying amount	97,715	103,997

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

Notes to the Financial Statements
- 30 April 2017 (cont'd)

5. INVESTMENT PROPERTY (cont'd)

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

	2017 RM	2016 RM
Rental income from rental generating property	231,000	187,500
Direct operating expenses arising from rental generating property	23,152	22,715

(iii) For fair value measurement of the building, refer Note 32.2 to the financial statements.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2017 RM	2016 RM
Unquoted shares, at cost	86,067,772	86,067,772
Less: Impairment loss	(7,226,023)	-
	78,841,749	86,067,772

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

Name of Subsidiaries	Effective Equity Interest 2017 %	Effective Equity Interest 2016 %	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.
* South Island Packaging (Penang) Sdn. Bhd. ("SIPP")	99.64	99.64	Manufacturing and distribution of offset printing packaging products. However, the Company has ceased its operation during the financial year.
* South Island Plastics Sdn. Bhd.	100	100	Manufacturing and distribution of flexible plastic packaging materials.

* Not audited by Grant Thornton.

6. INVESTMENT IN SUBSIDIARIES (cont'd)

During the financial year under review, the management has carried out a review of the recoverable amounts of its investment in SIPP in view that the subsidiary has closed down the existing manufacturing business as further disclosed in Note 34 to the financial statements. The review has led to the recognition of impairment loss of RM7,226,023 as its recoverable amount estimated was less than its carrying amount.

7. INVESTMENT SECURITIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 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	(369,178)	(295,211)	-	-
Current year	(77,328)	(73,967)	-	-
Balance at end	(446,506)	(369,178)	-	-
	944,752	1,022,080	-	-
- Quoted unit trusts, at fair value	77,750,229	34,817,327	-	-
- 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	-	-
	96,514,930	53,659,356	-	-

	GROUP	
	2017 RM	2016 RM
Market value of:		
- Shares quoted in Malaysia	944,752	1,022,080
- Quoted unit trusts	77,866,235	34,954,354

Notes to the Financial Statements
- 30 April 2017 (cont'd)

8. INVENTORIES

	GROUP 2017 RM	GROUP 2016 RM
Raw materials	20,536,011	18,110,807
Work-in-progress	123,850,178	95,850,265
Finished goods	886,849	1,260,813
Consumables, tools and spare parts	581,424	639,056
Goods-in-transit	37,856	63,750
	145,892,318	115,924,691

During the financial year, the inventories recognised in profit or loss as cost of sales is **RM936,564,312** (2016: RM702,459,542).

9. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables (Note 9.1)				
Third parties	120,649,842	91,714,502	-	-
Less: Allowance for impairment	(829,963)	(782,409)	-	-
	119,819,879	90,932,093	-	-
Other receivables				
Sundry receivables	392,489	112,897	-	-
Deposits	1,569,116	585,825	11,398	11,398
Prepayments	10,827,502	15,697,084	4,500	4,500
GST receivable	374,734	361,690	-	-
Amount due from subsidiaries (Note 9.2)	-	-	91,658,416	90,210,439
	12,060,265	16,757,496	91,674,314	90,226,337
	131,880,144	107,689,589	91,674,314	90,226,337

9. TRADE AND OTHER RECEIVABLES (cont'd)

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

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	43,877,103	52,832,492	91,674,314	90,226,337
US Dollar	87,479,107	54,575,387	-	-
Singapore Dollar	523,934	281,710	-	-
	131,880,144	107,689,589	91,674,314	90,226,337

9.1 Trade receivables

Included herein is an amount of **RM963** (2016: RM34,564) due from a company in which a director of the Company has substantial financial interest.

Trade receivables are non-interest bearing and are generally on **15 to 120 days** (2016: 15 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The movement of allowance for impairment is as follows:

	2017 RM	2016 RM
Balance at beginning	782,409	807,540
Current year	53,884	12,491
Reversal due to recovered	(6,330)	(37,622)
Balance at end	829,963	782,409

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.

Notes to the Financial Statements
- 30 April 2017 (cont'd)

10. CASH AND BANK BALANCES

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Cash on hand and at bank	3,882,446	4,476,637	94,445	43,200
Deposits with licensed banks:				
- fixed deposits	25,663,701	23,477,979	12,019,986	4,842,251
- short term placements	23,538,000	36,158,700	-	-
	53,084,147	64,113,316	12,114,431	4,885,451

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

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Ringgit Malaysia	48,361,855	30,187,046	12,114,431	4,885,451
US Dollar	4,579,806	33,831,366	-	-
Others	142,486	94,904	-	-
	53,084,147	64,113,316	12,114,431	4,885,451

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 2017	GROUP 2016
Fixed deposits	2.80% to 4.20%	3.10% to 4.30%
Short term placements	0.93% to 3.35%	0.25% to 3.03%

	COMPANY 2017	COMPANY 2016
Fixed deposits	2.80% to 4.20%	3.10% to 4.20%

11. NON-CURRENT ASSETS HELD FOR SALE

	GROUP 2017 RM	GROUP 2016 RM
Reclassified from property, plant and equipment	2,516,611	-
Disposals	(2,431,184)	-
Balance at end	85,427	-

The non-current assets held for sale comprise the following:

	Plant and machinery, electrical and piping installations RM	Office furniture, fittings, equipment and renovation RM	Motor vehicles RM	Total RM
2017				
At cost				
Reclassified from property, plant and equipment	16,342,659	1,309,412	934,724	18,586,795
Disposals	(16,342,659)	(1,309,412)	(737,585)	(18,389,656)
Balance at end	-	-	197,139	197,139
Accumulated depreciation				
Reclassified from property, plant and equipment	14,038,230	1,217,681	814,273	16,070,184
Disposals	(14,038,230)	(1,217,681)	(702,561)	(15,958,472)
Balance at end	-	-	111,712	111,712
Carrying amount	-	-	85,427	85,427

The non-current assets held for sale relates to the assets of SIPP of which the management had decided to close down its manufacturing business during the financial year under review as further disclosed in Note 34 to the financial statements. The remaining motor vehicle is targeted to be disposed of within the next financial year.

Notes to the Financial Statements
- 30 April 2017 (cont'd)

12. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2017	2016	2017 RM	2016 RM
Issued and fully paid:				
Balance at beginning	162,731,842	108,487,900	162,731,842	108,487,900
Bonus issue	-	54,243,942	-	54,243,942
Balance at end	162,731,842	162,731,842	162,731,842	162,731,842

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

During the last 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.

13. OTHER RESERVES

	GROUP	
	2017 RM	2016 RM
Fair value reserve		
Balance at beginning	77,028	-
Other comprehensive income		
Gain on fair value changes in available-for-sale financial assets	109,083	223,608
Net gain on available-for-sale financial assets transfer to profit or loss upon disposal	-	(146,580)
	109,083	77,028
Balance at end	186,111	77,028

13. OTHER RESERVES (cont'd)

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	
	2017 RM	2016 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.

14. 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.

15. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Balance at beginning	6,362,314	6,547,170	7,000	8,000
Transfer (to)/from profit or loss	(558,703)	(207,856)	1,000	4,000
	5,803,611	6,339,314	8,000	12,000
(Over)/Under provision in prior year	(468,000)	23,000	(7,000)	(5,000)
Balance at end	5,335,611	6,362,314	1,000	7,000

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

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
- Property, plant and equipment	5,344,611	6,449,314	1,000	7,000
- Unabsorbed tax losses	-	(36,000)	-	-
- Others	(9,000)	(51,000)	-	-
	5,335,611	6,362,314	1,000	7,000

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables (Note 16.1)				
Third parties	50,439,171	57,830,166	-	-
Other payables (Note 16.2)				
Sundry payables	5,550,778	2,315,813	44,491	6,650
Accruals	5,938,750	3,198,158	28,653	36,000
GST payable	124,921	101,628	5,381	8,083
	11,614,449	5,615,599	78,525	50,733
	62,053,620	63,445,765	78,525	50,733

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

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Ringgit Malaysia	20,335,512	19,405,401	78,525	50,733
US Dollar	41,584,013	43,916,748	-	-
Singapore Dollar	134,095	123,616	-	-
	62,053,620	63,445,765	78,525	50,733

16.1 Trade payables

Included herein is an amount of **RM Nil** (2016: RM21,539) 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** (2016: 30 to 120 days) credit terms.

16.2 Other payables

Included herein is an amount of **RM13,882** (2016: RM20,853) due to companies in which certain directors of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.

Notes to the Financial Statements
- 30 April 2017 (cont'd)

17. REVENUE

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of goods	1,139,947,286	854,066,300	-	-
Gross dividend income from unquoted subsidiaries	-	-	42,960,000	13,660,000
Management fee from subsidiaries	-	-	626,000	636,000
	1,139,947,286	854,066,300	43,586,000	14,296,000

18. INTEREST INCOME

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

19. DIVIDEND INCOME

	GROUP	
	2017 RM	2016 RM
Dividend income from:		
Available-for-sale financial assets		
- Shares and unit trusts quoted in Malaysia	1,775,473	1,738,060
- Unquoted shares outside Malaysia	2,732,438	2,456,587
	4,507,911	4,194,647

20. OTHER INCOME

	GROUP	
	2017 RM	2016 RM
Gain on disposal of investment securities	109,381	-
Gain on disposal of property, plant and equipment	121,272	185,332
Gain on foreign exchange		
- Realised	9,625,856	7,768,629
- Unrealised	516,000	-
Insurance claim	223,410	11,817
Miscellaneous	325,441	279,599
Net fair value gain on available-for-sale financial asset realised upon disposal	-	146,580
Rental income from:		
- Rental generating investment property	231,000	187,500
- Others	30,000	30,000
Reversal of impairment loss on trade receivables	6,330	37,622
	11,188,690	8,647,079

21. FINANCE COSTS

Finance costs comprise of only bank and commission charges incurred.

22. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
After charging/(crediting):				
Auditors' remuneration				
- Company's auditors				
- statutory audit				
- current year	83,000	80,000	20,000	20,000
- under provision in prior year	-	8,000	-	5,000
- other services	14,000	3,000	6,000	3,000
- Other auditors				
- statutory audit				
- current year	36,000	35,000	-	-
- under provision in prior year	1,000	-	-	-

22. PROFIT BEFORE TAX (cont'd)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Depreciation of:				
- property, plant and equipment (Note 4)	5,685,254	5,562,009	11,999	11,302
- investment property (Note 5)	6,282	6,282	-	-
Employee benefits expense (Note 23)	74,283,630	63,543,639	182,150	176,662
(Gain)/Loss on disposal of investment securities	(109,381)	33,437	-	-
Gain on disposal of property, plant and equipment	(121,272)	(185,332)	-	-
Impairment loss on investment securities (Note 7)	77,328	73,967	-	-
Impairment loss on trade receivables (Note 9)	53,884	12,491	-	-
Impairment loss on investment in a subsidiary	-	-	7,226,023	-
Loss on disposal of non-current assets held for sale	12,511	-	-	-
Net foreign exchange (gain)/loss:				
- realised	(9,625,856)	(7,768,629)	-	-
- unrealised	(516,000)	826,584	-	-
Non-executive directors' remuneration (Note 24)				
- present directors	168,000	118,500	168,000	118,500
- past director	-	21,000	-	21,000
Operating leases - minimum lease payments for:				
- land and buildings	1,035,906	978,746	146,887	146,627
- plant and machinery	65,923	49,778	-	-
Property, plant and equipment written off	131,324	960,068	-	71
Reversal of impairment loss on trade receivables (Note 9)	(6,330)	(37,622)	-	-

Notes to the Financial Statements
- 30 April 2017 (cont'd)

23. EMPLOYEE BENEFITS EXPENSE

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages and fee	64,651,600	57,591,635	158,900	150,185
Contributions to defined contribution plan	4,192,771	3,811,655	19,812	18,793
Social security contributions	380,875	339,441	1,587	1,240
Retrenchment benefit	2,553,222	-	-	-
Other benefits	2,505,162	1,800,908	1,851	6,444
	74,283,630	63,543,639	182,150	176,662

Included in employee benefits expense of the Group is executive directors' remuneration amounting to **RM10,008,935** (2016: RM9,863,205) as further disclosed in Note 24.

The retrenchment benefit is in relation to the closure of SIPP's manufacturing business as further disclosed in Note 34 to the financial statements.

24. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company:				
Executive:				
Salary and allowances	2,037,600	2,034,000	-	-
Bonus and incentive	6,521,600	6,450,250	-	-
Defined contribution plan	770,704	770,116	-	-
Fees	60,000	60,000	-	-
Other emoluments	2,051	1,859	-	-
	9,391,955	9,316,225	-	-
Benefits-in-kind	33,333	25,000	-	-
	9,425,288	9,341,225	-	-
Non-executive:				
Fees	162,000	133,500	162,000	133,500
Other emoluments	6,000	6,000	6,000	6,000
	168,000	139,500	168,000	139,500

Notes to the Financial Statements
- 30 April 2017 (cont'd)

24. DIRECTORS' REMUNERATION (cont'd)

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Director of a subsidiary:				
Executive:				
Salary and allowances	396,000	396,000	-	-
Bonus and incentive	150,000	80,000	-	-
Defined contribution plan	70,980	70,980	-	-
	616,980	546,980	-	-
Benefits-in-kind	21,000	21,000	-	-
	637,980	567,980	-	-
Total directors' remuneration	10,176,935	10,002,705	168,000	139,500
Estimated money value of benefits-in-kind	54,333	46,000	-	-
Total directors' remuneration including benefits-in-kind	10,231,268	10,048,705	168,000	139,500
Total directors' remuneration:				
Executive directors' remuneration	10,008,935	9,863,205	-	-
Non-executive directors' remuneration	168,000	139,500	168,000	139,500
Estimated money value of benefits-in-kind	54,333	46,000	-	-
	10,231,268	10,048,705	168,000	139,500

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

	2017 RM	2017 %	2016 RM	2016 %
Salary, fee and other benefits	3,037,376	29.7	2,996,319	29.8
Bonus and performance incentive	7,193,892	70.3	7,052,386	70.2
	10,231,268	100.0	10,048,705	100.0

Notes to the Financial Statements
- 30 April 2017 (cont'd)

24. 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 2017	Number of Directors 2016
Executive directors:		
RM200,001 – RM250,000	1	1
RM400,001 – RM450,000	1	1
RM2,500,001 – RM2,550,000	-	1
RM2,600,001 – RM2,650,000	1	-
RM6,150,001 – RM6,200,000	1	1
Non-executive directors:		
Below RM50,000	4	5

25. TAX EXPENSE

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	(35,099,415)	(25,345,437)	(201,000)	(183,000)
- Deferred tax relating to the origination and reversal of temporary differences	558,703	207,856	(1,000)	(4,000)
	(34,540,712)	(25,137,581)	(202,000)	(187,000)
Over/(Under) provision in prior year				
- Current tax	(139,386)	1,795	8,311	(8,296)
- Deferred tax	468,000	(23,000)	7,000	5,000
	328,614	(21,205)	15,311	(3,296)
	(34,212,098)	(25,158,786)	(186,689)	(190,296)

25. TAX EXPENSE (cont'd)

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

	GROUP		COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit before tax	154,304,404	107,272,917	35,820,649	13,588,018
Income tax at Malaysian statutory tax rate of 24%	(37,033,057)	(25,745,500)	(8,596,956)	(3,261,124)
Income not subject to tax	3,024,234	1,220,600	10,314,200	3,278,400
Expenses not deductible for tax purposes	(995,889)	(702,681)	(1,919,244)	(204,276)
Expenses allowable for double deductions	-	1,000	-	-
Utilisation of unabsorbed reinvestment allowance	464,000	89,000	-	-
	(34,540,712)	(25,137,581)	(202,000)	(187,000)
Over/(Under) provision in prior year	328,614	(21,205)	15,311	(3,296)
	(34,212,098)	(25,158,786)	(186,689)	(190,296)

Effective year of assessment 2017 and 2018, tax rate for Malaysia resident companies have been given a reduction in the income tax rate ranging from 0% to 4% on the incremental chargeable income compared to the immediate preceding year of assessment, based on the percentage of increase in chargeable income.

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	
	2017 RM	**2016 RM**
Unabsorbed tax losses	-	152,000
Unabsorbed reinvestment allowance	75,000	2,015,000

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

26. EARNINGS PER SHARE

GROUP

(a) **Basic earnings per share**

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

	2017	2016
Profit attributable to owners of the Company (RM)	120,098,353	82,112,955
Weighted average number of ordinary shares	162,731,842	162,731,842
Basic earnings per share (sen)	73.8	50.5

(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.

27. DIVIDENDS

	GROUP	
	2017 RM	2016 RM
In respect of financial year ended 30 April 2017:		
- Single tier interim dividend of 5 sen per share	8,136,592	-
- Second single tier interim dividend of 3 sen per share and single tier special dividend of 2 sen per share	8,136,592	-
- Third single tier interim dividend of 3 sen per share and single tier special dividend of 3 sen per share	9,763,911	-
In respect of financial year ended 30 April 2016:		
- Single tier interim dividend of 5 sen per share and single tier special dividend of 3 sen per share	-	13,018,547
- Second single tier interim dividend of 3 sen per share and single tier special dividend of 2 sen per share	-	8,136,592
- Single tier final dividend of 3 sen per share and single tier special dividend of 2 sen per share	8,136,592	-
In respect of financial year ended 30 April 2015:		
- Single tier final dividend of 3 sen per share and single tier special dividend of 7 sen per share	-	10,848,790
	34,173,687	32,003,929

27. 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 4 sen per share amounting to RM11,391,229 in respect of the financial year ended 30 April 2017 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2018.

28. COMMITMENTS

(a) Capital commitments

	GROUP	
	2017 RM	**2016 RM**
Property, plant and equipment:		
- Authorised but not contracted for	4,096,000	-
- Contracted but not provided for	750,854	266,977

(b) Operating lease commitments - as lessee

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

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

	GROUP	
	2017 RM	**2016 RM**
Not later than 1 year	77,920	280,800
Later than 1 year and not later than 5 years	44,240	7,000
	122,160	287,800

28. COMMITMENTS (cont'd)

(c) 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	
	2017 RM	2016 RM
Not later than 1 year	166,500	328,500
Later than 1 year and not later than 5 years	3,000	-
	169,500	328,500

29. SEGMENT INFORMATION

(a) Reporting format

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

(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.

29. SEGMENT INFORMATION (cont'd)

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's two business segments operate in two main geographical areas:

Malaysia - the operations in this area are principally manufacturing and sales of packaging materials and garments.

Vietnam - 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.

29. SEGMENT INFORMATION (cont'd)

By business segments

	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
2017				
Revenue				
External customers	124,533,667	1,015,413,619	-	1,139,947,286
Inter-segment	119,334	-	(119,334)	-
Total revenue	124,653,001	1,015,413,619	(119,334)	1,139,947,286
Results				
Segment results	4,419,733	144,291,999	-	148,711,732
Interest income	767,886	949,757	-	1,717,643
Dividend income	-	4,507,911	-	4,507,911
Operating profit				154,937,286
Finance costs				(632,882)
Profit before tax				154,304,404
Tax expense				(34,212,098)
Profit for the financial year				120,092,306
Assets				
Segment assets	102,551,609	381,635,857	-	484,187,466
Unallocated assets				
Current tax assets				188,325
Total assets				484,375,791
Liabilities				
Segment liabilities	12,131,343	49,922,277	-	62,053,620
Unallocated liabilities				
Current tax and deferred tax liabilities				13,310,669
Total liabilities				75,364,289
Other segment information				
Depreciation	2,470,697	3,220,839	-	5,691,536
Capital expenditure	1,266,288	6,550,458	-	7,816,746
Non-cash expenses/(income) other than depreciation and amortisation	144,542	(622,478)	-	(477,936)

29. SEGMENT INFORMATION (cont'd)

By business segments

2016	Manufacturing and sales of packaging materials RM	Manufacturing and sales of garments RM	Adjustments and eliminations RM	Total RM
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

29. 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 RM942,145,900 (2016: RM668,423,242), 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	124,846,325	121,778,691	52,918,595	54,222,292
Vietnam	-	-	3,811,905	3,032,793
United States of America	328,946,617	250,056,560	-	-
European countries	306,646,184	204,608,531	-	-
China	155,355,768	90,949,532	-	-
Other Asian countries	95,907,213	79,872,758	-	-
South America	45,884,382	42,357,278	-	-
North America	34,043,081	23,048,008	-	-
Australia	20,795,472	17,625,855	-	-
Africa	6,781,590	5,061,551	-	-
Others*	20,740,654	18,707,536	-	-
	1,139,947,286	854,066,300	56,730,500	57,255,085

* Others mainly refer to countries such as Middle Eastern countries, 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:

	2017 RM	2016 RM
Property, plant and equipment	56,632,785	57,151,088
Investment property	97,715	103,997
	56,730,500	57,255,085

30. 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 30 (b).

(b) Related party transactions

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

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Sales of finished goods to companies in which certain directors have interests:				
- Yong Guan Heng & Co. Sdn. Bhd.	180,452	206,749	-	-
- South Island Building Sdn. Bhd.	22,448	39,426	-	-
Purchase of goods and services from companies in which certain directors have interests:				
- Induscor Supplies (M) Sdn. Bhd.	150,822	219,906	-	-
- Industrial Adhesives Nitta Inc. Sdn. Bhd.	-	5,056	-	-
- Pen'ads (M) Sdn. Bhd.	3,900	5,495	3,900	3,900
Rental of premises received and receivable from a company in which certain directors have interests:				
- Yong Guan Heng & Co. Sdn. Bhd.	30,000	30,000	-	-
Rental of premises paid and payable to companies in which certain directors have interests:				
- South Island Building Sdn. Bhd.	7,600	7,200	-	-
- Induscor Supplies (M) Sdn. Bhd.	15,000	15,000	-	-
- KP Holdings Sdn. Bhd.	136,800	136,800	136,800	136,800

Notes to the Financial Statements
- 30 April 2017 (cont'd)

30. RELATED PARTY DISCLOSURES (cont'd)

(b) Related party transactions (cont'd)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of property, plant and equipment to a director of the Company	-	169,811	-	-
Gross dividends from subsidiaries	-	-	42,960,000	13,660,000
Management fees from subsidiaries	-	-	626,000	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	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term employee benefits	10,949,371	10,617,019	168,000	139,500
Defined contribution plan	1,076,873	992,008	-	-
	12,026,244	11,609,027	168,000	139,500
Analysed as:				
- Directors	10,231,268	10,048,705	168,000	139,500
- Other key management personnel	1,794,976	1,560,322	-	-
	12,026,244	11,609,027	168,000	139,500

31. FINANCIAL INSTRUMENTS

31.1 Categories of Financial Instruments

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

	Carrying amount RM	AFS RM	L&R RM	FL RM
GROUP				
2017				
Financial assets				
Investment securities	96,514,930	96,514,930	-	-
Trade and other receivables	120,677,908	-	120,677,908	-
Cash and bank balances	53,084,147	-	53,084,147	-
	270,276,985	96,514,930	173,762,055	-
Financial liabilities				
Trade and other payables	61,928,699	-	-	61,928,699
2016				
Financial assets				
Investment securities	53,659,356	53,659,356	-	-
Trade and other receivables	91,630,815	-	91,630,815	-
Cash and bank balances	64,113,316	-	64,113,316	-
	209,403,487	53,659,356	155,744,131	-
Financial liabilities				
Trade and other payables	63,344,137	-	-	63,344,137
COMPANY				
2017				
Financial assets				
Trade and other receivables	91,669,814	-	91,669,814	-
Cash and bank balances	12,114,431	-	12,114,431	-
	103,784,245	-	103,784,245	-
Financial liabilities				
Other payables	73,144	-	-	73,144

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of Financial Instruments (cont'd)

	Carrying amount RM	AFS RM	L&R RM	FL RM
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	42,650	-	-	42,650

31.2 Financial Risk Management

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

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

31.3 Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Credit risk (cont'd)

31.3.1 Trade receivables

The Group extends credit terms to its customers that range between 15 to 120 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. The Group will subject 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:

	2017 RM	2016 RM
Not past due	91,915,549	71,407,309
Past due 0 - 30 days	17,747,346	10,738,902
Past due 31 - 60 days	5,411,667	5,092,021
Past due more than 60 days	4,745,317	3,693,861
	27,904,330	19,524,784
Individually impaired	829,963	782,409
	120,649,842	91,714,502

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 **RM27,904,330** (2016: RM19,524,784) that were past due but not impaired. These relate to customers which have more than two years' experience with the Group and of whom there are no recent history of default and are monitored on an on-going basis. These balances are unsecured in nature.

Receivables that are impaired

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

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Credit risk (cont'd)

31.3.1 Trade receivables (cont'd)

Credit risk concentration profile

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

	2017		2016	
	RM	% of total	RM	% of total
By country:				
Malaysia	31,732,760	26.5	35,907,966	39.5
Vietnam	72,310,230	60.4	46,284,808	51.0
Singapore	4,720,190	3.9	4,152,700	4.5
China and Hong Kong	4,209,955	3.5	2,071,828	2.3
United States of America	3,273,031	2.7	204,746	0.2
Japan	2,965,701	2.5	1,854,631	2.0
Indonesia	523,934	0.4	281,710	0.3
Thailand	84,078	0.1	173,704	0.2
	119,819,879	100.0	90,932,093	100.0
By industry sectors:				
Manufacturing and sales of:				
- packaging materials	32,301,211	27.0	36,341,523	40.0
- garments	87,518,668	73.0	54,590,570	60.0
	119,819,879	100.0	90,932,093	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 (2016: 1 customer) representing **64%** (2016: 56%) of the total trade receivables. However, the risk is mitigated by the fact that this is a long established customer and the Group has been awarded as an approved vendor of the said customer for more than 10 years.

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Credit risk (cont'd)

31.3.2 Intercompany balances

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

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

31.3.3 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.

31.4 Liquidity risk

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

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

31.5 Interest rate risk

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

Sensitivity analysis for fixed rate instruments

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

31.6 Foreign currency risk

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

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 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 and June 2017.

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 **USD3,350,000** (2016: USD1,300,000).

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			
2017			
Trade and other receivables	87,479,107	523,934	-
Cash and bank balances	4,579,806	-	142,486
Trade and other payables	(41,584,013)	(134,095)	-
Net exposure	50,474,900	389,839	142,486
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

31. FINANCIAL INSTRUMENTS (cont'd)

31.6 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	
	2017 RM	2016 RM
USD	(5,047,490)	(4,449,001)
SGD	(38,984)	(15,809)
Others	(14,249)	(9,490)
Reduce in profit before tax	(5,100,723)	(4,474,300)

32. FAIR VALUE MEASUREMENT

32.1 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.

32. FAIR VALUE MEASUREMENT (cont'd)

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
2017					
Financial assets					
Quoted shares and unit trusts	78,810,987	-	-	78,810,987	78,694,981
2016					
Financial assets					
Quoted shares and unit trusts	35,976,434	-	-	35,976,434	35,839,407

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.

32.2 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 fair value RM	Carrying amount RM
2017					
Investment property					
- Building	-	-	1,200,000	1,200,000	97,715
2016					
Investment property					
- Building	-	-	1,200,000	1,200,000	103,997

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.

32. FAIR VALUE MEASUREMENT (cont'd)

32.2 Fair value measurement of non-financial assets

Level 3 fair value

Level 3 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.

33. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

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

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

34. SIGNIFICANT EVENT

On 13 December 2016, the Group has decided to close down the existing manufacturing business of a subsidiary, SIPP, in the Group's streamlining effort.

The Board of Directors is of the view that SIPP is operating in a competitive environment and within an industry experiencing declining profit margins in recent years. Besides, major machineries and equipment are relatively old and investment in new machinery will be costly and may not worth the return.

The closure involved ceasing all its manufacturing business activities, disposal of all the assets except for leasehold land and factory building, settlement of liabilities and retrenchment of employees, with the following expenses being recognised in the current financial year under review:

	GROUP RM
Retrenchment benefit (Note 23)	2,553,222
Loss on disposal of non-current assets held for sale	12,511
Other costs	5,000
	2,570,733

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	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries				
- Realised	273,459,910	196,623,799	4,011,807	2,557,534
- Unrealised	(5,345,770)	(7,202,255)	(1,000)	(7,000)
	268,114,140	189,421,544	4,010,807	2,550,534
Less: Consolidation adjustments	(22,047,585)	(29,279,655)	-	-
Total retained profits as per statements of financial position	246,066,555	160,141,889	4,010,807	2,550,534

List of Properties owned by the Group

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Years)	Net Book Value @30-4-2017 RM'000
IPP	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	27	7,638
SIP	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	34	183
	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	27	1,557
	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	21	2,246
	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	17	233
	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	17	1,017
	24 Jalan Tambur 33/19, Shah Alam Technology Park, Section 33, 40400 Shah Alam, Selangor. (^12)	186 sq.m./ 279 sq.m.	Rented out as store	Freehold	17	974
SIPP	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	37	1,579

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

Company	Location	Land Area/ Built-up Area	Existing Use	Tenure	Approx. Age of Building (Years)	Net Book Value @30-4-2017 RM'000
SIG	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	29	8,655
	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	27	6,927
	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	27	244
	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	27	313
	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	-	2,102

(^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 2017

	Shareholders	No. of Shares	% Shareholding
1.	Tan Poay Seng	32,380,593	19.90
2.	KP Holdings Sdn Bhd	21,300,000	13.09
3.	Perbadanan Nasional Berhad	11,481,500	7.06
4.	Kamarudin Bin Jaffar (Dato')	10,813,510	6.65
5.	Tan Kok Ping (Tan Sri Dato' Seri)	5,100,000	3.13
6.	Lee Yuit Eow	3,649,100	2.24
7.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 15)	3,127,600	1.92
8.	Tan Poay Teik	3,000,750	1.84
9.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Kok Ping (AT0080) (Tan Sri Dato' Seri)	3,000,000	1.84
10.	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Kenanga)	2,036,200	1.25
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,969,400	1.21
12.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	1,700,000	1.04
13.	Tan Ai Ling	1,650,000	1.01
14.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	1,612,000	0.99
15.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-Asing)	1,600,000	0.98
16.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Berjaya Philippines Inc	1,470,000	0.90
17.	Tan Kok Aun	1,460,000	0.90
18.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Capital Management Sdn Bhd	1,329,200	0.82
19.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund	1,250,000	0.77
20.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AM INV)	1,188,300	0.73
21.	H'ng Cheok Seng	1,085,300	0.67
22.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund	984,900	0.60
23.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund F9LJ for Fidelity Global Intrinsic Value Investment Trust	890,800	0.55
24.	Tang Chin Hong	880,000	0.54
25.	Lee Yuit Eow	856,900	0.53
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	820,000	0.50
27.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan)(ESPG IV SC E)	753,200	0.46
28.	Tan Ee Ling	750,000	0.46
29.	Amanahraya Trustees Berhad PMB Shariah Aggressive Fund	746,300	0.46
30.	South Island Holdings Sdn Bhd	704,010	0.43
	Total	**119,589,563**	**73.49**

Substantial Shareholders as at 15 August 2017 excluding Bare Trustee

	Direct		Deemed	
	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	8,100,000	4.98	(1) 21,300,000	13.09
KP Holdings Sdn Bhd ("KPSB")	21,300,000	13.09	-	-
Tan Poay Seng	32,380,593	19.90	-	-
Perbadanan Nasional Berhad ("PNS")	11,481,500	7.06	-	-
Dato' Kamarudin Bin Jaffar	10,813,510	6.64	-	-
Dato' Dr Tengku Rethwan Bin Tengku Mansor	-	-	(2) 11,481,500	7.06

Notes:

(1) Deemed interested by virtue of Section 8 of the Companies Act, 2016 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 2017

	Direct		Indirect (>)(<)	
Name	No. of Shares	% Shareholding	No. of Shares	% Shareholding
Tan Sri Dato' Seri Tan Kok Ping	8,100,000	4.98	^ 21,300,000	13.09
			> 5,650,750	3.47
Tan Poay Seng ("TPS")	32,380,593	19.90	-	-
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)			> 12,500	#
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 KPSB pursuant to Section 8 of the Companies Act, 2016.*

> *Shares held by children notified pursuant to Section 59(11)(c) of the Companies Act, 2016.*

< *Shares held by spouse notified pursuant to Section 59(11)(c) of the Companies Act, 2016.*

Key Senior Management's Shareholdings
as at 15 August 2017

	Direct		Indirect (>)(<)	
Name	**No. of Shares**	**% Shareholding**	**No. of Shares**	**% Shareholding**
Lee Koong Chen @ Lee Kong Chew	175,550	0.11	-	-
Yap Yong Teck	-	-	-	-
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 59(11)(c) of the Companies Act, 2016.*

Analysis of Shareholdings
as at 15 August 2017

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

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	69	1.85	2,726	0.01
100 – 1,000	940	25.26	626,005	0.38
1,001 – 10,000	2,110	56.71	7,472,368	4.59
10,001 – 100,000	490	13.17	14,109,400	8.67
100,001 – 8,136,592	108	2.90	64,545,740	39.66
8,136,592 – and above	4	0.11	75,975,603	46.69
Total	**3,721**	**100.00**	**162,731,842**	**100.00**

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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 20th Annual General Meeting of the Company to be held at Berjaya 1, 7th Floor, Berjaya Penang Hotel, 1-Stop Midlands Park Centre, Jalan Burmah, 10350 Penang on Thursday, 28 September 2017 at 10.30 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-appoint Tan Sri Dato' Seri Tan Kok Ping as a Director of the Company.		
2	To re-elect H'ng Cheok Seng as a Director of the Company.		
3	To re-elect Tan Poh Heng as a Director of the Company.		
4	To approve the payment of a single tier final dividend and special dividend.		
5	To approve the increase and the payment of Directors' fees.		
6	To approve the payment of Directors' benefits.		
7	To re-appoint Grant Thornton as auditors of the Company.		
8	Proposed Renewal of General Mandate for the Directors to Allot and Issue New Shares in the Company.		
9	Proposed Renewal of Share Buy-Back Authority.		

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 ________________, 2017.

No. of shares held ____________

____
Signature of Member(s)

For appoint of two (2) proxies, number of shares and percentage of shareholdings to to be represented by the proxies:-

	No. of shares	%
Proxy 1		
Proxy 2		
		100

Contact No. of Shareholder/Proxy:______________________

Notes:
1. A proxy may but need not be a member of 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 twenty-four (24) hours before the time appointed for the taking of the poll or at any adjournment thereof.
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 on 20 September 2017 shall be eligible to attend the meeting or appoint proxies to attend and/or vote 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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