

MINTYE BERHAD

(Company No: 1177348 P)
(Incorporated In Malaysia)

2ND QUARTERLY REPORT

on Group Results ended

31 July 2018

(The figures have not been audited)

MINTYE BERHAD
(Incorporated in Malaysia)

Unaudited interim financial report for the 2nd financial quarter ended 31 July 2018

The Directors of Mintye Berhad are pleased to announce the unaudited interim financial report for the 2nd financial quarter ended 31 July 2018.

This interim financial report is prepared in accordance with MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Listing Requirements and should be read in conjunction with the audited annual financial statements of Mintye for the financial year ended 31 January 2018.

There was no qualification in the audit report in the most recent audited annual financial statements.

MINTYE BERHAD
(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31 July 2018 RM'000	Audited As at 31 Jan 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,115	29,026
Capital work-in-progress	2,053	1,831
Available-for-sale investments	10,250	9,558
Deferred tax assets	1,379	189
	<u>41,797</u>	<u>40,604</u>
Current assets		
Inventories	31,552	35,067
Trade receivables	6,328	7,273
Other receivables, deposits and prepayments	904	1,246
Tax recoverable	571	89
Cash and bank balances	35,418	33,620
	<u>74,773</u>	<u>77,295</u>
TOTAL ASSETS	<u><u>116,570</u></u>	<u><u>117,899</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	60,800	60,800
Fair value reserves	4,251	3,559
Retained profits	46,162	46,213
	<u>111,213</u>	<u>110,572</u>
Non-controlling interests	<u>1,157</u>	<u>1,227</u>
Total equity	<u><u>112,370</u></u>	<u><u>111,799</u></u>

	Unaudited As at <u>31 July 2018</u> RM'000	Audited As at <u>31 Jan 2018</u> RM'000
Non-current liabilities		
Deferred tax liabilities	855	1,045
	<hr/>	<hr/>
Current liabilities		
Trade payables	1,813	3,072
Other payables, deposits and accruals	1,458	1,926
Tax payable	74	57
	<hr/>	<hr/>
	3,345	5,055
	<hr/>	<hr/>
Total liabilities	4,200	6,100
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	116,570	117,899
	<hr/> <hr/>	<hr/> <hr/>
	RM	RM
Net assets per share attributable to owners of the Company	1.85	1.84
	<hr/>	<hr/>

The condensed Group statement of financial position should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2018.

MINTYE BERHAD
(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	31 July		31 July	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	RM'000	RM'000	RM'000	RM'000
REVENUE				
Sales and other operating income	10,117	12,343	21,669	25,997
Less:				
Cost of sales	<u>(8,579)</u>	<u>(9,865)</u>	<u>(17,948)</u>	<u>(20,563)</u>
Gross profit	1,538	2,478	3,721	5,434
Other operating income	<u>745</u>	<u>351</u>	<u>1,109</u>	<u>450</u>
	2,283	2,829	4,830	5,884
Less:				
EXPENSES				
Selling and distribution	(309)	(446)	(764)	(811)
Administration	(1,769)	(1,705)	(3,505)	(3,334)
Finance				
- Bank commitment and other charges	<u>(12)</u>	<u>(14)</u>	<u>(29)</u>	<u>(30)</u>
Profit from operations	193	664	532	1,709
Gain on disposal of equipment	-	7	-	19
Machinery and equipment written off	<u>-</u>	<u>(34)</u>	<u>-</u>	<u>(35)</u>
PROFIT BEFORE TAXATION	193	637	532	1,693

	Individual quarter 3 months ended 31 July		Cumulative quarter 6 months ended 31 July	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	RM'000	RM'000	RM'000	RM'000
Add/Less:				
Taxation	<u>1,104</u>	<u>(147)</u>	<u>1,171</u>	<u>(413)</u>
Profit for the financial period	1,297	490	1,703	1,280
Other comprehensive income				
Items that may be recycled to profit or loss:				
Available-for-sale investments				
- Fair value (loss)/gain	<u>(14)</u>	<u>(142)</u>	<u>692</u>	<u>679</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>1,283</u>	<u>348</u>	<u>2,395</u>	<u>1,959</u>
Profit/(Loss) attributable to:				
Owners of the Company	1,329	509	1,773	1,296
Non-controlling interests	<u>(32)</u>	<u>(19)</u>	<u>(70)</u>	<u>(16)</u>
	<u>1,297</u>	<u>490</u>	<u>1,703</u>	<u>1,280</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,315	367	2,465	1,975
Non-controlling interests	<u>(32)</u>	<u>(19)</u>	<u>(70)</u>	<u>(16)</u>
	<u>1,283</u>	<u>348</u>	<u>2,395</u>	<u>1,959</u>
	Sen	Sen	Sen	Sen
Earnings per share of profit attributable to owners of the Company				
- Basic and diluted	<u>2.19</u>	<u>0.84</u>	<u>2.92</u>	<u>2.13</u>

The condensed Group statement of comprehensive income should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2018.

MINTYEBERHAD
(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

← Attributable to owners of the Company →

	Issued share capital RM'000	Fair value reserves RM'000	Non - distributable		Sub-total RM'000	Non- controlling interests RM'000	Net equity RM'000
			Accumulated profits RM'000	Distributable RM'000			
<u>Unaudited</u> <u>For the financial period ended 31 July 2018</u> As at 1 February 2018	60,800	3,559	46,213		110,572	1,227	111,799
Profit/(loss) for the financial period	-	-	1,773		1,773	(70)	1,703
Other comprehensive income	-	692	-		692	-	692
Total comprehensive income for the financial period	-	692	1,773		2,465	(70)	2,395
Dividend approved	-	-	(1,824)		(1,824)	-	(1,824)
As at 31 July 2018	60,800	4,251	46,162		111,213	1,157	112,370
<u>Unaudited</u> <u>For the financial period ended 31 July 2017</u> As at 1 February 2017	60,800	1,980	46,610		109,390	1,360	110,750
Profit/(loss) for the financial period	-	-	1,296		1,296	(16)	1,280
Other comprehensive income	-	679	-		679	-	679
Total comprehensive income for the financial period	-	679	1,296		1,975	(16)	1,959
Dividend approved	-	-	(1,824)		(1,824)	-	(1,824)
As at 31 July 2017	60,800	2,659	46,082		109,541	1,344	110,885

The condensed Group statement of changes in equity should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2018.

MINTYE BERHAD
(Incorporated in Malaysia)

CONDENSED GROUP STATEMENT OF CASH FLOWS

<u>For the financial period ended</u>	Cumulative quarter 6 months ended 31 July	
	<u>2018</u>	<u>2017</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Operations		
Profit from operating activities	532	1,709
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	1,533	1,547
Unrealised (gain)/loss on translation of foreign currencies	(519)	961
Unrealised (gain)/loss on translation of foreign receivables and payables	(108)	21
Dividend income	(114)	(147)
Interest income	(377)	(312)
Operating profit before changes in working capital	947	3,779
Changes in working capital:		
Inventories	3,516	(1,163)
Trade and other receivables	706	1,433
Trade and other payables	(1,038)	491
Surplus of revenue receipts net of expense payments from revenue-producing business transactions	4,131	4,540
Dividends from available-for-sale investments received	114	147
Interest income received	377	312
Cash from operations before taxation	4,622	4,999
Income tax paid	(674)	(618)
Income tax refunded	-	94
Net cash from operating activities	3,948	4,475

<u>For the financial period ended</u>	Cumulative quarter 6 months ended 31 July	
	<u>2018</u>	<u>2017</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions in capital work-in-progress	(599)	(1,552)
Additional investments in quoted shares	-	(17)
Additions to plant and equipment	(246)	(448)
Proceeds from disposal of equipment	-	19
	<u> </u>	<u> </u>
Net cash (used) in investing activities	<u>(845)</u>	<u>(1,998)</u>
FINANCING ACTIVITIES		
Dividend paid to owners of the Company	<u>(1,824)</u>	<u>(1,824)</u>
CASH AND CASH EQUIVALENTS		
Increase in the financial period	1,279	653
Unrealised gain/(loss) on translation of foreign currencies	519	(961)
	<u> </u>	<u> </u>
Net increase/(decrease) in the financial period	1,798	(308)
As at beginning of financial period	<u>33,620</u>	<u>35,209</u>
	<u> </u>	<u> </u>
As at end of financial period	<u><u>35,418</u></u>	<u><u>34,901</u></u>
Represented by		
- Deposits with Malaysian licensed banks	21,973	11,376
- Cash in hand and at Malaysian licensed banks	13,445	23,525
	<u> </u>	<u> </u>
	35,418	34,901
Less:		
Deposits placed with maturity more than three months	<u>(12,013)</u>	<u>(9,905)</u>
	<u> </u>	<u> </u>
	<u><u>23,405</u></u>	<u><u>24,996</u></u>

The condensed Group statement of cash flows should be read in conjunction with the audited annual financial statements for the financial year ended 31 January 2018.

MINTYE BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT
for the 2nd financial quarter ended 31 July 2018

Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Listing Requirements. The interim financial report also complies with IAS 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The interim financial report has been prepared on a condensed basis and as such it should be read in conjunction with the audited annual financial statements of Mintye for the financial year ended 31 January 2018. The notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 January 2018.

MFRS 134 - Paragraph 16

M1. Accounting policies and methods

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited annual financial statements of Mintye for the financial year ended 31 January 2018, except for the adoption of the following new Malaysian Financial Reporting Standards (MFRSs), Amendments to MFRSs and IC interpretations with effect from 1 February 2018:

MFRS 9: Financial Instruments

Amendments to MFRS 15 (Revenue from Contracts with Customers)

Clarification to MFRS 15 (Revenue from Contracts with Customers)

IC Interpretation 22 (Foreign Currency Transaction and Advanced Consideration)

Amendments to MFRS 1 (Annual Improvements to MFRSs 2014-2016 Cycle)

The adoption of the above standards, amendments and interpretations did not have significant impact on the financial statements of the Group.

M2. Disclosure of audit report qualification and status of matters raised

The auditors' report of Mintye's most recent audited financial statements for the financial year ended 31 January 2018 did not contain any qualification.

M3. Seasonal or cyclical factors

The results of the operations of the Group for the current financial quarter and financial year-to-date were not significantly affected by seasonal or cyclical factors.

M4. Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current interim period under review.

M5. Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in prior interim period of the current financial year or in prior financial years, which have material effects on the financial position or performance in the current interim period under review.

M6. Changes in debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year-to-date.

M7. Dividend paid

Payment of a first and final single tier dividend of 3% amounting to RM1,824,000 for the financial year ended 31 January 2018 was made on 23 July 2018.

M8. Segment information

The Group is principally involved in the manufacturing of automotive and industrial friction materials, namely brake linings, disc brake pads and bonded brake shoes.

Activities are all carried out in Malaysia

	Individual quarter 3 months ended 31 July 2018 RM'000	Cumulative quarter 6 months ended 31 July 2018 RM'000
REVENUE		
Manufacturing	8,793	19,113
Technical	713	1,489
Others	611	1,067
Total revenue	<u>10,117</u>	<u>21,669</u>
RESULTS		
Manufacturing	55	55
Technical	167	349
Others	(30)	127
Profit before taxation	192	531
Taxation	1,105	1,172
Profit for the financial period	<u>1,297</u>	<u>1,703</u>
	Unaudited as at 31 July 2018 RM'000	Audited as at 31 Jan 2018 RM'000
ASSETS		
Manufacturing	100,451	101,506
Technical	1,168	856
Others	14,951	15,537
Total assets	<u>116,570</u>	<u>117,899</u>
LIABILITIES		
Manufacturing	3,891	5,861
Technical	164	109
Others	145	130
Total liabilities	<u>4,200</u>	<u>6,100</u>

M9. Property, plant and equipment

There was no change to the valuation of property, plant and equipment brought forward from the most recent audited annual financial statements.

	Current financial quarter as at <u>31 July 2018</u> RM'000
<u>Cost</u>	
As at 1.2.2018	102,555
Additions	246
Transfer from capital work-in-progress	376
Written off	<u>(222)</u>
As at 31.7.2018	<u>102,955</u>
<u>Accumulated depreciation and amortisation</u>	
As at 1.2.2018	73,529
Charge for the financial period	1,533
Written off	<u>(222)</u>
As at 31.7.2018	<u>74,840</u>
<u>Net book value</u>	
As at 31.7.2018	<u><u>28,115</u></u>

M10. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current financial quarter under review.

M11. Changes in composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter under review.

M12. Contingent liabilities

The contingent liabilities as at 31 July 2018 are as follows:

Unsecured

	RM'000
Bankers' guarantees for	
- Electricity supplies	445
- Gas	12
	<hr/>
	457
	<hr/> <hr/>

No loss is anticipated.

M13. Inventories

	Current financial quarter as at <u>31 July 2018</u> RM'000
<u>Stated at cost</u>	
Held for	
- Manufacture	
Raw materials	14,091
Packing materials and loose tools	1,211
Spare parts	564
Work-in-progress	2,734
	<hr/>
	18,600
- Sale	
Finished products	12,952
	<hr/>
	31,552
	<hr/> <hr/>

M14. Capital commitments

Capital commitments authorised by the Directors and not provided for in the financial statements under review as at 31 July 2018 are as follows:

	RM'000
Authorised	
- Building, machinery and equipment	90
	<hr/> <hr/>

M15. Extraordinary item

There was no extraordinary item.

M16. Related party transactions

The related party transactions of the Group have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

Other than intragroup transactions, the transactions with related parties of the Group are set out below:

	Individual quarter 3 months ended 31 July 2018 RM'000	Cumulative quarter 6 months ended 31 July 2018 RM'000
(Expense) transactions with:		
Minsoon Credit Corporation (M) Sdn. Bhd.		
- Upkeep of motor vehicles	-	(1)

Bursa Malaysia Listing Requirements (Part A of Appendix 9B)**B1. Review of financial performance of the Company and its subsidiaries**

	Current Cumulative quarter 6 months ended 31 July 2018	Corresponding Cumulative quarter 6 months ended 31 July 2017	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Group turnover	21,669	25,997	(4,328)	(17)
Group profit from operations	532	1,709	(1,177)	(69)
Group profit before taxation	532	1,693	(1,161)	(69)
Group profit for the financial period	1,703	1,280	423	33

The Group's turnover for the current cumulative quarter ended 31 July 2018 was reported lower at RM21.669 million only compared to previous year corresponding quarter of RM25.997 million, a drop of RM4.328 million or 16.65%. The decrease is mainly due to lower customer demand in both domestic and export markets.

The Group profit from operation for the current cumulative quarter ended 31 July 2018 drop significantly by RM1.177 million or 68.87% to RM0.532 million only as compared to RM1.709 million reported in previous year corresponding quarter. The reason is mainly due to lower demand and increased operating cost. Further, finished goods written off amounted to approximately RM0.432 million also caused falling of the Group profit.

The Group's profit for the financial period ended 31 July 2018 was reported higher at RM1.703 million compared to previous year corresponding quarter of RM1.280 million, an increase of RM0.423 million or 33.05% despite significant drop in Group profit from operation is mainly due to recognition of deferred tax asset by a subsidiary amounted to approximately RM1.2 million.

B2. Comments on material changes in profit before taxation in the current financial quarter as compared with the immediate preceding financial quarter

	Current financial quarter 3 months ended 31 July 2018	Preceding financial quarter 3 months ended 30 April 2018	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Group turnover	10,117	11,552	(1,435)	(12)
Group profit				
from operations	193	339	(146)	(43)
Group profit before taxation	193	339	(146)	(43)
Group profit for the financial period	1,297	406	891	219

The Group's turnover for the current financial quarter ended 31 July 2018 was at RM10.117 million as compared to RM11.552 million in the preceding financial quarter, a decrease of RM1.435 million or 12.42% mainly due to lower sales in the current quarter partly affected by the political situation.

The Group profit from operations for the current financial quarter was RM0.193 million compared to profit from operation RM0.339 million in the preceding quarter, a decrease of RM0.146 million. This is mainly due to lower sales and obsolete stocks written off for the current financial quarter.

B3. Prospects

The business environment continues to be challenging with the re-introduction of sales tax affecting the Groups sales especially local consumer demand, as well as increase in operating cost will impact on the Group's profit. Further to absorption of levy fee for foreign workers, Company is expected to be burdened with the increase of minimum wage from RM1,000 to RM1,050 beginning January 2019. Despite that, the Group will continue its efforts to remain profitable and competitive by improving production efficiencies and product quality.

B4. Variance of actual profit from forecast profit

This is not applicable as no profit forecast or profit guarantee had been published.

B5. Taxation

	Individual quarter 3 months ended <u>31 July 2018</u> RM'000	Cumulative quarter 6 months ended <u>31 July 2018</u> RM'000
<u>Income tax</u>		
Current		
- For the current financial period	<u>(136)</u>	<u>(263)</u>
Deferred		
- Based on income		
- For the current financial period	1,234	1,422
- Based on reserves	<u>6</u>	<u>12</u>
	<u>1,240</u>	<u>1,434</u>
Total	<u><u>1,104</u></u>	<u><u>1,171</u></u>

The Group's tax credit for the financial year-to-date arises from the recognition of deferred tax assets in a subsidiary for tax losses previously not recognised.

B6. Profit/(Loss) on sale of unquoted investments and/or properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7. Quoted investments

	Individual quarter 3 months ended 31 July 2018 RM'000	Cumulative quarter 6 months ended 31 July 2018 RM'000
(a) (i) Total purchases	-	-
(ii) Total disposals		
- Disposal proceeds	-	-
- Profit on disposal	-	-
(iii) Reclassification of fair value gain previously recognised in other comprehensive income, to profit or loss upon disposal	-	-
(iv) Fair value (loss)/gain recognised in other comprehensive income	(14)	692
 (b) Investments in quoted securities held by the Group as at end of this reporting period, 31 July 2018 are as follows:		
(i) Cost	5,999	5,999
(ii) Carrying value	10,250	10,250
(iii) Market value	<u>10,250</u>	<u>10,250</u>

B8. Corporate proposal

There is no corporate proposal within 7 days before the date of issue of this interim financial report.

B9. Borrowings

There was no borrowing or debt security as at the end of the current interim period.

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk within 7 days before the issue date of this interim report or entered into after the end of this interim period.

B11. Material litigation

There was no material litigation against the Group as at the reporting date.

B12. Dividends payable

No interim dividend has been declared during the current interim period under review.

B13. Earnings per share ("EPS")

	Current quarter 3 months ended 31 July		Cumulative quarter 6 months ended 31 July	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	<u>1,329</u>	<u>509</u>	<u>1,773</u>	<u>1,296</u>
	No.	No.	No.	No.
Number of ordinary shares in issue ('000)	60,800	60,800	60,800	60,800
	Sen	Sen	Sen	Sen
Basic and diluted EPS	<u>2.19</u>	<u>0.84</u>	<u>2.92</u>	<u>2.13</u>

Basic EPS for the current quarter and cumulative quarter are calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares in issue.

Diluted EPS is the same as basic EPS as the Company does not have any dilutive potential on ordinary shares.

B14. Profit before taxation

	Individual quarter 3 months ended 31 July 2018 RM'000	Cumulative quarter 6 months ended 31 July 2018 RM'000
Profit before taxation has been arrived at after charging/(crediting):		
Interest income	(214)	(377)
Inventories written off	432	432
Dividend income from available-for-sale investments	(61)	(114)
Depreciation and amortisation of property, plant and equipment	771	1,533
(Profit)/Loss on foreign exchange		
- Realised	(56)	180
- Unrealised	(203)	(509)

Company No.

1177348 P

20.

Date of authorisation for issue

The Board of Directors authorised this interim financial report for issue on 26 September 2018.

By order of the Board

Foong Kai Ming
Company Secretary

Kuala Lumpur,
26 September 2018

MINTYE BERHAD
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the 2nd financial quarter ended 31 July 2018

The figures have not been audited

SUMMARY OF KEY FINANCIAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current year quarter <u>31 July 2018</u> RM'000	Preceding year corresponding quarter <u>31 July 2017</u> RM'000	Current year to-date <u>31 July 2018</u> RM'000	Preceding year corresponding period <u>31 July 2017</u> RM'000
1. Revenue	10,117	12,343	21,669	25,997
2. Profit before taxation	193	637	532	1,693
3. Profit for the financial period	1,297	490	1,703	1,280
4. Profit attributable to owners of the Company	1,329	509	1,773	1,296
5. Basic earnings per share (Sen)	2.19	0.84	2.92	2.13
6. Proposed/Declared dividend per share (Sen)	-	-	-	-
	AS AT END OF CURRENT QUARTER 31 July 2018		AS AT PRECEDING FINANCIAL YEAR END 31 January 2018	
	RM		RM	
7. Net assets per ordinary share attributable to owners of the Company	1.85		1.84	

ADDITIONAL INFORMATION

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current year quarter <u>31 July 2018</u> RM'000	Preceding year corresponding quarter <u>31 July 2017</u> RM'000	Current year to-date <u>31 July 2018</u> RM'000	Preceding year corresponding period <u>31 July 2017</u> RM'000
1. Gross interest income	214	160	377	312
2. Gross interest expense	-	-	-	-