

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Condensed Consolidated Income Statement

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

	3rd Quarter		9 Months to	
	31-1-2017	31-1-2016	31-1-2017	31-1-2016
	RM'000	RM'000	RM'000	RM'000
Revenue	289,123	268,921	840,307	660,081
Operating Expenses	(254,074)	(235,690)	(744,285)	(592,509)
Other Operating Income	7,091	264	11,412	11,601
Profit from Operations	42,140	33,495	107,434	79,173
Investment Related Income	1,034	777	4,574	4,484
Finance Costs	(173)	(121)	(468)	(349)
Costs on closure of a subsidiary's offset printing packaging business	(2,877)	-	(2,877)	-
Profit before Tax	40,124	34,151	108,663	83,308
Tax Expense	(10,580)	(8,085)	(27,068)	(20,038)
Profit for the Financial Period	29,544	26,066	81,595	63,270
Profit attributable to:				
Owners of the Company	29,554	26,066	81,604	63,270
Non-controlling interests	(10)	-	(9)	-
	29,544	26,066	81,595	63,270
Basic earnings per share (Sen)	18.16	16.02	50.15	38.88
Declared Dividends per share (Sen)	6.0	5.0	16.0	13.0

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 January 2017

	Unaudited @ 31-1-2017	Audited @ 30-04-2016
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	54,782	57,151
Investment Properties	99	104
Investment Securities - Quoted Shares	985	1,022
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Unit Trusts	71,537	34,817
	<u>145,223</u>	<u>110,914</u>
Current Assets		
Inventories	124,644	115,925
Receivables	122,428	107,690
Current Tax Assets	412	45
Deposits with Licensed Banks	73,688	59,637
Cash and Bank Balances	4,950	4,476
	<u>326,122</u>	<u>287,773</u>
Non-Current Assets held for sale	2,148	-
	<u>328,270</u>	<u>287,773</u>
TOTAL ASSETS	<u>473,493</u>	<u>398,687</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share Capital	162,732	162,732
Reserves	217,459	160,219
	<u>380,191</u>	<u>322,951</u>
Non-controlling Interests	24	33
Total Equity	<u>380,215</u>	<u>322,984</u>
Non-current Liability		
Deferred Taxation	6,346	6,362
Current Liabilities		
Payables	72,968	63,446
Current Tax Liabilities	13,964	5,895
	<u>86,932</u>	<u>69,341</u>
Total Liabilities	<u>93,278</u>	<u>75,703</u>
TOTAL EQUITY AND LIABILITIES	<u>473,493</u>	<u>398,687</u>
Net Assets per share (RM)	2.34	1.98

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Condensed Consolidated Statement of Comprehensive Income

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

	3rd Quarter		9 Months to	
	31-1-2017	31-1-2016	31-1-2017	31-1-2016
	RM'000	RM'000	RM'000	RM'000
Net Profit for the Financial Period	29,544	26,066	81,595	63,270
Other Comprehensive Income, net of tax				
Net fair value gain/(loss) on available-for-sale financial assets	(60)	5	46	3
Total Comprehensive Income for the Financial Period	<u>29,484</u>	<u>26,071</u>	<u>81,641</u>	<u>63,273</u>
Total Comprehensive Income attributable to :				
Owners of the Company	29,494	26,071	81,650	63,273
Non-controlling interests	(10)	-	(9)	-
	<u>29,484</u>	<u>26,071</u>	<u>81,641</u>	<u>63,273</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Condensed Consolidated Statement of Changes in Equity

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

	- - - - - Attributable to Owners of the Company - - - - -							
	Share Capital	Non-distributable		Distributable		Total Reserves	Non-controlling Interests	Total Equity
		Share Premium	AFS (^) Reserves	Retained Profits	Total Reserves			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the financial period ended 31 January 2017								
Balance as at 1 May 2016	162,732	-	77	160,142	160,219	322,951	33	322,984
Total Comprehensive Income for the financial period	-	-	46	81,604	81,650	81,650	(9)	81,641
	162,732	-	123	241,746	241,869	404,601	24	404,625
Transaction with Owners								
Dividends in respect of year ended 30 April 2016	-	-	-	(8,136)	(8,136)	(8,136)	-	(8,136)
Dividend in respect of year ending 30 April 2017	-	-	-	(8,137)	(8,137)	(8,137)	-	(8,137)
Dividends in respect of year ending 30 April 2017	-	-	-	(8,137)	(8,137)	(8,137)	-	(8,137)
Balance as at 31 January 2017	162,732	-	123	217,336	217,459	380,191	24	380,215
(^) Available-for-sale								
For the financial period ended 31 January 2016								
Balance as at 1 May 2015	108,488	3,766	-	160,510	164,276	272,764	32	272,796
Bonus Issue	54,244	(3,766)	-	(50,478)	(54,244)	-	-	-
Total Comprehensive Income for the financial period	-	-	3	63,270	63,273	63,273	-	63,273
	162,732	-	3	173,302	173,305	336,037	32	336,069
Transaction with Owners								
Dividends in respect of year ended 30 April 2015	-	-	-	(10,849)	(10,849)	(10,849)	-	(10,849)
Dividends in respect of year ended 30 April 2016	-	-	-	(13,018)	(13,018)	(13,018)	-	(13,018)
Balance as at 31 January 2016	162,732	-	3	149,435	149,438	312,170	32	312,202

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Condensed Consolidated Statement of Cash Flows

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

	(Unaudited) 9 months to 31-1-2017 RM'000	(Unaudited) 9 months to 31-1-2016 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	108,663	83,308
Adjustments for :		
Depreciation	4,333	4,217
Dividend income	(3,327)	(3,325)
Gain on disposal of investment securities	(109)	(144)
Gain on disposal of property, plant and equipment	(122)	(178)
Interest income	(1,138)	(1,015)
Property, plant and equipment written off	25	898
Costs on closure of a subsidiary's offset printing packaging business		
Impairment loss on non-current assets held for sale	368	-
Provision for consultancy fee on business closure exercise	40	-
Provision for staff retrenchment costs	2,469	-
Operating profit before working capital changes	111,202	83,761
Increase in inventories	(8,719)	(7,423)
Increase in receivables	(14,738)	(59,104)
Increase in payables	7,016	34,516
Cash generated from operations	94,761	51,750
Net Income tax paid	(19,382)	(13,440)
Net cash from operating activities	75,379	38,310
<u>Cash flows from investing activities</u>		
Net dividend received	3,327	3,325
Interest received	1,138	1,015
Proceeds from disposal of property, plant and equipment	122	178
Proceeds from disposal of investment securities	18,086	32,130
Purchase of property, plant and equipment	(4,502)	(2,686)
Purchase of investment securities	(54,615)	(31,321)
Net cash (used in) / from investing activities	(36,444)	2,641
<u>Cash flows from financing activities</u>		
Dividends paid	(24,410)	(23,867)
Net increase in cash and cash equivalents	14,525	17,084
Cash and cash equivalents at beginning	64,113	69,039
Cash and cash equivalents at end	78,638	86,123
Cash & Cash Equivalents comprise the following :-		
Cash and bank balances	4,950	4,359
Deposits with licensed banks	73,688	81,764
	<u>78,638</u>	<u>86,123</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

1) Basis of Preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2016.

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 April 2016.

The Group has not early adopted the standards and interpretations that have been issued but not yet effective for the financial year.

The application of the new/revised standards and interpretations is not expected to have any significant impact on the financial statements upon their initial adoption.

2) Audit Report of Preceding Annual Financial Statements

The auditors' report of the Company's most recent annual financial statements for the financial year ended 30 April 2016 was not subject to any qualification.

3) Seasonal or Cyclical Factors

The operations of the Group were not materially affected by seasonal or cyclical factors.

4) Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the 9 months ended 31 January 2017 ("financial period") other than those disclosed in Note 24.

5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the second quarter ended 31 January 2017 ("current quarter").

6) Change in Composition of the Group

There were no changes in the composition of the Group during the financial period.

7) Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period.

8) Dividend Paid

No dividend was paid during the financial period other than those disclosed in Note 22(ii) below.

9) Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the financial period.

10) Subsequent Events

There were no material subsequent events for the financial period, up to the date of this announcement.

11) Segment Information

The segmental analysis of the Group's operations for the financial period is as follows :

	External	Inter	Financial period
	RM'000	-segment	to 31-1-2017
		RM'000	RM'000
<u>Revenue</u>			
Packaging	94,571	127	94,698
Garment Manufacturing	745,736	-	745,736
Elimination - Inter-segment Revenue	-	(127)	(127)
Total Revenue	<u>840,307</u>	<u>-</u>	<u>840,307</u>

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

11) Segment Information (Cont'd)

	Financial period to 31-1-2017
<u>Results</u>	RM'000
Packaging	4,913
Garment manufacturing	102,643
	<u>107,556</u>
Unallocated corporate expenses	(122)
Profit from operations	107,434
Investment Related Income :	
Dividend income	3,327
Interest income	1,138
Gain on disposal of investment	109
	<u>4,574</u>
Finance costs (Non-interest)	(468)
	<u>111,540</u>
Costs on closure of a subsidiary, SIPP's offset printing packaging business	(2,877)
Profit before taxation	108,663
Taxation	(27,068)
Net profit after taxation	<u>81,595</u>

12) Analysis of Performance

The Group is primarily engaged in the manufacturing of garment for export and a wide range of flexible plastic and corrugated packaging products. As stated in Note 17, the offset printing packaging business is in the process of being closed down. The garment segment accounted for about 88.7% and 97.8% of the Group's revenue and profit before tax (PBT) respectively for the financial period.

The key factors that affect the performance of garment business include mainly the labour costs, other operating costs, foreign exchange differences, demand for the garments and the ability of management to cope with change.

For the packaging segment, the key factors that affect its performance include mainly raw material costs (such as Kraft liner, test liner, medium papers, paper boards, polyethylene resins and etc.), operating costs, demand for the packaging products and the ability of management to cope with change.

Current Quarter vs Preceding Year Corresponding Quarter (Qtr 3-FYR 2016)

Revenue for the current quarter increased by 7.5% as compared to Qtr 3-FYR 2016.

Both the garment and packaging revenues soared by 8.2% and 2.5% respectively mainly due to higher sale orders received.

PBT for the current quarter improved by 17.5%.

On a segmental basis, garment PBT improved by 26.7% mainly driven by higher revenue, higher foreign exchange gain (Other operating income) and positive reffect of on-going productivity improvement.

Packaging PBT for the current quarter dropped by 153.2% mainly due to the provision of SIPP's closure costs amounting to RM2.877 million. Had there been no provision for SIPP's closure costs, packaging PBT would have been better by 7.9% versus Qtr 3-FYR 2016 mainly due to higher revenue.

Group PBT for the current quarter would have been 25.9% better than Q3-FYR 2016 if SIPP's closure costs had been excluded.

Financial Period vs Preceding Year Corresponding Period (Last YTD)

Revenue for the financial period increased by 27.3% as compared to Last YTD.

Garment revenue surged by 30.9% mainly due to higher sale orders received and moderately favourable effect of foreign exchange rate. Likewise, packaging revenue increased by 4.7% mainly due to higher sale orders received.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

Financial Period vs Last YTD (Cont'd)

PBT for the financial period increased by 30.4%.

Garment PBT improved by 35.4% mainly attributed to higher revenue and positive effect of on-going productivity improvement. Packaging PBT dropped by 51.4% mainly due to the provision of SIPP's closure costs of RM2.877 million. Had there been no provision for the closure costs, packaging PBT would have been higher by 7.7% versus Last YTD mainly due to higher revenue.

Group PBT for the financial period would have been 33.9% better than Last YTD if SIPP's closure costs had been excluded.

13) Variation of Results against Preceding Quarter (Qtr 2-FYR 2016)

Revenue for the current quarter increased by 3.3% as compared to Qtr 2-FYR 2016.

Garment revenue improved by 3.7% mainly due to favourable foreign exchange rate but was partially weighed down by lower sale orders received. Packaging revenue increased slightly by 0.4% due to higher sale orders received.

PBT for the current quarter increased by 6.8%.

Garment PBT improved by 14.2% mainly due to higher revenue and higher foreign exchange gain (Other operating income). Packaging PBT dropped by 158.5% mainly due to the provision of SIPP's closure costs of RM2.877 million. Had there been no provision for the closure costs, packaging PBT would have been higher by 18.6% versus the preceding quarter mainly due to better productivity, aided by a slight increase in revenue.

Group PBT for the current quarter would have been 14.5% better than Q2-FYR 2016 if SIPP's closure costs had been excluded.

14) Future Prospects

The manufacturing and sales of garment will still be the Group's major revenue contributor. The Group maintains a cautiously positive outlook for the remaining quarter of the current financial year amid the global economic uncertainty. Both the garment and packaging businesses are expected to remain profitable for the remaining quarter of the current financial year.

15) Tax Expense

The tax expenses for the current quarter and financial period are made up as follows:

	Current quarter to 31-1-2017 RM'000	Financial period to 31-1-2017 RM'000
Provision for current tax	10,406	26,921
Under provision of prior year's current tax	163	163
Deferred Tax	11	(16)
Total	<u>10,580</u>	<u>27,068</u>

The Group's effective tax rates for both the current quarter or financial period under review were higher than the Malaysia statutory tax rate due to the provision of costs of closing down SIPP's offset printing packaging business during the quarter (Note 17) which are not allowable for tax deduction.

Had there been no provision for the closure costs, the Group's effective tax rates for both the current quarter and financial period would still be higher than the Malaysia statutory tax due to underprovision of prior year's taxation and non-deductibility of certain expenses.

16) Profit Forecast or Profit Guarantee

There was no profit forecast made in any public document.

17) Corporate Proposals

On 13 December 2016, Magni announced to Bursa Securities that its 99.64%-owned Subsidiary, South Island Packaging (Penang) Sdn Bhd ("SIPP") had decided to close down its existing offset printing packaging business in the Group's streamlining effort. A provision for the closure costs of RM2.877 million has been made in the interim financial statements of the current quarter as disclosed in Note 24(ii). The closure is expected to be completed by end of the current financial year.

18) Group Borrowings and Debts Securities

The Group has no borrowings and debt securities as at the end of the financial period.

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

19) Material Litigation

There were no material litigations during the financial period.

20) Contingent Liabilities and Assets

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

21) Capital Commitments

As at 31 January 2017, the Group has a capital commitment of approximately RM0.247 million in respect of the acquisition of machinery.

22) Dividend

Dividends for the financial period are as follows:

- (i) single tier interim dividend of 5 Sen per share (Qtr 1-FYR 2016 : nil) in respect of the financial year ending 30 April 2017 amounting to RM8.137 million (Qtr 1-FYR 2016 : Nil) was approved by the Board on 15 September 2016 and paid on 28 October 2016.
- (ii) second single tier interim dividend of 3 Sen per share (Qtr 2-FYR 2016 : 5 Sen) and a single tier special dividend of 2 Sen per share (Qtr 2-FYR 2016 : 3 Sen) in respect of the financial year ending 30 April 2017 totalling 5 Sen (Qtr 2-FYR 2016 : 8 Sen) and amounting to RM8.137 million were approved by the Directors on 13 December 2016 and paid on 13 January 2017.
- (iii) third tier interim dividend of 3 Sen per share (Qtr 3-FYR 2016 : 3 Sen) and a single tier special dividend of 3 Sen per share (Qtr 3-FYR 2016 : 2 Sen) in respect of the financial year ending 30 April 2017 totalling 6 Sen (Qtr 3-FYR 2016) and amounting to RM9.764 million are approved by the Directors on 16 March 2017. The entitlement and payment dates will be separately announced today.

Total above dividends paid and payable in respect of the financial period are 16 Sen per share amounting to RM26.037 million (Last YTD : 13 Sen) and representing a 31.9% of the Group's attributable profits for the financial period (Last YTD : 33.4%).

23) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company during the quarter / period by the current number of ordinary shares in issue :

		Current quarter to 31-1-2017	Quarter to 31-1-2016	Financial period to 31-1-2017	Financial period to 31-1-2016
Profit attributable to owners of the Company	(RM'000)	29,554	26,066	81,604	63,270
No. of ordinary shares as at 31 January 2017	('000)	162,732	162,732	162,732	162,732
Basic EPS	(Sen)	18.16	16.02	50.15	38.88

There is no diluted EPS as the Company does not have any convertible financial instruments as at the end of the financial period.

24) Profit Before Tax

Profit before tax is arrived at after charging/(crediting) the following items :-

		Current quarter to 31-1-2017 RM'000	Quarter to 31-1-2016 RM'000	Financial period to 31-1-2017 RM'000	Financial period to 31-1-2016 RM'000
(i) Interest income		(415)	(313)	(1,138)	(1,015)
Dividend income		(510)	(458)	(3,327)	(3,325)
Interest expenses		-	-	-	-
Depreciation and amortisation		1,479	1,390	4,333	4,217
Net unrealised (gain)/loss on foreign exchange		1,078	(1,274)	(1,002)	3,811
Net realised (gain)/loss on foreign exchange		(7,910)	1,146	(9,830)	(14,845)
Impairment loss on quoted investments		-	-	-	-
Gain on disposal of investment securities		(109)	(6)	(109)	(144)
Gain on disposal of property, plant and equipment		(109)	-	(122)	(178)
Provision for and write off of receivables		-	-	-	-
Plant and equipment written off		-	-	-	898
(Gain) / loss on derivatives / Exceptional items		-	-	-	-

Magni-Tech Industries Berhad

(Incorporated in Malaysia ; Company No. 422585-V)

Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the Third Quarter Ended 31 January 2017

24) Profit Before Tax

Profit before tax is arrived at after charging/(crediting) the following items :-

Current quarter to 31-1-2017 RM'000	Quarter to 31-1-2016 RM'000	Financial period to 31-1-2017 RM'000	Financial period to 31-1-2016 RM'000
---	-----------------------------------	--	--

(ii) Costs on closure of SIPP's offset printing packaging business :

(a) Impairment loss on non-current assets held for sale

(b) Provision for staff retrenchment and other costs

Total Closure Costs

368	-	368	-
2,509	-	2,509	-
<u>2,877</u>	<u>-</u>	<u>2,877</u>	<u>-</u>

25) Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 January 2017 into realised and unrealised profits are as follows:

	(Audited)	
Total retained earnings of the Company and its subsidiaries :	As at 31-1-2017 RM'000	As at 30-04-2016 RM'000
- realised	251,950	196,624
- unrealised	<u>(5,343)</u>	<u>(7,202)</u>
	246,607	189,422
Less : Consolidated adjustments	<u>(29,271)</u>	<u>(29,280)</u>
	<u><u>217,336</u></u>	<u><u>160,142</u></u>

By Order of the Board

Tan Sri Dato' Seri Tan Kok Ping

Chairman

16 March 2017

c.c. Securities Commission