

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Income Statement

Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2017 ("Q2-FYR 2018")

	Q2-FYR 2018	Q2-FYR 2017	Financial period - 6 Months	
	RM'000	RM'000	to 31-10-2017	to 31-10-2016
			RM'000	RM'000
<b>Revenue</b>	252,318	279,792	546,031	551,184
Operating Expenses	(225,695)	(243,692)	(495,644)	(490,211)
Other Operating (expenses)/Income	(627)	842	(1,815)	4,321
<b>Profit from Operations</b>	25,996	36,942	48,572	65,294
Investment Related Income	1,222	763	4,514	3,540
Finance Costs	(158)	(146)	(331)	(295)
<b>Profit before Tax</b>	27,060	37,559	52,755	68,539
Tax Expense	(6,560)	(9,038)	(12,668)	(16,488)
<b>Profit for the period</b>	<u>20,500</u>	<u>28,521</u>	<u>40,087</u>	<u>52,051</u>
<b>Profit attributable to:</b>				
Owners of the Company	20,500	28,520	40,087	52,050
Non-controlling interests	-	1	-	1
	<u>20,500</u>	<u>28,521</u>	<u>40,087</u>	<u>52,051</u>
<b>Basic / Diluted earnings per share (Sen)</b>	<u>12.60</u>	<u>17.53</u>	<u>24.63</u>	<u>31.99</u>
<b>Declared Interim Dividend per share (Sen)</b>	<u>4.50</u>	<u>5.00</u>	<u>8.00</u>	<u>10.00</u>

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2017 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 Second Quarter Ended 31 October 2017 ("Q2-FYR 2018")

	Q2-FYR 2018	Q2-FYR 2017	Financial Period - 6 Months	
	RM'000	RM'000	to 31-10-2017	to 31-10-2016
			RM'000	RM'000
<b>Net Profit for the period</b>	20,500	28,521	40,087	52,051
Other Comprehensive Income, net of tax				
Net fair value gain / (loss) on available-for-sale financial assets	45	(4)	(73)	106
<b>Total Comprehensive Income for the period</b>	<b>20,545</b>	<b>28,517</b>	<b>40,014</b>	<b>52,157</b>
<b>Total Comprehensive Income attributable to :</b>				
Owners of the Company	20,545	28,516	40,014	52,156
Non-controlling interests	-	1	-	1
	<b>20,545</b>	<b>28,517</b>	<b>40,014</b>	<b>52,157</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2017 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 October 2017

	Unaudited @ 31-10-2017	Audited @ 30-04-2017
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	59,417	56,633
Investment Properties	95	98
Investment Securities - Quoted Shares	817	945
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Money Market Unit Trusts	104,466	77,750
	<u>182,615</u>	<u>153,246</u>
<b>Current Assets</b>		
Inventories	167,298	145,892
Receivables	103,749	131,880
Current Tax Assets	398	189
Deposits with Licensed Banks	55,582	49,202
Cash and Bank Balances	3,142	3,882
	<u>330,169</u>	<u>331,045</u>
Non-Current Assets held for sale	85	85
	<u>330,254</u>	<u>331,130</u>
<b>TOTAL ASSETS</b>	<u>512,869</u>	<u>484,376</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share Capital	162,732	162,732
Reserves	269,179	246,252
	<u>431,911</u>	<u>408,984</u>
<b>Non-controlling Interests</b>	27	27
<b>Total Equity</b>	<u>431,938</u>	<u>409,011</u>
<b>Non-current Liability</b>		
Deferred Tax Liabilities	5,197	5,336
	<u>5,197</u>	<u>5,336</u>
<b>Current Liabilities</b>		
Payables	70,601	62,054
Current Tax Liabilities	5,133	7,975
	<u>75,734</u>	<u>70,029</u>
<b>Total Liabilities</b>	<u>80,931</u>	<u>75,365</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>512,869</u>	<u>484,376</u>
<b>Number of ordinary shares ('000)</b>	162,732	162,732
<b>Net Assets per share (RM)</b>	2.65	2.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2017 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 Second Quarter Ended 31 October 2017

	- - - - Attributable to Owners of the Company - - - -						
	Share Capital	Non distributable AFS (^) Reserves	Distributable Retained Profits	Total Reserves	Total	Non controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>For the financial period ended 31 October 2017</u></b>							
Balance as at 1 May 2017	162,732	186	246,066	246,252	408,984	27	409,011
Total Comprehensive Income for the financial period	-	(73)	40,087	40,014	40,014	-	40,014
<b><u>Transaction with Owners</u></b>	162,732	113	286,153	286,266	448,998	27	449,025
Dividends in respect of year ended 30 April 2017	-	-	(11,391)	(11,391)	(11,391)	-	(11,391)
Dividend in respect of year ending 30 April 2018	-	-	(5,696)	(5,696)	(5,696)	-	(5,696)
Balance as at 31 October 2017	<u>162,732</u>	<u>113</u>	<u>269,066</u>	<u>269,179</u>	<u>431,911</u>	<u>27</u>	<u>431,938</u>
(^) Available-for-sale							
<b><u>For the financial period ended 31 October 2016</u></b>							
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	-	106	52,050	52,156	52,156	1	52,157
<b><u>Transaction with Owners</u></b>	162,732	183	212,192	212,375	375,107	34	375,141
Dividends in respect of year ended 30 April 2016	-	-	(8,136)	(8,136)	(8,136)	-	(8,136)
Dividend in respect of year ended 30 April 2017	-	-	(8,137)	(8,137)	(8,137)	-	(8,137)
Balance as at 31 October 2016	<u>162,732</u>	<u>183</u>	<u>195,919</u>	<u>196,102</u>	<u>358,834</u>	<u>34</u>	<u>358,868</u>

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Statement of Cash Flows

Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2017

	(Unaudited) Financial period to 31-10-2017 RM'000	(Unaudited) Financial period to 31-10-2016 RM'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	52,755	68,539
Adjustments for :		
Depreciation	2,711	2,854
Dividend income	(3,772)	(2,817)
Property, plant and equipment written off	350	-
Interest income	(742)	(723)
Gain on disposal of property, plant and equipment	(29)	(13)
<b>Operating profit before working capital changes</b>	<b>51,273</b>	<b>67,840</b>
Increase inventories	(21,406)	(10,410)
Decrease /(Increase) in receivables	28,131	(24,178)
Increase in payables	8,547	13,631
<b>Cash generated from operations</b>	<b>66,545</b>	<b>46,883</b>
Net Income tax paid	(15,856)	(12,079)
<b>Net cash from operating activities</b>	<b>50,689</b>	<b>34,804</b>
<b><u>Cash flows from investing activities</u></b>		
Net dividend received	3,772	2,817
Interest received	742	723
Proceeds from disposal of property, plant and equipment	79	13
Proceeds from disposal of investment securities	-	2,000
Purchase of property, plant and equipment	(5,895)	(3,186)
Purchase of investment securities	(26,660)	(22,363)
<b>Net cash used in investing activities</b>	<b>(27,962)</b>	<b>(19,996)</b>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(17,087)	(16,273)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,640</b>	<b>(1,465)</b>
<b>Cash and cash equivalents at beginning</b>	<b>53,084</b>	<b>64,113</b>
<b>Cash and cash equivalents at end</b>	<b>58,724</b>	<b>62,648</b>
<b>Cash &amp; Cash Equivalents comprise the following :-</b>		
Cash and bank balances	3,142	3,606
Deposits with licensed banks	55,582	59,042
	<b>58,724</b>	<b>62,648</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2017 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 Second Quarter Ended 31 October 2017 ("Q2-FYR 2018")

#### 1) Basis of Preparation

Adoption of new MFRS, Amendments/Improvements to MFRS and IC Interpretation

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 2017. 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 2017.

The Group has not early adopted the standards and interpretations that have been issued but not yet effective for the financial period beginning 1 May 2017.

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 2017 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 first six months of the financial year ending 30 April 2018, namely the period from 1 May 2017 to 31 October 2017 ("financial period").

#### 5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in Q2-FYR 2018.

#### 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

Dividends paid during the financial period are as follows:

(i) The single tier final dividend of 3 Sen and special single tier dividend of 4 Sen per share in respect of the financial year ended 30 April 2017 amounting to RM11.391 million paid on 27 October 2017.

(ii) The single tier interim dividend of 3.5 Sen per share amounting to RM5.696 mil in respect of the financial year ending 30 April 2018 paid on 27 October 2017.

#### 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 :

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## Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2017 ("Q2-FYR 2018")

### 11) Segment Information (Cont'd)

<u>Revenue</u>	%	External	Inter	Financial period
		RM'000	-segment	RM'000
Packaging	9.5%	51,774	-	51,774
Garment Manufacturing	90.5%	494,257	-	494,257
Total Revenue	100.0%	546,031	-	546,031
				Financial period
<u>Results</u>				RM'000
Packaging				1,895
Garment manufacturing				46,829
				48,724
Unallocated corporate expenses				(152)
Profit from operations				48,572
Investment related Income :				
Dividend income				3,772
Interest income				742
				4,514
Finance costs (Non-interest)				(331)
Profit before tax				52,755
Tax expense				(12,668)
Profit for the financial period				40,087

### 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.

The garment segment accounted for about 90.5% and 96.4% of the Group's revenue and profit from operations 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, operating costs, demand for the packaging products and the ability of management to cope with change. Raw materials consist of kraft liner, test liner, medium papers, white papers, polyethylene resins and etc.

#### Q2-FYR 2018 vs Q2-FYR 2017

Revenue for Q2-FYR 2018 decreased by 9.8% as compared to Q2-FYR 2017.

On a segmental basis, garment revenue for Q2-FYR 2018 decreased by 8.7% mainly due to lower sale orders received. Packaging revenue was lower by 18.9% mainly due to the cessation of offset printing packaging business in Q4-FYR 2017. Revenue of the continuing packaging operations (ie. flexible plastic and corrugated packaging) receded slightly by 1%.

PBT for Q2-FYR 2018 decreased by 28.0% as compared to Q2-FYR 2017.

Garment PBT dropped by 26.3% mainly due to lower revenue, higher operating expenses and foreign exchange loss. Packaging PBT decreased by 59.1% mainly due to higher raw material costs and operating expenses, and lower revenue.

#### Financial Period vs Last Year to date (Last YTD)

Revenue for the financial period decreased slightly by 0.9% as compared to Last YTD.

Garment revenue increased by 1.2% mainly due to higher sale orders received.

However, packaging revenue decreased by 17.9% mainly due to cessation of offset printing packaging business.

PBT for the financial period fell by 23.0% as compared to Last YTD.

Garment PBT decreased by 22.0% as compared to Last YTD mainly due to higher loss on foreign exchange and operating expenses. Packaging PBT dropped by 37.8% mainly due to lower revenue, higher raw material costs and operating expenses.

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## Notes To The Quarterly Financial Report

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2017 ("Q2-FYR 2018")

#### 13) Variation of Results against Preceding Quarter (Q1-FYR 2018)

Revenue for Q2-FYR 2018 decreased by 14.1% as compared to Q1-FYR 2018.

Garment and packaging revenue for Q2-FYR 2018 decreased by 15.3% and 2.1% respectively mainly due to lower sale orders received.

PBT for Q2-FYR 2018 rose by 5.3% as compared to Q1-FYR 2018.

Garment PBT improved by 8.9% mainly due to lower operating expenses and lower loss on foreign exchange. Packaging PBT dipped by 52.5% mainly due to higher raw material costs and operating expenses, and lower revenue

#### 14) Future Prospects

The manufacturing and sale of garment will still be the Group's major revenue contributor. The Group's operating environment for the remaining quarters of the current financial year is expected to be challenging amid persisting global economic uncertainties. Nevertheless, both the garment and packaging businesses are expected to remain profitable during the said period.

#### 15) Tax Expense

	Q2-FYR 2018 RM'000	Financial period RM'000
The tax expenses for Q2-FYR 2018 and financial period are made up as follows:		
Provision for current tax	6,574	12,807
Deferred Tax	(14)	(139)
	<u>6,560</u>	<u>12,668</u>

The Group's effective tax rate for Q2-FYR 2018 was slightly higher than the Malaysia statutory tax rate mainly due to certain expenses being disallowed for tax deduction while that of the financial period approximates the statutory tax rate.

#### 16) Profit Forecast or Profit Guarantee

There was no profit forecast made in any public document.

#### 17) Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

#### 18) Group Borrowings and Debts Securities

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

#### 19) Material Litigation

There were no material litigations during the financial period.

#### 20) Contingent Liabilities

There were no material changes in contingent liabilities since the end of the last annual reporting period.

#### 21) Capital Commitments

As at 31 October 2017, the Group has a capital commitment of approximately RM2.751 million in respect of the acquisition of machinery for the flexible plastic packaging business (End of Last YTD : RM0.67 million).

#### 22) Dividend

Dividends for the financial period are as follows:

- (i) the single tier interim dividend 3.5 Sen per share in respect of the financial year ending 30 April 2018 amounting to RM5.696 million was approved by the Board on 14 September 2017 and paid on 27 October 2017 (Q1-FYR 2017 : 5 Sen).
- (ii) the Board has declared a 2nd single tier interim dividend of 4.5 Sen per share amounting to RM7.323 million in respect of the financial year ending 30 April 2018 (Q2-FYR 2017 : Interim 3 Sen plus special 2 Sen). The entitlement and payment dates will be separately announced today.

Total dividends paid and payable in respect of the financial period are 8 Sen per share amounting RM13.019 million (Last YTD : 10 Sen) and representing 32.5% of the Group's attributable profits for the financial period (Last YTD : 31.3%).



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#### 23) Earnings Per Share (EPS)

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

		Q2-FYR 2018	Q2-FYR 2017	Financial period to 31-10-2017	Financial period to 31-10-2016
Profit attributable to owners of the Company	(RM'000)	20,500	28,520	40,087	52,050
Weighted average no. of ordinary shares in issue	('000)	162,732	162,732	162,732	162,732
Basic EPS	(Sen)	12.60	17.53	24.63	31.99

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 :-

	Q2-FYR 2018 RM'000	Q2-FYR 2017 RM'000	Financial period to 31-10-2017 RM'000	Financial period to 31-10-2016 RM'000
Interest income	(363)	(364)	(742)	(723)
Dividend income	(859)	(399)	(3,772)	(2,817)
Interest expenses	-	-	-	-
Depreciation and amortisation	1,391	1,460	2,711	2,854
Net unrealised (gain)/loss on foreign exchange	2,064	(267)	(1,744)	(2,080)
Net realised (gain)/loss on foreign exchange	(1,331)	(404)	3,797	(1,920)
Net (gain)/loss on foreign exchange	733	(671)	2,053	(4,000)
Impairment loss on quoted investments	-	-	-	-
Loss on disposal of investment securities	-	-	-	-
Fair value gain reclassified from equity upon disposal of available-for-sale investments	-	-	-	-
Gain on disposal of property, plant and equipment	(33)	(6)	(29)	(13)
Provision for and write off of receivables	-	-	-	-
Plant and equipment written off	-	-	350	-
(Gain) / loss on derivatives / Exceptional items	-	-	-	-

#### 25) Realised and Unrealised Profits

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

	(Audited)	
	As at 31-10-2017 RM'000	As at 30-04-2017 RM'000
Total retained earnings of the Company and its subsidiaries :		
- realised	294,565	273,460
- unrealised	(3,451)	(5,346)
	291,114	268,114
Less : Consolidated adjustments	(22,048)	(22,048)
	<u>269,066</u>	<u>246,066</u>

By Order of the Board

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

Chairman

12 December 2017