

# Magni-Tech Industries Berhad

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

## UNAUDITED INTERIM FINANCIAL REPORT

### Condensed Consolidated Income Statement

For the First Quarter Ended 31 July 2018 ("Q1-FYR 2019")

	Q1-FYR 2019 RM'000	Q1-FYR 2018 RM'000	Financial Periods - 3 Months	
			to 31-7-2018 RM'000	to 31-7-2017 RM'000
<b>Revenue</b>	273,741	293,713	273,741	293,713
Operating Expenses	(250,105)	(269,949)	(250,105)	(269,949)
Other Operating (expenses)/Income	1,581	(1,188)	1,581	(1,188)
<b>Profit from Operations</b>	25,217	22,576	25,217	22,576
Investment Related Income	4,049	3,292	4,049	3,292
Finance Costs	(173)	(173)	(173)	(173)
<b>Profit before Tax</b>	29,093	25,695	29,093	25,695
Tax Expense	(7,081)	(6,108)	(7,081)	(6,108)
<b>Profit for the period</b>	<u>22,012</u>	<u>19,587</u>	<u>22,012</u>	<u>19,587</u>
<b>Profit attributable to:</b>				
Owners of the Company	22,012	19,587	22,012	19,587
Non-controlling interests	-	-	-	-
	<u>22,012</u>	<u>19,587</u>	<u>22,012</u>	<u>19,587</u>
<b>Basic / Diluted earnings per share (Sen)</b>	<u>13.53</u>	<u>12.04</u>	<u>13.53</u>	<u>12.04</u>
<b>Declared / Paid Dividends per share (Sen)</b>	<u>5.00</u>	<u>3.50</u>	<u>5.00</u>	<u>3.50</u>

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2018 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 For the First Quarter Ended 31 July 2018 ("Q1- FYR 2019")

	Q1-FYR 2019	Q1-FYR 2018	Financial period - 3 Months	
	RM'000	RM'000	to 31-7-2018	to 31-7-2017
			RM'000	RM'000
<b>Net Profit for the Financial Period</b>	22,012	19,587	22,012	19,587
Other Comprehensive income, net of tax item that will be reclassified subsequently to profit or loss:				
Net fair value gain/ (loss) on available-for-sale financial assets	29	(118)	29	(118)
<b>Total Comprehensive Income for the Financial Period</b>	<u>22,041</u>	<u>19,469</u>	<u>22,041</u>	<u>19,469</u>
<b>Total Comprehensive Income attributable to :</b>				
Owners of the Company	22,041	19,469	22,041	19,469
Non-controlling interests	-	-	-	-
	<u>22,041</u>	<u>19,469</u>	<u>22,041</u>	<u>19,469</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2018 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 Financial Position as at 31 July 2018

	Unaudited @ 31-7-2018	Audited @ 30-04-2018
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	62,024	63,150
Investment Properties	90	91
Investment Securities - Quoted Shares	-	706
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Money Market Unit Trusts	143,395	142,987
	<u>223,329</u>	<u>224,754</u>
<b>Current Assets</b>		
Inventories	147,510	153,294
Receivables	98,421	98,368
Current Tax Assets	599	562
Deposits with Licensed Banks	82,022	47,702
Cash and Bank Balances	3,632	2,260
	<u>332,184</u>	<u>302,186</u>
Non-Current Assets held for sale	-	85
	<u>332,184</u>	<u>302,271</u>
<b>TOTAL ASSETS</b>	<u>555,513</u>	<u>527,025</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share Capital	162,732	162,732
Reserves	323,971	301,930
	<u>486,703</u>	<u>464,662</u>
<b>Non-controlling Interests</b>	26	26
<b>Total Equity</b>	<u>486,729</u>	<u>464,688</u>
<b>Non-current Liability</b>		
Deferred Tax Liabilities	5,914	5,968
<b>Current Liabilities</b>		
Payables	57,564	53,336
Current Tax Liabilities	5,306	3,033
	<u>62,870</u>	<u>56,369</u>
<b>Total Liabilities</b>	<u>68,784</u>	<u>62,337</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>555,513</u>	<u>527,025</u>
<b>Number of ordinary shares ('000)</b>	162,732	162,732
<b>Net Assets per share (RM)</b>	2.99	2.86

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2018 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 For the First Quarter Ended 31 July 2018 ("Q1-FYR 2019")

	- - - - 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 July 2018</u></b>							
Balance as at 1 May 2018	162,732	298	301,632	301,930	464,662	26	464,688
Total Comprehensive Income for the financial period	-	29	22,012	22,041	22,041	-	22,041
Balance as at 31 July 2018	<u>162,732</u>	<u>327</u>	<u>323,644</u>	<u>323,971</u>	<u>486,703</u>	<u>26</u>	<u>486,729</u>
(^\) Available-for-sale							
<b><u>For the financial period ended 31 July 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	-	(118)	19,587	19,469	19,469	-	19,469
Balance as at 31 July 2017	<u>162,732</u>	<u>68</u>	<u>265,653</u>	<u>265,721</u>	<u>428,453</u>	<u>27</u>	<u>428,480</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2018 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 For the First Quarter Ended 31 July 2018

	Unaudited 31-07-2018 RM'000	Unaudited 31-07-2017 RM'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	29,093	25,695
Adjustments for :		
Depreciation	1,635	1,320
Dividend income	(3,494)	(2,913)
Gain on disposal of quoted investment securities	(96)	-
Gain on disposal of property, plant and equipment	(70)	-
Loss on disposal of property, plant and equipment	-	4
Interest income	(459)	(379)
Property, plant and equipment written off	121	350
	<u>26,730</u>	<u>24,077</u>
<b>Operating profit before working capital changes</b>	<b>26,730</b>	<b>24,077</b>
Decrease/(Increase) in inventories	5,783	(7,541)
Increase in receivables	(53)	(5,816)
Increase in payables	4,228	53,296
	<u>36,688</u>	<u>64,016</u>
<b>Cash generated from operations</b>	<b>36,688</b>	<b>64,016</b>
Net Income tax paid	(4,899)	(9,059)
	<u>31,789</u>	<u>54,957</u>
<b>Net cash from operating activities</b>	<b>31,789</b>	<b>54,957</b>
<b><u>Cash flows from investing activities</u></b>		
Net dividend received	3,494	2,913
Interest received	459	379
Proceeds from disposal of property, plant and equipment	292	-
Proceeds from disposal of investment securities	802	-
Purchase of property, plant and equipment	(765)	(883)
Purchase of investment securities	(379)	(10,259)
	<u>3,903</u>	<u>(7,850)</u>
<b>Net cash from/( used in) investing activities</b>	<b>3,903</b>	<b>(7,850)</b>
<b>Net increase in cash and cash equivalents</b>	<b>35,692</b>	<b>47,107</b>
<b>Cash and cash equivalents at beginning</b>	<b>49,962</b>	<b>53,084</b>
<b>Cash and cash equivalents at end</b>	<b><u>85,654</u></b>	<b><u>100,191</u></b>
<b>Cash &amp; Cash Equivalents comprise the following :-</b>		
Cash and bank balances	3,632	3,967
Deposits with licensed banks	82,022	96,224
	<u>85,654</u>	<u>100,191</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2018 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 Financial Report

### For the First Quarter Ended 31 July 2018 ("Q1- FYR2019")

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 Financial reporting Standards ("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 2018 ("FYR 2018"). 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 FYR 2018.

The Group has not early adopted the standards and interpretations that have been issued but are not yet effective for the financial period beginning 1 May 2018.

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 FYR 2018 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 Q1-FYR 2019 (or "financial period").

5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in Q1-FYR 2019.

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 and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the financial period.

8) Dividend Paid

No dividend was paid during the financial period.

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 occurred from the end of the reporting period up to the date of this announcement which require disclosure.

11) Segment Information

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

<u>Revenue</u>	<u>%</u>	<u>External RM'000</u>	<u>Inter-segment RM'000</u>	<u>Financial period RM'000</u>
Packaging	9.7%	26,467	-	26,467
Garment Manufacturing	90.3%	247,274	-	247,274
Total Revenue	100.0%	273,741	-	273,741

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## Notes to the Financial Report

### For the First Quarter Ended 31 July 2018 ("Q1- FYR2019")

<u>Results</u>	RM'000
Packaging	1,371
Garment manufacturing	24,584
	25,955
Unallocated corporate expenses	(738)
Profit from operations	25,217
Investment related Income :	
Dividend income	3,494
Interest income	459
Gain in fair value on disposal of investment securities	96
	4,049
Finance costs (Non-interest)	(173)
Profit before tax	29,093
Tax expense	(7,081)
Net profit after tax	22,012

#### 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 90.3% and 94.7% of the Group's revenue and profit from operations (before unallocated corporate expenses) 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.

The summary of the Group's results are as follows :

	Q1-FYR 2019 RM'000	Q1-FYR 2018 RM'000	%
Revenue	273,741	293,713	-6.8%
Profit from operations	25,217	22,576	11.7%
Profit before Tax	29,093	25,695	13.2%
Net Profit after Tax	22,012	19,587	12.4%

#### Q1-FYR 2019 vs Preceding Year Corresponding Quarter (Q1-FYR 2018)

Revenue for Q1-FYR 2019 decreased by 6.8% as compared to Q1-FYR 2018.

On a segmental basis, garment revenue for Q1-FYR 2019 dropped by 7.6% mainly due to lower sale orders received.

Packaging revenue for Q1-FYR 2019 increased by 1.2% mainly due to higher sale orders received.

Profit before tax ("PBT") for Q1-FYR 2019 increased by 13.2% as compared to Q1-FYR 2018.

Garment PBT for Q1-FYR 2019 improved by 14.9% mainly due to higher foreign exchange gain by RM2.852 million, lower operating expenses to revenue ratio resulting from productivity improvement, and higher income from investment in money market unit trusts.

Packaging PBT for Q1-FYR 2019 decreased by 26.0% mainly due to lower gross margin and lower other income.

#### 13) Variation of Results against Preceding Quarter (Q4-FYR 2018)

	Q1-FYR 2019 RM'000	Q4-FYR 2018 RM'000	%
Revenue	273,741	220,593	24.1%
Profit from operations	25,217	20,552	22.7%
Profit before Tax	29,093	22,683	28.3%
Net Profit after Tax	22,012	20,137	9.3%

# Magni-Tech Industries Berhad

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

## Notes to the Financial Report

### For the First Quarter Ended 31 July 2018 ("Q1- FYR2019")

Revenue for Q1-FYR 2019 grew 24.1% as compared to Q4-FYR 2018.

Garment revenue for Q1-FYR 2019 saw a 27.4% jump mainly due to higher sale orders received. The favourable foreign exchange movements have also boosted up garment revenue.

Packaging revenue for Q1-FYR 2019 dropped marginally by 0.1% mainly due to lower sale orders received.

PBT for Q1-FYR 2019 rose by 28.3% as compared to Q4-FYR 2018.

Garment PBT surged 33.6% mainly due to higher revenue and higher net gain on foreign exchange by RM5.352 million.

Packaging PBT decreased by 33.1% mainly due to higher operating expenses incurred.

#### 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 FYR 2019 are 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

The tax expenses for Q1-FYR 2019 / financial period are made up as follows :

	Q1-FYR 2019 RM'000	Financial period RM'000
Provision for current tax	7,135	7,135
Deferred Tax	(54)	(54)
	<u>7,081</u>	<u>7,081</u>

The Group's effective tax rate for Q1-FYR 2019 was slightly higher than the Malaysian statutory tax rate of 24% mainly due to certain expenses being disallowed for tax deduction.

#### 16) Profit Forecast or Profit Guarantee

There was no profit forecast made in any public document and no profit guarantee was received during the financial period.

#### 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 July 2018, the Group has a capital commitment of approximately RM0.809 million in respect of the acquisition of machinery and computer software (end of Q4-FYR 2018 : nil).

#### 22) Dividend

The Board has declared a single tier interim dividend of 5 Sen per share amounting to RM8,137 mil (Q1-2018 : 3.5 Sen) amounting to RM5.696 million in respect of FYR 2019. This amount represents a 37.0% payout ratio. The entitlement and payment dates will be separately announced today.

As announced earlier, the Board of Directors had recommended, for approval at the forthcoming annual general meeting ("AGM") a single tier final dividend of 3 Sen per share and a special single tier dividend of 2 Sen per share in respect of FYR 2018. The date of AGM is 28 September 2018, and the entitlement and payment dates are 12 October 2018 and 26 October 2018 respectively.



# Magni-Tech Industries Berhad

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

## Notes to the Financial Report

### For the First Quarter Ended 31 July 2018 ("Q1- FYR2019")

#### 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 quarter / financial period by the weighted average number of ordinary shares in issue during Q1-FYR 2019 or financial period :

		Q1-FYR 2019	Q1-FYR 2018	Financial period to 31-7-2018	Financial period to 31-7-2017
Profit attributable to owners of the Company	(RM'000)	<u>22,012</u>	<u>19,587</u>	<u>22,012</u>	<u>19,587</u>
Weighted average no. of ordinary shares in issue	('000)	<u>162,732</u>	<u>162,732</u>	<u>162,732</u>	<u>162,732</u>
Basic EPS	(Sen)	13.53	12.04	13.53	12.04

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

PBT is arrived at after charging/(crediting) the following items :-

	Q1-FYR 2019 RM'000	Q1-FYR 2018 RM'000
Interest income	(459)	(379)
Dividend income	(3,494)	(2,913)
Gain on disposal of quoted investment securities	(96)	-
Interest expenses	-	-
Depreciation and amortisation	1,635	1,320
Net unrealised loss/(gain) on foreign exchange	201	(3,808)
Net realised (gain)/loss on foreign exchange	(1,639)	5,128
Net (gain)/loss on foreign exchange - all segments	(1,438)	1,320
(Gain) / loss on disposal of property, plant and equipment	(70)	4
Plant and equipment written off	121	350
(Gain) / loss on derivatives / Exceptional items	-	-
Donation to Tabung Harapan Malaysia	1,000	-

By Order of the Board

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

Chairman

12 September 2018