

# Magni-Tech Industries Berhad

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

## Unaudited Interim Financial Report

### Condensed Consolidated Income Statement

For the Second Quarter Ended 31 October 2018 ("Q2-FYR 2019")

	Q2-FYR 2019 RM'000	Q2-FYR 2018 RM'000	Financial Periods - 6 Months	
			to 31-10-2018 RM'000	to 31-10-2017 RM'000
<b>Revenue</b>	255,756	252,318	529,497	546,031
Operating Expenses	(229,091)	(225,695)	(479,196)	(495,644)
Other Operating (Expenses)/Income	2,302	(627)	3,883	(1,815)
<b>Profit from Operations</b>	28,967	25,996	54,184	48,572
Investment Related Income	1,640	1,222	5,689	4,514
Finance Costs	(179)	(158)	(352)	(331)
<b>Profit before Tax</b>	30,428	27,060	59,521	52,755
Tax Expense	(7,222)	(6,560)	(14,303)	(12,668)
<b>Profit for the period</b>	<u>23,206</u>	<u>20,500</u>	<u>45,218</u>	<u>40,087</u>
<b>Profit attributable to:</b>				
Owners of the Company	<u>23,206</u>	<u>20,500</u>	<u>45,218</u>	<u>40,087</u>
<b>Basic / Diluted Earnings per share (Sen)</b>	<u>14.26</u>	<u>12.60</u>	<u>27.79</u>	<u>24.63</u>
<b>Declared / Paid Dividends per share (Sen)</b>	<u>5.00</u>	<u>4.50</u>	<u>10.00</u>	<u>8.00</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 Second Quarter Ended 31 October 2018 ("Q2- FYR 2019")

	Q2-FYR 2019	Q2-FYR 2018	Financial Periods - 6 Months	
	RM'000	RM'000	to 31-10-2018	to 31-10-2017
			RM'000	RM'000
<b>Net Profit for the Financial Period</b>	23,206	20,500	45,218	40,087
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	30	45	59	(73)
<b>Total Comprehensive Income for the Financial Period</b>	<u>23,236</u>	<u>20,545</u>	<u>45,277</u>	<u>40,014</u>
<b>Total Comprehensive Income attributable to :</b>				
Owners of the Company	<u>23,236</u>	<u>20,545</u>	<u>45,277</u>	<u>40,014</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 October 2018

	Unaudited @ 31-10-2018	Audited @ 30-04-2018
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	61,910	63,150
Investment Properties	88	91
Investment Securities - Quoted Shares	-	706
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Money Market Unit Trusts	143,779	142,987
	<u>223,597</u>	<u>224,754</u>
<b>Current Assets</b>		
Inventories	167,442	153,294
Receivables	99,509	98,368
Current Tax Assets	584	562
Deposits with Licensed Banks	80,752	47,702
Cash and Bank Balances	5,824	2,260
	<u>354,111</u>	<u>302,186</u>
Non-Current Assets held for sale	-	85
	<u>354,111</u>	<u>302,271</u>
<b>TOTAL ASSETS</b>	<u>577,708</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	330,934	301,930
	<u>493,666</u>	<u>464,662</u>
<b>Non-controlling Interests</b>	26	26
<b>Total Equity</b>	<u>493,692</u>	<u>464,688</u>
<b>Non-current Liability</b>		
Deferred Tax Liabilities	5,766	5,968
<b>Current Liabilities</b>		
Payables	70,725	53,336
Current Tax Liabilities	7,525	3,033
	<u>78,250</u>	<u>56,369</u>
<b>Total Liabilities</b>	<u>84,016</u>	<u>62,337</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>577,708</u>	<u>527,025</u>
<b>Number of ordinary shares ('000)</b>	162,732	162,732
<b>Net Assets per share (RM)</b>	3.03	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 Second Quarter Ended 31 October 2018 ("Q2-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>For the financial period ended 31 October 2018</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	-	59	45,218	45,277	45,277	-	45,277
<b>Transactions with Owners</b>	162,732	357	346,850	347,207	509,939	26	509,965
Dividends in respect of year ended 30 April 2018	-	-	(8,136)	(8,136)	(8,136)	-	(8,136)
Dividend in respect of year ending 30 April 2019	-	-	(8,137)	(8,137)	(8,137)	-	(8,137)
Balance as at 31 October 2018	<u>162,732</u>	<u>357</u>	<u>330,577</u>	<u>330,934</u>	<u>493,666</u>	<u>26</u>	<u>493,692</u>

(^) Available-for-sale

### **For the financial period ended 31 October 2017**

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>Transactions with Owners</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>

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 Second Quarter Ended 31 October 2018

	Unaudited 31-10-2018 RM'000	Unaudited 31-10-2017 RM'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	59,521	52,755
Adjustments for :		
Depreciation	3,235	2,711
Dividend income	(4,599)	(3,772)
Gain on disposal of quoted investment securities	(99)	-
Gain on disposal of property, plant and equipment	(174)	(29)
Interest income	(991)	(742)
Property, plant and equipment written off	462	350
<b>Operating profit before working capital changes</b>	<b>57,355</b>	<b>51,273</b>
Decrease/(Increase) in inventories	(14,148)	(21,406)
(Increase)/Decrease in receivables	(1,141)	28,131
Increase in payables	17,389	8,547
<b>Cash generated from operations</b>	<b>59,455</b>	<b>66,545</b>
Net Income tax paid	(10,034)	(15,856)
<b>Net cash from operating activities</b>	<b>49,421</b>	<b>50,689</b>
<b><u>Cash flows from investing activities</u></b>		
Net dividend received	4,599	3,772
Interest received	991	742
Proceeds from disposal of property, plant and equipment	360	79
Proceeds from disposal of investment securities	805	-
Purchase of property, plant and equipment	(2,556)	(5,895)
Purchase of investment securities	(733)	(26,660)
<b>Net cash from/(used in) investing activities</b>	<b>3,466</b>	<b>(27,962)</b>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(16,273)	(17,087)
<b>Net increase in cash and cash equivalents</b>	<b>36,614</b>	<b>5,640</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>86,576</b>	<b>58,724</b>
<b>Cash &amp; Cash Equivalents comprise the following :-</b>		
Cash and bank balances	5,824	3,142
Deposits with licensed banks	80,752	55,582
	<b>86,576</b>	<b>58,724</b>

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 Second Quarter Ended 31 October 2018 ("Q2- 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 and 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 the first six months of the financial year ending 30 April 2019, namely the period from 1 May 2018 to 31 October 2018 ("financial period").

5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in Q2-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) Dividends Paid

Dividends paid during the financial period are as follows:

- (i) The single tier final dividend of 3 Sen and single tier special dividend of 2 Sen per share in respect of the financial year ended 30 April 2018 amounting to RM8.136 million paid on 26 October 2018.
- (ii) The single tier interim dividend of 5 Sen per share amounting to RM8.137 mil in respect of the financial year ending 30 April 2019 paid on 26 October 2018.

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.

# Magni-Tech Industries Berhad

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## Notes to the Financial Report

For the Second Quarter Ended 31 October 2018 ("Q2- FYR2019")

### 11) Segment Information

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

Revenue	%	External	Inter-segment	Financial period
		RM'000	RM'000	RM'000
Packaging	10.3%	54,729	-	54,729
Garment Manufacturing	89.7%	474,768	-	474,768
Total Revenue	100.0%	529,497	-	529,497
<b>Results</b>				RM'000
Packaging				2,746
Garment manufacturing				52,229
				54,975
Unallocated corporate expenses				(791)
Profit from operations				54,184
Investment related Income :				
Dividend income				4,599
Interest income				991
Gain in fair value on disposal of investment securities				99
				5,689
Finance costs (Non-interest)				(352)
Profit before tax				59,521
Tax expense				(14,303)
Net profit after tax				45,218

### 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 89.7% and 95.0% 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.

Summary of the Group's results :

	Q2- FYR 2019	Q2-FYR 2018	%	Financial period	Financial period	%
	RM'000	RM'000		to 31-10-2018	to 31-10-2017	
Revenue	255,756	252,318	1.4%	529,497	546,031	-3.0%
Profit from operations	28,967	25,996	11.4%	54,184	48,572	11.6%
Profit before Tax	30,428	27,060	12.4%	59,521	52,755	12.8%
Net Profit after Tax	23,206	20,500	13.2%	45,218	40,087	12.8%

#### Q2-FYR 2019 vs Preceding Year Corresponding Quarter (Q2-FYR 2018)

Revenue for Q2-FYR 2019 increased by 1.4% as compared to Q2-FYR 2018.

On a segmental basis, garment revenue for Q2-FYR 2019 increased marginally by 0.35% mainly due to higher sale orders received.

Packaging revenue for Q2-FYR 2019 increased by 10.4% mainly due to higher sale orders received.

Profit before tax ("PBT") for Q2-FYR 2019 increased by 12.4% as compared to Q2-FYR 2018.

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## Notes to the Financial Report

### For the Second Quarter Ended 31 October 2018 ("Q2- FYR2019")

Garment PBT for Q2-FYR 2019 improved by 9.4% mainly due to higher foreign exchange gain by RM2.835 million and higher dividend income from money market unit trusts.

Packaging PBT for Q2-FYR 2019 increased by 121.2% mainly due to higher revenue and higher gross margin.

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

Revenue for the financial period decreased by 3% as compared to Last YTD.

Garment revenue decreased by 3.9% mainly due to lower sale orders received.

However, packaging revenue increased by 5.7% mainly due to higher sale orders received.

PBT for the financial period increased by 12.8% as compared to Last YTD.

Garment PBT increased by 12.7% as compared to Last YTD mainly due to higher gain on foreign exchange by RM5.686 million, higher dividend income from money market unit trusts, and lower operating expenses incurred.

Packaging PBT improved by 22.5% mainly due to higher revenue.

#### 13) Variation of Results against Preceding Quarter (Q2-FYR 2019)

	Q2-FYR 2019 RM'000	Q1-FYR 2019 RM'000	%
Revenue	<u>255,756</u>	<u>273,741</u>	-6.6%
Profit from operations	<u>28,967</u>	<u>25,217</u>	14.9%
Profit before Tax	<u>30,428</u>	<u>29,093</u>	4.6%
Net Profit after Tax	<u>23,206</u>	<u>22,012</u>	5.4%

Revenue for Q2-FYR 2019 dropped by 6.6% as compared to Q1-FYR 2019.

Garment revenue for Q2-FYR 2019 decreased by 8% mainly due to lower sale orders received.

Packaging revenue for Q2-FYR 2019 increased by 6.8% mainly due to higher sale orders received.

PBT for Q2-FYR 2019 rose by 4.6% as compared to Q1-FYR 2019.

Garment PBT increased 2.6% mainly due to favourable gain foreign exchange by RM0.602 million and lower operating expenses incurred.

Packaging PBT surged 42% mainly due to higher revenue and higher gain on foreign exchange.

#### 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

	Q2-FYR 2019 RM'000	Financial period RM'000
The tax expenses for Q2-FYR 2019 / financial period are made up as follows :		
Provision for current tax	<u>7,370</u>	<u>14,505</u>
Deferred Tax	<u>(148)</u>	<u>(202)</u>
	<u>7,222</u>	<u>14,303</u>

The Group's effective tax rate for Q2-FYR 2019 was slightly lower than the Malaysian statutory tax rate of 24% mainly due to tax exempt dividend income from money market unit trusts.

The Group's effective tax rate financial period under review approximates the Malaysia statutory tax.

#### 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.



# Magni-Tech Industries Berhad

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## Notes to the Financial Report

### For the Second Quarter Ended 31 October 2018 ("Q2- FYR2019")

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 2018, the Group has a capital commitment of approximately RM1.737 million in respect of the acquisition of machinery and computer software (end of last annual reporting period as at 30 April 2018 : nil).

22) Dividends

(i) the single tier interim dividend 5 Sen per share in respect of the financial year ending 30 April 2019 totaling RM8.137 million was approved by the on 28 September 2018 and paid on 26 October 2018 (Q1-FYR 2018 : 3.5 sen).

(ii) the Board has declared a 2nd single tier interim dividend of 3 Sen per share and a single tier special dividend of 2 Sen per share totaling 5 Sen per share or RM8.136 million in respect of the financial year ending 30 April 2019 (Q2-FYR 2018 : Interim 4.5 Sen). The entitlement and payment dates will be separately announced today.

Total dividends paid and payable in respect of the financial period are 10 Sen per share amounting RM16.273 million (Last YTD : 8 Sen) and representing 36.0% of the Group's attributable profits for the financial period (Last YTD : 32.5%).

23) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company for Q2-FYR 2019 / financial period by the weighted average number of ordinary shares in issue during Q2-FYR 2019 or financial period :

		Q2-FYR 2019	Q2-FYR 2018	Financial period to 31-10-2018	Financial period to 31-10-2017
Profit attributable to owners of the Company	(RM'000)	23,206	20,500	45,218	40,087
Weighted average no. of ordinary shares in issue	('000)	162,732	162,732	162,732	162,732
Basic EPS	(Sen)	14.26	12.60	27.79	24.63

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 :-

	Q2-FYR 2018 RM'000	Q2-FYR 2017 RM'000	Financial period to 31-10-2018 RM'000	Financial period to 31-10-2017 RM'000
Interest income	(532)	(363)	(991)	(742)
Dividend income	(1,105)	(859)	(4,599)	(3,772)
Gain on disposal of investment securities	(3)	-	(99)	-
Interest expenses	-	-	-	-
Depreciation and amortisation	1,600	1,391	3,235	2,711
Net unrealised loss/(gain) on foreign exchange	1,273	2,064	1,474	(1,744)
Net realised (gain)/loss on foreign exchange	(3,384)	(1,331)	(5,023)	3,797
Net (gain)/loss on foreign exchange - all segments	(2,111)	733	(3,549)	2,053
(Gain) / loss on disposal of property, plant and equipment	(104)	(33)	(174)	(29)
Plant and equipment written off	341	-	462	350

# Magni-Tech Industries Berhad

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## Notes to the Financial Report

For the Second Quarter Ended 31 October 2018 ("Q2- FYR2019")

(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 December 2018