

Magni-Tech Industries Berhad

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

Unaudited Interim Financial Report

Condensed Consolidated Income Statement

For the Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

	Q3-FYR 2019 RM'000	Q3-FYR 2018 RM'000	Financial Periods - 9 Months	
			to 31-1-2019 RM'000	to 31-1-2018 RM'000
Revenue	308,996	313,303	838,493	859,334
Operating Expenses	(264,244)	(269,021)	(743,440)	(764,665)
Other Operating (Expenses)/Income	651	(2,148)	4,534	(3,963)
Profit from Operations	45,403	42,134	99,587	90,706
Investment Related Income	1,572	1,483	7,261	5,997
Finance Costs	(161)	(156)	(513)	(487)
Profit before Tax	46,814	43,461	106,335	96,216
Tax Expense	(11,190)	(12,319)	(25,493)	(24,987)
Profit for the period	<u>35,624</u>	<u>31,142</u>	<u>80,842</u>	<u>71,229</u>
Profit attributable to:				
Owners of the Company	35,624	31,143	80,842	71,230
Non-controlling interests		(1)		(1)
	<u>35,624</u>	<u>31,142</u>	<u>80,842</u>	<u>71,229</u>
Basic / Diluted Earnings per share (Sen)	<u>21.89</u>	<u>19.14</u>	<u>49.68</u>	<u>43.77</u>
Declared / Paid Dividends per share (Sen)	<u>8.00</u>	<u>7.00</u>	<u>18.00</u>	<u>15.00</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 Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

	Q3-FYR 2019	Q3-FYR 2018	Financial Periods - 9 Months	
	RM'000	RM'000	to 31-1-2019	to 31-1-2018
			RM'000	RM'000
Net Profit for the Financial Period	35,624	31,142	80,842	71,229
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	31	(29)	90	(102)
Total Comprehensive Income for the Financial Period	<u>35,655</u>	<u>31,113</u>	<u>80,932</u>	<u>71,127</u>
Total Comprehensive Income attributable to :				
Owners of the Company	35,655	31,114	80,932	71,128
Non-controlling interests	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
	<u>35,655</u>	<u>31,113</u>	<u>80,932</u>	<u>71,127</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 January 2019

	Unaudited @ 31-1-2019	Audited @ 30-04-2018
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	63,467	63,150
Investment Properties	87	91
Investment in Associate	312	-
Investment Securities - Quoted Shares	-	706
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Money Market Unit Trusts	146,187	142,987
	<u>227,873</u>	<u>224,754</u>
Current Assets		
Inventories	154,178	153,294
Receivables	126,432	98,368
Current Tax Assets	484	562
Deposits with Licensed Banks	81,971	47,702
Cash and Bank Balances	3,918	2,260
	<u>366,983</u>	<u>302,186</u>
Non-Current Assets held for sale	-	85
	<u>366,983</u>	<u>302,271</u>
TOTAL ASSETS	<u>594,856</u>	<u>527,025</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share Capital	162,732	162,732
Reserves	358,452	301,930
Treasury Shares	(301)	-
	<u>520,883</u>	<u>464,662</u>
Non-controlling Interests	<u>26</u>	<u>26</u>
Total Equity	<u>520,909</u>	<u>464,688</u>
Non-current Liability		
Deferred Tax Liabilities	<u>5,788</u>	<u>5,968</u>
Current Liabilities		
Payables	58,036	53,336
Current Tax Liabilities	10,123	3,033
	<u>68,159</u>	<u>56,369</u>
Total Liabilities	<u>73,947</u>	<u>62,337</u>
TOTAL EQUITY AND LIABILITIES	<u>594,856</u>	<u>527,025</u>
Number of ordinary shares ('000)	162,732	162,732
Net Assets per share (RM)	3.20	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 Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

	- - - - Attributable to Owners of the Company - - - -							
	Share Capital	Treasury Shares	Non distributable AFS (^) Reserves	Distributable Retained Profits	Total Reserves	Net Equity Funds	Non controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the financial period ended 31 January 2019								
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	-	-	90	80,842	80,932	80,932	-	80,932
Transactions with Owners	162,732	-	388	382,474	382,862	545,594	26	545,620
Dividends in respect of year ended 30 April 2018	-	-	-	(8,136)	(8,136)	(8,136)	-	(8,136)
Dividends in respect of year ending 30 April 2019	-	-	-	(16,274)	(16,274)	(16,274)	-	(16,274)
Purchase of Treasury Shares	-	(301)	-	-	-	(301)	-	(301)
Balance as at 31 January 2019	<u>162,732</u>	<u>(301)</u>	<u>388</u>	<u>358,064</u>	<u>358,452</u>	<u>520,883</u>	<u>26</u>	<u>520,909</u>
 (^) Available-for-sale								
For the financial period ended 31 January 2018								
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	-	-	(102)	71,230	71,128	71,128	(1)	71,127
Transactions with Owners	162,732	-	84	317,296	317,380	480,112	26	480,138
Dividends in respect of year ended 30 April 2017	-	-	-	(11,391)	(11,391)	(11,391)	-	(11,391)
Dividends in respect of year ended 30 April 2018	-	-	-	(13,019)	(13,019)	(13,019)	-	(13,019)
Balance as at 31 January 2018	<u>162,732</u>	<u>-</u>	<u>84</u>	<u>292,886</u>	<u>292,970</u>	<u>455,702</u>	<u>26</u>	<u>455,728</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 Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

	Unaudited 31-1-2019 RM'000	Unaudited 31-1-2018 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	106,335	96,216
Adjustments for :		
Depreciation	4,896	4,242
Dividend income	(5,493)	(4,716)
Net loss on disposal of investment securities	71	-
Gain on disposal of plant and equipment	(229)	(76)
Interest income	(1,839)	(1,281)
Property, plant and equipment written off	462	350
Operating profit before working capital changes	104,203	94,735
Decrease/(Increase) in inventories	(884)	1,980
Increase in receivables	(28,064)	(5,857)
Increase in payables	4,700	7,807
Cash generated from operations	79,955	98,665
Net Income tax paid	(18,504)	(27,787)
Net cash from operating activities	61,451	70,878
<u>Cash flows from investing activities</u>		
Net dividend received	5,493	4,716
Interest received	1,839	1,281
Proceeds from disposal of plant and equipment	422	127
Proceeds from disposal of investment securities	90,656	-
Purchase of property, plant and equipment	(5,779)	(10,546)
Purchase of investment securities	(93,444)	(27,156)
Investment in treasury shares	(301)	-
Net cash used in investing activities	(1,114)	(31,578)
<u>Cash flows from financing activities</u>		
Dividends paid	(24,410)	(24,410)
Net increase in cash and cash equivalents	35,927	14,890
Cash and cash equivalents at beginning	49,962	53,084
Cash and cash equivalents at end	85,889	67,974
Cash & Cash Equivalents comprise the following :-		
Cash and bank balances	3,918	3,066
Deposits with licensed banks	81,971	64,908
	85,889	67,974

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

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Notes to the Financial Report

For the Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

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, the Companies Act 2016 in Malaysia and applicable provision of the 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 change 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 on financial statements upon their initial adoption.

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 2018.

2) Seasonal or Cyclical Factors

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

3) Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the first nine months of the financial year ending 30 April 2019, namely the period from 1 May 2018 to 31 January 2019 ("financial period").

4) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in Q3-FYR 2019.

5) Change in Composition of the Group

There were no changes in the composition of the Group during the financial period except the 25% equity investment in January 2019 by the wholly owned subsidiary company, South Island Garment Sdn Bhd in a new associated company known as BSST Holdings Pte. Ltd. ("BSST").

BSST was incorporated in Singapore and its principal activities are the manufacturing of apparels and textile and general wholesale trade. As at the end of the financial period, BSST has not yet commenced significant commercial operations. The said investment has no material impact on the financial performance of the Group for FYR 2019.

6) Share capital and treasury shares

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 for the financial period except for the following :

The cumulative shares bought back are being held as treasury shares with none of the shares being cancelled or resold during the financial period.

Details of the share buy-back during the financial period :

	Price per share			No. of shares ('000)	Total Consideration RM'000
	Highest RM	Lowest RM	Average RM		
December 2018	4.20	3.93	4.00	75	301

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Notes to the Financial Report

For the Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

No. of treasury shares held in hand as at the end of the financial period :

	No. of shares ('000)	Average Price per share RM	Amount RM'000
Total treasury shares as at 1 May 2018	-	-	-
Increase in treasury shares	75	4.00	301
Total treasury shares as at 31 January 2019	75	4.00	301

As at 31 January 2019, the Company's no. of outstanding shares in issue with voting rights was 162,731,842 ordinary shares (31 January 2018 : 162,731,842 ordinary shares).

- 7) 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 totalling 5 Sen per share or 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.
 - (iii) The 2nd single tier interim dividend of 3 Sen per share and a single tier special dividend of 2 Sen per share totalling 5 Sen per share or RM8.136 million in respect of the financial year ending 30 April 2019 paid on 11 January 2019.
- 8) Revaluation of Property, Plant and Equipment
There was no revaluation of property, plant and equipment during the financial period.
- 9) 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.

10) Segment Information

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

		External	Inter-segment	Financial period
	%	RM'000	RM'000	RM'000
Revenue				
Packaging	9.7%	81,431	-	81,431
Garment Manufacturing	90.3%	757,062	-	757,062
Total Revenue	100.0%	838,493	-	838,493
Results				RM'000
Packaging				4,474
Garment manufacturing				96,009
				100,483
Unallocated corporate expenses				(896)
Profit from operations				99,587
Investment related Income :				
Dividend income				5,493
Interest income				1,839
Net loss on disposal of investment securities				(71)
				7,261
Finance costs (Non-interest)				(513)
Profit before tax				106,335
Tax expense				(25,493)
Net profit after tax				80,842

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Notes to the Financial Report

For the Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

11) 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 95.5% 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 :

	Q3- FYR 2019	Q3-FYR 2018		Financial period	Financial period	
	RM'000	RM'000	%	to 31-1-2019	to 31-1-2018	%
				RM'000	RM'000	
Revenue	<u>308,996</u>	<u>313,303</u>	-1.4%	<u>838,493</u>	<u>859,334</u>	-2.4%
Profit from operations	<u>45,403</u>	<u>42,134</u>	7.8%	<u>99,587</u>	<u>90,706</u>	9.8%
Profit before Tax	<u>46,814</u>	<u>43,461</u>	7.7%	<u>106,335</u>	<u>96,216</u>	10.5%
Net Profit after Tax	<u>35,624</u>	<u>31,142</u>	14.4%	<u>80,842</u>	<u>71,229</u>	13.5%

Q3-FYR 2019 vs Preceding Year Corresponding Quarter (Q2-FYR 2018)

Revenue for Q3-FYR 2019 receded slightly by 1.4% as compared to Q3-FYR 2018.

On a segmental basis, garment revenue for Q3-FYR 2019 decreased slightly by 1.1% mainly due to lower sale orders received.

Packaging revenue for Q3-FYR 2019 decreased by 4.2% mainly due to lower sale orders received.

Profit before tax ("PBT") for Q3-FYR 2019 improved by 7.7% as compared to Q3-FYR 2018.

Garment PBT for Q3-FYR 2019 improved by 6.4% mainly due to higher foreign exchange gain by RM2.992 million and lower operating expenses incurred.

Packaging PBT for Q3-FYR 2019 increased by 46.4% mainly due to lower operating expenses incurred.

Financial Period vs Last Year to date (Last YTD)

Revenue for the financial period decreased by 2.4% as compared to Last YTD.

Garment revenue decreased by 2.9% mainly due to lower sale orders received.

However, packaging revenue increased by 2.2% mainly due to higher sale orders received.

PBT for the financial period increased by 10.5% as compared to Last YTD.

Garment PBT increased by 9.8% as compared to Last YTD mainly due to higher gain on foreign exchange by RM8.679 million, higher dividend income from money market unit trusts, and lower operating expenses incurred.

Packaging PBT improved by 43.0% mainly due to higher revenue, lower operating expenses incurred and higher miscellaneous income.

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

	Q3-FYR 2019	Q2-FYR 2019	
	RM'000	RM'000	%
Revenue	<u>308,996</u>	<u>255,756</u>	20.8%
Profit from operations	<u>45,403</u>	<u>28,967</u>	56.7%
Profit before Tax	<u>46,814</u>	<u>30,428</u>	53.9%
Net Profit after Tax	<u>35,624</u>	<u>23,206</u>	53.5%

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Notes to the Financial Report

For the Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

Revenue for Q3-FYR 2019 increased by 20.8% as compared to Q2-FYR 2019.

Garment revenue for Q3-FYR 2019 soared by 24.1% mainly due to higher sale orders received.

Packaging revenue for Q3-FYR 2019 decreased by 5.5% mainly due to lower sale orders received.

PBT for Q3-FYR 2019 rose by 53.9% as compared to Q2-FYR 2019.

Garment PBT increased 54.3% mainly due to higher revenue and lower operating expenses to revenue ratio.

Packaging PBT increased by 24.4% mainly due to lower operating expenses incurred.

13) 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 quarter 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.

14) Tax Expense

	Q3-FYR 2019	Financial period
	RM'000	RM'000
The tax expenses for Q3-FYR 2019 / financial period are made up as follows :		
Provision for current tax	11,238	25,743
Overprovision in prior year	(70)	(70)
Deferred Tax	22	(180)
	<u>11,190</u>	<u>25,493</u>

The Group's effective tax rates for both Q3-FYR 2019 and financial period under review approximates the Malaysia statutory tax rate of 24%.

15) 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.

16) Corporate Proposals

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

17) Group Borrowings and Debts Securities

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

18) Material Litigation

There were no material litigations during the financial period.

19) Contingent Liabilities

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

20) Capital Commitments

As at 31 January 2019, the Group has capital commitments of approximately RM0.426 million in respect of the acquisition of plant and equipment (end of last annual reporting period as at 30 April 2018 : nil).

21) 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 Board on 28 September 2018 and paid on 26 October 2018 (Q1-FYR 2018 : 3.5 Sen).

(ii) the 2nd single tier interim dividend of 3 Sen per share and a single tier special dividend of 2 Sen per share totalling 5 Sen per share or RM8.136 million in respect of the financial year ending 30 April 2019 (Q2-FYR 2018 : 4.5 Sen) was approved by the Board on 12 December 2018 and paid on 11 January 2019.

Magni-Tech Industries Berhad

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Notes to the Financial Report

For the Third Quarter Ended 31 January 2019 ("Q3-FYR 2019")

(iii) the Board has declared a 3rd single tier interim dividend of 8 Sen per share or RM13.019 million in respect of the financial year ending 30 April 2019 (Q3-FYR 2018 : 7 Sen). The entitlement and payment dates will be separately announced today.

Total dividends paid and payable in respect of the financial period are 18 Sen per share amounting RM29.292 million (Last YTD : 15 Sen), representing 36.2% of the Group's attributable profits for the financial period (Last YTD : 34.3%).

22) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company for Q3-FYR 2019 / financial period by the weighted average number of ordinary shares in issue during Q3-FYR 2019 or financial period :

		Q3-FYR 2019	Q3-FYR 2018	Financial period to 31-1-2019	Financial period to 31-1-2018
Profit attributable to owners of the Company	(RM'000)	35,624	31,143	80,842	71,230
Weighted average no. of ordinary shares in issue	('000)	162,732	162,732	162,732	162,732
Basic EPS	(Sen)	21.89	19.14	49.68	43.77

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

23) Profit Before Tax

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

	Q3-FYR 2019 RM'000	Q3-FYR 2018 RM'000	Financial period to 31-1-2019 RM'000	Financial period to 31-1-2018 RM'000
Interest income	(848)	(539)	(1,839)	(1,281)
Dividend income	(894)	(944)	(5,493)	(4,716)
Net loss on disposal of investment securities	170	-	71	-
Interest expenses	-	-	-	-
Depreciation and amortisation	1,661	1,531	3,235	4,242
Net unrealised loss/(gain) on foreign exchange	267	377	1,207	(1,367)
Net realised (gain)/loss on foreign exchange	265	2,088	(5,288)	5,885
Net (gain)/loss on foreign exchange - all segments	532	2,465	(4,081)	4,518
Gain on disposal of plant and equipment	(55)	(47)	(229)	(76)
Property, Plant and equipment written off	-	-	462	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

18 March 2019