

Magni-Tech Industries Berhad

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

Unaudited Interim Financial Report

Condensed Consolidated Income Statement

For the 4th Quarter and Financial Year Ended 30 April 2019

	Q4-FYR 2019	Q4-FYR 2018	Financial Year ended	
	RM'000	RM'000	to 30-4-2019	to 30-4-2018
			RM'000	RM'000
Revenue	234,616	220,593	1,073,109	1,079,927
Operating Expenses	(209,301)	(196,267)	(952,741)	(960,932)
Other Operating (Expenses)/Income	(897)	(3,774)	3,637	(7,737)
Profit from Operations	24,418	20,552	124,005	111,258
Investment Related Income	2,484	2,260	9,745	8,257
Finance Costs	(133)	(129)	(646)	(616)
Profit before Tax	26,769	22,683	133,104	118,899
Tax Expense	(4,986)	(2,546)	(30,479)	(27,533)
Profit for the quarter / financial year	<u>21,783</u>	<u>20,137</u>	<u>102,625</u>	<u>91,366</u>
Profit attributable to:				
Owners of the Company	21,784	20,137	102,626	91,367
Non-controlling interests	(1)	-	(1)	(1)
	<u>21,783</u>	<u>20,137</u>	<u>102,625</u>	<u>91,366</u>
Basic / Diluted Earnings per share (Sen)	<u>13.39</u>	<u>12.37</u>	<u>63.06</u>	<u>56.15</u>
Proposed / Paid Dividends per share (Sen)	<u>5.00</u>	<u>5.00</u>	<u>23.00</u>	<u>20.00</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 4th Quarter and Financial Year Ended 30 April 2019

	Q4-FYR 2019	Q4-FYR 2018	Financial Year ended	
	RM'000	RM'000	to 30-4-2019	to 30-4-2018
			RM'000	RM'000
Net Profit for the quarter / financial year	21,783	20,137	102,625	91,366
Other Comprehensive income / (expense) :				
Net fair value gain/(loss) on available-for-sale financial assets	(90)	214	-	112
Total Comprehensive Income for the quarter/financial year	<u>21,693</u>	<u>20,351</u>	<u>102,625</u>	<u>91,478</u>
Total Comprehensive Income attributable to :				
Owners of the Company	21,694	20,351	102,626	91,479
Non-controlling interests	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
	<u>21,693</u>	<u>20,351</u>	<u>102,625</u>	<u>91,478</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 30 April 2019

	Unaudited @ 30-4-2019	Audited @ 30-04-2018
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	63,229	63,150
Investment Properties	85	91
Investment in Associate	312	-
Investment Securities - Quoted Shares	-	706
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Money Market Unit Trusts	151,765	142,987
	<u>233,211</u>	<u>224,754</u>
Current Assets		
Inventories	197,536	153,294
Receivables	112,855	98,368
Current Tax Assets	982	562
Deposits with Licensed Banks	56,469	47,702
Cash and Bank Balances	3,207	2,260
	<u>371,049</u>	<u>302,186</u>
Non-Current Assets held for sale	-	85
	<u>371,049</u>	<u>302,271</u>
TOTAL ASSETS	<u>604,260</u>	<u>527,025</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share Capital	162,732	162,732
Reserves	367,128	301,930
Treasury Shares	(301)	-
	<u>529,559</u>	<u>464,662</u>
Non-controlling Interests	<u>25</u>	<u>26</u>
Total Equity	<u>529,584</u>	<u>464,688</u>
Non-current Liability		
Deferred Tax Liabilities	<u>6,067</u>	<u>5,968</u>
Current Liabilities		
Payables	65,168	53,336
Current Tax Liabilities	3,441	3,033
	<u>68,609</u>	<u>56,369</u>
Total Liabilities	<u>74,676</u>	<u>62,337</u>
TOTAL EQUITY AND LIABILITIES	<u>604,260</u>	<u>527,025</u>
Number of ordinary shares ('000)	162,732	162,732
Net Assets per share (RM)	3.25	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 4th Quarter and Financial Year Ended 30 April 2019

	- - - - - Attributable to Owners of the Company - - - - -							Total Equity
	Share Capital	Treasury Shares	Non distributable AFS (^) Reserves	Distributable Retained Profits	Total Reserves	Net Equity Funds	Non controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>For the financial year ended 30 April 2019</u>								
Balance as at 1 May 2018	162,732	-	298	301,632	301,930	464,662	26	464,688
Effect of MFRS 9	-	-	(298)	298	-	-	-	-
Total Comprehensive Income for FYR 2019	-	-	-	102,626	102,626	102,626	(1)	102,625
	<u>162,732</u>	<u>-</u>	<u>-</u>	<u>404,556</u>	<u>404,556</u>	<u>567,288</u>	<u>25</u>	<u>567,313</u>
<u>Transactions with Owners</u>								
Dividends in respect of FYR 2018	-	-	-	(8,136)	(8,136)	(8,136)	-	(8,136)
Dividends in respect of FYR 2019	-	-	-	(29,292)	(29,292)	(29,292)	-	(29,292)
Purchase of Treasury Shares	-	(301)	-	-	-	(301)	-	(301)
Balance as at 30 April 2019	<u>162,732</u>	<u>(301)</u>	<u>-</u>	<u>367,128</u>	<u>367,128</u>	<u>529,559</u>	<u>25</u>	<u>529,584</u>
 (^) Available-for-sale								
<u>For the financial year ended 30 April 2018</u>								
Balance as at 1 May 2017	162,732	-	186	246,066	246,252	408,984	27	409,011
Total Comprehensive Income for FYR 2018	-	-	112	91,367	91,479	91,479	(1)	91,478
	<u>162,732</u>	<u>-</u>	<u>298</u>	<u>337,433</u>	<u>337,731</u>	<u>500,463</u>	<u>26</u>	<u>500,489</u>
<u>Transactions with Owners</u>								
Dividends in respect of FYR 2017	-	-	-	(11,391)	(11,391)	(11,391)	-	(11,391)
Dividends in respect of FYR 2018	-	-	-	(24,410)	(24,410)	(24,410)	-	(24,410)
Balance as at 30 April 2018	<u>162,732</u>	<u>-</u>	<u>298</u>	<u>301,632</u>	<u>301,930</u>	<u>464,662</u>	<u>26</u>	<u>464,688</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 Financial Year Ended 30 April 2019

	Unaudited 30-4-2019 RM'000	Audited 30-4-2018 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	133,104	118,899
Adjustments for :		
Depreciation	6,585	5,806
Dividend income	(7,256)	(6,165)
(Gain)/Loss on disposal of investment securities	71	(264)
Gain on disposal of plant and equipment	(278)	(221)
Interest income	(2,560)	(1,828)
Impairment loss on trade receivables	13	67
Impairment loss on investment securities	-	239
Net unrealised gain on foreign exchange	(774)	(1,819)
Property, plant and equipment written off	649	417
Reversal of impairment losses on trade receivables	(135)	(32)
Operating profit before working capital changes	129,419	115,099
Increase in inventories	(44,243)	(7,401)
(Increase)/Decrease in receivables	(13,313)	35,978
Increase/(Decrease) in payables	11,552	(9,394)
Cash generated from operations	83,415	134,282
Net Income tax paid	(30,392)	(32,215)
Net cash from operating activities	53,023	102,067
<u>Cash flows from investing activities</u>		
Net dividend received	5,434	4,622
Interest received	2,560	1,828
Proceeds from disposal of plant and equipment	451	343
Proceeds from disposal of investment securities	88,717	23,000
Purchase of property, plant and equipment	(7,393)	(12,858)
Purchase of investment securities	(95,037)	(86,317)
Investment in associate	(312)	-
Net cash used in investing activities	(5,580)	(69,382)
<u>Cash flows from financing activities</u>		
Dividends paid	(37,428)	(35,801)
Investment in treasury shares	(301)	-
Net increase in cash and cash equivalents	9,714	(3,116)
Effect of exchange rate changes on cash and cash equivalents	-	(6)
Cash and cash equivalents at beginning	49,962	53,084
Cash and cash equivalents at end	59,676	49,962
Cash & Cash Equivalents comprise the following :-		
Cash and bank balances	3,207	2,260
Deposits with licensed banks	56,469	47,702
	<u>59,676</u>	<u>49,962</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.

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

Notes to the Financial Report

For the 4th Quarter and Financial Year Ended 30 April 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 year.

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

During financial year ended 30 April 2019 ("financial year" or "FYR 2019"), the Group made a donation of RM1,000,000 toward Tabung Harapan Malaysia.

There were no other unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for FYR 2019.

4) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the current quarter ended 30 April 2019 ("Q4 - FYR 2019") and in the financial year.

5) Change in Composition of the Group

There were no changes in the composition of the Group during the financial year 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 did not have 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 year except for the following :

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

	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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For the 4th Quarter and Financial Year Ended 30 April 2019

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

	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 30 April 2019	75	4.00	301

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

As at 30 April 2019, the Company's no. of outstanding shares in issue with voting rights was 162,731,842 ordinary shares (30 April 2018 : 162,731,842 ordinary shares).

7) Dividends paid during the financial year 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 in respect of the financial year ended 30 April 2018 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 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 paid on 11 January 2019.
- (ii) The 3rd single tier interim dividend of 8 Sen per share amounting to RM13.018 mil in respect of the financial year paid on 15 April 2019.

8) Revaluation of Property, Plant and Equipment

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

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 year is as follows :

	%	External RM'000	Inter-segment RM'000	FYR 2019 RM'000
<u>Revenue</u>				
Packaging	10.0%	107,551	-	107,551
Garment Manufacturing	90.0%	965,558	-	965,558
Total Revenue	100.0%	1,073,109	-	1,073,109
<u>Results</u>				RM'000
Packaging				5,933
Garment manufacturing				118,394
				124,327
Unallocated corporate expenses				(322)
Profit from operations				124,005
Investment related Income :				
Dividend income				7,256
Interest income				2,560
Net loss on disposal of investment securities				(71)
				9,745
Finance costs (Non-interest)				(646)
Profit before tax				133,104
Tax expense				(30,479)
Net profit after tax				102,625

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Notes to the Financial Report

For the 4th Quarter and Financial Year Ended 30 April 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 90.0% and 94.9% of the Group's revenue and profit from operations (before unallocated corporate expenses) respectively for the financial year.

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 :

	Q4- FYR 2019 RM'000	Q4-FYR 2018 RM'000	%	FYR 2019 RM'000	FYR 2018 RM'000	%
Revenue	234,616	220,593	6.4%	1,073,109	1,079,927	-0.6%
Profit from operations	24,418	20,552	18.8%	124,005	111,258	11.5%
Profit before Tax	26,769	22,683	18.0%	133,104	118,899	11.9%
Net Profit after Tax	21,783	20,137	8.2%	102,625	91,366	12.3%

Q4-FYR 2019 vs Preceding Year Corresponding Quarter (Q4-FYR 2018)

Revenue for Q4-FYR 2019 increased by 6.4% as compared to Q4-FYR 2018.

On a segmental basis, garment revenue for Q4-FYR 2019 increased by 7.4% mainly due to higher sale orders received.

Packaging revenue for Q4-FYR 2019 decreased slightly by 1.4% mainly due to lower sale orders received.

Profit before tax ("PBT") for Q4-FYR 2019 improved by 18.0% as compared to Q4-FYR 2018.

Garment PBT for Q4-FYR 2019 improved by 17.0% mainly due to higher revenue and lower foreign exchange loss by RM2.826 million.

Packaging PBT for Q4-FYR 2019 increased by 35.6% mainly due to better gross margin, and higher interest and dividend income.

FYR 2019 vs FYR 2018

Revenue for FYR 2019 decreased marginally by 0.6% as compared to FYR 2018.

Garment revenue decreased marginally by 0.8% mainly due to lower sale orders received.

However, packaging revenue increased by 1.3% mainly due to higher sale orders received.

PBT for FYR 2019 increased by 11.9% as compared to FYR 2018.

Garment PBT increased by 10.9% as compared to FYR 2018 mainly due to gain on foreign exchange of RM2.675 million versus loss on foreign exchange of RM8.830 million in FYR 2018, better gross margin and higher dividend income.

Packaging PBT improved by 32.3% mainly due to higher revenue, better gross margin, and higher dividend and interest income.

12) Variation of Results against Preceding Quarter (Q3-FYR 2019)

	Q4-FYR 2019 RM'000	Q3-FYR 2019 RM'000	%
Revenue	234,616	308,996	-24.1%
Profit from operations	24,418	45,403	-46.2%
Profit before Tax	26,769	46,814	-42.8%
Net Profit after Tax	21,783	35,624	-38.9%

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For the 4th Quarter and Financial Year Ended 30 April 2019

Revenue for Q4-FYR 2019 decreased by 24.1% as compared to Q3-FYR 2019.

Garment revenue for Q4-FYR 2019 dropped by 26.1% mainly due to lower sale orders received.

Packaging revenue for Q4-FYR 2019 decreased by 2.2% mainly due to lower sale orders received.

PBT for Q4-FYR 2019 dropped by 42.8% as compared to Q3-FYR 2019.

Garment PBT decreased 45.3% mainly due to lower revenue, and higher foreign exchange loss by RM1.525 million.

Packaging PBT increased by 14.8% mainly due to better gross profit margin and higher dividend income.

13) Future Prospects

The manufacturing and sale of garment will still be the Group's major revenue contributor.

The Group's operating environment for FYR 2020 are expected to be challenging amid global economic uncertainties.

Nevertheless, both the garment and packaging businesses are expected to remain profitable for FYR 2020.

14) Tax Expense

	Q4-FYR 2019 RM'000	FYR 2019 RM'000
The tax expenses for Q4-FYR 2019 / financial year are made up as follows :		
Provision for current tax	4,986	30,729
Over provision of prior year tax	(278)	(348)
Deferred Tax	103	(77)
Under provision of deferred tax in prior year	175	175
	<u>4,986</u>	<u>30,479</u>

The Group's effective tax rates for both Q4-FYR 2019 and financial year under review are lower than the Malaysia statutory tax rate of 24% mainly due to tax exempt dividend income and over provision of prior year tax.

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 year.

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 year.

18) Material Litigation

There were no material litigations during the financial year.

19) Contingent Liabilities

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

20) Capital Commitments

As at 30 April 2019, the Group has capital commitments of approximately RM0.208 million mainly in respect of the acquisition of computer equipments (end of last annual reporting date : nil).

21) Dividends

(i) the single tier interim dividend 5 Sen per share in respect of the financial year totaling RM8.137 million was approved 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 totaling 5 Sen per share or RM8.136 million in respect of the financial year (Q2-FYR 2018 : 4.5 Sen) was approved by the Board on 12 December 2018 and paid on 11 January 2019.

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For the 4th Quarter and Financial Year Ended 30 April 2019

(iii) the 3rd single tier interim dividend of 8 Sen per share or RM13.019 million in respect of the financial year (Q3-FYR 2018 : 7 Sen) was approved by the Board on 15 April 2019 and paid on 15 April 2019.

(iv) The Board of Directors has recommended, for approval at the forthcoming annual general meeting (AGM), a single tier final dividend of 5 Sen per share (Q4-FYR 2018 : 3 Sen and a single tier special dividend of 2 Sen per share) in respect of the financial year totaling 5 Sen per share (Q4-2018 : 5 Sen per share) which will amount to RM8.136 million based on the no. of ordinary shares in issue and with voting rights as at the date of this announcement of 162.732 million. The date of AGM, and relevant entitlement and payment dates will be notified in due course.

Total dividends paid and proposed in respect of the financial year are 23 Sen per share amounting RM37.428 million (FYR 2018 : 20 Sen), representing 36.5% of the Group's attributable profits for the financial year (FYR 2018 : 35.6%).

22) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company for Q4-FYR 2019 / financial year by the weighted average number of ordinary shares in issue during Q4-FYR 2019 or financial year :

		Q4-FYR 2019	Q4-FYR 2018	FYR 2019	FYR 2018
Profit attributable to owners of the Company	(RM'000)	<u>21,784</u>	<u>20,137</u>	<u>102,626</u>	<u>91,367</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)	13.39	12.37	63.06	56.15

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

23) Profit Before Tax

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

	Q4-FYR 2019	Q4-FYR 2018	FYR 2019	FYR 2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(721)	(547)	(2,560)	(1,828)
Dividend income	(1,763)	(1,449)	(7,256)	(6,165)
Net (gain)/loss on disposal of investment securities	-	(264)	71	(264)
Depreciation and amortisation	1,689	1,564	6,585	5,806
Net unrealised loss/(gain) on foreign exchange	(1,938)	(464)	(731)	(1,831)
Net realised (gain)/loss on foreign exchange	2,941	4,316	(2,347)	10,201
Net (gain)/loss on foreign exchange - all segments	1,003	3,852	(3,078)	8,370
Impairment loss on investment securities	-	239	-	239
Impairment loss on trade receivables	13	67	13	67
Reversal of impairment loss on trade receivables	(135)	(32)	(135)	(32)
Gain on disposal of plant and equipment	(49)	(145)	(278)	(221)
Property, Plant and equipment written off	187	67	649	417
(Gain) / loss on derivatives / Exceptional items	-	-	-	-

By Order of the Board

Tan Sri Dato' Seri Tan Kok Ping

Chairman