

# Magni-Tech Industries Berhad

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

## Unaudited Interim Financial Report

### Condensed Consolidated Income Statement

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

	Q1-FYR 2020	Q1-FYR 2019	Financial Period - 1st 3 Months	
	RM'000	RM'000	to 31-7-2019	to 31-7-2018
			RM'000	RM'000
<b>Revenue</b>	327,329	273,741	327,329	273,741
Operating Expenses	(291,254)	(250,105)	(291,254)	(250,105)
Other Operating Income	110	1,581	110	1,581
<b>Profit from Operations</b>	36,185	25,217	36,185	25,217
Investment Related Income	4,179	4,049	4,179	4,049
Finance Costs	(171)	(173)	(171)	(173)
<b>Profit before Tax</b>	40,193	29,093	40,193	29,093
Tax Expense	(9,686)	(7,081)	(9,686)	(7,081)
<b>Profit for the period</b>	<u>30,507</u>	<u>22,012</u>	<u>30,507</u>	<u>22,012</u>
<b>Profit attributable to :</b>				
Owners of the Company	30,507	22,012	30,507	22,012
Non-controlling interests	-	-	-	-
	<u>30,507</u>	<u>22,012</u>	<u>30,507</u>	<u>22,012</u>
<b>Basic / Diluted Earnings per share (Sen)</b>	<u>18.76</u>	<u>13.53</u>	<u>18.76</u>	<u>13.53</u>
<b>Interim Dividends per share - Declared (Sen)</b>	<u>7.00</u>	<u>-</u>	<u>7.00</u>	<u>-</u>
<b>Interim Dividends per share - Paid (Sen)</b>	<u>-</u>	<u>5.00</u>	<u>-</u>	<u>5.00</u>

The annexed notes form an integral part of this interim financial statement.

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Statement of Comprehensive Income

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

	Q1-FYR 2020	Q1-FYR 2019	Financial Period - 1st 3 Months	
	RM'000	RM'000	to 31-7-2019	to 31-7-2018
			RM'000	RM'000
<b>Net Profit for the period</b>	30,507	22,012	30,507	22,012
Other Comprehensive income :				
Net fair value gain on available-for-sale financial assets	-	29	-	29
<b>Total Comprehensive Income for the period</b>	<u>30,507</u>	<u>22,041</u>	<u>30,507</u>	<u>22,041</u>
<b>Total Comprehensive Income attributable to :</b>				
Owners of the Company	30,507	22,041	30,507	22,041
Non-controlling interests	-	-	-	-
	<u>30,507</u>	<u>22,041</u>	<u>30,507</u>	<u>22,041</u>

The annexed notes form an integral part of this interim financial statement.

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Statement of Financial Position as at 31 July 2019

	Unaudited @ 31-7-2019	Audited @ 30-4-2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	62,967	63,230
Investment Properties	84	85
Investment in Associate	312	312
Investment Securities - Unquoted Shares	17,820	17,820
	<u>81,183</u>	<u>81,447</u>
<b>Current Assets</b>		
Inventories	219,927	197,536
Receivables	150,673	112,855
Current Tax Assets	952	982
Investment Securities - Money Market Unit Trusts	151,966	151,765
Bank Deposits and Cash Balances	73,883	59,676
	<u>597,401</u>	<u>522,814</u>
<b>TOTAL ASSETS</b>	<u><u>678,584</u></u>	<u><u>604,261</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share Capital	162,732	162,732
Reserves	397,636	367,129
Treasury Shares	(301)	(301)
<b>Net Equity Funds</b>	<u>560,067</u>	<u>529,560</u>
<b>Non-controlling Interests</b>	<u>25</u>	<u>25</u>
<b>Total Equity</b>	<u><u>560,092</u></u>	<u><u>529,585</u></u>
<b>Non-current Liability</b>		
Deferred Tax Liabilities	<u>6,075</u>	<u>6,067</u>
<b>Current Liabilities</b>		
Payables	107,416	65,168
Current Tax Liabilities	5,001	3,441
	<u>112,417</u>	<u>68,609</u>
<b>Total Liabilities</b>	<u><u>118,492</u></u>	<u><u>74,676</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>678,584</u></u>	<u><u>604,261</u></u>
<b>No. of ordinary shares in issue with voting rights ('000)</b>	162,657	162,657
<b>Net Assets per share (RM)</b>	3.44	3.26

Notes :

- (1) The net assets per share is calculated based on the net equity funds divided by the no. of shares in issue with voting rights.
- (2) The annexed notes form an integral part of this interim financial statement.

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Statement of Changes in Equity

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

	- - - - - 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
<b>For the financial period ended 31 July 2019</b>								
Balance as at 1 May 2019	162,732	(301)	-	367,129	367,129	529,560	25	529,585
Total Comprehensive Income for the financial period	-	-	-	30,507	30,507	30,507	-	30,507
Balance as at 31 July 2019	<u>162,732</u>	<u>(301)</u>	<u>-</u>	<u>397,636</u>	<u>397,636</u>	<u>560,067</u>	<u>25</u>	<u>560,092</u>

(^) Available-for-sale

### For the financial period ended 31 July 2018

Balance as at 1 May 2018	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 2018	<u>162,732</u>	<u>-</u>	<u>68</u>	<u>265,653</u>	<u>265,721</u>	<u>428,453</u>	<u>27</u>	<u>428,480</u>

The annexed notes form an integral part of this interim financial statement.

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Statement of Cash Flows For the 1st Quarter Ended 31 July 2019

	Unaudited 31-7-2019 RM'000	Unaudited 31-7-2018 RM'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	40,193	29,093
Adjustments for :		
Depreciation	1,698	1,635
Dividend income	(3,636)	(3,494)
Gain on disposal of investment securities	(3)	(96)
Gain on disposal of plant and equipment	(8)	(70)
Interest income	(540)	(459)
Property, plant and equipment written off	12	121
<b>Operating profit before working capital changes</b>	<b>37,716</b>	<b>26,730</b>
(Increase)/Decrease in inventories	(22,391)	5,783
Increase in receivables	(37,818)	(53)
Increase in payables	42,249	4,228
<b>Cash generated from operations</b>	<b>19,756</b>	<b>36,688</b>
Net Income tax paid	(8,087)	(4,899)
<b>Net cash from operating activities</b>	<b>11,669</b>	<b>31,789</b>
<b><u>Cash flows from investing activities</u></b>		
Net dividend received	3,605	3,494
Interest received	540	459
Proceeds from disposal of plant and equipment	54	292
Proceeds from disposal of investment securities	426	802
Purchase of property, plant and equipment	(1,493)	(765)
Purchase of investment securities	(594)	(379)
<b>Net cash used in investing activities</b>	<b>2,538</b>	<b>3,903</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,207</b>	<b>35,692</b>
<b>Cash and cash equivalents at beginning</b>	<b>59,676</b>	<b>49,962</b>
<b>Cash and cash equivalents at end</b>	<b>73,883</b>	<b>85,654</b>
<b>Cash &amp; Cash Equivalents comprise the following :-</b>		
Cash and bank balances	3,497	3,632
Deposits with licensed banks	70,386	82,022
	<b>73,883</b>	<b>85,654</b>

The annexed notes form an integral part of this interim financial statement.

# Magni-Tech Industries Berhad

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

## Notes to the Financial Report

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

### 1) Basis of Preparation

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 2019 ("FYR 2019"). These explanatory notes attached to the interim financial statements provide an 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 2019.

The Group and the Company have not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company :

#### Effective for annual periods beginning on or after 1 January 2019

- (i) MFRS 16 Leases
- (ii) Amendments to MFRS 9 Financial Instrument – Prepayment Features with Negative Compensation
- (iii) Amendments to MFRS 119 Employee Benefits – Plan Amendment, Curtailment or Settlement
- (iv) Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long – term Interests in Associates and Joint Ventures
- (v) IC Interpretation 23 Uncertainty over Income Tax Treatments
- (vi) Annual Improvements to MFRS Standards 2015-2017 Cycle

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption except as mentioned below :

#### MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The scope of MFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

MFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees - leases of 'low value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group is currently assessing the impact of MFRS 16 and plan to adopt MFRS 16 on the required effective date using the modified retrospective approach.

### 2) Audit Report of Preceding Annual Financial Statements

The auditors' report of the Company's most recent annual financial statements for FYR 2019 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 other unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for Q1-FYR 2020 (or "financial period").

# Magni-Tech Industries Berhad

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

## Notes to the Financial Report

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in Q1-FYR 2020.

6) Change in Composition of the Group

There were no changes in the composition of the Group during the financial period.

7) 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 :

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 2019 / 31 July 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 period.

As at 31 July 2019, the Company's no. of outstanding shares in issue with voting rights was 162,656,842 ordinary shares excluding 75,000 treasury shares (30 April 2019 : 162,731,842 ordinary shares).

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

Other than those stated in Note 17, 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 :

		External RM'000	Inter-segment RM'000	Financial period RM'000
<u>Revenue</u>	%			
Packaging	7.5%	24,575	-	24,575
Garment Manufacturing	92.5%	302,754	-	302,754
Total Revenue	100.0%	327,329	-	327,329
<u>Results</u>				RM'000
Packaging				1,147
Garment manufacturing				35,083
				36,230
Unallocated corporate expenses				(45)
Profit from operations				36,185
Investment related Income :				
Dividend income				3,636
Interest income				540
Net gain on disposal of investment securities				3
				4,179
Finance costs (Non-interest)				(171)
Profit before tax				40,193
Tax expense				(9,686)
Net profit after tax				30,507

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## Notes to the Financial Report

### For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

#### 12) Analysis of Performance

The Group's businesses are principally divided into two business segments, namely the manufacturing and sale of (i) garments, and (ii) flexible plastic packaging goods and corrugated cartons.

The garment segment accounted for about 92.5% and 96.8% 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 :

	Q1-FYR 2020 RM'000	Q1-FYR 2019 RM'000	%
Revenue	327,329	273,741	19.6%
Profit from operations	36,185	25,217	43.5%
Profit before Tax	40,193	29,093	38.2%
Net Profit after Tax	30,507	22,012	38.6%

#### Q1-FYR 2020 vs Preceding Year Corresponding Quarter (Q1-FYR 2019)

Revenue for Q1-FYR 2020 soared 19.6% to RM327.329 million over Q1-FYR 2019 amid promising sales contribution from the garment segment.

Garment revenue for Q1-FYR 2020 surged by 22.4% mainly due to higher sale orders received.

However, packaging revenue for Q1-FYR 2019 decreased by 7.1% mainly due to lower sale orders received.

Profit before tax ("PBT") for Q1-FYR 2020 was RM40.193 million, a 38.2% jump from Q1-FYR 2019.

Garment PBT for Q1-FYR 2020 expanded by 38.8% mainly due to higher revenue and better gross profit margin mainly driven by the improvement in operational efficiency.

Likewise, packaging PBT for Q1-FYR 2020 also rose commendably by 25.9% mainly due to better gross margin, and higher interest and dividend income.

#### 13) Variation of Results against Preceding Quarter (Q4-FYR 2019)

	Q1-FYR 2020 RM'000	Q4-FYR 2019 RM'000	%
Revenue	327,329	234,616	39.5%
Profit from operations	36,185	24,418	48.2%
Profit before Tax	40,193	26,769	50.1%
Net Profit after Tax	30,507	21,783	40.0%

Revenue for Q1-FYR 2020 grew by 39.5% as compared to Q4-FYR 2019.

Garment revenue for Q1-FYR 2020 leapt by 45.2% mainly due to higher sale orders received.

However, packaging revenue for Q1-FYR 2020 slipped by 5.9% amid lower sale orders received.

PBT for Q1-FYR 2020 increased by 50.1% as compared to Q4-FYR 2019.

Garment PBT improved dramatically by 58.5% mainly due to higher revenue, better gross profit margin mainly driven by the improvement in operational efficiency, and the lower foreign exchange loss of RM0.011 million versus foreign exchange loss of RM1.126 million in Q4-FYR 2019.

Packaging PBT was 37.9% lower mainly due to weaker revenue, gross profit margin and dividend income.



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## Notes to the Financial Report

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

### 14) 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 during the said period.

### 15) Tax Expense

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

	Q1-FYR 2020 RM'000	Financial period RM'000
Provision for current tax	9,678	9,678
Deferred Tax	8	8
	<u>9,686</u>	<u>9,686</u>

The Group's effective tax rates for both Q1-FYR 2020 under review are slightly higher than the Malaysia 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

Other than the proposed share split and proposed bonus issue as per our announcements to Bursa Securities during 1 to 30 August 2019, 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 last annual reporting date as at 30 April 2019.

### 21) Capital Commitments

There were capital commitments of approximately RM0.016 million mainly in respect of the acquisition of computer equipments (last annual reporting date : RM0.208 million).

### 22) Dividends

The Board has declared a single tier interim dividend of 7 Sen per share amounting to RM11.386 million (Q1-FYR 2019 : 5 Sen). This amount represents a 37.3% payout ratio (Q1-FYR 2019 : 37.0%). 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 5 Sen per share in respect of FYR 2019. The date of AGM is 26 September 2019 and the entitlement and payment dates are 10 October 2019 and 25 October 2019 respectively.

### 23) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company by the weighted average no. of ordinary shares in issue with voting rights :

		Q1-FYR 2020	Q1-FYR 2019	Financial period to 31-7-2019	Financial period to 31-7-2018
Profit attributable to owners of the Company	(RM'000)	<u>30,507</u>	<u>22,012</u>	<u>30,507</u>	<u>22,012</u>
Weighted average no. of ordinary shares with voting rights	('000)	<u>162,657</u>	<u>162,732</u>	<u>162,657</u>	<u>162,732</u>
Basic EPS	(Sen)	18.76	13.53	18.76	13.53

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

# Magni-Tech Industries Berhad

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

## Notes to the Financial Report

For the 1st Quarter Ended 31 July 2019 ("Q1-FYR 2020")

The no. of issued shares in issue with voting rights as at 31 July 2019 is as follows :

	Q1-FYR 2020	Q1-FYR 2019	Financial period to 31-7-2019	Financial period to 31-7-2018
Total No. of issued shares as at 31 July 2019	162,732	162,732	162,732	162,732
Less : Shares held as treasury shares (Note 7)	(75)	-	(75)	-
No. of issued ordinary shares with voting rights as at 31 July 2019	<u>162,657</u>	<u>162,732</u>	<u>162,657</u>	<u>162,732</u>

### 24) Profit Before Tax

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

	Q1-FYR 2020 RM000	Q1-FYR 2019 RM000
Interest income	(540)	(459)
Dividend income	(3,636)	(3,494)
Net gain on disposal of investment securities	(3)	(96)
Depreciation and amortisation	1,698	1,635
Net unrealised loss on foreign exchange	630	201
Net realised gain on foreign exchange	(673)	(1,639)
Net gain on foreign exchange - all segments	(43)	(1,438)
Gain on disposal of plant and equipment	(8)	(70)
Property, Plant and equipment written off	12	121
(Gain) / loss on derivatives / Exceptional items	-	-

By Order of the Board

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

Chairman

10 September 2019