

Magni-Tech Industries Berhad

Registration No. 199701007089 (422585-V)
Incorporated in Malaysia

(Q1-FYR 2023)

Condensed Consolidated Statement of Income and Other Comprehensive Income For the First Quarter Ended 31 July 2022 ("Q1-FYR 2023")

	Q1-FYR 2023		Changes %	Financial Period - first 3 Months		Changes %
	RM'000	Q1-FYR 2022 RM'000		to 31-7-2022 RM'000	to 31-7-2021 RM'000	
Revenue	340,906	305,566	11.6%	340,906	305,566	11.6%
Operating expenses	(313,246)	(280,297)	11.8%	(313,246)	(280,297)	11.8%
Other operating income/(expenses)						
Gain on foreign exchange	943	805	17.1%	943	805	17.1%
Others	214	61	251%	214	61	251%
Profit from operations	28,817	26,135	10.3%	28,817	26,135	10.3%
Investment related income	3,298	1,867	76.6%	3,298	1,867	76.6%
Finance costs	(128)	(138)	-7.2%	(128)	(138)	-7.2%
Profit before tax	31,987	27,864	14.8%	31,987	27,864	14.8%
Tax expense	(7,961)	(6,818)	16.8%	(7,961)	(6,818)	16.8%
Profit for the period	24,026	21,046	14.2%	24,026	21,046	14.2%
Profit attributable to :						
Owners of the Company	24,026	21,046	14.2%	24,026	21,046	14.2%
Non-controlling interests	-	-		-	-	
	24,026	21,046	14.2%	24,026	21,046	14.2%
Basic / diluted earnings per share (Sen)	5.54	4.85	-12.2%	5.54	4.85	-27.9%
Dividends per share (Sen)						
- Interim dividend (Q1)	2.20	-		2.20	-	

Condensed Consolidated Statement of Financial Position as at 31 July 2022

ASSETS	Unaudited @ 31-7-2022	Audited @ 30-4-2022
Non-current assets	RM'000	RM'000
Property, plant and equipment	58,298	58,328
Investment properties	1,053	1,058
Investment securities - Unquoted shares	24,609	24,609
	<u>83,960</u>	<u>83,995</u>
Current assets		
Inventories	260,705	267,034
Receivables	131,048	111,697
Investment securities - Money market unit trusts	3,670	3,652
Bank deposits and cash balances	407,161	397,783
	<u>802,584</u>	<u>780,166</u>
TOTAL ASSETS	<u>886,544</u>	<u>864,161</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	216,975	216,975
Reserves	559,077	545,887
Treasury shares	<u>(686)</u>	<u>(686)</u>
Net equity funds	775,366	762,176
Non-controlling Interests	<u>26</u>	<u>26</u>
Total equity	<u>775,392</u>	<u>762,202</u>
Non-current liability		
Deferred tax liabilities	<u>5,486</u>	<u>5,730</u>
Current liabilities		
Payables	101,624	92,864
Current tax liabilities	4,042	3,365
	<u>105,666</u>	<u>96,229</u>
Total liabilities	<u>111,152</u>	<u>101,959</u>
TOTAL EQUITY AND LIABILITIES	<u>886,544</u>	<u>864,161</u>
Net assets per share (RM)	1.79	1.76

Notes :

- (1) The net assets per share is calculated based on the net equity funds divided by 433,450,579 being the no. of shares in issue with voting rights.
- (2) The annexed notes form an integral part of this interim financial report.

**Condensed Consolidated Statement of Changes in Equity
For the First Quarter Ended 31 July 2022**

	- - - - Attributable to Owners of the Parent Company - - - -							
	Share Capital	Treasury Shares	Fair Value Reserve	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
<u>For the financial period to 31 July 2022</u>								
Balance as at 1 May 2022	216,975	(686)	6,789	539,098	545,887	762,176	26	762,202
Profit for the period	-	-	-	24,026	24,026	24,026	-	24,026
Total comprehensive Income	-	-	-	24,026	24,026	24,026	-	24,026
<u>Transaction with owners</u>								
Dividend in respect of FYR 2022	-	-	-	(10,836)	(10,836)	(10,836)	-	(10,836)
Balance as at 31 July 2022	<u>216,975</u>	<u>(686)</u>	<u>6,789</u>	<u>552,288</u>	<u>559,077</u>	<u>775,366</u>	<u>26</u>	<u>775,392</u>
(^) Available-for-sale								
<u>For the financial period to 31 July 2021</u>								
Balance as at 1 May 2021	216,975	(686)	-	476,881	476,881	693,170	26	693,196
Profit for the period	-	-	-	21,046	21,046	21,046	-	21,046
Total comprehensive Income	-	-	-	21,046	21,046	21,046	-	21,046
<u>Transaction with Owners</u>								
Dividend in respect of FYR 2021	-	-	-	(12,137)	(12,137)	(12,137)	-	(12,137)
Balance as at 31 July 2021	<u>216,975</u>	<u>(686)</u>	<u>-</u>	<u>485,790</u>	<u>485,790</u>	<u>702,079</u>	<u>26</u>	<u>702,105</u>

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

Condensed Consolidated Statement of Cash Flows
For the First Quarter Ended 31 July 2022

	Unaudited 31-7-2022 RM'000	Audited 31-7-2021 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	31,987	27,864
Adjustments for :		
Depreciation	1,442	1,394
Dividend income	(923)	(996)
Gain on disposal of properties, plant and equipment	(152)	-
Interest income	(2,375)	(609)
Property, plant and equipment written off	-	1
Net unrealised loss on foreign exchange	690	749
Operating profit before working capital changes	30,669	28,403
Decrease/(Increase) in inventories	6,328	(1,798)
(Increase)/Decrease in receivables	(19,035)	26,892
Increase in payables	7,755	16,012
Cash generated from operations	25,717	69,509
Net income tax paid	(7,528)	(7,099)
Net cash from operating activities	18,189	62,410
<u>Cash flows from investing activities</u>		
Net dividends received	923	996
Interest received	2,375	609
Proceeds from disposal of property, plant and equipment	152	-
Purchase of plant and equipment	(1,407)	(212)
Placement of fixed deposits	(1,000)	(132,650)
Net cash from/(used in) investing activities	1,043	(131,257)
<u>Cash flows from financing activities</u>		
Dividends paid to shareholders of the Company	(10,836)	(12,137)
Net cash used in financial activities	(10,836)	(12,137)
Net increase/ (decrease) in cash and cash equivalents	8,396	(80,984)
Effects of changes in exchange rates on cash and cash equivalents	-	(1)
Cash and cash equivalents at beginning	86,825	308,953
Cash and cash equivalents at end	95,221	227,968
Cash and cash equivalents comprise the followings :-		
Investment in money market funds	3,670	123,646
Fixed deposits with licensed banks	400,571	264,106
Cash and bank balances	6,590	4,856
	410,831	392,608
Less : Fixed deposits with maturity more than three months	(315,610)	(164,640)
	95,221	227,968

Notes :

(1) Investment in money market funds is classified as part of cash and cash equivalents as these investments are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(2) Fixed deposits with maturity of more than three months be deemed as cash flows from investing activities.

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

For the First Quarter Ended 31 July 2022

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 and the requirements of paragraph 9.22 of 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 2022 ("FYR 2022"). 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 2022.

Changes in accounting policies

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 FYR 2022. The Group has neither early adopted nor applied any new MFRSs, Amendments to MFRSs, IC Interpretations and annual Improvements to MFRSs that are issued but not yet effective for the Group's accounting period beginning 1 May 2022.

The adoption of newly effective MFRSs, Amendments to MFRSs, IC Interpretations and Annual Improvements to MFRSs are expected to have no significant financial impacts to the financial statements of the Group upon their initial application except for changes in presentation and additional disclosures of financial information.

2) Audit report of preceding annual financial statements

The auditors' report of the Company's most recent annual financial statements for FYR 2022 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 three months ended 31 July 2022 ("Q1-FYR 2023" or "financial period").

5) Material changes in estimates

There were no material changes in the estimates of amounts reported in Q1-FYR 2023.

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 shares ('000)	Average price per share (RM)	Amount RM'000
Total treasury shares as at 1 May 2022 / 31 July 2022	500	1.37	686

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 2022, the Company's no. of outstanding shares in issue with voting rights was 433,450,579 ordinary shares excluding 500,000 treasury shares (30 April 2022: 433,450,579 ordinary shares).

8) Dividend paid

The 4th interim dividend of 2.5 Sen per share for Q4-FYR 2022 of RM10.836 million was paid on 20 July 2022.

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 requires disclosure.

For the First Quarter Ended 31 July 2022

10) Segment information

	Financial period	
	RM'000	%
<u>Revenue</u>		
Garment manufacturing	315,351	92.5%
Packaging	25,555	7.5%
Total revenue - external	<u>340,906</u>	<u>100.0%</u>
<u>Results</u>	RM'000	
Garment manufacturing	27,874	
Packaging manufacturing and miscellaneous	1,186	
	<u>29,060</u>	
Unallocated corporate expenses	<u>(243)</u>	
Profit from operations	28,817	
Investment related Income :		
Dividend income	923	
Interest income	2,375	
	<u>3,298</u>	
Finance costs (Non-interest)	<u>(128)</u>	
Profit before tax ("PBT")	31,987	
Taxation expenses	<u>(7,961)</u>	
Net profit after tax ("PAT")	<u>24,026</u>	

11) 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 all of the Group's revenue and profit from operations (before gain on disposal of property and 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 currency 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 2023	Q1-FYR 2022	%
	RM'000	RM'000	
Revenue	<u>340,906</u>	<u>305,566</u>	11.6%
Profit from operations	<u>28,817</u>	<u>26,135</u>	10.3%
PBT	<u>31,987</u>	<u>27,864</u>	14.8%
PAT	<u>24,026</u>	<u>21,046</u>	14.2%

Q1-FYR 2023 vs Preceding Year Corresponding Quarter (Q1-FYR 2022)

Revenue for Q1-FYR 2023 increased by 11.6% to RM340.906 million versus Q1-FYR 2022.

Garment revenue for Q1-FYR 2023 increased by 11.4% to RM315.351 million from RM283.018 million mainly due to higher sale orders received.

Packaging revenue for Q1-FYR 2023 increased by 13.3% to RM25.555 million from RM22.548 million in Q1-FYR 2022 mainly due to higher sale orders received.

For the First Quarter Ended 31 July 2022

PBT of the Group for Q1-FYR 2023 increased by 14.8% to RM31.987 million as compared to RM27.864 million in Q1-FYR 2022.

Garment PBT for Q1-FYR 2023 increased by 12.4% to RM30.595 million as compared to Q1-FYR 2022 mainly due to higher revenue and higher investment income by RM1.570 million.

Packaging PBT for Q1-FYR 2023 increased by 99.2% mainly due to higher revenue and gain on disposal of plant and equipment of RM0.152 million.

12) Variation of Results of Q1-FYR 2023 vs Preceding Quarter (Q4-FYR 2022)	Q1-FYR 2023	Q4-FYR 2022	%
	RM'000	RM'000	
Revenue	<u>340,906</u>	<u>258,318</u>	32.0%
Profit from operations	<u>28,817</u>	<u>31,889</u>	-9.6%
PBT	<u>31,987</u>	<u>34,059</u>	-6.1%
PAT	<u>24,026</u>	<u>26,892</u>	-10.7%

Revenue for Q1-FYR 2023 increased by 32.0% to RM340.906 million from RM258.318 in Q4-FYR 2022.

Garment revenue for Q1-FYR 2023 increased by 35.5% to RM315.351 million from RM232.697 million in Q4-FYR 2022 mainly due to higher sale orders received.

Packaging revenue for Q1-FYR 2023 decreased slightly by 0.3% to RM25.555 million mainly due to lower sale orders received.

PBT of the group for Q1-FYR 2023 decreased by 6.1% to RM31.987 million as compared to RM34.059 million in Q4-FYR 2022.

Garment PBT for Q1-FYR 2023 decreased by 3.6% to RM30.595 million mainly due to operating costs and lower gain on forex by RM1.596 million.

Packaging PBT for Q1-FYR 2023 decreased by 44.2% mainly due to lower revenue in Q1-FYR 2022, other income from insurance related claim of RM1.818 million in previous Q4-FYR 2022 partially set off by lower loss due to flood damage by RM0.885 million in Q4-FYR 2022.

13) Future prospects

In addition to the slow recovery from COVID-19 pandemic, the conflict in Ukraine coupled with the high global inflation have further damaged consumers' confidence and caused the global economic outlook to remain sluggish. The Group has maintained a very prudent approach in managing the business risk and finance.

While efforts are continuously made to improve the Group's business operations and performance, the Group remains cautious over the business outlook and financial performance of the Group for the remaining quarters of FYR 2023.

14) Tax expense

The tax expenses for Q1-FYR 2023 or financial period are made up as follows :	Q1-FYR 2023	Financial period
	RM'000	RM'000
(a) Provision for current tax	8,205	23,988
Overprovision in prior year	-	(1,579)
Deferred tax	<u>(244)</u>	<u>(484)</u>
	<u>7,961</u>	<u>21,925</u>

The Group's effective tax rates for Q1-FYR 2023 and financial period were slightly higher than the Malaysian statutory tax rate of 24% mainly due to certain expenses being disallowed for tax deduction.

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.

For the First Quarter Ended 31 July 2022

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 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 date as at 30 April 2022.

20) Capital commitments

There was a capital commitment of RM0.119 million as at the financial period in respect of the acquisition of equipments (last annual reporting date: RM0.229 million).

21) 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 2023	Q1-FYR 2022	Financial periods	
				to 31-7-2022	to 31-7-2021
Profit attributable to owners of the Company	(RM'000)	24,026	21,046	24,026	21,046
Weighted average of no. of issued shares with voting rights at end		433,451	433,751	433,451	433,751
Basic EPS	(Sen)	5.54	4.85	5.54	4.85

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

22) Dividend Declared

	Dividend Per Share		Payout Ratio		Dividend Amount	
	FYR 2023	FYR 2022	FYR 2023	FYR 2022	FYR 2023	FYR 2022
					RM'000	RM'000
Q1 - Single tier interim dividend	2.2 Sen	-	39.7%	-	9,536	-

The entitlement and payment dates for 1st interim dividend for Q1-FYR 2023 of 2.2 Sen per share are fixed on 28 September 2022 and 12 October 2022 respectively.

23) Profit before tax

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

	Q1-FYR 2023	Q1-FYR 2022
	RM'000	RM'000
Interest income	(2,375)	(609)
Dividend income	(923)	(996)
Fair value loss/(gain) on investment securities	-	3
Gain on disposal of investment securities	-	(265)
Depreciation and amortisation	1,442	1,394
Net unrealised loss on foreign exchange	691	748
Net realised gain on foreign exchange	(1,634)	(1,553)
Net gain on foreign exchange - all segments	(943)	(805)

Magni-Tech Industries Berhad

Registration No. 199701007089 (422585-V)

(Q1-FYR 2023)

For the First Quarter Ended 31 July 2022

Gain on disposal of properties, plant and equipment	(152)	-
Bad debts written off	-	-
Reversal of impairment loss on trade receivables	-	-
Property, plant and equipment written off	-	1
Loss due to damage from flood	24	-
Provision for and write off of receivables	-	-
(Gain) / loss on derivatives / exceptional items	-	-

By Order of the Board

Tan Sri Dato' Seri Tan Kok Ping

Chairman

Date: 12 September 2022