

Magni-Tech Industries Berhad

(Q1-FYR 2024)

Registration No. 199701007089 (422585-V)

Incorporated in Malaysia

Condensed Consolidated Statement of Income and Other Comprehensive Income For the First Quarter Ended 31 July 2023 ("Q1-FYR 2024")

	Q1-FYR 2024		Changes %	Financial Period - first 3 Months		
	RM'000	Q1-FYR 2023 RM'000		to 31-7-2023 RM'000	to 31-7-2022 RM'000	Changes %
Revenue	324,376	340,906	-4.8%	324,376	340,906	-4.8%
Operating expenses	(291,571)	(313,246)	-6.9%	(291,571)	(313,246)	-6.9%
Other operating income						
Gain on foreign exchange	3,376	943	258.0%	3,376	943	258.0%
Others	942	214	340.2%	942	214	340.2%
Profit from operations	37,123	28,817	28.8%	37,123	28,817	28.8%
Investment related income	6,006	3,298	82.1%	6,006	3,298	82.1%
Finance costs	(157)	(128)	22.7%	(157)	(128)	22.7%
Share of results of associate	(9)	-		(9)	-	
Profit before tax	42,963	31,987	34.3%	42,963	31,987	34.3%
Tax expense	(10,237)	(7,961)	28.6%	(10,237)	(7,961)	28.6%
Profit / total comprehensive Income for the period	32,726	24,026	36.2%	32,726	24,026	36.2%
Total comprehensive income attributable to :						
Owners of the Company	32,726	24,026	36.2%	32,726	24,026	36.2%
Non-controlling interests	-	-		-	-	
	32,726	24,026	36.2%	32,726	24,026	36.2%
Basic / diluted earnings per share						
(Sen)	7.55	5.54	36.3%	7.55	5.54	36.3%
Dividends per share (Sen)						
- Interim dividend (Q1)	2.80	2.20	27.3%	2.80	2.20	27.3%

Condensed Consolidated Statement of Financial Position as at 31 July 2023

ASSETS	Unaudited @ 31-7-2023	Audited @ 30-4-2023
Non-current assets	RM'000	RM'000
Property, plant and equipment	57,040	57,381
Investment properties	1,034	1,039
Investment in Associate - Unquoted shares	700	-
Investment securities - Unquoted shares	18,226	18,226
	<u>77,000</u>	<u>76,646</u>
Current assets		
Inventories	255,676	262,340
Receivables	140,286	151,401
Bank deposits and cash balances	462,815	425,237
	<u>858,777</u>	<u>838,978</u>
TOTAL ASSETS	<u>935,777</u>	<u>915,624</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	216,975	216,975
Reserves	617,756	595,866
Treasury shares	(686)	(686)
Net equity funds	<u>834,045</u>	<u>812,155</u>
Non-controlling Interests	<u>26</u>	<u>26</u>
Total equity	<u>834,071</u>	<u>812,181</u>
Non-current liability		
Deferred tax liabilities	<u>6,841</u>	<u>6,850</u>
Current liabilities		
Payables	86,345	92,733
Current tax liabilities	8,520	3,860
	<u>94,865</u>	<u>96,593</u>
Total liabilities	<u>101,706</u>	<u>103,443</u>
TOTAL EQUITY AND LIABILITIES	<u>935,777</u>	<u>915,624</u>
Net assets per share (RM)	1.92	1.87

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 2023

	- - - - 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 2023</u>								
Balance as at 1 May 2023	216,975	(686)	407	595,459	595,866	812,155	26	812,181
Profit for the period	-	-	-	32,726	32,726	32,726	-	32,726
Total comprehensive Income	-	-	-	32,726	32,726	32,726	-	32,726
<u>Transaction with owners</u>								
Dividend in respect of FYR 2023	-	-	-	(10,836)	(10,836)	(10,836)	-	(10,836)
Balance as at 31 July 2023	<u>216,975</u>	<u>(686)</u>	<u>407</u>	<u>617,349</u>	<u>617,756</u>	<u>834,045</u>	<u>26</u>	<u>834,071</u>
(^) Available-for-sale								
<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>

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 2023

	Unaudited 31-7-2023 RM'000	Unaudited 31-7-2022 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	42,963	31,987
Adjustments for :		
Depreciation	1,480	1,442
Dividend income	(2,071)	(923)
(Gain)/Loss on disposal of properties, plant and equipment	6	(152)
Interest income	(3,935)	(2,375)
Net unrealised loss on foreign exchange	1,320	690
Operating profit before working capital changes	39,763	30,669
Decrease in inventories	6,664	6,328
Increase in receivables	(23,539)	(19,035)
Increase in payables	26,945	7,755
Cash generated from operations	49,833	25,717
Net income tax paid	(5,586)	(7,528)
Net cash from operating activities	44,247	18,189
<u>Cash flows from investing activities</u>		
Net dividends received	2,071	923
Interest received	3,935	2,375
Proceeds from disposal of property, plant and equipment	30	152
Purchase of plant and equipment	(1,169)	(1,407)
Investment on financial asset in Associate Co.	(709)	-
Placement of fixed deposits	(72,345)	(1,000)
Withdrawal of fixed deposits	105,000	-
Net cash from investing activities	36,813	1,043
<u>Cash flows from financing activities</u>		
Dividends paid to shareholders of the Company	(10,836)	(10,836)
Net cash used in financial activities	(10,836)	(10,836)
Net increase in cash and cash equivalents	70,224	8,396
Effects of changes in exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at beginning	74,857	86,825
Cash and cash equivalents at end	145,081	95,221
Cash and cash equivalents comprise the followings :-		
Fixed deposits with licensed banks	397,070	400,571
Cash and bank balances	65,745	6,590
	462,815	407,161
Less : Fixed deposits with maturity more than three months	(317,725)	(315,610)
	145,090	91,551

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 2023

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 2023 ("FYR 2023"). 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 2023.

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 2023. 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 2023.

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 2023 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 2023 ("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

On 10 July 2023, South Island Garment Sdn Bhd, a wholly-owned subsidiary of the Group, had acquired 30% equity interest in SIGP Joint Stock Company, a company incorporated in Vietnam for a total consideration of RM0.709 million. The principal activities of this associate is garment printing.

Other than the above, there were no other 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 2023 / 31 July 2023	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 2023, 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 2023: 433,450,579 ordinary shares).

8) Dividend paid

The 4th interim dividend of 2.5 Sen per share for Q4-FYR 2023 of RM10.836 million was paid on 25 July 2023.

For the First Quarter Ended 31 July 2023

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.

10) Segment information

	Financial period	
	RM'000	%
<u>Revenue</u>		
Garment manufacturing	302,303	93.2%
Packaging	22,073	6.8%
Total revenue - external	<u>324,376</u>	<u>100.0%</u>
<u>Results</u>	RM'000	
Garment manufacturing	35,255	
Packaging manufacturing and miscellaneous	2,106	
	<u>37,361</u>	
Unallocated corporate expenses	(238)	
Profit from operations	37,123	
Investment related Income :		
Dividend income	2,071	
Interest income	3,935	
	6,006	
Finance costs (Non-interest)	(157)	
Share of results of associate	(9)	
Profit before tax ("PBT")	42,963	
Taxation expenses	(10,237)	
Net profit after tax ("PAT")	<u>32,726</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 93.2% and 94.4% 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 2024	Q1-FYR 2023	%
	RM'000	RM'000	
Revenue	<u>324,376</u>	<u>340,906</u>	-4.8%
Profit from operations	<u>37,123</u>	<u>28,817</u>	28.8%
PBT	<u>42,963</u>	<u>31,987</u>	34.3%
PAT	<u>32,726</u>	<u>24,026</u>	36.2%

Q1-FYR 2024 vs Preceding Year Corresponding Quarter (Q1-FYR 2023)

Revenue for Q1-FYR 2024 decreased by 4.8% to RM324.376 million from 340.906 million in Q1-FYR 2023.

Garment revenue for Q1-FYR 2024 decreased by 4.1% to RM302.303 million from RM315.351 million in Q1-FYR 2023 mainly due to lower sale orders received.

For the First Quarter Ended 31 July 2023

Packaging revenue for Q1-FYR 2024 decreased by 13.6% to RM22.073 million from RM25.555 million in Q1-FYR 2023 mainly due to lower sale orders received.

However, PBT of the Group for Q1-FYR 2024 rose by 34.3% to RM42.963 million as compared to RM31.987 million in Q1-FYR 2023.

Garment PBT for Q1-FYR 2024 surged by 29.0% to RM39.465 million as compared to Q1-FYR 2023 mainly due to lower operating expenses relative to revenue, higher investment income by RM2.564 million and higher forex gain by RM2.411 million.

Packaging PBT for Q1-FYR 2023 increased by 66.1% mainly due to insurance claim on flood damage by RM0.890 million.

12) Variation of Results of Q1-FYR 2023 vs Preceding Quarter (Q4-FYR 2023)	Q1-FYR 2024	Q4-FYR 2023	%
	RM'000	RM'000	
Revenue	<u>324,376</u>	<u>246,612</u>	31.5%
Profit from operations	<u>37,123</u>	<u>29,719</u>	24.9%
PBT	<u>42,963</u>	<u>34,087</u>	26.0%
PAT	<u>32,726</u>	<u>25,840</u>	26.6%

Revenue for Q1-FYR 2024 increased by 31.5% to RM324.376 million from RM246.612 in Q4-FYR 2023.

Garment revenue for Q1-FYR 2024 increased significantly by 34.4% to RM302.303 million from RM224.914 million in Q4-FYR 2023 mainly due to higher sale orders received.

Packaging revenue for Q1-FYR 2024 increased by 1.7% to RM22.073 million mainly due to higher sale orders received.

PBT of the group for Q1-FYR 2024 increased by 26% to RM42.963 million as compared to RM34.087 million in Q4-FYR 2023.

Garment PBT for Q1-FYR 2024 improved significantly by 30.5% to RM30.595 million mainly due to higher revenue and gain on forex by RM2.107 million.

Packaging PBT for Q1-FYR 2024 decreased by 45.5% mainly due to higher operating costs and lower investment income.

13) Future prospects

The global economic environment is expected to remain challenging and uncertain amidst slow growth amid high inflation, tight monetary policy, more restrictive credit conditions, and low consumer confidence by historical standards. Global growth is projected to reduce to 3.0% in both 2023 and 2024 as per the World Economic Outlook Update in July 2023.

Premised on the above, the Group remains optimistically cautious over the business outlook for the remaining quarters of FYR 2024. We will continue to be vigilant in cost management and to drive operational efficiency to remain competitive as well as to drive sales and production output.

14) Tax expense

The tax expenses for Q1-FYR 2024 or financial period are made up as follows :	Q1-FYR 2024	Financial period
	RM'000	RM'000
Provision for current tax	10,247	10,247
Deferred tax	<u>(10)</u>	<u>(10)</u>
	<u>10,237</u>	<u>10,237</u>

The Group's effective tax rate for Q1-FYR 2024 was slightly lower than the Malaysian statutory tax rate of 24% mainly due to higher amount of non-taxable income over expenses not deductible for tax purposes.

For the First Quarter Ended 31 July 2023

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 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 2023.

20) Capital commitments

There was a capital commitment of RM0.049 million as at the financial period in respect of the acquisition of equipments (last annual reporting date: RM0.119 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 2024	Q1-FYR 2023	Financial periods	
				to 31-7-2023	to 31-7-2022
Profit attributable to owners of the Company	(RM'000)	32,726	24,026	32,726	24,026
Weighted average of no. of issued shares with voting rights at end		433,451	433,751	433,451	433,751
Basic EPS	(Sen)	7.55	5.54	7.55	5.54

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 2024	FYR 2023
					RM'000	RM'000
Q1 - Single tier interim dividend (no. 46)	2.8 Sen	2.2 Sen	37.1%	39.7%	12,137	9,536

The entitlement and payment dates for 1st interim dividend for Q1-FYR 2024 of 2.8 Sen per share are fixed on 26 September 2023 and 12 October 2023 respectively.

23) Profit before tax

	Q1-FYR 2024	Q1-FYR 2023
	RM'000	RM'000
PBT is arrived at after charging/(crediting) the following items :-		
Interest income	(2,071)	(2,375)
Dividend income	(3,935)	(923)
Fair value loss/(gain) on investment securities	-	-
Gain on disposal of investment securities	-	-
Depreciation and amortisation	1,480	1,442

Magni-Tech Industries Berhad

Registration No. 199701007089 (422585-V)

(Q1-FYR 2024)

For the First Quarter Ended 31 July 2023

Net unrealised loss on foreign exchange	1,321	691
Net realised gain on foreign exchange	(4,697)	(1,634)
Net gain on foreign exchange - all segments	(3,376)	(943)
(Gain) / Loss on disposal of properties, plant and equipment	6	(152)
Bad debts written off	-	-
Reversal of impairment loss on trade receivables	-	-
Property, plant and equipment written off	-	-
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: 11 September 2023