

# Magni-Tech Industries Berhad

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

## Condensed Consolidated Income Statement

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

	2nd Quarter		First 6 Months	
	31-10-2016	31-10-2015	31-10-2016	31-10-2015
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	279,792	197,342	551,184	391,160
Operating Expenses	(243,692)	(178,141)	(490,211)	(356,819)
Other Operating Income	842	8,478	4,321	11,337
<b>Profit from Operations</b>	36,942	27,679	65,294	45,678
Investment Related Income	763	1,118	3,540	3,707
Finance Costs	(146)	(122)	(295)	(228)
<b>Profit before Tax</b>	37,559	28,675	68,539	49,157
Tax Expense	(9,038)	(7,044)	(16,488)	(11,953)
<b>Profit for the Financial Period</b>	<u>28,521</u>	<u>21,631</u>	<u>52,051</u>	<u>37,204</u>
<b>Profit attributable to:</b>				
Owners of the Company	28,520	21,631	52,050	37,204
Non-controlling interests	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	<u>28,521</u>	<u>21,631</u>	<u>52,051</u>	<u>37,204</u>
<b>Basic earnings per share (Sen)</b>	<u>17.53</u>	<u>13.29</u> *	<u>31.99</u>	<u>22.86</u> *
<b>Declared Interim per share (Sen)</b>	5.00	8.00	10.00	8.00

\* Re-stated due to bonus issue

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

# Magni-Tech Industries Berhad

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

## Unaudited Condensed Consolidated Statement of Financial Position as at 31 October 2016

	Unaudited @ 31-10-2016	Audited @ 30-04-2016
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant and Equipment	57,486	57,151
Investment Properties	101	104
Investment Securities - Quoted Shares	1,073	1,022
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Unit Trusts	55,236	34,817
	<u>131,716</u>	<u>110,914</u>
<b>Current Assets</b>		
Inventories	126,335	115,925
Receivables	131,868	107,690
Current Tax Assets	291	45
Deposits with Licensed Banks	59,042	59,637
Cash and Bank Balances	3,606	4,476
	<u>321,142</u>	<u>287,773</u>
<b>TOTAL ASSETS</b>	<u>452,858</u>	<u>398,687</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Owners of the Company</b>		
Share Capital (Par value per share RM1)	162,732	162,732
Reserves	196,102	160,219
	<u>358,834</u>	<u>322,951</u>
<b>Non-controlling Interests</b>	34	33
<b>Total Equity</b>	<u>358,868</u>	<u>322,984</u>
<b>Non-current Liability</b>		
Deferred Taxation	6,335	6,362
<b>Current Liabilities</b>		
Payables	77,077	63,446
Current Tax Liabilities	10,578	5,895
	<u>87,655</u>	<u>69,341</u>
<b>Total Liabilities</b>	<u>93,990</u>	<u>75,703</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>452,858</u>	<u>398,687</u>
<b>Net Assets per share (RM)</b>	2.21	1.98

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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

Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

	2nd Quarter		First 6 Months	
	31-10-2016	31-10-2015	31-10-2016	31-10-2015
	RM'000	RM'000	RM'000	RM'000
<b>Net Profit for the Financial Period</b>	28,521	21,631	52,051	37,204
Other Comprehensive Income, net of tax				
Net fair value gain/(loss) on available-for-sale financial assets	(4)	(2)	106	(2)
<b>Total Comprehensive Income for the Financial Period</b>	<u>28,517</u>	<u>21,629</u>	<u>52,157</u>	<u>37,202</u>
<b>Total Comprehensive Income attributable to :</b>				
Owners of the Company	28,516	21,629	52,156	37,202
Non-controlling interests	1	-	1	-
	<u>28,517</u>	<u>21,629</u>	<u>52,157</u>	<u>37,202</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

	- - - - - Attributable to Owners of the Company - - - - -							
	Share Capital	Non-distributable		Distributable		Total	Non-controlling Interests	Total Equity
		Share Premium	AFS (^) Reserves	Retained Profits	Total Reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>For the financial period ended 31 October 2016</b>								
Balance as at 1 May 2016	162,732	-	77	160,142	160,219	322,951	33	322,984
Total Comprehensive Income for the financial period	-	-	106	52,050	52,156	52,156	1	52,157
	162,732	-	183	212,192	212,375	375,107	34	375,141
<b>Transaction with Owners</b>								
Dividends in respect of year ended 30 April 2016	-	-	-	(8,136)	(8,136)	(8,136)	-	(8,136)
Dividend in respect of year ending 30 April 2017				(8,137)	(8,137)	(8,137)	-	(8,137)
Balance as at 31 October 2016	162,732	-	183	195,919	196,102	358,834	34	358,868
(^) Available-for-sale								
<b>For the financial period ended 31 October 2015</b>								
Balance as at 1 May 2015	108,488	3,766	-	160,510	164,276	272,764	32	272,796
Total Comprehensive Income for the financial period	-	-	(2)	37,204	37,202	37,202	-	37,202
	108,488	3,766	(2)	197,714	201,478	309,966	32	309,998
<b>Transaction with Owners</b>								
Dividends in respect of year ended 30 April 2015	-	-	-	(10,849)	(10,849)	(10,849)	-	(10,849)
Balance as at 31 October 2015	108,488	3,766	(2)	186,865	190,629	299,117	32	299,149

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 April 2016 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

Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

	(Unaudited) 6 months to 31-10-2016 RM'000	(Unaudited) 6 months to 31-10-2015 RM'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	68,539	49,157
Adjustments for :		
Depreciation	2,854	2,827
Dividend income	(2,817)	(2,867)
Gain on disposal of investment securities	-	(138)
Interest income	(723)	(702)
Gain on disposal of property, plant and equipment	(13)	(178)
Property, plant and equipment written off	-	898
<b>Operating profit before working capital changes</b>	<b>67,840</b>	<b>48,997</b>
Increase in inventories	(10,410)	(24,816)
Increase in receivables	(24,178)	(44,477)
Increase in payables	13,631	34,032
<b>Cash generated from operations</b>	<b>46,883</b>	<b>13,736</b>
Net Income tax paid	(12,079)	(6,643)
<b>Net cash from operating activities</b>	<b>34,804</b>	<b>7,093</b>
<b><u>Cash flows from investing activities</u></b>		
Net dividend received	2,817	2,867
Interest received	723	702
Proceeds from disposal of property, plant and equipment	13	178
Proceeds from disposal of investment securities	2,000	20,141
Purchase of property, plant and equipment	(3,186)	(1,615)
Purchase of investment securities	(22,363)	(29,157)
<b>Net cash used in investing activities</b>	<b>(19,996)</b>	<b>(6,884)</b>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid	(16,273)	-
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,465)</b>	<b>209</b>
<b>Cash and cash equivalents at beginning</b>	<b>64,113</b>	<b>69,039</b>
<b>Cash and cash equivalents at end</b>	<b>62,648</b>	<b>69,248</b>
<b>Cash &amp; Cash Equivalents comprise the following :-</b>		
Cash and bank balances	3,606	5,589
Deposits with licensed banks	59,042	63,659
	<u>62,648</u>	<u>69,248</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to the interim financial statements.

# Magni-Tech Industries Berhad

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

## Notes To The Quarterly Financial Report

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

#### 1) Basis of Preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Accounting Standards Board ("MFRS") 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standards ("IAS") 34 - Interim Financial Reporting and paragraph 9.22 of the 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 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2016.

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 2016.

The Group has not early adopted the standards and interpretations that have been issued but 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 the financial statements upon their initial adoption.

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

The auditors' report of the Company's most recent annual financial statements for the financial year ended 30 April 2016 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 6 months ended 31 October 2016 ("financial period").

#### 5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in the second quarter ended 31 October 2016 ("current quarter").

#### 6) Change in Composition of the Group

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

#### 7) Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period.

#### 8) Dividend Paid

No dividend was paid during the financial period other than that disclosed in Note 22(i) below.

#### 9) Revaluation of Property, Plant and Equipment

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

#### 10) Subsequent Events

South Island Packaging (Penang) Sdn Bhd, a 99.64%-owned Subsidiary of Magni has on 13 December 2016 decided to close down its existing manufacturing business (namely offset printing packaging) in the Group's streamlining effort.

The closure will cost approximately RM2.723 million. Further details of the closure are separately announced today.

#### 11) Segment Information

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

	External	Inter	Financial period
	RM'000	-segment	to 31-10-2016
		RM'000	RM'000
<u>Revenue</u>			
Packaging	62,870	114	62,984
Garment Manufacturing	488,314	-	488,314
Elimination - Inter-segment Revenue	-	(114)	(114)
Total Revenue	<u>551,184</u>	<u>-</u>	<u>551,184</u>

# Magni-Tech Industries Berhad

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

## Notes To The Quarterly Financial Report

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

#### 11) Segment Information (Cont'd)

	Financial period to 31-10-2016
<u>Results</u>	<u>RM'000</u>
Packaging	3,106
Garment manufacturing	<u>62,239</u>
	65,345
Unallocated corporate expenses	<u>(51)</u>
Profit from operations	65,294
Investment Related Income :	
Dividend income	<u>2,817</u>
Interest income	<u>723</u>
	3,540
Finance costs (Non-interest)	<u>(295)</u>
Profit before taxation	68,539
Taxation	<u>(16,488)</u>
Net profit after taxation	<u><u>52,051</u></u>

#### 12) Analysis of Performance

The Group is primarily engaged in the manufacturing of garment for export and a wide range of flexible plastic, corrugated and offset printing packaging products. The garment segment accounted for about 88.6% and 95.1% of the Group's revenue and profit before tax (PBT) 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 (such as Kraft liner, test liner, medium papers, paper boards, polyethylene resins and etc.), operating costs, demand for the packaging products and the ability of management to cope with change.

##### Current Quarter vs Preceding Year Corresponding Quarter (PYC-Qtr)

Revenue for the current quarter increased by 41.8% as compared to PY-Qtr.

Both the garment and packaging revenues for the current quarter soared by 48.3% and 5.3% respectively mainly due to higher orders received.

PBT for the current quarter improved by 31.0%. On a segmental basis, garment PBT improved by 32.6% mainly due to higher revenue and positive effect of on-going productivity improvement, partially weighed down by lower foreign exchange gain. Likewise, packaging PBT increased by 1.2 % mainly due to higher revenue and lower operating expenses.

##### Financial Period vs Preceding Year Corresponding Period (PYC-Pe)

Revenue for the financial period increased by 40.9% as compared to PYC-Pe.

Revenue for both garment and packaging segments increased by 47.2% and 5.8% respectively mainly due to higher orders received.

PBT for the financial period increased by 39.4% mainly attributed to higher garment revenue, weighed down by lower foreign exchange gain and higher operating expenses.

#### 13) Variation of Results against Preceding Quarter

Revenue for the current quarter increased by 3.1% as compared to the immediate preceding quarter.

Garment and packaging revenue for the current quarter increased by 3.4% and 0.6% respectively mainly due to higher orders received.

PBT for the current quarter increased by 21.2%. On a segmental basis, Garment PBT increased by 23.3% mainly due to higher revenue and lower operating expenses resulting from vigilant cost control but was partially weighed down by lower foreign exchange gain and lower dividend income. Packaging PBT dipped by 4.0% mainly due to higher operating expenses.

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## Notes To The Quarterly Financial Report

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

#### 14) Future Prospects

The manufacturing and sales of garment will still be the Group's major revenue contributor. The Group maintains a cautiously positive outlook for the remaining quarters of the current financial year amid the global economic uncertainty. Both the garment and packaging businesses are expected to remain profitable for the current financial year.

#### 15) Tax Expense

The tax expense for the current quarter or financial period is made up as follows:

	Current quarter to 31-10-2016	Financial period to 31-10-2016
	RM'000	RM'000
Provision for current tax	9,100	16,515
Deferred Tax	(62)	(27)
Total	<u>9,038</u>	<u>16,488</u>

The Group's effective tax rate for both the current quarter or financial period under review approximates the Malaysia statutory tax rate.

#### 16) Profit Forecast or Profit Guarantee

There was no profit forecast made in any public document.

#### 17) Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement, other than that disclosed in Note 10 above.

#### 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 and Assets

There were no contingent assets or contingent liabilities since the end of the last annual reporting period other than that disclosed in Note 10 above.

#### 21) Capital Commitments

As at 31 October 2016, the Group had a capital commitment of approximately RM0.67 million in respect of the acquisition of machinery.

#### 22) Dividend

Dividends for the financial period are as follows:

- single tier interim dividend of 5 Sen per share (Qtr 1-FYR 2016 : nil) in respect of the financial year ending 30 April 2017 totalling RM8.137 million (Qtr 1-FYR 2016 : Nil) was approved by the Board on 15 September 2016 and paid on 28 October 2016.
- the Board has declared a second single tier interim dividend of 3 Sen per share (PYC-Qtr : 5 Sen) and a single tier special dividend of 2 Sen per share (PYC-Qtr : 3 Sen) in respect of the financial year ending 30 April 2017 totalling 5 Sen and amounting to RM8.137 million. The entitlement and payment dates will be separately announced today.

Total above dividends paid and payable in respect of the financial period are 10 Sen per share amounting to RM16.273 million (PYC-Pe : 8 Sen) and representing 31.3% of the Group's attributable profits for the financial period (PYC-Pe : 35.0%).

#### 23) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company during the quarter / period by the current number of ordinary shares in issue :

		Current quarter to 31-10-2016	Quarter to 31-10-2015	Financial period to 31-10-2016	Financial period to 31-10-2015
Profit attributable to owners of the Company	(RM'000)	<u>28,520</u>	<u>21,631</u>	<u>52,050</u>	<u>37,204</u>
No. of ordinary shares as at 31 October 2016	('000)	<u>162,732</u>	<u>162,732</u>	<u>162,732</u>	<u>162,732</u>
Basic EPS	(Sen)	17.53	13.29 (Re-stated)	31.99	22.86 (Re-stated)

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



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

## Notes To The Quarterly Financial Report

### Unaudited Interim Financial Report For the Second Quarter Ended 31 October 2016

#### 24) Profit Before Tax

Profit before tax is arrived at after charging/(crediting) the following items :-

	Current quarter to 31-10-2016 RM'000	Quarter to 31-10-2015 RM'000	Financial period to 31-10-2016 RM'000	Financial period to 31-10-2015 RM'000
Interest income	(364)	(395)	(723)	(702)
Dividend income	(399)	(576)	(2,817)	(2,867)
Interest expenses	-	-	-	-
Depreciation and amortisation	1,460	1,417	2,854	2,827
Net unrealised (gain)/loss on foreign exchange	(267)	3,968	(2,080)	5,085
Net realised gain on foreign exchange	(404)	(12,144)	(1,920)	(15,991)
Impairment loss on quoted investments	-	-	-	-
Gain on disposal of investment securities	-	(147)	-	(138)
Fair value gain reclassified from equity upon disposal of available-for-sale investments	-	-	-	-
Gain on disposal of property, plant and equipment	(6)	(170)	(13)	(178)
Provision for and write off of receivables	-	-	-	-
Plant and equipment written off	-	898	-	898
(Gain) / loss on derivatives / Exceptional items	-	-	-	-

#### 25) Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 October 2016 into realised and unrealised profits are as follows:

	(Audited)	
	As at 31-10-2016 RM'000	As at 30-04-2016 RM'000
Total retained earnings of the Company and its subsidiaries :		
- realised	229,454	196,624
- unrealised	(4,255)	(7,202)
	225,199	189,422
Less : Consolidated adjustments	(29,280)	(29,280)
	<u>195,919</u>	<u>160,142</u>

By Order of the Board

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

Chairman

13 December 2016

c.c. Securities Commission