

Magni-Tech Industries Berhad

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

Condensed Consolidated Income Statement

Unaudited Interim Financial Report For the First Quarter Ended 31 July 2017 ("Q1-FYR 2018")

	Q1-FYR 2018	Q1-FYR 2017	Financial Periods - 3 Months	
	RM'000	RM'000	to 31-7-2017	to 31-7-2016
			RM'000	RM'000
Revenue	293,713	271,392	293,713	271,392
Operating Expenses	(269,949)	(246,519)	(269,949)	(246,519)
Other Operating (expenses)/Income	(1,188)	3,479	(1,188)	3,479
Profit from Operations	22,576	28,352	22,576	28,352
Investment Related Income	3,292	2,777	3,292	2,777
Finance Costs	(173)	(149)	(173)	(149)
Profit before Tax	25,695	30,980	25,695	30,980
Tax Expense	(6,108)	(7,450)	(6,108)	(7,450)
Profit for the Financial Period	19,587	23,530	19,587	23,530
Profit attributable to:				
Owners of the Company	19,587	23,529	19,587	23,529
Non-controlling interests	-	1	-	1
	19,587	23,530	19,587	23,530
Basic / Diluted earnings per share (Sen)	12.04	14.46	12.04	14.46
Declared Interim Dividend per share (Sen)	3.50	5.00	3.50	5.00

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

Condensed Consolidated Statement of Comprehensive Income

Unaudited Interim Financial Report For the First Quarter Ended 31 July 2017 ("Q1-FYR 2018")

	Q1-FYR 2018 RM'000	Q1-FYR 2017 RM'000	Financial Period - 3 Months to 31-7-2017 RM'000	to 31-7-2016 RM'000
Net Profit for the Financial Period	19,587	23,530	19,587	23,530
Other Comprehensive Income, net of tax				
Net fair value gain / (loss) on available-for-sale financial assets	(118)	110	(118)	110
Total Comprehensive Income for the Financial Period	19,469	23,640	19,469	23,640
Total Comprehensive Income attributable to :				
Owners of the Company	19,469	23,639	19,469	23,639
Non-controlling interests	-	1	-	1
	19,469	23,640	19,469	23,640

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 April 2017 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 July 2017

	Unaudited @ 31-07-2017	Audited @ 30-04-2017
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	55,842	56,633
Investment Properties	96	98
Investment Securities - Quoted Shares	800	945
Investment Securities - Unquoted Shares	17,820	17,820
Investment Securities - Money Market related Unit Trusts	88,036	77,750
	<u>162,594</u>	<u>153,246</u>
Current Assets		
Inventories	153,433	145,892
Receivables	137,696	131,880
Current Tax Assets	220	189
Deposits with Licensed Banks	96,224	49,202
Cash and Bank Balances	3,967	3,882
	<u>391,540</u>	<u>331,045</u>
Non-Current Assets held for sale	85	85
	<u>391,625</u>	<u>331,130</u>
TOTAL ASSETS	<u>554,219</u>	<u>484,376</u>
EQUITY AND LIABILITIES		
Equity attributable to Owners of the Company		
Share Capital	162,732	162,732
Reserves	265,721	246,252
	<u>428,453</u>	<u>408,984</u>
Non-controlling Interests	27	27
Total Equity	<u>428,480</u>	<u>409,011</u>
Non-current Liability		
Deferred Tax Liabilities	5,211	5,336
Current Liabilities		
Payables	115,350	62,054
Current Tax Liabilities	5,178	7,975
	<u>120,528</u>	<u>70,029</u>
Total Liabilities	<u>125,739</u>	<u>75,365</u>
TOTAL EQUITY AND LIABILITIES	<u>554,219</u>	<u>484,376</u>
Number of ordinary shares ('000)	162,732	162,732
Net Assets per share (RM)	2.63	2.51

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 April 2017 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 First Quarter Ended 31 July 2017

	- - - - Attributable to Owners of the Company - - - -						
	Share Capital	Non distributable AFS (^) Reserves	Distributable Retained Profits	Total Reserves	Total	Non controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>For the financial period ended 31 July 2017</u>							
Balance as at 1 May 2017	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 2017	<u>162,732</u>	<u>68</u>	<u>265,653</u>	<u>265,721</u>	<u>428,453</u>	<u>27</u>	<u>428,480</u>
 (^) Available-for-sale							
<u>For the financial period ended 31 July 2016</u>							
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	-	110	23,529	23,639	23,639	1	23,640
Balance as at 31 July 2016	<u>162,732</u>	<u>187</u>	<u>183,671</u>	<u>183,858</u>	<u>346,590</u>	<u>34</u>	<u>346,624</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Statement of Cash Flows

Unaudited Interim Financial Report For the First Quarter Ended 31 July 2017

	(Unaudited) Financial period to 31-7-2017 RM'000	(Unaudited) Financial period to 31-7-2016 RM'000
<u>Cash flows from operating activities</u>		
Profit before tax	25,695	30,980
Adjustments for :		
Depreciation	1,320	1,394
Dividend income	(2,913)	(2,418)
Property, plant and equipment written off	350	-
Interest income	(379)	(359)
Loss / (Gain) on disposal of property, plant and equipment	4	(7)
Operating profit before working capital changes	24,077	29,590
(Increase) / Decrease in inventories	(7,541)	1,860
Increase in receivables	(5,816)	(29,323)
Increase in payables	53,296	38,188
Cash generated from operations	64,016	40,315
Net Income tax paid	(9,059)	(7,099)
Net cash from operating activities	54,957	33,216
<u>Cash flows from investing activities</u>		
Net dividend received	2,913	2,418
Interest received	379	359
Proceeds from disposal of property, plant and equipment	-	7
Proceeds from disposal of investment securities	-	2,000
Purchase of property, plant and equipment	(883)	(939)
Purchase of investment securities	(10,259)	(11,183)
Net cash used in investing activities	(7,850)	(7,338)
Net increase in cash and cash equivalents	47,107	25,878
Cash and cash equivalents at beginning	53,084	64,113
Cash and cash equivalents at end	100,191	89,991
Cash & Cash Equivalents comprise the following :-		
Cash and bank balances	3,967	4,436
Deposits with licensed banks	96,224	85,555
	100,191	89,991

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 April 2017 and the accompanying explanatory notes attached to the interim financial statements.

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Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the First Quarter Ended 31 July 2017 ("Q1-FYR 2018")

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 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 2017. 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 2017.

The Group has not early adopted the standards and interpretations that have been issued but not yet effective for the financial period beginning 1 May 2017.

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 2017 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 Q1-FYR 2018 (or "financial period").

5) Material Changes in Estimates

There were no material changes in the estimates of amounts reported in Q1-FYR 2018.

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.

9) Revaluation of Property, Plant and Equipment

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

10) Subsequent Events

There were no material subsequent events for the financial period, up to the date of this announcement.

11) Segment Information

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

		External	Inter	Financial period
<u>Revenue</u>	<u>%</u>	<u>RM'000</u>	<u>-segment</u>	<u>RM'000</u>
			<u>RM'000</u>	<u>RM'000</u>
Packaging	8.9%	26,166	-	26,166
Garment Manufacturing	91.1%	267,547	-	267,547
Total Revenue	100.0%	293,713	-	293,713

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Notes To The Quarterly Financial Report

Unaudited Interim Financial Report For the First Quarter Ended 31 July 2017 ("Q1-FYR 2018")

11) Segment Information (Cont'd)

	Financial period
<u>Results</u>	<u>RM'000</u>
Packaging	1,308
Garment manufacturing	21,307
	<u>22,615</u>
Unallocated corporate expenses	<u>(39)</u>
Profit from operations	22,576
Investment Related Income :	
Dividend income	2,913
Interest income	379
	<u>3,292</u>
Finance costs (Non-interest)	<u>(173)</u>
Profit before tax	25,695
Tax expense	<u>(6,108)</u>
Profit for the Financial Year	<u><u>19,587</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 and corrugated packaging products.

The garment segment accounted for about 91.1% and 94.2% of the Group's revenue and profit from operations 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.

Q1-FYR 2018 vs Preceding Year Corresponding Quarter (Q1-FYR 2017)

Revenue for Q1-FYR 2018 grew by 8.2% as compared to Q1-FYR 2017.

On a segmental basis, garment revenue for Q1-FYR 2018 increased by 11.5% mainly due to higher orders received. Packaging revenue has decreased by 16.5% due to the cessation of offset printing packaging business in Q4-FYR 2017. Revenue of the continuing packaging operations (ie. flexible plastic and corrugated packaging) increased by 1.8%.

PBT for Q1-FYR 2018 decreased by 17.1%. On a segmental basis, garment PBT dropped by 16.7% mainly due to the net foreign exchange loss of RM1.320 million vs net foreign exchange gain of RM3.406 million in Q1-FYR 2017, and higher operating expenses such as the impact of higher minimum wages both locally and in Vietnam.

Packaging PBT decreased by 17.3% mainly the cessation of offset printing packaging business. PBT of the continuing packaging operations alone was close to that of Q1-FYR 2017.

13) Variation of Results against Preceding Quarter (Q4-FYR 2017)

Revenue for Q1-FYR 2018 decreased by 2% as compared to Q4-FYR 2017.

Garment revenue for Q1-FYR 2018 decreased slightly by 0.8% due to unfavourable foreign exchange differences.

Packaging revenue dropped by 12.7% due to the closure of offset printing packaging business. However, revenue of the continuing packaging operations alone increased by 1.8%.

PBT for Q1-FYR 2018 decreased by 43.7%.

Garment PBT decreased by 43.2% mainly due to lower gross profit margin, higher operating expenses and softer revenue.

Packaging PBT dipped by 47.9% mainly due to higher raw material costs for corrugated packaging business. In addition, the comparative PBT for Q4-FYR 2017 was inflated by insurance claims (RM0.216 million) and reversal of overprovided business closure costs (RM0.356 million) in Q4-FYR 2017 by the discontinued packaging operation.

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14) Future Prospects

The manufacturing and sales of garment will still be the Group's major revenue contributor. The lackluster business landscape surrounding the Group during Q1-FYR 2018 is expected to remain in the forthcoming quarter, namely Q2-FYR 2018.

Nevertheless, both the garment and packaging businesses are expected to remain profitable for the remaining quarters of the current financial year.

15) Tax Expense

The tax expense for Q1-FYR 2018 or financial period is made up as follows:

	Q1-FYR 2018 RM'000	Financial period RM'000
Provision for current tax	6,233	6,233
Deferred Tax	(125)	(125)
	<u>6,108</u>	<u>6,108</u>

The Group's effective tax rate for Q1-FYR 2018 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.

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.

21) Capital Commitments

As at 31 July 2017, the Group has a capital commitment of approximately RM5.115 million in respect of the acquisition of machinery for the flexible plastic packaging business.

22) Dividend

The Board has declared a single tier interim dividend of 3.5 Sen per share amounting to RM5.696 mil (Q1-2017 : RM8.136 million) in respect of the financial year ending 30 April 2018. This amount represents a 29.1% payout ratio. 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 3 Sen per share and a special single tier dividend of 4 Sen per share in respect of the financial year ended 30 April 2017. The date of AGM is 28 September 2017, and the entitlement and payment dates are 13 October 2017 and 27 October 2017 respectively.

23) Earnings Per Share (EPS)

The basic EPS has been calculated by dividing the Group's profit attributable to owners of the Company during Q1-FYR 2018 or financial period by the current number of ordinary shares in issue :

		Q1-FYR 2018	Q1-FYR 2017	Financial period	Financial period to 31-7-2016
Profit attributable to owners of the Company	(RM'000)	<u>19,587</u>	<u>23,529</u>	<u>19,587</u>	<u>23,529</u>
No. of ordinary shares as at 31 July 2017	('000)	<u>162,732</u>	<u>162,732</u>	<u>162,732</u>	<u>162,732</u>
Basic EPS	(Sen)	12.04	14.46	12.04	14.46

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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24) Profit Before Tax

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

	Q1-FYR 2018 RM'000	Financial period RM'000
Interest income	(379)	(379)
Dividend income	(2,913)	(2,913)
Interest expenses	-	-
Depreciation and amortisation	1,320	1,320
Net unrealised gain on foreign exchange	(3,808)	(3,808)
Net realised loss on foreign exchange	5,128	5,128
Net loss on foreign exchange	1,320	1,320
Impairment loss on quoted investments	-	-
Loss on disposal of investment securities	-	-
Fair value gain reclassified from equity upon disposal of available-for-sale investments	-	-
Loss on disposal of property, plant and equipment	4	4
Provision for and write off of receivables	-	-
Plant and equipment written off	350	350
(Gain) / loss on derivatives / Exceptional items	-	-

25) Realised and Unrealised Profits

The breakdown of retained profits of the Group as at 31 July 2017 into realised and unrealised profits are as follows:

	(Audited)	
	As at 31-7-2017 RM'000	As at 30-04-2017 RM'000
Total retained earnings of the Company and its subsidiaries :		
- realised	289,103	273,460
- unrealised	(1,402)	(5,346)
	287,701	268,114
Less : Consolidated adjustments	(22,048)	(22,048)
	<u>265,653</u>	<u>246,066</u>

By Order of the Board

Tan Sri Dato' Seri Tan Kok Ping

Chairman

14 September 2017