

Scientex takes 26% hit to Q1 bottom line

MARKETS

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PETALING JAYA: [Scientex Bhd](#)  took a 26% hit in its bottom line for the first quarter ended Oct 31, mainly because of the timing differences in recognising the progress billings from its property development projects.

Despite an increase in overall turnover, the packaging material maker recorded a lower net profit of RM53.67mil in the first quarter, as compared to RM72.4mil in the same quarter of the previous financial year.

Scientex told Bursa Malaysia yesterday that its property development projects enjoyed good overall take up rates. It also said that its new launches in Taman Senai Utama and Taman Pulai Mutiara have received “overwhelming response from the public”.

“However, as these projects were in the early stages of construction, contribution in terms of revenue and profit were not significant at present,” it said.

The group’s revenue in the three-month period was up by 9% year-on-year (y-o-y) to RM713.64mil. The decline in its property development segment’s revenue contribution was offset by the higher revenue of the manufacturing division.

Scientex’s revenue from its property development business fell by 25.9% y-o-y at RM137.8mil, due to the timing differences in recognising the progress billings. However, the manufacturing revenue increased by 22.7% y-o-y to RM575.8mil.

“The increase was mainly contributed by the newly acquired subsidiary, Klang Hock Plastic Industries Sdn Bhd and the recent commencement of the group’s new stretch film operation in Phoenix, Arizona,” stated the company.

Scientex did not declare any dividend for the quarter. Earnings per share were 10.98 sen. Commenting on its prospects for the current financial year of 2019, the packaging material maker said it remains cautiously optimistic on its manufacturing segment, supported by its strategies to address rising costs, improve yields and focus on niche markets.