



SCIENTEX BERHAD
(Company No: 7867-P)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2016
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 January 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2016 RM'000	Preceding year corresponding quarter 31.1.2015 RM'000	Current year to date 31.1.2016 RM'000	Preceding year corresponding period 31.1.2015 RM'000
Revenue	545,429	462,865	1,096,027	893,936
Operating profit	78,553	48,016	160,618	89,495
Interest expense	(2,607)	(1,876)	(5,699)	(3,787)
Investing results	3,907	1,158	5,714	1,753
Profit before tax	79,853	47,298	160,633	87,461
Taxation	(13,201)	(10,185)	(31,228)	(19,156)
Profit for the quarter / period	66,652	37,113	129,405	68,305
Profit attributable to:				
Owners of the Company	64,622	36,054	125,475	66,321
Non-controlling interests	2,030	1,059	3,930	1,984
Profit for the quarter / period	66,652	37,113	129,405	68,305
Earnings per share attributable to owners of the Company (sen per share)	28.58	15.98	55.53	29.67

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 January 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.1.2016 RM'000	31.1.2015 RM'000	31.1.2016 RM'000	31.1.2015 RM'000
Profit for the quarter / period	66,652	37,113	129,405	68,305
Other comprehensive (loss)/income, net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(1,691)	4,191	4,450	4,191
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive (loss)/income for the quarter / period, net of income tax	(1,691)	4,191	4,450	4,191
Total comprehensive income for the quarter / period, net of income tax	64,961	41,304	133,855	72,496
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	63,284	39,303	128,954	69,570
Non-controlling interests	1,677	2,001	4,901	2,926
	64,961	41,304	133,855	72,496

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)



SCIENTEX BERHAD
(Company No: 7867-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 January 2016

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2016 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2015 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	843,679	642,791
Investment properties	17,000	17,000
Land held for property development	426,507	268,616
Investment in jointly controlled entity	25,041	26,155
Investment in associate	22,198	15,369
Other investments	7,115	7,082
Deferred tax assets	5,975	2,086
	1,347,515	979,099
Current assets		
Property development costs	194,756	136,499
Inventories	113,660	111,953
Trade and other receivables	397,465	321,698
Cash and bank balances	82,788	90,626
	788,669	660,776
TOTAL ASSETS	2,136,184	1,639,875
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	115,000	115,000
Reserves	930,142	826,978
Equity attributable to owners of the Company	1,045,142	941,978
Non-controlling interests	66,485	62,784
Total equity	1,111,627	1,004,762
Non-current liabilities		
Borrowings	264,143	75,510
Retirement benefits obligations	21,362	18,508
Deferred tax liabilities	35,970	40,948
	321,475	134,966
Current liabilities		
Borrowings	317,218	149,921
Trade and other payables	353,516	308,259
Dividend payable	-	20,327
Tax liabilities	32,348	21,640
	703,082	500,147
Total liabilities	1,024,557	635,113
TOTAL EQUITY AND LIABILITIES	2,136,184	1,639,875
Net assets per share attributable to owners of the Company (RM)	4.62	4.17

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)



SCIENTEX BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JANUARY 2016**

	Reserves							Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable							
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000				
At 1 August 2015	115,000	64,353	17,646	55,799	5,582	(6,039)	461	689,176	941,978	62,784	1,004,762
Profit for the period	-	-	-	-	-	-	-	125,475	125,475	3,930	129,405
Other comprehensive profit for the period	-	-	-	-	3,479	-	-	-	3,479	971	4,450
Total comprehensive income for the period	-	-	-	-	3,479	-	-	125,475	128,954	4,901	133,855
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Cancellation of treasury shares	(236)	(688)	236	-	-	688	-	-	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan	236	3,398	-	-	-	-	-	-	3,634	-	3,634
Dividends	-	-	-	-	-	-	-	(29,423)	(29,423)	(1,200)	(30,623)
At 31 January 2016	115,000	67,063	17,882	55,799	9,061	(5,352)	461	785,228	1,045,142	66,485	1,111,627
At 1 August 2014	115,000	38,064	17,467	22,774	(1,533)	(12,896)	461	533,381	712,718	22,705	735,423
Profit for the period	-	-	-	-	-	-	-	66,321	66,321	1,984	68,305
Other comprehensive profit for the period	-	-	-	-	3,249	-	-	-	3,249	942	4,191
Total comprehensive income for the period	-	-	-	-	3,249	-	-	66,321	69,570	2,926	72,496
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	22,356	22,356	17,644	40,000
Sale of treasury shares	-	24,472	-	-	-	6,338	-	-	30,810	-	30,810
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Issuance of ordinary shares pursuant to Share Grant Plan	179	2,338	-	-	-	-	-	-	2,517	-	2,517
Dividends	-	-	-	-	-	-	-	(29,362)	(29,362)	-	(29,362)
At 31 January 2015	115,179	64,874	17,467	22,774	1,716	(6,559)	461	592,696	808,608	43,275	851,883

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)



SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 31 January 2016

	6 MONTHS ENDED 31.1.2016 RM'000	6 MONTHS ENDED 31.1.2015 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	160,633	87,461
Adjustments	28,678	29,847
Operating profits before working capital changes	<u>189,311</u>	<u>117,308</u>
Movement in working capital:		
Decrease in inventories	16,452	27,555
Decrease/(increase) in development properties	4,120	(28,648)
Increase in receivables	(73,513)	(67,271)
Increase/(decrease) in payables	6,547	(18,105)
Cash generated from operations	<u>142,917</u>	<u>30,839</u>
Taxation paid	(24,459)	(14,426)
Net cash from operating activities	<u>118,458</u>	<u>16,413</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(53,592)	-
Purchase of other investments	-	(1,990)
Purchase of property, plant and equipment	(129,691)	(18,843)
Deposit paid for purchase of property, plant and equipment	(6,891)	(23,961)
Purchase of land held for development	(206,800)	-
Proceeds arising from dilution of interest in an existing subsidiary	-	40,000
Proceeds from disposal of property, plant and equipment	236	115
Interest received	439	712
Net cash used in investing activities	<u>(396,299)</u>	<u>(3,967)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(49,750)	(17,692)
Non-controlling shareholders of subsidiary	(1,200)	-
Proceeds from sale of treasury shares	-	30,810
Acquisition of treasury shares	(1)	(1)
Net drawdown/(repayment) of term loans	176,568	(13,660)
Net drawdown of short term borrowings	150,085	29,864
Interest paid	(5,699)	(3,787)
Net cash from financing activities	<u>270,003</u>	<u>25,534</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,838)	37,980
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>90,626</u>	<u>83,766</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>82,788</u>	<u>121,746</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	82,631	103,401
Short term deposits	157	18,345
	<u>82,788</u>	<u>121,746</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2016**

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2015.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 July 2015.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the MFRS Framework, a fully-IFRS compliant framework. Entities other than Private Entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and ventures were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year.

On 8 September 2015, the MASB announced that Entities other than Private Entities (non-private entities) and Private Entities that have in the alternative chosen to apply the FRS Framework shall comply with the MFRS Framework for annual periods beginning on or after 1 January 2018.

The Group and the Company being a TE has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements for the financial year ending 31 July 2019.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2015 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current financial period under review.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim periods that have a material effect in the current financial period under review.

A6 Changes in debts and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review, except for the followings:

(i) Share grant plan

On 20 November 2015, the Company issued and allotted 472,000 new ordinary shares of RM0.50 each to the selected eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

(ii) Treasury shares

During the current financial period ended 31 January 2016, the Company repurchased 100 ordinary shares of RM0.50 each from the open market of Bursa Malaysia Securities Berhad for a total consideration of RM1,008. The repurchased shares were held as treasury shares.

On 17 December 2015, the Board of Directors of the Company approved the cancellation of 472,000 treasury shares of RM0.50 each.

As at 31 January 2016, the total number of issued and paid-up share capital of the Company was 230,000,000 ordinary shares of RM0.50 each and the Company held 3,669,062 ordinary shares of RM0.50 each of its issued and paid-up share capital as treasury shares. Such treasury shares are held at a carrying amount of approximately RM5.35 million.

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A6 Changes in debts and equity securities (Cont'd)

(iii) Establishment of a Sukuk Murabahah Programme for the issuance of up to RM500.0 million in nominal value of Sukuk Murabahah ("Sukuk Murabahah Programme")

On 2 December 2015, the Company announced that its wholly-owned subsidiary, Scientex Quatari Sdn Bhd ("SQSB") had lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the Sukuk Murabahah Programme pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, revised and effective on 15 June 2015. The Sukuk Murabahah Programme provides SQSB the flexibility to raise funds via the issuance of Sukuk Murabahah from time to time which can be utilised to finance and/or reimbursement of the acquisition of land(s)/property(ies)/investments, to fund working capital requirements and to refinance existing bank borrowings of SQSB and/or its subsidiaries. The Sukuk Murabahah Programme is unrated and has a tenure of fifteen (15) years from the date of first issuance of the Sukuk Murabahah.

On 8 January 2016, SQSB made its first issuance of RM150.0 million in nominal value of unrated Sukuk Murabahah based on the Shariah principle of Murabahah (via Tawarruq arrangement) under the Sukuk Murabahah Programme. Proceeds from the issuance was utilised to part finance the acquisition of lands. The redeemable Sukuk Murabahah are due on 8 January 2019, 8 January 2020 and 8 January 2021 for each RM50.0 million and bear profit based on cost of fund plus margin, payable quarterly.

A7 Dividend paid

The amount of dividends paid by the Company since 31 July 2015 were as follows:

RM'000

In respect of the financial year ended 31 July 2015:

Single tier interim dividend of 18%; 9 sen per ordinary share declared on 29 June 2015 and paid on 7 August 2015

20,327

Single tier final dividend of 26%; 13 sen per ordinary share declared on 17 December 2015 and paid on 25 January 2016

29,423

49,750

A8 Segment information

Segment information is presented in respect of the Group's business segments.

6 months ended 31 January 2016

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	794,003	302,024	1,096,027
Results			
Profit from operations	76,685	83,933	160,618
Investing results			5,714
Finance cost			(5,699)
Profit before taxation			<u>160,633</u>

6 months ended 31 January 2015

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	647,293	246,643	893,936
Results			
Profit from operations	32,144	72,323	104,467
Foreign exchange differences			(14,972)
Operating profit			89,495
Investing results			1,753
Finance cost			(3,787)
Profit before taxation			<u>87,461</u>

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A9 Disclosure items

The following items have been included in arriving at profit before tax:

	3 months ended		6 months ended	
	31.1.2016	31.1.2015	31.1.2016	31.1.2015
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(36)	(489)	(439)	(712)
(b) Other income	(587)	(369)	(995)	(756)
(c) Interest expense	2,607	1,876	5,699	3,787
(d) Depreciation	13,445	10,696	26,919	21,411
(e) Net provision for receivables	6	61	6	58
(f) Net provision for inventories	301	6	432	132
(g) Net foreign exchange loss	2,419	9,724	5,878	14,972

In the current financial quarter and current year-to-date ended 31 January 2016, there were no:

- Impairment of assets;
- Gain or loss on disposal of quoted or unquoted investments or properties;
- Gain or loss on derivatives; and
- Any other exceptional items.

A10 Valuation of property, plant and equipment and investment properties

The valuation of property, plant and equipment and investment properties were brought forward without any amendments from the preceding annual financial statements.

A11 Events subsequent to the end of the reporting period

There were no material events subsequent to the end of the current financial period that have not been reflected in the financial statements for the said period as at the date of this report, except for the followings:

(i) Members' Voluntary Winding-Up of Scientex Advance Sdn Bhd ("SASB")

On 22 February 2016, the Company announced that SASB, a dormant wholly-owned subsidiary of Scientex Packaging Film Sdn Bhd ("SPFSB"), which in turn is a wholly-owned subsidiary of the Company, commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965.

(ii) Treasury shares

Subsequent to the end of the current financial period, the Company sold 2,680,200 treasury shares in the open market of Bursa Malaysia Securities Berhad ("Bursa Securities") at an average price of RM11.19 per share for a total consideration of approximately RM30.0 million (including transaction costs). The cost of the treasury shares were at an average price of RM1.46 per share, amounting to RM3.9 million. This resulted in an increase in share premium and total equity attributable to shareholders of the Company of approximately RM26.1 million and RM30.0 million respectively.

As at the date of this report, the Company held 988,862 ordinary shares of RM0.50 each of its 230,000,000 issued and paid-up share capital as treasury shares. Such treasury shares are held at a carrying amount of approximately RM1.4 million.

(iii) Corporate Proposals

The Company has on 22 March 2016 announced the following proposals:-

- a. Proposed bonus issue of up to 230,000,000 new ordinary shares of RM0.50 each in the Company ("Scientex Share(s)") ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) existing Scientex Share held on an entitlement date to be determined later;
- b. Proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 400,000,000 Scientex Shares to RM500,000,000 comprising 1,000,000,000 Scientex Shares ("Proposed Increase in Authorised Share Capital"); and
- c. Proposed amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed Increase in Authorised Share Capital

(Collectively hereinafter referred to as the "Proposals").

The Proposals are conditional upon the following approvals being obtained:-

- a. Bursa Securities, for the listing of and quotation for Bonus Shares on the Main Market of Bursa Securities; and
- b. The shareholders of the Company for the Proposals at an extraordinary general meeting of the Company to be convened.

The Proposals are expected to be completed by the third quarter of 2016.

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A12 Changes in the composition of the Group

There were no material changes in the composition of the Group during the current financial period under review, except for the followings:

(i) Acquisition of Scientex Great Wall (Ipoh) Sdn Bhd (formerly known as Mondri Ipoh Sdn Bhd) ("SGW Ipoh")

On 5 August 2015, the Company announced that SPFSB, its wholly-owned subsidiary, had entered into a Share Purchase Agreement with Mondri Consumer Packaging International GmbH to acquire a total of 21,045,316 ordinary shares of RM1.00 each in the capital of SGW Ipoh, representing the entire issued and paid-up share capital of SGW Ipoh for a total cash consideration of RM58,000,000, upon the terms and conditions contained in the Share Purchase Agreement. The transaction was completed on 11 August 2015 and accordingly, SGW Ipoh became a wholly-owned subsidiary of SPFSB.

The provisional fair value of the identifiable assets and liabilities of SGW Ipoh as at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	59,069
Other investments	33
Deferred tax assets	6,216
Trade and other receivables	18,810
Inventories	18,590
Cash and bank balances	4,408
	107,126
Liabilities	
Trade and other payables	(19,116)
Borrowings	(27,971)
Provision of taxation	(368)
Retirement benefit obligations	(1,671)
	(49,126)
Net identifiable assets	58,000
Fair value of net identifiable assets, representing cost of business combinations	58,000
Cash out flow on acquisition was as follows:	
Purchase consideration satisfied by cash	58,000
Cash and cash equivalents of subsidiary acquired	(4,408)
Net cash outflow of the Group	53,592

Provisional accounting of acquisition

During the current financial period, the fair value of SGW Ipoh's identifiable assets and liabilities were determined on a provisional basis. Any differences arising from this acquisition will be adjusted accordingly on a retrospective basis should there be any changes made to the basis.

From the date of acquisition, SGW Ipoh has contributed approximately RM81,548,000 of revenue and net profit of RM7,731,000 to the Group.

(ii) Striking-off of Scientex Solar Sdn Bhd ("SSSS") and Woventex Sdn Bhd ("WSB")

On 22 October 2015, the Company announced that SSSS, a wholly-owned dormant subsidiary of the Company and WSB, a wholly-owned dormant subsidiary of Scientex Polymer Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, have applied to the Companies Commission of Malaysia ("CCM") to be struck off under the provision of Section 308 of the Companies Act, 1965 ("the Act"). Subsequently, the CCM had on 6 January 2016 issued notices to SSSS and WSB for their name to be struck-off from the register upon expiration of three months from the date of the notices, unless cause is shown to the contrary, and accordingly, SSSS and WSB will be dissolved thereon.

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A13 Contingent liabilities

There were no contingent liabilities or assets for the Group as at the end of the current financial period under review.

A14 Capital commitments

As at the end of the current financial period under review, the capital commitments not recognised in the financial statements are as follows:

	As at 31.1.2016 RM'000	As at 31.1.2015 RM'000
Approved and contracted for:		
Purchase of plant and machinery	136,081	121,127
Balance payment for purchase of land held for development	2,007	-
	138,088	121,127

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2016 are as follows:-

	3 months ended		6 months ended	
	31.1.2016 RM'000	31.1.2015 RM'000	31.1.2016 RM'000	31.1.2015 RM'000
Purchase of goods from associated company	20,446	13,100	37,509	24,502
Rental income from jointly controlled entity	(232)	(232)	(463)	(463)
	20,214	12,868	37,046	24,039

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2016

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

(i) Current quarter review

For the current quarter ended 31 January 2016, the Group recorded revenue of RM545.4 million, an increase of 17.8% as compared to RM462.9 million recorded in the preceding year corresponding quarter. Profit before tax was RM79.9 million, an increase of 68.8% as compared to RM47.3 million in the preceding year corresponding quarter.

Manufacturing revenue recorded was RM402.0 million, and increase of 22.9% compared to RM327.0 million in the preceding year corresponding quarter. The increase was mainly attributed to the higher contribution from the consumer packaging products in both the local and export markets as well as contribution from the newly acquired SGW Ipoh. Profit from operations increased from RM17.4 million to RM42.1 million, as a result of better profit margins achieved from both the industrial and consumer packaging products and also contribution from SGW Ipoh.

Property revenue recorded was RM143.4 million compared to RM135.9 million in the preceding year corresponding quarter, a marginal increase of 5.6%. Profit from operations of RM36.4 million remain marginally the same, as compared to RM40.3 million in the preceding year corresponding quarter.

(ii) 6-month review

For the 6-month financial period ended 31 January 2016, the Group recorded revenue of RM1,096.0 million, an increase of 22.6% compared to the preceding year corresponding period of RM893.9 million. Profit before tax increased from RM87.5 million to RM160.6 million, an increase of 83.7%. The increase was mainly due to better sales performance achieved from both the manufacturing and property segments.

Manufacturing segment recorded revenue of RM794.0 million in the current financial period, an increase of 22.7% compared to the preceding financial year corresponding period of RM647.3 million. Profit from operations also increased from RM32.1 to RM76.7 million compared to the preceding year corresponding period. The increase in revenue and profit from operations were mainly due to the better sales performance, better profit margins achieved from both the industrial and consumer packaging products, as well as contribution from SGW Ipoh.

Property segment recorded revenue of RM302.0 million in the current financial period, an increase of 22.5% compared to the preceding year corresponding period of RM246.6 million. Profit from operations also increased from RM72.3 million in the preceding year corresponding period to RM83.9 million in the current financial period. The better performance in revenue and profit from operations were mainly due to continued effort from the management to innovate new products to suit current market environment and better efficiency in the construction process.

B2 Variations of the quarterly results as compared to the results of the preceding quarter

The Group's revenue for the current financial quarter of RM545.4 million remain consistent with the preceding quarter. Profit before tax for the current financial quarter of RM79.9 million also remain stable as compared to the preceding financial quarter of RM80.8 million.

B3 Current financial year prospects

Manufacturing

Global growth is expected to be weak and uneven across economies and global growth projections has been revised downwards to 3.4% for 2016 and 3.6% for 2017 (International Monetary Fund : World Economic Outlook Update : 19 January 2016). The continuing fluctuation of crude oil and commodity prices underscores the uncertainty and volatility that continues to plague world markets. The Group maintains close and constant contacts with its resin suppliers to effectively manage the raw materials purchases in order to remain competitive. It also remains focused on extracting and optimising its plant and operational efficiency and boosting productivity as it seeks to increase its sales to an increasingly cautious global market.

For its consumer packaging segment, the Group remains focused on its capacity expansion drive which is expected to improve efficiency in its Rawang and Ipoh plants. Demand for its consumer packaging products remains resilient and the capacity expansion, once completed by the second half of this year, is expected to cater to the strong demand from its global as well as domestic customers. The Group's new cast polypropylene plant located in Melaka has been commissioned since January 2016. The Group is cautiously optimistic that sales will gradually pick up as global demand for such consumer packaging products remain resilient. The biaxially oriented polypropylene film manufacturing plant remains on track for commissioning and commercial operations by the second half of 2016. Barring unforeseen circumstances, the Group remains optimistic that demand for both its industrial and consumer packaging products for the current year will continue to remain sustainable.

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B3 Current financial year prospects (Cont'd)

Property

The Group continue to focus its efforts on affordable homes in its Pasir Gudang, Kulai and Senai projects in the foreseeable future. The Group will also continue to support the Government's efforts to provide affordable homes in Johor through the Rumah Mampu Milik Johor (RMMJ) scheme in its Johor projects. To address the rising costs of construction, the Group focuses on innovative designs and efficient land use that can reduce construction costs and wastage whilst extracting operational and synergistic efficiencies with its well run project teams in Johor and Melaka as part of its continuous efforts to maintain costs and margins.

The acquisition of the 323 acres of Pulau lands has been completed with vacant possession taken over in early January 2016 and management had made relevant submissions to the authorities with a view to conduct its maiden launch of affordable homes for this Pulau project this coming July. For the coming year, the Group foresees that the affordable homes segment continues to be the mainstay for its earnings growth barring unforeseen circumstances.

B4 Variations of actual profit from forecast profit

This note is not applicable as the Group did not issue and publish any profit forecast for the current financial period under review.

B5 Taxation

Details of tax expense for the current financial quarter and current financial year-to-date were as follows :-

	3 months ended		6 months ended	
	31.1.2016	31.1.2015	31.1.2016	31.1.2015
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter				
- Income tax	15,854	10,185	33,881	19,156
- Deferred taxation	(2,653)	-	(2,653)	-
	<u>13,201</u>	<u>10,185</u>	<u>31,228</u>	<u>19,156</u>

The Group's effective tax rate for the current financial quarter and current financial year-to-date is lower than the statutory income tax rate mainly due to utilisation of tax incentive by some of the subsidiaries.

B6 Realised and unrealised profits

	As at	As at
	31.1.2016	31.1.2015
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	924,917	799,825
- Unrealised	(10,799)	(10,940)
	<u>914,118</u>	<u>788,885</u>
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	22,222	14,111
- Unrealised	(483)	(393)
	<u>935,857</u>	<u>802,603</u>
Less: Consolidation adjustments	(150,629)	(209,907)
Total Group retained earnings	<u>785,228</u>	<u>592,696</u>

B7 Status of corporate proposals

There were no material corporate proposals announced and not completed as at the date of this report, except as disclosed below:

Proposed Acquisition of Lands in Mukim Pulau, District of Johor Bahru, State of Johor

On 29 June 2015, the Company announced that SQSB, its wholly-owned subsidiary, entered into two conditional sale and purchase agreements in relation to the proposed acquisition with the following vendors:-

- (i) A sale and purchase agreement dated 29 June 2015 entered into between SQSB as the purchaser and:-
 - a. Bukit Gambir Company Sdn Berhad ("BGCSB") as the vendor, for the acquisition of five (5) parcels of freehold agriculture land and 369 sub-divided lots of freehold building land measuring in aggregate of approximately 249.015 acres in Mukim of Pulau, District of Johor Bahru, State of Johor; and
 - b. Jayaplus Bakti Sdn Bhd as the vendor, for the acquisition of two (2) parcels of freehold agriculture land measuring in aggregate of approximately 73.845 acres in Mukim of Pulau, District of Johor Bahru, State of Johor,

for a combined cash purchase consideration of RM216.74 million ("SPA 1").
- (ii) A sale and purchase agreement dated 29 June 2015 entered into between SQSB as the purchaser and BGCSB as the vendor for the acquisition of a sub-divided freehold agriculture land measuring approximately 3.20 acres in Mukim of Pulau, District of Johor Bahru, State of Johor, for a cash purchase consideration of RM2.23 million ("SPA 2").

The total purchase consideration for SPA 1 and SPA 2 is RM218.97 million.

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B7 Status of corporate proposals (Cont'd)

The proposed acquisition had been approved by the Company's shareholders at the Extraordinary General Meeting held on 29 September 2015. Subsequently, all conditions precedent and balance purchase consideration pursuant to the SPA 1 have been fully satisfied and accordingly, the acquisition in connection with the SPA 1 have been completed on 8 January 2016. At present, the proposed acquisition is pending completion subject to the fulfilment of all the conditions precedent pursuant to the SPA 2 and the full payment of balance purchase consideration under the SPA 2. The transaction is expected to be completed by the first half of 2016.

B8 Borrowings and debt securities

The Group's borrowings as at 31 January 2016 were as follows :-

(a) Long Term Borrowings	RM'000	RM'000
Secured - Term loan	220,000	
Unsecured - Term loan	44,143	264,143
(b) Short Term Borrowings		
Secured		
- Other bank borrowings	40,000	
Unsecured		
- Term loan	17,835	
- Other bank borrowings	259,383	317,218
		581,361
Included in total borrowings are borrowings denominated in foreign currencies		RM'000
- United States Dollars		Equivalent
- Japanese Yen		125,506
		7,140
		132,646

B9 Material litigation

There was no material litigation involving any member of the Group as at the date of this report.

B10 Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.

B11 Earnings per share

		3 months ended		6 months ended	
		31.1.2016	31.1.2015	31.1.2016	31.1.2015
(a) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	64,622	36,054	125,475	66,321
Weighted average number of ordinary shares in issue	('000)	226,095	225,619	225,977	223,391
Basic earnings per share	(sen)	28.58	15.98	55.53	29.67
(b) Fully diluted earnings per share					

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 January 2016.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

22 March 2016