



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 30 April 2017  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the nine months ended 30 April 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30.4.2017 RM'000	30.4.2016 RM'000	30.4.2017 RM'000	30.4.2016 RM'000
<b>Revenue</b>	<b>636,154</b>	<b>543,896</b>	<b>1,757,086</b>	<b>1,639,923</b>
<b>Operating profit</b>	<b>88,173</b>	<b>77,848</b>	<b>239,567</b>	<b>238,466</b>
Interest expense	(3,774)	(3,078)	(10,879)	(8,777)
Investing results	1,041	1,021	4,997	6,735
<b>Profit before tax</b>	<b>85,440</b>	<b>75,791</b>	<b>233,685</b>	<b>236,424</b>
Taxation	(18,019)	(13,160)	(46,958)	(44,388)
<b>Profit for the quarter / period</b>	<b>67,421</b>	<b>62,631</b>	<b>186,727</b>	<b>192,036</b>
<b>Profit attributable to:</b>				
Owners of the Company	66,497	61,255	183,746	186,730
Non-controlling interests	924	1,376	2,981	5,306
<b>Profit for the quarter / period</b>	<b>67,421</b>	<b>62,631</b>	<b>186,727</b>	<b>192,036</b>
Earnings per share attributable to owners of the Company (sen per share)	14.34	13.43	39.77	41.20

**Remarks:**

The earnings per share for the current financial quarter and year-to-date ended 30 April 2017 and its preceding financial year corresponding quarter/period had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)*



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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 30 April 2017

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the nine months ended 30 April 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30.4.2017 RM'000	30.4.2016 RM'000	30.4.2017 RM'000	30.4.2016 RM'000
<b>Profit for the quarter / period</b>	<b>67,421</b>	<b>62,631</b>	<b>186,727</b>	<b>192,036</b>
<b>Other comprehensive (loss)/income, net of income tax:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(2,241)	(3,544)	4,790	906
Other comprehensive (loss)/income for the quarter / period, net of income tax	(2,241)	(3,544)	4,790	906
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>65,180</b>	<b>59,087</b>	<b>191,517</b>	<b>192,942</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>				
Owners of the Company	64,602	58,429	187,665	187,383
Non-controlling interests	578	658	3,852	5,559
	<b>65,180</b>	<b>59,087</b>	<b>191,517</b>	<b>192,942</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)*



**SCIENTEX BERHAD**  
(Company No: 7867-P)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 April 2017

	<b>AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2017 RM'000 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2016 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,010,640	952,519
Investment properties	17,000	17,000
Land held for property development	499,229	447,034
Investment in jointly controlled entity	23,204	22,531
Investment in associate	30,460	26,135
Other investments	7,967	7,967
Deferred tax assets	2,651	2,651
Intangible assets	12,134	12,134
	<b>1,603,285</b>	<b>1,487,971</b>
<b>Current assets</b>		
Property development costs	227,541	174,718
Inventories	133,117	137,010
Trade and other receivables	443,361	350,801
Cash and bank balances	90,037	100,601
	<b>894,056</b>	<b>763,130</b>
<b>TOTAL ASSETS</b>	<b>2,497,341</b>	<b>2,251,101</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	271,080	115,000
Reserves	1,068,467	1,060,167
Equity attributable to owners of the Company	1,339,547	1,175,167
Non-controlling interests	67,387	66,495
<b>Total equity</b>	<b>1,406,934</b>	<b>1,241,662</b>
<b>Non-current liabilities</b>		
Borrowings	225,874	238,872
Retirement benefits obligations	26,402	23,782
Deferred tax liabilities	35,032	35,032
	<b>287,308</b>	<b>297,686</b>
<b>Current liabilities</b>		
Borrowings	387,126	232,736
Trade and other payables	397,568	431,372
Dividend payable	-	27,600
Tax liabilities	18,405	20,045
	<b>803,099</b>	<b>711,753</b>
<b>Total liabilities</b>	<b>1,090,407</b>	<b>1,009,439</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,497,341</b>	<b>2,251,101</b>
Net assets per share attributable to owners of the Company (RM)	2.89	2.55

**Remarks:**

The net assets per share for the current financial quarter ended 30 April 2017 and the preceding financial year ended 31 July 2016 had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)*



**SCIENTEX BERHAD**  
(Company No: 7867-P)  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30 APRIL 2017**

	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 2016	115,000	104,324	17,882	55,799	8,683	-	461	873,018	1,175,167	66,495	1,241,662
Profit for the period	-	-	-	-	-	-	-	183,746	183,746	2,981	186,727
Other comprehensive profit for the period	-	-	-	-	3,919	-	-	-	3,919	871	4,790
Total comprehensive income for the period	-	-	-	-	3,919	-	-	183,746	187,665	3,852	191,517
Bonus issue	115,000	(104,324)	-	-	-	-	-	(10,802)	(126)	-	(126)
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Issuance of ordinary shares pursuant to Share Grant Plan	1,779	21,419	-	-	-	-	-	-	23,198	-	23,198
Dividends	-	-	-	-	-	-	-	(46,356)	(46,356)	(2,960)	(49,316)
	231,779	21,419	17,882	55,799	12,602	(1)	461	999,606	1,339,547	67,387	1,406,934
* Transfer pursuant to Section 618(2) of the Act	39,301	(21,419)	(17,882)	-	-	-	-	-	-	-	-
At 30 April 2017	271,080	-	-	55,799	12,602	(1)	461	999,606	1,339,547	67,387	1,406,934
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	-	-	-	-	-	-	-	186,730	186,730	5,306	192,036
Other comprehensive profit for the period	-	-	-	-	653	-	-	-	653	253	906
Total comprehensive income for the period	-	-	-	-	653	-	-	186,730	187,383	5,559	192,942
Sale of treasury shares	-	37,261	-	-	-	5,352	-	-	42,613	-	42,613
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)	(2,513)	(31,936)
At 30 April 2016	115,000	104,324	17,882	55,799	6,235	-	461	846,483	1,146,184	65,830	1,212,014

\* Pursuant to the Companies Act 2016 ("Act") which came into effect on 31 January 2017, all shares issued before or upon the commencement of the Act shall have no par or nominal value. Consequently, the amount standing to the credit of the Company's share premium and capital redemption reserve accounts becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof. The Company may exercise its right to use the credit amounts transferred from the share premium and capital redemption reserve accounts within 24 months after the commencement of the Act in a manner as specified by the Act.

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the nine months ended 30 April 2017**

	<b>9 MONTHS ENDED 30.4.2017 RM'000</b>	<b>9 MONTHS ENDED 30.4.2016 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	233,685	236,424
Adjustments	52,956	44,125
Operating profits before working capital changes	<u>286,641</u>	<u>280,549</u>
Movement in working capital:		
Decrease in inventories	3,926	19,966
Decrease in development properties	16,580	3,879
Increase in receivables	(87,712)	(61,934)
Increase in payables	5,203	29,396
<b>Cash generated from operations</b>	<u>224,638</u>	<u>271,856</u>
Taxation paid	(48,657)	(44,534)
Gratuity and retirement benefits paid	(30)	-
<b>Net cash from operating activities</b>	<u>175,951</u>	<u>227,322</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(53,592)
Purchase of other investments	-	(1,050)
Purchase of property, plant and equipment	(110,482)	(229,830)
Deposit paid for purchase of property, plant and equipment	(586)	-
Deposit paid for purchase of land held for development	(12,364)	-
Purchase of land held for development	(115,322)	(219,313)
Proceeds from disposal of property, plant and equipment	-	286
Net dividend received	336	-
Interest received	1,850	691
<b>Net cash used in investing activities</b>	<u>(236,568)</u>	<u>(502,808)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(73,956)	(49,750)
Non-controlling shareholders of subsidiaries	(2,960)	(2,513)
Proceeds from sale of treasury shares	-	42,613
Acquisition of treasury shares	(1)	(1)
Bonus issue expenses	(126)	-
Net (repayment)/drawdown of term loans	(10,214)	211,706
Net drawdown of short term borrowings	151,607	65,804
Interest paid	(14,297)	(8,777)
<b>Net cash from financing activities</b>	<u>50,053</u>	<u>259,082</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(10,564)</u>	<u>(16,404)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>100,601</u>	<u>90,626</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>90,037</u>	<u>74,222</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	76,339	70,345
Short term deposits	13,698	3,877
	<u>90,037</u>	<u>74,222</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2017**

**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 2016.

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 2016, except for the adoption of the new and revised Standards and Amendments effective on or after 1 August 2016.

**(i) Adoption of Amendments to FRSs**

The Group adopted the following amendments to FRSs and IC Interpretations, mandatory for annual financial periods beginning on or after 1 August 2016.

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2012 - 2014 Cycle	

The directors anticipate that the relevant Standards and Amendments adopted will have no material impact on the financial statements of the Group.

**(ii) 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 2014, 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 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 will be required to prepare its first set of MFRS financial statements on 31 July 2019.

**A2 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2016 was not qualified.

**A3 Seasonal or cyclical factors**

The business operations of the Group for the current financial period under review 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.

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**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) Bonus issue

A bonus issue of 230,000,000 new ordinary shares in the Company ("Scientex Share") on the basis of one (1) bonus share for every one (1) existing Scientex Share were issued and allotted on 12 August 2016. Resultant thereto, the issued and paid-up share capital of the Company increased to RM230,000,000 represented by 460,000,000 ordinary shares.

(ii) Share grant plan

Subsequent to the bonus issue, the Company pursuant to the Scientex Berhad Share Grant Plan, issued and allotted 3,558,000 new ordinary shares to eligible employees of Scientex Berhad's group of companies during the current financial period ended 30 April 2017.

(iii) Treasury shares

During the current financial period ended 30 April 2017, the Company repurchased 100 ordinary shares from the open market of Bursa Malaysia Securities Berhad for a total consideration of RM720. The repurchased shares were held as treasury shares.

As at 30 April 2017, the total number of issued and paid-up share capital of the Company was 463,558,000 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

Pursuant to the Companies Act 2016 ("Act") which came into effect on 31 January 2017, all shares issued before or upon the commencement of the Act shall have no par or nominal value. Consequently, the amount standing to the credit of the Company's share premium and capital redemption reserve accounts becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof. The Company may exercise its right to use the credit amounts transferred from the share premium and capital redemption reserve accounts within 24 months after the commencement of the Act in a manner as specified by the Act.

**A7 Dividend paid**

The amount of dividend paid by the Company since 31 July 2016 were as follows:

	RM'000
In respect of the financial year ended 31 July 2016:	
Single tier interim dividend of 24%; 12 sen per ordinary share declared on 1 June 2016 and paid on 5 August 2016	27,600
Single tier final dividend of 20%; 10 sen per ordinary share declared on 15 December 2016 and paid on 13 January 2017	46,356
	<u>73,956</u>

The single tier final dividend was declared after the one for one bonus issue which was completed on 15 August 2016, resulting in the issued and paid-up share capital of the Company increasing from 230,000,000 ordinary shares to 460,000,000 ordinary shares.

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**A8 Segment information**

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

**9 months ended 30 April 2017**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	1,234,354	522,732	1,757,086
<b>Results</b>			
Profit from operations	79,126	160,441	239,567
Investing results			4,997
Finance cost			(10,879)
Profit before taxation			233,685

**9 months ended 30 April 2016**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	1,176,789	463,134	1,639,923
<b>Results</b>			
Profit from operations	108,803	129,663	238,466
Investing results			6,735
Finance cost			(8,777)
Profit before taxation			236,424

**A9 Disclosure items**

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

	3 months ended		9 months ended	
	30.4.2017 RM'000	30.4.2016 RM'000	30.4.2017 RM'000	30.4.2016 RM'000
(a) Interest income	(643)	(252)	(1,850)	(691)
(b) Other income	(409)	(397)	(1,335)	(1,392)
(c) Interest expense	3,774	3,078	10,879	8,777
(d) Depreciation	15,783	13,478	46,368	40,397
(e) Net (write back)/provision of receivables	(242)	176	(454)	182
(f) Net (write back)/provision for inventories	(179)	(251)	(33)	181
(g) Net foreign exchange loss/(gain)	402	(1,097)	(93)	4,781

In the current financial quarter and current year-to-date ended 30 April 2017, 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.



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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 following:

(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 had commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965. Subsequently, a Final Meeting was held on 8 September 2016 to conclude the Members' Voluntary Winding-Up and a Return by Liquidator relating to Final Meeting ("Return") was lodged with the Companies Commission of Malaysia and the Official Receiver on 9 September 2016. Accordingly, SASB was dissolved on the expiration of 3 months from the date of lodgement of the Return pursuant to Section 272(5) of the Companies Act, 1965.

(ii) Formation of a wholly-owned subsidiary

On 10 November 2016, the Company announced that a wholly-owned subsidiary of the Company, SPFSB had formed a wholly-owned subsidiary, Scientex Phoenix, LLC in Arizona, United States of America. The principal activities of Scientex Phoenix, LLC are manufacturing and trading of stretch film and other related packaging products and/or such products that are in the best interests of the Group.

(iii) Members' Voluntary Winding-Up of Scientex (Senai) Sdn Bhd ("SSSB")

On 6 January 2017, the Company announced that SSSB, a dormant wholly-owned subsidiary of Scientex Quatari Sdn Bhd ("SQSB"), which in turn is a wholly-owned subsidiary of the Company had commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965.

**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 30.4.2017 RM'000	As at 30.4.2016 RM'000
Approved and contracted for:		
Purchase of plant and machinery	45,023	96,956
Balance payment for purchase of land held for development	111,276	33,328
	156,299	130,284

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2017 are as follows:-

	3 months ended		9 months ended	
	30.4.2017	30.4.2016	30.4.2017	30.4.2016
	RM'000	RM'000	RM'000	RM'000
Purchase of goods from associated company	20,441	19,903	54,890	57,412
Rental income from jointly controlled entity	(232)	(232)	(695)	(695)

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD  
INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2017**

**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 financial quarter ended 30 April 2017, the Group marked revenue above RM600.0 million, its best quarterly revenue in its corporate history, achieving RM636.2 million compared to RM543.9 million recorded in the preceding year corresponding quarter. Profit before tax was RM85.4 million compared to RM75.8 million in the preceding year corresponding quarter.

**Manufacturing** revenue recorded was RM442.8 million, an increase of 15.7% compared to RM382.8 million in the preceding year corresponding quarter. The increase was mainly attributed to the higher contribution from the consumer packaging products which resulted from higher demand of its diverse range of products. However, profit from operations decreased from RM32.1 million to RM25.2 million mainly due to lower product margins from both the industrial and consumer packaging segments.

**Property** revenue recorded RM193.4 million, an increase of 20.0% compared to RM161.1 million in the preceding year corresponding quarter. Profit from operations increased from RM45.7 million to RM63.0 million compared to the preceding year corresponding quarter. The increase in revenue and profit from operations were mainly due to strong progress billings recorded from our 6 property groupings ie. Scientex Skudai, Scientex Pulai, Scientex Senai-Kulai, Scientex Pasir Gudang, Scientex Melaka and Scientex Ipoh. The new affordable projects launches from the Group have also received overwhelming response from the public.

(ii) 9-month review

For the 9-month financial period ended 30 April 2017, the Group recorded revenue of RM1,757.1 million compared to RM1,639.9 million in the preceding year corresponding period. Profit before tax was RM233.7 million compared to RM236.4 million in the preceding year corresponding period.

**Manufacturing** segment recorded revenue of RM1,234.4 million compared to RM1,176.8 million in the preceding year corresponding period. Revenue from both the industrial and consumer packaging segments remained relatively stable for the current financial period compared to the preceding year corresponding period. Profit from operations decreased from RM108.8 million to RM79.1 million compared to the preceding year corresponding period mainly due to lower product margins derived from both the industrial and consumer packaging segments.

**Property** segment recorded revenue of RM522.7 million in the current financial period, an increase of 12.9% compared to the preceding year corresponding period of RM463.1 million. Profit from operations also increased from RM129.7 million in the preceding year corresponding period to RM160.4 million in the current financial period. The better performance in revenue and profit from operations were mainly due to steady construction progress and better sales performance achieved from our existing affordable housing projects housed under 6 groupings in Johor, Melaka and Ipoh, Perak. Going forward, Scientex Pulai is expected to be the key driver for the Group as construction is going full swing for its ongoing products.

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

The Group's revenue for the current financial quarter was RM636.2 million compared to the preceding financial quarter of RM586.2 million. The increase were contributed from both the property and manufacturing segments. Profit before taxation for the current financial quarter of RM85.4 million remain stable as compared to the preceding financial quarter of RM81.8 million.

**B3 Current financial year prospects**

The performance of the Group continues to be on an uptrend with strong performance from both its manufacturing and property segments contributing to increased sales revenue which for the first time breached the RM600.0 million mark for the quarter under review. The results were in tandem with the strong economic performance recorded by both the Malaysian and global economies. The Group continues to maintain a pro-active stance to changes in the external environment and continues to develop operational policies in response to changes in the external environment.

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**B3 Current financial year prospects (Cont'd)**

Manufacturing

The industrial packaging segment continues to strengthen and expand its presence in its existing markets whilst opening up new markets through strategic collaborations with reliable distributors and resellers as part of the efforts to boost sales. The new stretch film manufacturing facility in Phoenix, Arizona in the United States is expected to have a commercial rollout by end of 2017. It forms part of the pivotal and strategic move by the Group to be close to its customers and its sources of raw materials as well as access to other new customers in the region.

The consumer packaging segment is beginning to see a gradual pick up in tonnage sales since the last quarter as demand for its diverse range of products begin to see higher demand. The capacity expansion for Scientex's plants in Ipoh is expected to be fully completed by 2017 and the Group would focus on increasing sales and consolidating its position as a premier supplier of quality products through greater innovation, automation and stringent quality control of its products as it steps up its efforts to gain bigger market share for its products globally.

Barring unforeseen circumstances, the Group remains cautiously optimistic that the strategies and action plans put in place will yield satisfactory performance for the rest of the financial year and beyond.

Property

For the period under review, the Group's affordable housing category continues to post an encouraging sales record. Inspired by the maiden success of its newly acquired Pulau land in mid-2016, the Group has planned and will be conducting more of such affordable homes launches in 2017 and the recent acquisition of six pieces of freehold agriculture lands located in the Mukim of Durian Tunggal, District of Alor Gajah, Melaka measuring approximately 197.4 acres will continue to underpin its affordable housing property development business in Melaka and provide earnings visibility growth in the coming years. To further augment its landbank in Johor, the recent acquisition of two pieces of freehold lands measuring approximately 121.2 acres in the Mukim and District of Kulai, is expected to be completed in the second half of 2017 and will be expected to contribute to the earnings growth of the Group's property division from the financial year 2018 onwards. Up North, the Group has also launched its maiden property development in Ipoh, Perak through its Meru and Klebang projects which has seen very encouraging take-up rate.

The Group remains confident that demand for its affordable home products which are strategically located in Johor, Melaka and Ipoh will continue to perform satisfactorily as demand for these category of products continue to remain strong and resilient supported by the Government's present accommodative interest rate regime. The Group continues to explore ways to make its products affordable through better and more efficient planning and the Group remains confident that it would be able to turn in a better performance for the coming financial year, barring any 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		9 months ended	
	30.4.2017	30.4.2016	30.4.2017	30.4.2016
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter				
- Income tax	18,019	18,140	46,958	52,021
- Deferred taxation	-	(4,980)	-	(7,633)
	<u>18,019</u>	<u>13,160</u>	<u>46,958</u>	<u>44,388</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
	30.4.2017	30.4.2016
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	1,116,080	968,255
- Unrealised	<u>4,221</u>	<u>(5,227)</u>
	1,120,301	963,028
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	28,950	23,243
- Unrealised	<u>(787)</u>	<u>(483)</u>
	1,148,464	985,788
Less: Consolidation adjustments	<u>(148,858)</u>	<u>(139,305)</u>
Total Group retained earnings	<u>999,606</u>	<u>846,483</u>

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**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:

(i) Proposed acquisition of lands in Mukim of Pulai, District of Johor Bahru, State of Johor

On 29 June 2015, the Company announced that SQSB, its wholly-owned subsidiary had entered into two conditional sale and purchase agreements ("SPAs") in relation to the proposed acquisition of freehold agriculture lands measuring approximately 322.86 acres ("SPA 1") and 3.20 acres ("SPA 2") in Mukim of Pulai, District of Johor Bahru, State of Johor for a total cash purchase consideration of RM218.97 million, from Bukit Gambir Company Sdn. Berhad and/or Jayaplus Bakti Sdn. Bhd.

The acquisition had been approved by the Company's shareholders at the Extraordinary General Meeting held on 29 September 2015. The acquisition in connection with the SPA 1 was completed on 8 January 2016. Subsequently, all conditions precedent and balance purchase consideration pursuant to the SPA 2 have been fully satisfied and hence marking the completion of the acquisition in connection with the SPA 2 on 28 March 2017.

Both the abovementioned completion of the acquisitions in connection with the SPA 1 and SPA 2 consequently mark the completion of the transaction.

(ii) Proposed acquisition of lands in Mukim of Kulai, District of Kulai, State of Johor

On 28 December 2016, the Company announced that SQSB had entered into a sale and purchase agreement ("SPA") with Dahlia Utama Sdn Bhd for the proposed acquisition of two parcels of land, both situated in Mukim of Kulai, District of Kulai, State of Johor, measuring an approximate aggregate net area of 121.20 acres for a total cash consideration of RM123.64 million. The conditions precedent of the proposed acquisition as set out in the SPA has been fulfilled on 17 May 2017 and the proposed acquisitions is expected to be completed in the second half of 2017.

(iii) Proposed Private Placement

On 27 April 2017, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors ("Proposed Private Placement").

Subsequently, at the application by the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 4 May 2017, resolved to approve the listing of up to 46,355,800 new ordinary shares to be issued pursuant to the Proposed Private Placement ("Placement Shares").

On 8 May 2017, the Board of Directors resolved to fix the issue price for the placement of 20,000,000 Placement Shares, representing approximately 4.3% of the issued shares of the Company (excluding treasury shares), at RM7.80 per Placement Share. Accordingly, a total of 20,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Securities on 17 May 2017, hence marking the completion of the placement of 20,000,000 Placement Shares. The proceeds raised from the Proposed Private Placement are to be utilised for expansion and working capital requirements of the Group.

**B8 Borrowings and debt securities**

The Group's borrowings as at 30 April 2017 were as follows :-

(i) Long Term Borrowings	RM'000	RM'000
Secured - Sukuk Murabahah	100,000	
Secured - Term loan	70,000	
Unsecured - Term loan	55,874	225,874
(ii) Short Term Borrowings		
Secured		
- Other bank borrowings	6,000	
Unsecured		
- Term loan	26,400	
- Other bank borrowings	354,726	387,126
		613,000

Included in total borrowings are borrowings denominated in foreign currencies	RM'000
- United States Dollars	Equivalent
- Japanese Yen	202,572
	39,000
	241,572

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**B9 Material litigation**

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

**B10 Dividend**

In respect of the financial year ending 31 July 2017, the Board of Directors declared a single tier interim dividend of 6 sen per ordinary share (single tier interim dividend for 2016 of 12 sen per ordinary share), payable on 21 July 2017. This dividend is proposed after the enlarged issued and paid-up share capital resulting from the one for one bonus issue which was completed on 15 August 2016.

**B11 Earnings per share**

		3 months ended		9 months ended	
		30.4.2017	30.4.2016	30.4.2017	30.4.2016
<b>(i) Basic earnings per share</b>					
Profit attributable to equity holders of the Company	(RM'000)	66,497	61,255	183,746	186,730
Weighted average number of ordinary shares in issue	('000)	463,558	456,046	462,072	453,298
Basic earnings per share	(sen)	14.34	13.43	39.77	41.20

The earnings per share for the current financial quarter and year-to-date ended 30 April 2017 and its preceding year corresponding quarter/period had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

**(ii) Fully diluted earnings per share**

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 April 2017.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)  
Company Secretary

20 June 2017