



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2014
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 July 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year
	31.7.2014 RM'000	31.7.2013 RM'000	31.7.2014 RM'000	31.7.2013 RM'000
Revenue	415,401	371,243	1,590,472	1,229,045
Operating profit	56,239	40,484	189,620	146,104
Interest expense	(1,943)	(1,608)	(7,142)	(4,459)
Investing results	1,718	1,341	3,789	1,335
Profit before tax	56,014	40,217	186,267	142,980
Taxation	(6,186)	(8,942)	(34,766)	(30,483)
Profit for the quarter / year	49,828	31,275	151,501	112,497
Profit attributable to:				
Owners of the Company	48,846	30,267	148,450	110,284
Non-controlling interests	982	1,008	3,051	2,213
Profit for the quarter / year	49,828	31,275	151,501	112,497
Earnings per share attributable to owners of the Company (sen per share)	22.09	13.83	67.12	51.04

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 July 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year
	31.7.2014 RM'000	31.7.2013 RM'000	31.7.2014 RM'000	31.7.2013 RM'000
Profit for the quarter / year	49,828	31,275	151,501	112,497
Other comprehensive (loss) / income:				
Items that may be reclassified to profit or loss in subsequent periods:				
- Foreign currency translation of foreign operations	(482)	1,835	(482)	405
Items that will not be reclassified to profit or loss in subsequent periods:				
- Remeasurement of defined benefit obligations	(4,520)	-	(4,520)	-
Other comprehensive (loss) / income for the quarter / year	(5,002)	1,835	(5,002)	405
Total comprehensive income for the quarter / year	44,826	33,110	146,499	112,902
Total comprehensive income attributable to:				
Owners of the Company	44,162	31,583	143,766	110,372
Non-controlling interests	664	1,527	2,733	2,530
	44,826	33,110	146,499	112,902

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



(Company No: 7867-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2014

	AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2014 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2013 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	552,100	491,349
Investment properties	4,479	4,550
Land held for property development	260,401	254,810
Investment in jointly controlled entity	25,340	22,893
Investment in associate	12,125	10,873
Other investments	5,092	5,037
	859,537	789,512
Current assets		
Property development costs	104,618	68,491
Inventories	108,998	80,720
Trade and other receivables	243,460	195,469
Cash and bank balances	83,765	152,177
	540,841	496,857
TOTAL ASSETS	1,400,378	1,286,369
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	115,000	115,000
Reserves	597,718	513,665
	712,718	628,665
Non-controlling interests	22,705	19,972
Total equity	735,423	648,637
Non-current liabilities		
Loans and borrowings	77,540	167,812
Retirement benefit obligations	17,343	8,221
Deferred tax liabilities	23,572	24,812
	118,455	200,845
Current liabilities		
Loans and borrowings	262,879	167,625
Retirement benefit obligations	-	422
Trade and other payables	272,134	258,425
Income tax payable	11,487	10,415
	546,500	436,887
Total liabilities	664,955	637,732
TOTAL EQUITY AND LIABILITIES	1,400,378	1,286,369
Net assets per share attributable to owners of the Company (RM)	3.22	2.84

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2014**

	Attributable to owners of the parent								Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable				Reserves						
	Share capital RM'000	Share premium RM'000	Capital redemption reserves RM'000	Property revaluation surplus RM'000	Foreign currency translation reserves RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000			
At 1 August 2013	115,000	38,064	17,467	22,774	(1,172)	(12,895)	461	448,966	628,665	19,972	648,637
Profit for the year	-	-	-	-	-	-	-	148,450	148,450	3,051	151,501
Other comprehensive loss for the year	-	-	-	-	(361)	-	-	(4,323)	(4,684)	(318)	(5,002)
Total comprehensive income for the year	-	-	-	-	(361)	-	-	144,127	143,766	2,733	146,499
Transactions with owners:											
Realisation of revaluation reserves	-	-	-	(3,113)	-	-	-	3,113	-	-	-
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Dividends	-	-	-	-	-	-	-	(59,712)	(59,712)	-	(59,712)
Total transactions with owners	-	-	-	(3,113)	-	(1)	-	(56,599)	(59,713)	-	(59,713)
At 31 July 2014	115,000	38,064	17,467	19,661	(1,533)	(12,896)	461	536,494	712,718	22,705	735,423
At 1 August 2012	115,000	19,233	17,467	26,388	(1,260)	(21,810)	461	370,237	525,716	33,988	559,704
Profit for the year	-	-	-	-	-	-	-	110,284	110,284	2,213	112,497
Other comprehensive income for the year	-	-	-	-	88	-	-	-	88	317	405
Total comprehensive income for the year	-	-	-	-	88	-	-	110,284	110,372	2,530	112,902
Transactions with owners:											
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	(757)	(757)	3,857	3,100
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	-	-	(1,728)	(1,728)	(19,440)	(21,168)
Realisation of revaluation reserves	-	-	-	(3,614)	-	-	-	3,614	-	-	-
Sale of treasury shares	-	18,831	-	-	-	8,916	-	-	27,747	-	27,747
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Dividends	-	-	-	-	-	-	-	(32,684)	(32,684)	(963)	(33,647)
Total transactions with owners	-	18,831	-	(3,614)	-	8,915	-	(31,555)	(7,423)	(16,546)	(23,969)
At 31 July 2013	115,000	38,064	17,467	22,774	(1,172)	(12,895)	461	448,966	628,665	19,972	648,637

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial year ended 31 July 2014

	12 MONTHS ENDED 31.7.2014 RM'000	12 MONTHS ENDED 31.7.2013 RM'000
OPERATING ACTIVITIES		
Profit before taxation	186,267	142,980
Adjustments	39,863	46,408
Operating cash flows before changes in working capital	<u>226,130</u>	<u>189,388</u>
Changes in working capital		
(Increase)/decrease in inventories	(23,096)	23,844
(Increase)/decrease in development properties	(13,150)	8,371
Increase in receivables	(20,064)	(10,449)
Increase in payables	20,585	29,183
Total changes in working capital	<u>(35,725)</u>	<u>50,949</u>
Cash flows from operations	190,405	240,337
Taxation paid	(36,904)	(26,762)
Gratuity and retirement benefits paid	-	(485)
Net cash flows from operating activities	<u>153,501</u>	<u>213,090</u>
INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	(36,120)	(275,528)
Balance payment for acquisition of a subsidiary	(15,750)	-
Purchase of additional interest in an existing subsidiary	-	(21,168)
Purchase of property, plant and equipment	(65,664)	(53,788)
Deposit paid for purchase of property, plant and equipment	(7,283)	(3,430)
Purchase of land held for development	(28,500)	-
Proceeds arising from dilution of interest in a subsidiary	-	3,100
Proceeds from disposal of property, plant and equipment	1,765	58
Net dividend received	199	204
Interest received	2,138	2,080
Net cash flows used in investing activities	<u>(149,215)</u>	<u>(348,472)</u>
FINANCING ACTIVITIES		
Dividends paid	(57,501)	(18,166)
Proceeds from sale of treasury shares	-	27,747
Acquisition of treasury shares	(1)	(1)
Net (repayment)/drawdown of term loans	(89,232)	169,102
Net drawdown of short term borrowings	81,247	77,337
Interest paid	(7,211)	(4,795)
Net cash flows (used in)/from financing activities	<u>(72,698)</u>	<u>251,224</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(68,412)	115,842
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>152,177</u>	<u>36,335</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>83,765</u>	<u>152,177</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	78,495	53,805
Short term deposits	5,270	98,372
	<u>83,765</u>	<u>152,177</u>

(The Condensed Consolidated Statement of Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)

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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2014

A. Compliance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Changes in Accounting Policies and Methods of Computation

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 2013. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 July 2013, except for the following:

(i) Adoption of Amendments to FRSs

On 1 August 2013, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 August 2013.

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income (Improvements to FRSs (2012))
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associate and Joint Ventures
Amendments to FRSs	Improvements to FRSs (2012)
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities

Except for the changes in accounting policies arising from the adoption of the new disclosures required under the Amendments to FRS 101, the Group expect that the adoption of the other standards above will have no material impact on the current year financial statements.

(ii) Malaysian Financial Reporting Standards (MFRS Framework)

The Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2013 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.

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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 except for the following:

Treasury shares

During the current financial year ended 31 July 2014, the Company repurchased 200 ordinary shares of RM0.50 each from the open market. The repurchased shares were held as treasury shares. As at 31 July 2014, the number of treasury shares held was 8,844,762 ordinary shares of RM0.50 each.

A7 Dividends paid

The amount of dividends paid by the Company since 31 July 2013 were as follows:

	RM'000
In respect of the financial year ended 31 July 2013:	
Single tier interim dividend of 14%; 7 sen per ordinary share declared on 25 June 2013 and paid on 16 August 2013	15,481
Single tier special dividend of 20%; 10 sen per ordinary share declared on 26 September 2013 and paid on 25 November 2013	22,116
Single tier final dividend of 18%; 9 sen per ordinary share declared on 17 December 2013 and paid on 21 January 2014	19,904
	57,501
In respect of the financial year ended 31 July 2014:	
Single tier interim dividend of 16%; 8 sen per ordinary share declared on 19 June 2014 and paid on 8 August 2014	17,692
	75,193

A8 Segment information

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

12 months ended 31 July 2014

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,192,210	398,262	1,590,472
Results			
Profit from operations	68,758	120,862	189,620
Investing results			3,789
Finance cost			(7,142)
Profit before taxation			186,267

12 months ended 31 July 2013

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	918,847	310,198	1,229,045
Results			
Profit from operations	47,384	98,720	146,104
Investing results			1,335
Finance cost			(4,459)
Profit before taxation			142,980

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A9 Disclosure items

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

	3 months ended		12 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(872)	(915)	(2,138)	(2,080)
(b) Other income	(2,240)	(832)	(2,868)	(1,912)
(c) Interest expense	1,943	1,608	7,142	4,459
(d) Depreciation	10,062	9,529	39,540	31,538
(e) Net provision for/(write back) of receivables	-	5	(347)	(27)
(f) Net provision for/(write back) of inventories	(129)	42	(435)	532
(g) Net realised gain on foreign exchange	(1,704)	(363)	(1,232)	(2,681)
(h) Net unrealised (gain)/loss on foreign exchange	(2,698)	13,389	(2,598)	13,685
(i) Fair value gain on forward foreign exchange contracts	-	(1,500)	-	(1,500)

In the current financial quarter and current financial year ended 31 July 2014, there were no:

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

A10 Events subsequent to the end of the reporting period

Other than as disclosed under Note B7 and elsewhere in this report, 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.

A11 Changes in the composition of the Group

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

- (i) On 11 November 2013 and 27 January 2014, Scientex Packaging Film Sdn Bhd ("SPFSB"), its wholly-owned subsidiary, had entered into a Share Sale Agreement and a Supplemental Agreement respectively with Seacera Polymer Sdn Bhd and Seacera Group Berhad to acquire 100% equity interest in Scientex Advance Sdn Bhd (formerly known as Seacera Polyfilms Sdn Bhd) ("SASB") for a total cash consideration of RM39,000,000.00. The transaction was completed on 13 February 2014. The acquisition has been consolidated using the acquisition method from February 2014.

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

	Provisional fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	32,894
Trade and other receivables	23,524
Inventories	4,746
Cash and bank balances	2,880
	<u>64,044</u>
Liabilities	
Trade and other payables	(6,818)
Borrowings	(15,737)
Provision of taxation and deferred taxation	(862)
Retirement benefit obligations	(1,627)
	<u>(25,044)</u>
Net identifiable assets	39,000
Goodwill on consolidation	-
Purchase consideration transferred	<u>39,000</u>
Analysis of cash flows on acquisition:	
Net cash acquired	2,880
Cash paid	(39,000)
Net cash outflow	<u>(36,120)</u>

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A11 Changes in the composition of the Group (Cont'd)

Provisional accounting of acquisition

During the current financial year, the fair value of SASB's identifiable assets and liabilities were determined on a provision 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, SASB has contributed approximately RM12,810,000 of revenue to the Group. However, subsequent to 1 May 2014, the business, assets and liabilities of SASB have been transferred to Scientex Great Wall Sdn Bhd (formerly known as GW Packaging Sdn Bhd) ("SGW"), a wholly-owned subsidiary of the Company, following an internal integration.

- (ii) The Company had on 21 February 2014, incorporated a wholly-owned subsidiary, namely Scientex International (S) Pte Ltd ("SIS") in Singapore with an initial issued and paid-up capital of USD10,000.00. The principal activity of SIS is procurement, distribution, trading of resins, chemicals, films and other packaging related products and such other product that is in the best interests of the Company.
- (iii) On 31 July 2014, the Company announced that its wholly-owned subsidiary, SPFSB had disposed off My Green Hometown Sdn Bhd (formerly known as Seacera Chemicals Sdn Bhd), a wholly-owned dormant subsidiary of SPFSB, to unrelated third parties for a total cash consideration of RM300.00.

A12 Contingent liabilities

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

A13 Capital commitments

Authorised capital commitment not recognised in the financial statements are as follows:

	As at 31.7.2014 RM'000	As at 31.7.2013 RM'000
Approved and contracted for:		
Purchase of plant and machinery	19,761	41,589

A14 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2014 are as follows:-

	3 months ended		12 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
	RM'000	RM'000	RM'000	RM'000
Purchase of goods from associated company	17,749	14,411	53,091	47,501
Rental income from jointly controlled entity	(232)	(232)	(927)	(927)

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2014**

B1 Review of performance

(i) Current quarter review

For the current quarter ended 31 July 2014, the Group recorded revenue of RM415.4 million, an increase of 11.9% as compared to RM371.2 million recorded in the preceding year corresponding quarter. Profit before tax was RM56.0 million, an increase of 39.3% as compared to RM40.2 million in the preceding year corresponding quarter.

Manufacturing revenue recorded was RM297.3 million, an increase of 7.2% compared to RM277.4 million in the preceding year corresponding quarter. The increase was attributed to the higher contribution from the consumer packaging products in both the local and export market as a result of the increased capacity due to the commissioning of the blown film lines. Profit from operations also increased in line with the increase in revenue.

Property revenue recorded was RM118.1 million compared to RM93.8 million in the preceding year corresponding quarter, an increase of 25.8% mainly due to progress billings from on-going projects as well as the contribution from Taman Scientex Senai project which saw overwhelming response. Profit from operations increased from RM31.4 million to RM36.9 million, an increase of 17.4%. The increase in profit is consistent with the increase in revenue.

(ii) 12-month review

For the 12-month financial year ended 31 July 2014, the Group recorded revenue of RM1,590.5 million compared to the preceding year of RM1,229.0 million. Profit before tax increased from RM143.0 million to RM186.3 million, an increase of 30.3%. The increase is attributable to both the manufacturing and property segments.

Manufacturing segment recorded RM1,192.2 million of revenue, an increase of 29.8% compared to the preceding financial year of RM918.8 million. Profit from operations has also increased from RM47.4 million to RM68.8 million, in line with the higher revenue. The increase in revenue and profit was mainly due to the better sales performance achieved from the industrial packaging products and the full year contribution from the consumer packaging products. The increase in capacity as a result of the newly installed blown film lines for the consumer packaging products also contributed to the better sales and profit achieved.

Property segment recorded revenue of RM398.3 million in the current financial year, an increase of 28.4% compared to the preceding financial year of RM310.2 million. Profit from operations also increased from RM98.7 million in the preceding financial year to RM120.9 million in the current financial year. The better performance in revenue and profit were mainly due to the maiden contribution from Taman Scientex Senai project which saw overwhelming responds for the launches of its new projects. Meanwhile, the responds for Taman Scientex Pasir Gudang, Taman Scientex Kulai and Taman Mutiara Mas, Johor and Melaka new launches remain encouraging.

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

Profit before taxation for the current financial quarter under review was RM56.0 million, an increase of 16.5% compared to RM48.1 million recorded in the preceding financial quarter. Consistent with the current quarter review above, the increase was mainly contributed by the consumer packaging products.

B3 Current financial year prospects

Manufacturing

The world's advanced economies continue to show overall signs of recovery and the markets in the Asia Pacific region remain resilient. The Group will continue to leverage and tap on the resilient growth of the emerging markets in Asia Pacific where its predominant markets are to ensure that sales will continue to expand in tandem with the region's growth. The Group has successfully commenced commercial operations of four of its newly installed blown film lines for its consumer packaging division and are operating at full capacity to meet the growing demand from its current and new customers from both the Asia Pacific and Eurozone countries. The remaining blown films lines is expected to be commissioned in the coming financial year. The recent signing of the Strategic Alliance Agreement with Futamura Chemical Co., Ltd is expected to see the Group produce 60,000 metric tons of BOPP film per annum by 2016. With the expected increase in capacity and demand for its products, the Group hope to extract and derive greater economies of scale with resultant cost savings.

The Group will remain alert and responsive to any adverse global developments whilst continuously seeking to improve its competitive strengths by streamlining its production processes, improve operational efficiency and reduce production and distribution costs to improve margins and profitability. Through research and development, the Group will seek to improve the quality of its products and the product life cycle as part of its efforts to continuously increase its existing market share and to tap into newer markets through better products. Barring unforeseen circumstances, the Group remains cautiously optimistic of its prospects for the coming financial year.

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B3 Current financial year prospects (Cont'd)

Property

The Group's property segment continue to register good take up for its development projects in Pasir Gudang, Kulai, Skudai, Senai and Malacca, recording an increase of 28.4% in revenue for the current financial year.

Whilst the Group remains cautiously optimistic for the coming financial year, the property cooling measures such as the re-introduction of the real property gains tax, the abolition of the developers' interest bearing scheme, increase in interest rates, the tightening of the lending conditions by Bank Negara Malaysia has to a certain extent affected demand for the Group's higher end products.

However, the Group believe that opportunity does exist in higher end segment despite current environment constraint. The Group will continue to develop innovative products to cater for the needs of this market segment.

Meanwhile, it is common view that the implementation of the Goods and Services Tax would likely have adverse effect on the property market. However, the Group believe that the effect could be short live and would quickly taper off once the market has adjusted to the tax environment.

The demand for the quality affordable homes is expected to remain resilient due to, inter alia, population growth and urbanization. The Group continues to focus more on affordable housing and it is well positioned to tap into the resilient demand for such homes due to its proven track record as a reliable developer of quality homes.

Barring any unforeseen circumstances, the Group remains optimistic of its performance for the coming financial year.

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 quarter under review.

B5 Taxation

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

	3 months ended		12 months ended	
	31.7.2014	31.7.2013	31.7.2014	31.7.2013
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter / year :				
- Income tax	7,831	9,070	36,411	30,611
- Deferred taxation	(1,104)	(43)	(1,104)	(43)
In respect of prior years :				
- Income tax	(274)	(391)	(274)	(391)
- Deferred taxation	(267)	306	(267)	306
	<u>6,186</u>	<u>8,942</u>	<u>34,766</u>	<u>30,483</u>

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

B6 Realised and unrealised profits

	As at	As at
	31.7.2014	31.7.2013
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	752,607	668,677
- Unrealised	(2,763)	(15,253)
	<u>749,844</u>	<u>653,424</u>
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	12,358	8,550
- Unrealised	(393)	(284)
	<u>761,809</u>	<u>661,690</u>
Less: Consolidation adjustments	(225,315)	(212,724)
Total Group retained earnings	<u>536,494</u>	<u>448,966</u>

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

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:

Strategic Alliance Agreement with Futamura Chemical Co., Ltd ("FCC")

On 8 August 2014, the Company announced that SPFSB, its wholly-owned subsidiary, had on 7 August 2014 entered into a Strategic Alliance Agreement with FCC to build a biaxially oriented polypropylene (BOPP) film manufacturing plant and to develop and grow the consumer packaging markets.

On 24 September 2014, the Board approved the share sale agreement to be entered between SPFSB and FCC in relation to the issuance and sale of 5% of the enlarged issued and paid-up capital of SGW to FCC for a consideration of RM40,000,000, which is subject to the signing of the share sale agreement. Details of the share sale agreement are announced separately.

B8 Borrowings and debt securities

The Group's borrowings as at 31 July 2014 were as follows :-

(a) Long Term Borrowings	RM'000	RM'000
Term loan		
- Secured	38,500	
- Unsecured	39,040	77,540
	<hr/>	
(b) Short Term Borrowings		
- Secured		
Term loan	14,000	
Other bank borrowings	13,970	
- Unsecured		
Term loan	14,640	
Other bank borrowings	220,269	262,879
	<hr/>	<hr/>
		340,419
		RM'000
Included in total borrowings are borrowings denominated in foreign currencies		Equivalent
- United States Dollars		207,916
- Japanese Yen		15,097
		<hr/>
		223,013
		<hr/>

B9 Material litigation

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

B10 Dividends

In respect of the financial year ended 31 July 2014, the Board of Directors recommended a single tier final dividend of 26% or 13 sen per ordinary share (single tier special and final dividend for 2013 of 20% or 10 sen and 18% or 9 sen per ordinary share respectively). The dividend will be payable on 6 February 2015, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

B11 Earnings per share

		3 months ended		12 months ended	
		31.7.2014	31.7.2013	31.7.2014	31.7.2013
(a) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	48,846	30,267	148,450	110,284
Weighted average number of ordinary shares in issue	('000)	221,155	219,070	221,155	216,056
Basic earnings per share	(sen)	22.09	13.83	67.12	51.04
		<hr/>	<hr/>	<hr/>	<hr/>

(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 July 2014.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

24 September 2014