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Scientex's 2Q net profit up 79%, plans 1-for-1 bonus issue

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KUALA LUMPUR: Scientex Bhd, which announced that its net profit leapt 79.2% year-on-year (y-o-y) in the second quarter ended Jan 31, 2016 (2QFY16), is proposing a bonus issue on the basis of one bonus share for every one existing Scientex share held, on an entitlement date to be determined later.

Besides rewarding shareholders, the exercise will raise the company's issued and paid-up capital to reflect its current scale of operations and assets employed, enlarge the number of shares held by existing shareholders without upping the percentage of equity interest, and encourage trading liquidity of its shares in the market.

The proposed bonus issue shall be wholly capitalised from the retained earnings and share premium accounts of the company, which stood at RM107.63 million and RM64.35 million respectively.

The actual number of bonus shares to be issued will depend on the issued and paid-up share capital of Scientex (excluding treas-

ury shares) as at the entitlement date, it added.

To facilitate the bonus issuance, the company plans to raise its authorised share capital from RM200 million comprising 400 million shares to RM500 million with one billion shares.

In a separate filing, Scientex reported that its net profit for 2QFY16 came in at RM64.6 million from RM36 million a year ago, on higher contributions from the group's consumer packaging operations, as well as resilient demand for its affordable properties in Johor.

Revenue for the quarter under review grew 17.8% to RM545.4 million, compared with RM462.9 million in the corresponding quarter a year ago, due to a 22.9% y-o-y rise in manufacturing revenue to RM402 million from RM327 million, and a 5.6% y-o-y rise in property revenue to RM143.4 million from RM135.9 million.

In a statement, Scientex said growth in the manufacturing segment was led by higher consumer packaging sales, which leapt

47.4% on incoming revenue contributions from its newly acquired consumer packaging unit Scientex Great Wall (Ipoh) Sdn Bhd (SGW Ipoh), and larger orders from the existing clientele. Industrial packaging sales grew 7%.

Exports made up 46.4% of consumer packaging revenue in 2QFY16, from 33.5% in 2QFY15. As such, Scientex also benefited from a better product mix and favourable exchange rates due to a weaker ringgit.

For the first half ended Jan 31 (1HFY16), net profit expanded 89.2% to RM125.47 million from RM66.3 million in 1HFY15, as revenue jumped 22.6% to RM1.09 billion in 1HFY16 from RM983.9 million last year.

Scientex has earmarked RM30 million in capital expenditure to expand the production capacity of SGW Ipoh by 50% to 18,000 tonnes per annum. The new machines are expected to be commissioned at end-2016.

Scientex shares closed 64 sen or 5.2% higher at RM12.94 yesterday, valuing it at RM2.87 billion.