



SCIENTEX BERHAD
 (Company No: 196801000264 [7867-P])
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2020
 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 January 2020

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | Current year quarter 31.1.2020 RM'000 | Preceding year corresponding quarter 31.1.2019 RM'000 | Current year to date 31.1.2020 RM'000 | Preceding year corresponding period 31.1.2019 RM'000 |
| Revenue | 914,378 | 766,585 | 1,791,743 | 1,480,224 |
| Operating profit | 140,786 | 103,875 | 259,290 | 179,463 |
| Interest expense | (4,332) | (3,407) | (9,583) | (7,188) |
| Investing results | 3,036 | (424) | 5,627 | 307 |
| Profit before tax | 139,490 | 100,044 | 255,334 | 172,582 |
| Taxation | (33,746) | (24,276) | (62,143) | (41,472) |
| Profit for the quarter / period | 105,744 | 75,768 | 193,191 | 131,110 |
| Profit attributable to: | | | | |
| Owners of the Company | 97,474 | 73,745 | 178,436 | 127,411 |
| Non-controlling interests | 8,270 | 2,023 | 14,755 | 3,699 |
| Profit for the quarter / period | 105,744 | 75,768 | 193,191 | 131,110 |
| Earnings per share attributable to owners of the Company (sen per share) | 18.91 | 15.08 | 34.62 | 26.06 |

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)



SCIENTEX BERHAD
 (Company No: 196801000264 [7867-P])
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2020

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2020

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | Current year quarter 31.1.2020 RM'000 | Preceding year corresponding quarter 31.1.2019 RM'000 | Current year to date 31.1.2020 RM'000 | Preceding year corresponding period 31.1.2019 RM'000 |
| Profit for the quarter / period | 105,744 | 75,768 | 193,191 | 131,110 |
| Other comprehensive (loss)/income, net of income tax: Items that may be reclassified subsequently to profit or loss: | | | | |
| - Foreign currency translation of foreign operations | (3,495) | (4,286) | (476) | 1,210 |
| Other comprehensive (loss)/income for the quarter / period, net of income tax | (3,495) | (4,286) | (476) | 1,210 |
| Total comprehensive income for the quarter / period, net of income tax | 102,249 | 71,482 | 192,715 | 132,320 |
| Total comprehensive income for the quarter / period attributable to: | | | | |
| Owners of the Company | 93,740 | 69,806 | 177,377 | 128,485 |
| Non-controlling interests | 8,509 | 1,676 | 15,338 | 3,835 |
| | 102,249 | 71,482 | 192,715 | 132,320 |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)



SCIENTEX BERHAD
(Company No: 196801000264 [7867-P])
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 January 2020

| | AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2020 RM'000 (Unaudited) | AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2019 RM'000 (Audited) |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,287,484 | 1,247,750 |
| Right-of-use assets | 6,327 | - |
| Investment properties | 17,000 | 17,000 |
| Land held for property development | 923,633 | 721,419 |
| Investment in jointly controlled entity | 25,015 | 28,029 |
| Investment in associates | 51,721 | 55,605 |
| Other investments | 24,170 | 20,170 |
| Deferred tax assets | 25,344 | 25,344 |
| Intangible assets | 343,061 | 293,703 |
| | 2,703,755 | 2,409,020 |
| Current assets | | |
| Property development costs | 395,767 | 384,759 |
| Inventories | 269,633 | 321,168 |
| Trade and other receivables | 746,887 | 734,890 |
| Cash and bank balances | 177,553 | 257,644 |
| | 1,589,840 | 1,698,461 |
| TOTAL ASSETS | 4,293,595 | 4,107,481 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 691,782 | 685,776 |
| Reserves | 1,664,875 | 1,539,242 |
| Equity attributable to owners of the Company | 2,356,657 | 2,225,018 |
| Non-controlling interests | 180,930 | 173,935 |
| Total equity | 2,537,587 | 2,398,953 |
| Non-current liabilities | | |
| Borrowings | 363,204 | 269,846 |
| Lease liabilities | 4,826 | - |
| Retirement benefits obligations | 38,361 | 36,434 |
| Deferred tax liabilities | 77,554 | 72,525 |
| | 483,945 | 378,805 |
| Current liabilities | | |
| Borrowings | 652,654 | 703,968 |
| Lease liabilities | 3,115 | - |
| Trade and other payables | 564,761 | 597,225 |
| Tax liabilities | 51,533 | 28,530 |
| | 1,272,063 | 1,329,723 |
| Total liabilities | 1,756,008 | 1,708,528 |
| TOTAL EQUITY AND LIABILITIES | 4,293,595 | 4,107,481 |
| Net assets per share attributable to owners of the Company (RM) | 4.57 | 4.32 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)



SCIENTEX BERHAD
(Company No: 196801000264 [7867-P])
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JANUARY 2020**

| | Reserves | | | | | Retained earnings RM'000 | Attributable to the equity holders of the Company RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|--|-------------------------|---------------------------|--|--|--------------------------|-----------------------------|---|-------------------------------------|------------------------|
| | Share capital RM'000 | Treasury shares RM'000 | Property revaluation surplus RM'000 | Foreign currency translation reserve RM'000 | Other reserves RM'000 | | | | |
| As at 1 August 2019, as previously reported | 685,776 | (1) | 54,877 | 7,668 | 461 | 1,476,237 | 2,225,018 | 173,935 | 2,398,953 |
| Effect of adoption of MFRS 16 | - | - | - | - | - | (156) | (156) | (130) | (286) |
| As at 1 August 2019, as restated | 685,776 | (1) | 54,877 | 7,668 | 461 | 1,476,081 | 2,224,862 | 173,805 | 2,398,667 |
| Profit for the period | - | - | - | - | - | 178,436 | 178,436 | 14,755 | 193,191 |
| Other comprehensive income for the period | - | - | - | (1,059) | - | - | (1,059) | 583 | (476) |
| Total comprehensive income for the period | - | - | - | (1,059) | - | 178,436 | 177,377 | 15,338 | 192,715 |
| Issuance of ordinary shares pursuant to Share Grant Plan | 6,006 | - | - | - | - | - | 6,006 | - | 6,006 |
| Dividends | - | - | - | - | - | (51,588) | (51,588) | (8,213) | (59,801) |
| As at 31 January 2020 | 691,782 | (1) | 54,877 | 6,609 | 461 | 1,602,929 | 2,356,657 | 180,930 | 2,537,587 |
| As at 1 August 2018 | 453,850 | (1) | 55,799 | 4,905 | 461 | 1,245,460 | 1,760,474 | 69,973 | 1,830,447 |
| Profit for the period | - | - | - | - | - | 127,411 | 127,411 | 3,699 | 131,110 |
| Other comprehensive income for the period | - | - | - | 1,074 | - | - | 1,074 | 136 | 1,210 |
| Total comprehensive income for the period | - | - | - | 1,074 | - | 127,411 | 128,485 | 3,835 | 132,320 |
| Issuance of ordinary shares pursuant to Share Grant Plan | 2,880 | - | - | - | - | - | 2,880 | - | 2,880 |
| Dividends | - | - | - | - | - | (48,923) | (48,923) | (2,880) | (51,803) |
| As at 31 January 2019 | 456,730 | (1) | 55,799 | 5,979 | 461 | 1,323,948 | 1,842,916 | 70,928 | 1,913,844 |

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)

SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 31 January 2020

| | 6 MONTHS ENDED 31.1.2020 RM'000 | 6 MONTHS ENDED 31.1.2019 RM'000 |
|--|--|--|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit before taxation | 255,334 | 172,582 |
| Adjustments | 60,342 | 49,728 |
| Operating profits before working capital changes | <u>315,676</u> | <u>222,310</u> |
| Movement in working capital: | | |
| Decrease in inventories | 62,468 | 74,428 |
| Decrease in development properties | 40,055 | 5,766 |
| Decrease/(increase) in receivables | 7,543 | (45,800) |
| Decrease in payables | (41,328) | (43,631) |
| Cash generated from operations | <u>384,414</u> | <u>213,073</u> |
| Taxation paid | (35,026) | (35,558) |
| Gratuity and retirement benefits paid | (583) | (268) |
| Net cash from operating activities | <u>348,805</u> | <u>177,247</u> |
| CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES | | |
| Acquisition of subsidiary, net of cash and cash equivalents acquired | (89,931) | - |
| Purchase of other investments | (4,000) | - |
| Purchase of property, plant and equipment | (44,330) | (22,305) |
| Deposit paid for purchase of property, plant and equipment | (37,871) | (21,880) |
| Purchase of land held for development | (224,936) | - |
| Deposit paid for purchase of land held for development | (10,541) | (5,446) |
| Proceeds from disposal of property, plant and equipment | 211 | 3,249 |
| Net dividend received | 12,525 | - |
| Interest received | 2,536 | 1,137 |
| Net cash used in investing activities | <u>(396,337)</u> | <u>(45,245)</u> |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | | |
| Dividends paid to: | | |
| Shareholders of the Company | (51,588) | (48,923) |
| Non-controlling shareholders of subsidiaries | (8,213) | (2,880) |
| Net drawdown of Sukuk Murabahah | 100,000 | - |
| Net repayment of term loans | (10,760) | (4,824) |
| Net repayment of short term borrowings | (47,090) | (55,945) |
| Repayment of lease liabilities | (1,016) | - |
| Interest paid | (13,892) | (14,362) |
| Net cash used in financing activities | <u>(32,559)</u> | <u>(126,934)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (80,091) | 5,068 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | <u>257,644</u> | <u>172,316</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u>177,553</u> | <u>177,384</u> |
| Cash and cash equivalents in the cash flow statement comprise : | | |
| Cash and bank balances | 147,142 | 126,706 |
| Short term deposits | 30,411 | 50,678 |
| | <u>177,553</u> | <u>177,384</u> |

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2020

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 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 2019 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2019.

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 2019, except for the adoption of the following new MFRS, amendments to MFRSs and IC Interpretation that are effective for the financial statements effective from 1 August 2019, as disclosed below:

| | |
|--|--|
| MFRS 16 | Leases |
| Amendments to MFRS 9 | Prepayments Features with Negative Compensation |
| Amendments to MFRS 119 | Plan Amendment, Curtailment or Settlement |
| Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures |
| IC Interpretation 23 | Uncertainty over Income Tax Payments |
| Annual Improvements to MFRSs 2015 - 2017 Cycle | |

The adoption of these new MFRS, Amendments to MFRSs and IC Interpretation does not have significant impact on the financial statements of the Group, except as disclosed below:

MFRS 16 Leases

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use (“ROU”) asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Standard will affect primarily the accounting for the Group leases previously recognised as operating leases under MFRS 117 Leases.

At the date of initial application, all ROU assets are measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application. The Group adopted the simplified transition approach and did not restate comparative amounts for the financial year prior to first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied.

The Group elects to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying assets are of low value. The Group entered into low value assets leases in respect of equipment.

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A1 Basis of preparation (Cont'd)

MFRS 16 Leases (Cont'd)

The adoption of MFRS 16 has the following impact:

a) To the opening balance as of 1 August 2019

| | As previously reported RM'000 | Effects on adoption of MFRS 16 RM'000 | As restated RM'000 |
|---------------------------|-------------------------------------|--|-----------------------|
| Right-of-use assets | - | 7,621 | 7,621 |
| Lease liabilities | - | 8,882 | 8,882 |
| Accrued expenses | 94,215 | (975) | 93,240 |
| Retained earnings | 1,476,237 | (156) | 1,476,081 |
| Non-controlling interests | 173,935 | (130) | 173,805 |

b) To the unaudited Consolidated Financial Statements for the financial year ending 31 July 2020:

- (i) On the Consolidated Income Statement, expenses which were previously included under operating leases will be replaced by finance costs -lease liabilities and depreciation of right of use asset; and
- (ii) On the Consolidated Cash Flow Statement, operating lease rental outflows, previously recorded within net cashflow from operating activities, are classified as “net cashflow used in financing activities” for repayment of principal of lease liabilities.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2019 was not qualified.

A3 Seasonal or cyclical factors

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

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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 following:-

(i) Share Grant Plan

On 19 December 2019, the Company issued and allotted 615,400 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

As at 31 January 2020, the total number of issued shares of the Company was 515,876,872 ordinary shares, out of which 100 ordinary shares were held as treasury shares.

(ii) Sukuk Murabahah Programme

On 30 December 2019, Scientex Quatari Sdn Bhd ("SQSB"), a wholly-owned subsidiary of the Company made its third 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 to part finance land acquisitions. As at 31 January 2020, the total amount issued of unrated Sukuk Murabahah stood at RM350.0 million in nominal value. The redeemable Sukuk Murabahah are due on 11 July 2022 and 10 July 2023 for each RM50.0 million, 10 July 2024 for RM100.0 million, subsequently on 29 December 2028 for RM70.0 million and lastly 28 December 2029 for the remaining balance of RM80.0 million, and bear profit based on cost of fund plus margin, payable quarterly.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2019 was as follows:

RM'000

In respect of the financial year ended 31 July 2019:

| | |
|--|--------|
| Single tier final dividend of 10 sen per ordinary share declared on 17 December 2019 and paid on 10 January 2020 | 51,588 |
|--|--------|

A8 Segment information

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

6 months ended 31 January 2020

| | Manufacturing RM'000 | Property Development RM'000 | Total RM'000 |
|------------------------|-------------------------|-----------------------------------|-----------------|
| Revenue | 1,315,283 | 476,460 | 1,791,743 |
| Results | | | |
| Operating profit | 120,645 | 138,645 | 259,290 |
| Investing results | | | 5,627 |
| Interest expense | | | (9,583) |
| Profit before taxation | | | 255,334 |

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A8 Segment information (Cont'd)

6 months ended 31 January 2019

| | Manufacturing RM'000 | Property Development RM'000 | Total RM'000 |
|------------------------|-------------------------|-----------------------------------|-----------------|
| Revenue | 1,124,789 | 355,435 | 1,480,224 |
| Results | | | |
| Operating profit | 74,770 | 104,693 | 179,463 |
| Investing results | | | 307 |
| Interest expense | | | (7,188) |
| Profit before taxation | | | 172,582 |

A9 Disclosure items

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

| | 3 months ended | | 6 months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31.1.2020 RM'000 | 31.1.2019 RM'000 | 31.1.2020 RM'000 | 31.1.2019 RM'000 |
| (a) Interest income | (1,258) | (364) | (2,536) | (1,137) |
| (b) Other income | (1,500) | (714) | (2,179) | (1,307) |
| (c) Interest expense | 4,332 | 3,407 | 9,583 | 7,188 |
| (d) Depreciation of property, plant and equipment | 26,721 | 21,462 | 53,475 | 43,030 |
| (e) Depreciation of right-of-use assets | 676 | - | 1,341 | - |
| (f) Net write back of receivables | (81) | (13) | (376) | (142) |
| (g) Net provision/(write back) of inventories | 281 | (58) | 1,403 | 32 |
| (h) (Gain)/loss on disposal of plant and equipment | (32) | (1) | (184) | 47 |
| (i) Gain on disposal of property | - | - | - | (983) |
| (j) Net foreign exchange loss | 2,299 | 1,285 | 4,133 | 5,640 |

In the current financial quarter and current financial year-to-date ended 31 January 2020, there were no:

- Impairment of assets;
- Gain or loss on disposal of quoted or unquoted investments;
- Gain or loss on derivatives; and
- Any other material items not disclosed above.

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 quarter that have not been reflected in the financial statements for the said period as at the date of this report.

A12 Changes in the composition of the Group

There were no material changes in the composition of the Group during the current financial quarter under review.

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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 quarter under review.

A14 Capital commitments

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

| | As at 31.01.2020 RM'000 | As at 31.01.2019 RM'000 |
|---|-------------------------------|-------------------------------|
| Approved and contracted for: | | |
| Purchase of plant and machinery | 75,962 | 34,545 |
| Balance payment for purchase of land held for development | 162,925 | 61,423 |
| | 238,887 | 95,968 |

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2020 were as follows:

| | 3 months ended | | 6 months ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31.1.2020 RM'000 | 31.1.2019 RM'000 | 31.1.2020 RM'000 | 31.1.2019 RM'000 |
| Purchase of goods from associated company | 26,899 | 23,075 | 50,480 | 44,990 |
| Rental income from jointly controlled entity | (232) | (232) | (463) | (463) |
| | | | | |

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2020

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

B1 Review of performance

| | INDIVIDUAL QUARTER | | Changes % | CUMULATIVE QUARTER | | Changes % |
|--|----------------------|--------------------------------------|--------------|----------------------|-------------------------------------|--------------|
| | Current year quarter | Preceding year corresponding quarter | | Current year-to-date | Preceding year corresponding period | |
| | 31.1.2020 RM'000 | 31.1.2019 RM'000 | | 31.1.2020 RM'000 | 31.1.2019 RM'000 | |
| Revenue | 914,378 | 766,585 | 19.3% | 1,791,743 | 1,480,224 | 21.0% |
| Operating profit | 140,786 | 103,875 | 35.5% | 259,290 | 179,463 | 44.5% |
| Profit attributable to owners of the Company | 97,474 | 73,745 | 32.2% | 178,436 | 127,411 | 40.0% |

i) Current quarter review

For the current financial quarter ended 31 January 2020, the Group achieved revenue of RM914.4 million, an increase of 19.3% compared to RM766.6 million recorded in the preceding year corresponding quarter. The increase was mainly due to better sales performance achieved from both the manufacturing and property divisions. In line with the higher sales recorded in the current financial quarter under review, the Group's operating profit was RM140.8 million, an increase of 35.5% compared to RM103.9 million recorded in the preceding year corresponding quarter.

Manufacturing revenue was RM659.4 million, an increase of 20.1% compared to RM549.0 million in the preceding year corresponding quarter. The increase was contributed by higher sales volume as well as the Group's newly acquired converting businesses. Operating profit increased from RM39.0 million to RM65.2 million mainly due to increase in sales as well as better sales mix and production efficiency.

Property revenue was RM255.0 million, an increase of 17.2% compared to RM217.6 million recorded in the preceding year corresponding quarter. In tandem with the higher sales achieved in current financial quarter, operating profit increased from RM64.9 million to RM75.6 million accordingly. The better performance in revenue and operating profit were mainly contributed by better sales and steady progress billing from our existing projects in Johor, Melaka, Selangor and Perak, in addition to maiden contribution from Taman Pulau Mutiara 2, Johor.

ii) 6-month review

For the 6-month financial period ended 31 January 2020, the Group recorded revenue of RM1.79 billion, an increase of 21.0% compared to the preceding year corresponding period of RM1.48 billion. The increase in revenue was contributed by both the manufacturing and property divisions. In line with the higher sales recorded in current financial period, the operating profit has also increased from RM179.5 million to RM259.3 million.

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B1 Review of performance (Cont'd)

(ii) 6-month review (Cont'd)

Manufacturing revenue was RM1.31 billion for the current financial period, an increase of 16.9% compared to the preceding year corresponding period of RM1.12 billion. The increase was mainly contributed by higher sales volume as well as the newly acquired converting businesses. In tandem with the increase in sales, operating profit increased from RM74.8 million to RM120.6 million.

Property revenue was RM476.5 million for the current financial period, an increase of 34.0% compared to the preceding year corresponding period of RM355.4 million. In line with the increase in sales, operating profit increased from RM104.7 million to RM138.6 million in the current financial period. The increase in profit from operations was mainly due to the better sales and progress billing achieved during the review period for our projects in Johor, Melaka, Selangor and Perak.

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

| | Current quarter | Preceding quarter | Changes % |
|--|---------------------|----------------------|-----------|
| | 31.1.2020 RM'000 | 31.10.2019 RM'000 | |
| Revenue | 914,378 | 877,365 | 4.2% |
| Profit before tax | 139,490 | 115,844 | 20.4% |
| Profit attributable to owners of the Company | 97,474 | 80,962 | 20.4% |

The Group's revenue for the current financial quarter was RM914.4 million compared to the preceding financial quarter of RM877.4 million. The increase in revenue was mainly contributed from property division. In line with the increase in sales and better production efficiency from manufacturing division, profit before taxation for the current financial quarter was RM139.5 million compared to the preceding financial quarter of RM115.8 million.

B3 Current financial year prospects

Manufacturing

The Group continues to see sustainable performance for its manufacturing division for its current quarter under review due to stable demand for its flexible plastic packaging ("FPP") products. The novel coronavirus (Covid-19) outbreak, which continues to evolve daily and escalating on a global scale may result in heightened global uncertainties.

To counter this, the Group remains focused on its overall long-term strategy to enhance production efficiency, producing more sustainable and value added products whilst seeking to reduce costs and wastage as part of its overall strategy to remain competitive against the backdrop of such global uncertainty with capital flows and exchange rate volatility expected to increase. The Group will continue to monitor very closely the latest developments and take appropriate steps to manage such risks.

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B3 Current financial year prospects (Cont'd)

Property

The Group continues to see encouraging demand for its affordable housing products in all its on-going projects for the current quarter under review. With the Malaysian economy growing at its slowest pace since 2009, Bank Negara Malaysia in March 2020 announced a further reduction in its Overnight Policy Rate to 2.50% which is seen as pre-emptive measure to keep the Malaysian economy on even keel amidst heightened global uncertainties. With the accommodative interest rate regime, demand for the Group's products which are strategically located throughout Peninsular Malaysia is expected to remain sustainable. In spite of the uncertainty stemming from the recent change in government and the escalating Covid-19 outbreak, the Group remains focused on its core competency of building and delivering more affordable homes through acquisition of affordably priced landbanks, efficient utilisation of land spaces via township planning as well as better construction costs control.

The Group has completed the acquisition of its Tasek Gelugor and Kundang lands in December 2019 and efforts are being made to ensure that scheduled launches in the second half of 2020 can be achieved as the Group spreads its affordable housing brandname to both Klang Valley and Penang. The Group will strive to put more innovative products in the market which are able to address the specific needs of buyers who wish to own homes that are attractive and rich in features whilst being truly affordable without compromising on quality.

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-to-date were as follows:

| | 3 months ended | | 6 months ended | |
|--------------------------------|----------------|-----------|----------------|-----------|
| | 31.1.2020 | 31.1.2019 | 31.1.2020 | 31.1.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of current quarter: | | | | |
| - Income tax | 33,746 | 24,276 | 62,143 | 41,472 |

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B6 Status of corporate proposals

The were no material corporate proposals announced and not completed as at the date of this report, except for the followings: -

(i) Proposed acquisition of lands in the State of Selangor

On 13 May 2019, the Company announced that Scientex Park (M) Sdn Bhd, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company had entered into two (2) conditional sale and purchase agreements in relation to the proposed acquisition with the following vendors:

- (a) a sale and purchase agreement with Swan Lake City Sdn Bhd for the acquisition of three (3) parcels of freehold land held under GRN 40178 Lot 1758, GRN 49322 Lot 3503 and GRN 49323 Lot 3504, all situated in Mukim Rawang, Daerah Gombak, State of Selangor measuring in aggregate of approximately 607,735.7 square meters for a purchase consideration of RM111.2 million (“SPA 1”); and
- (b) a sale and purchase agreement with Fair City Sdn Bhd for the acquisition of two (2) parcels of freehold land held under GRN 84115 Lot 18886 and GRN 84116 Lot 18887, all situated in Bandar Kundang, Daerah Gombak, State of Selangor measuring in aggregate of 65,893.0 square meters for a purchase consideration of RM12.1 million (“SPA 2”).

The total purchase consideration for the SPA 1 and SPA 2 is RM123.3 million.

(ii) Proposed acquisition of lands in the State of Pulau Pinang

On 10 June 2019, the Company announced that Scientex (Skudai) Sdn Bhd, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Palma Indah Sdn Bhd for the proposed acquisition of the following six (6) parcels of freehold land held under:

- (a) Geran (1st Grade) No. Hakmilik 131904 Lot 5688;
- (b) Geran No. Hakmilik 5762 Lot 535;
- (c) Geran (1st Grade) No. Hakmilik 5764 Lot 568;
- (d) Geran (1st Grade) No. Hakmilik 115348 Lot 3262;
- (e) Geran No. Hakmilik 115349 Lot 3263; and
- (f) Geran Mukim (1st Grade) No. Hakmilik 7 Lot 567,

all situated in Mukim 12, Daerah Seberang Perai Utara, State of Pulau Pinang measuring in aggregate area of approximately 7,827,534.83 square feet for a total purchase consideration of RM109.6 million only.

The conditions precedent of the above proposed acquisitions (i) and (ii) as set out in the SPA have been satisfied in accordance with the terms and conditions of the SPAs and the payments of balance purchase price have been made to the vendors, hence marked the completion of the acquisitions on 30 December 2019.

(iii) Proposed acquisition of lands in the State of Johor

On 17 December 2019, the Company announced that Amber Land Bhd, a wholly-owned subsidiary of SQSB which in turn is a wholly-owned subsidiary of the Company, had entered into an agreement of sale with Oaksvilla Sdn Bhd for the proposed acquisition of the eighteen (18) parcels of 989-year leasehold land on an en bloc basis which held under HS(D) 888 Lot 3449 to HS(D) 905 Lot 3466, all situated in Mukim of Kota Tinggi, District of Kota Tinggi, State of Johor measuring in aggregate an approximate area of 85.7 acres for a total purchase consideration of RM39.2 million. The full payment of the balance purchase price has been made to the vendor, hence marked the completion of the acquisition on 5 March 2020.

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B7 Borrowings and debt securities

| As at 31 January 2020 | Long term RM'000 | Short term RM'000 | Total borrowings RM'000 |
|---------------------------|---------------------|----------------------|-------------------------------|
| <u>Secured</u> | | | |
| Denominated in RM | | | |
| - Sukuk Murabahah | 350,000 | - | 350,000 |
| - Trade financing | - | 557 | 557 |
| <u>Unsecured</u> | | | |
| Denominated in USD | | | |
| - Term loan | 9,647 | 13,863 | 23,510 |
| - Trade financing | - | 410,050 | 410,050 |
| Denominated in JPY | | | |
| - Trade financing | - | 145,844 | 145,844 |
| Denominated in AUD | | | |
| - Trade financing | - | 26,730 | 26,730 |
| Denominated in RM | | | |
| - Term loan | 3,557 | 2,510 | 6,067 |
| - Trade financing | - | 53,100 | 53,100 |
| Total | 363,204 | 652,654 | 1,015,858 |

| As at 31 January 2019 | Long term RM'000 | Short term RM'000 | Total borrowings RM'000 |
|---------------------------|---------------------|----------------------|-------------------------------|
| <u>Secured</u> | | | |
| Denominated in RM | | | |
| - Sukuk Murabahah | 300,000 | - | 300,000 |
| Denominated in USD | | | |
| - Trade financing | - | 4,745 | 4,745 |
| <u>Unsecured</u> | | | |
| Denominated in USD | | | |
| - Term loan | 19,294 | 9,647 | 28,941 |
| - Trade financing | - | 291,646 | 291,646 |
| Denominated in JPY | | | |
| - Trade financing | - | 248,460 | 248,460 |
| Denominated in RM | | | |
| - Trade financing | - | 7,500 | 7,500 |
| Total | 319,294 | 561,998 | 881,292 |

B8 Lease liabilities

The Group has adopted MFRS 16 Leases beginning 1 August 2019. The lease liabilities are supported by the corresponding right-of-use assets of RM6.33 million.

B9 Material litigation

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

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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 | |
|--|----------|----------------|-----------|----------------|-----------|
| | | 31.1.2020 | 31.1.2019 | 31.1.2020 | 31.1.2019 |
| (i) Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | (RM'000) | 97,474 | 73,745 | 178,436 | 127,411 |
| Weighted average number of ordinary shares in issue | ('000) | 515,556 | 489,073 | 515,409 | 489,000 |
| Basic earnings per share | (sen) | 18.91 | 15.08 | 34.62 | 26.06 |

(ii) Fully diluted earnings per share

There was no dilution in earnings per share as there were no dilutive potential ordinary shares as at 31 January 2020.

By Order of the Board

Tung Wei Yen (MAICSA 7062671)
Ong Ling Hui (MAICSA 7065599)
Company Secretaries

11 March 2020