



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 31 January 2018

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

**For the six months ended 31 January 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2018 RM'000	Preceding year corresponding quarter 31.1.2017 RM'000	Current year to date 31.1.2018 RM'000	Preceding year corresponding period 31.1.2017 RM'000
<b>Revenue</b>	<b>634,752</b>	<b>586,248</b>	<b>1,293,434</b>	<b>1,120,932</b>
<b>Operating profit</b>	<b>84,928</b>	<b>82,560</b>	<b>178,166</b>	<b>151,394</b>
Interest expense	(2,260)	(3,638)	(4,595)	(7,105)
Investing results	2,709	2,910	4,372	3,956
<b>Profit before tax</b>	<b>85,377</b>	<b>81,832</b>	<b>177,943</b>	<b>148,245</b>
Taxation	(16,469)	(15,513)	(35,640)	(28,939)
<b>Profit for the quarter / period</b>	<b>68,908</b>	<b>66,319</b>	<b>142,303</b>	<b>119,306</b>
<b>Profit attributable to:</b>				
Owners of the Company	67,981	65,192	140,383	117,249
Non-controlling interests	927	1,127	1,920	2,057
<b>Profit for the quarter / period</b>	<b>68,908</b>	<b>66,319</b>	<b>142,303</b>	<b>119,306</b>
Earnings per share attributable to owners of the Company (sen per share)	14.05	14.09	29.02	25.41

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)*



**SCIENTEX BERHAD**  
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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 31 January 2018  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 31 January 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2018 RM'000	Preceding year corresponding quarter 31.1.2017 RM'000	Current year to date 31.1.2018 RM'000	Preceding year corresponding period 31.1.2017 RM'000
<b>Profit for the quarter / period</b>	<b>68,908</b>	<b>66,319</b>	<b>142,303</b>	<b>119,306</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	(14,683)	6,572	(17,457)	7,031
Other comprehensive (loss)/income for the quarter / period, net of income tax	(14,683)	6,572	(17,457)	7,031
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>54,225</b>	<b>72,891</b>	<b>124,846</b>	<b>126,337</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>				
Owners of the Company	54,676	70,624	124,587	123,063
Non-controlling interests	(451)	2,267	259	3,274
	<b>54,225</b>	<b>72,891</b>	<b>124,846</b>	<b>126,337</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)*

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 January 2018

	<b>AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2018 RM'000 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2017 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,016,180	1,012,570
Investment properties	17,000	17,000
Land held for property development	634,121	500,233
Investment in jointly controlled entity	26,252	24,115
Investment in associate	33,416	31,180
Other investments	8,552	8,552
Deferred tax assets	23,425	18,925
Intangible assets	12,134	12,134
	<b>1,771,080</b>	<b>1,624,709</b>
<b>Current assets</b>		
Property development costs	181,560	165,068
Inventories	139,293	168,778
Trade and other receivables	469,020	427,336
Cash and bank balances	158,725	191,898
	<b>948,598</b>	<b>953,080</b>
<b>TOTAL ASSETS</b>	<b>2,719,678</b>	<b>2,577,789</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	453,850	411,843
Reserves	1,199,662	1,123,621
Equity attributable to owners of the Company	1,653,512	1,535,464
Non-controlling interests	66,675	68,416
<b>Total equity</b>	<b>1,720,187</b>	<b>1,603,880</b>
<b>Non-current liabilities</b>		
Borrowings	184,424	166,500
Retirement benefits obligations	29,534	27,803
Deferred tax liabilities	35,943	35,943
	<b>249,901</b>	<b>230,246</b>
<b>Current liabilities</b>		
Borrowings	305,268	301,190
Trade and other payables	410,964	419,449
Tax liabilities	33,358	23,024
	<b>749,590</b>	<b>743,663</b>
<b>Total liabilities</b>	<b>999,491</b>	<b>973,909</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,719,678</b>	<b>2,577,789</b>
Net assets per share attributable to owners of the Company (RM)	3.38	3.18

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)*



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 JANUARY 2018

	Reserves							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	Retained earnings RM'000			
At 1 August 2017	411,843	-	-	55,799	11,142	(1)	461	1,056,220	1,535,464	68,416	1,603,880
Profit for the period	-	-	-	-	-	-	-	140,383	140,383	1,920	142,303
Other comprehensive profit for the period	-	-	-	-	(15,796)	-	-	-	(15,796)	(1,661)	(17,457)
Total comprehensive income for the period	-	-	-	-	(15,796)	-	-	140,383	124,587	259	124,846
Issuance of ordinary shares pursuant to Share Grant Plan	1,240	-	-	-	-	-	-	-	1,240	-	1,240
Dividend Reinvestment Plan ("DRP")	40,767	-	-	-	-	-	-	(176)	40,591	-	40,591
Dividends	-	-	-	-	-	-	-	(48,370)	(48,370)	(2,000)	(50,370)
At 31 January 2018	453,850	-	-	55,799	(4,654)	(1)	461	1,148,057	1,653,512	66,675	1,720,187
At 1 August 2016	115,000	104,324	4,382	55,799	8,683	-	461	886,518	1,175,167	66,495	1,241,662
Profit for the period	-	-	-	-	-	-	-	117,249	117,249	2,057	119,306
Other comprehensive profit for the period	-	-	-	-	5,814	-	-	-	5,814	1,217	7,031
Total comprehensive income for the period	-	-	-	-	5,814	-	-	117,249	123,063	3,274	126,337
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)
At 31 January 2017	231,779	21,419	4,382	55,799	14,497	(1)	461	946,609	1,274,945	66,809	1,341,754

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the six months ended 31 January 2018**

	<b>6 MONTHS ENDED 31.1.2018 RM'000</b>	<b>6 MONTHS ENDED 31.1.2017 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	177,943	148,245
Adjustments	25,000	34,669
Operating profits before working capital changes	<u>202,943</u>	<u>182,914</u>
Movement in working capital:		
Decrease/(increase) in inventories	29,192	(27,512)
Decrease in development properties	67,196	768
Increase in receivables	(26,048)	(46,900)
(Decrease)/increase in payables	(13,424)	19,461
<b>Cash generated from operations</b>	<u>259,859</u>	<u>128,731</u>
Taxation paid	(29,658)	(25,873)
Gratuity and retirement benefits paid	(95)	-
<b>Net cash from operating activities</b>	<u>230,106</u>	<u>102,858</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(49,938)	(52,545)
Deposit paid for purchase of property, plant and equipment	(1,343)	(21,661)
Deposit paid for purchase of land held for development	(28,419)	(16,818)
Purchase of land held for development	(201,235)	(67,635)
Proceeds from disposal of property, plant and equipment	77	-
Interest received	1,979	1,207
<b>Net cash used in investing activities</b>	<u>(278,879)</u>	<u>(157,452)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(7,603)	(73,956)
Non-controlling shareholders of subsidiaries	(2,000)	(2,960)
Acquisition of treasury shares	-	(1)
Dividend Reinvestment Plan expenses	(176)	(126)
Net drawdown/(repayment) of term loans	33,865	(3,614)
Net (repayment)/drawdown of short term borrowings	(1,623)	223,886
Interest paid	(6,863)	(9,399)
<b>Net cash from financing activities</b>	<u>15,600</u>	<u>133,830</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(33,173)	79,236
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>191,898</u>	<u>100,601</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>158,725</u>	<u>179,837</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	77,226	152,184
Short term deposits	81,499	27,653
	<u>158,725</u>	<u>179,837</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2017)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2018**

**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 2017.

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 2017, except for the adoption of the new and revised Standards and Amendments effective on or after 1 August 2017.

**(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 2017.

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRSs	Annual Improvement to FRSs 2014 - 2016 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 2017 was not qualified.

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**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.

**A5 Material changes in estimates**

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

**A6 Changes in debts and equity securities**

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

(i) Share grant plan

On 20 November 2017, the Company issued and allotted 142,000 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

(ii) Dividend reinvestment plan

On 26 January 2018, the Company issued and allotted 5,226,500 new ordinary shares to the entitled shareholders of the Company who had elected to reinvest their electable portions of cash dividend arising from the single tier final dividend of 10 sen per ordinary share for the financial year ended 31 July 2017 ("FY2017 Final Dividend") in new ordinary shares in the Company, pursuant to the Dividend Reinvestment Plan ("DRP").

As at 31 January 2018, the total number of issued shares of the Company was 488,926,500 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

**A7 Dividend paid**

There were no dividends paid by the Company in the current financial year-to-date ended 31 January 2018, except for the following:-

The shareholders of the Company had, at the Annual General Meeting held on 6 December 2017, approved the FY2017 Final Dividend. At the Extraordinary General Meeting held on even date, the shareholders had also approved the DRP that provides the shareholders with an option to elect to reinvest their cash dividend declared by the Company in new ordinary shares in the Company ("Scientex Shares") and issuance of Scientex Shares pursuant to the DRP.

The Company determined that the DRP would be applied to the entire FY2017 Final Dividend ("First DRP") and fixed the issued price of the new Scientex Shares to be issued pursuant to the First DRP at RM7.80 per new Scientex Share.

Based on the elections made by the shareholders, the Company had issued and allotted a total of 5,226,500 new Scientex Shares and paid the remaining portion of RM7,603,290 in cash on 26 January 2018, pursuant to the First DRP. The said new Scientex Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 29 January 2018, hence marking the completion of the First DRP.

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**A8 Segment information**

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

**6 months ended 31 January 2018**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	925,522	367,912	1,293,434
<b>Results</b>			
Profit from operations	66,250	111,916	178,166
Investing results			4,372
Finance cost			(4,595)
Profit before taxation			177,943

**6 months ended 31 January 2017**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	791,576	329,356	1,120,932
<b>Results</b>			
Profit from operations	53,976	97,418	151,394
Investing results			3,956
Finance cost			(7,105)
Profit before taxation			148,245

**A9 Disclosure items**

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

	3 months ended		6 months ended	
	31.1.2018 RM'000	31.1.2017 RM'000	31.1.2018 RM'000	31.1.2017 RM'000
(a) Interest income	(1,332)	(871)	(1,979)	(1,207)
(b) Other income	(579)	(449)	(1,173)	(926)
(c) Interest expense	2,260	3,638	4,595	7,105
(d) Depreciation	17,082	15,396	34,358	30,585
(e) Net provision/(write back) of receivables	54	(49)	47	(212)
(f) Net provision/(write back) of inventories	(8)	68	293	146
(g) Gain on disposal of property, plant and equipment	(1)	-	(71)	-
(h) Net foreign exchange gain	(6,561)	(703)	(9,150)	(495)

In the current financial quarter and current financial year-to-date ended 31 January 2018, 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.



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**A10 Valuation of property, plant and equipment and investment properties**

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

**A11 Events subsequent to the end of the reporting period**

There were no material events subsequent to the end of the current financial period that have not been reflected in the financial statements for the said period as at the date of this report, except as disclosed in Note B7.

**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:

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. Subsequently, a Final Meeting was held on 16 August 2017 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 17 August 2017. Accordingly, SSSB 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.

**A13 Contingent liabilities**

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

**A14 Capital commitments**

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

	As at 31.1.2018 RM'000	As at 31.1.2017 RM'000
Approved and contracted for:		
Purchase of plant and machinery	13,505	74,809
Balance payment for purchase of land held for development	255,770	153,151
	269,275	227,960

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2018 are as follows:

	3 months ended		6 months ended	
	31.1.2018 RM'000	31.1.2017 RM'000	31.1.2018 RM'000	31.1.2017 RM'000
Purchase of goods from associated company	19,566	18,394	42,169	34,449
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 2018**

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

**B1 Review of performance**

	INDIVIDUAL QUARTER		Change %	CUMULATIVE QUARTER		Change %
	Current year quarter	Preceding year corresponding quarter		Current year-to-date	Preceding year corresponding period	
	31.1.2018 RM'000	31.1.2017 RM'000		31.1.2018 RM'000	31.1.2017 RM'000	
Revenue	634,752	586,248	8.3%	1,293,434	1,120,932	15.4%
Operating profit	84,928	82,560	2.9%	178,166	151,394	17.7%
Profit attributable to owners of the Company	67,981	65,192	4.3%	140,383	117,249	19.7%

(i) Current quarter review

For the current financial quarter ended 31 January 2018, the Group recorded revenue of RM634.8 million compared to RM586.2 million recorded in the preceding year corresponding quarter. Profit from operation was RM84.9 million compared to RM82.6 million in the preceding year corresponding quarter.

**Manufacturing** revenue recorded was RM456.5 million, an increase of 10.8% compared to RM411.9 million in the preceding year corresponding quarter. The increase was mainly attributed to the higher contribution from the export sales of its flexible packaging products. Total export sales, which accounts for 78% of the total manufacturing revenue, increased by approximately 16.2% in the current financial quarter compared to the preceding year corresponding quarter. As for profit from operations, it increased marginally from RM30.2 million in the preceding year corresponding quarter to the current financial quarter's RM31.6 million, due to lower product margins recorded in current financial quarter.

**Property** revenue recorded RM178.3 million compared to RM174.3 million in the preceding year corresponding quarter. Profit from operations increased to RM53.3 million as compared to RM52.3 million in the preceding year corresponding quarter. The increase in revenue and profit from operations were mainly due to strong progress billings and good take up rate for all its development projects in Johor, Melaka and Perak, especially Taman Pulau Mutiara and Taman Mutiara Mas.

(ii) 6-month review

For the 6-month financial period ended 31 January 2018, the Group recorded revenue of RM1,293.4 million, an increase of 15.4% compared to the preceding year corresponding period of RM1,120.9 million. Accordingly, profit from operation also increased from RM151.4 million in the preceding year corresponding period to RM178.2 million in the current financial period. The increase was mainly due to better sales performance achieved from both the manufacturing and property segments.

**Manufacturing** segment recorded revenue of RM925.5 million in the current financial period, an increase of 16.9% compared to the preceding year corresponding period of RM791.6 million. Profit from operations also increased from RM54.0 million in the preceding year corresponding period to RM66.3 million in the current financial period. The increase in revenue and profit from operations were mainly due to better sales performance from its export sales.

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**Property** segment recorded revenue of RM367.9 million in the current financial period, an increase of 11.7% compared to the preceding year corresponding period of RM329.4 million. Profit from operations also increased from RM97.4 million in the preceding year corresponding period to RM111.9 million in the current financial period. The better performance in revenue and profit from operations were mainly due to strong and resilient demand for affordable homes from its current development projects in Johor, Melaka and Perak.

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

	Current Quarter	Preceding Quarter	Change %
	31.1.2018 RM'000	31.10.2017 RM'000	
Revenue	634,752	658,682	-3.6%
Profit before tax	85,377	92,566	-7.8%
Profit attributable to owners of the Company	67,981	72,402	-6.1%

The Group's revenue for the current financial quarter was RM634.8 million compared to the preceding financial quarter of RM658.7 million. The lower revenue posted is mainly due to lower overall sales achieved from both the manufacturing and property segments. Profit before tax for the current financial quarter was RM85.4 million compared to RM92.6 million in the preceding financial quarter. The decrease is consistent with the reduction in revenue.

**B3 Current financial year prospects**

Manufacturing

The Group's new stretch film manufacturing facility in Phoenix, Arizona in the United States of America has recently been commissioned and commenced operations in January 2018. The Group expects to see this plant making positive contributions in the coming years as it gradually ramps up production capacity to meet the huge demand from the U.S. and the Americas. The plant is expected to play a pivotal and strategic supporting role in the future as the Group explores markets in the Americas with its close proximity to its customers and sources of raw material.

The fast-growing flexible plastics packaging market offers huge potential for the Group custom film segment and the Group hopes to leverage on this growing trend for flexible plastic packaging products which encompasses polyethylene ("PE"), biaxially oriented polypropylene ("BOPP") and cast polypropylene ("CPP") based products. The Group has streamlined its custom film segment to better serve its customers through customised and tailored made products with its in-house research and development team working closely with its regional and multinational customers to meet their growing demand for products with customised specifications and requirements.

The Group's specialty products will continue to focus on leveraging on the technical expertise and know-how of the Group's joint venture partners as it seeks to expand the markets for its products such as adhesive and solar film.

The Group will continue to remain vigilant to external forces and risks such as resin price fluctuations, developments of geo-political nature as well as foreign currency rates fluctuations. The Group will constantly monitor external developments to ensure that the volatility is managed in a prudent and effective manner. With its overall capacity expansion recently completed, the Group is ready to move aggressively into existing and new markets in the coming second half of the current financial year, barring unforeseen circumstances.

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Property

The Group remains focused on its affordable housing as its main contributor to its revenue for the property development division. The maiden launches of its Melaka Durian Tunggal land consisting of 197.4 acres featuring affordable homes have received overwhelming response. The Ipoh Meru 1 and Meru 2 projects have also shown good response for its affordably priced homes and apartments. The Group has completed the acquisition of its 65.3 acres of freehold Rawang land and preparations are underway for the upcoming launch. As part of its continuous efforts to replenish its landbank, the Group has in December 2017 signed a conditional sale and purchase agreement for 335.6 acres of Pulai land which is strategically located within the Iskandar Malaysia region. Based on the pent up demand for affordable homes in Rawang and Pulai areas, the Group is optimistic that these strategically located lands will provide a platform for the Group to bring more affordable housing to the communities in Rawang and its surrounding Klang Valley vicinity as well as in the vicinity of Pulai, Johor.

The Group remains confident that its strategy to acquire strategic landbanks which can be transformed into a sizeable and well planned township development will spur demand for its products which are innovative in design, optimising use of land spaces, proper and sound project development planning and efficient execution of the plans in order to bring affordable homes to the communities. Barring any unforeseen circumstances, the Group is confident that the demand for its affordable residential houses will continue to remain strong and resilient for the current 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 period under review.

**B5 Taxation**

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

	3 months ended		6 months ended	
	31.1.2018	31.1.2017	31.1.2018	31.1.2017
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	16,469	15,513	35,640	28,939

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

**B6 Realised and unrealised profits**

	As at	As at
	31.1.2018	31.1.2017
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries:		
- Realised	1,230,252	1,063,706
- Unrealised	21,031	(9,571)
	1,251,283	1,054,135
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	35,046	27,909
- Unrealised	(879)	(787)
	1,285,450	1,081,257
Less: Consolidation adjustments	(137,393)	(134,648)
Total Group retained earnings	1,148,057	946,609

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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 in Note A7 and the following:-

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

On 15 December 2017, the Company announced that its dormant wholly-owned subsidiary, Amber Land Berhad (formerly known as Great Wall Plastic Industries Berhad) had entered into a Sale and Purchase Agreement (“SPA”) with DKTMG Land Sdn Bhd for the proposed acquisition of all that piece of freehold land held in Mukim of Pulai, District of Johor Bahru, State of Johor, measuring approximately 335.6 acres for a total cash purchase consideration of RM284.2 million. The proposed acquisition is pending fulfilment of the conditions precedent set out in the SPA. It is expected to be completed in the second half of 2018.

(ii) Proposed acquisition of Klang Hock Plastic Industries Sdn Bhd (“KHPI”)

On 23 February 2018, the Company announced that its wholly-owned subsidiary, Scientex Packaging Film Sdn Bhd had entered into a SPA with Law Wan Hong @ Lew Wan Hong, Ng Boon Eu, Lew Pei See @ Law Pei See and Lew Pei Lin @ Law Pei Lin to acquire a total of 20,000,000 ordinary shares in the share capital of KHPI, representing the entire issued share capital of KHPI for a total cash purchase consideration of RM190.0 million. The proposed acquisition is pending fulfilment of the conditions precedent set out in the SPA and estimated to be completed by the first half of 2018.

**B8 Borrowings and debt securities**

As at 31 January 2018	Long term RM'000	Short term RM'000	Total Borrowings RM'000
<b><u>Secured</u></b>			
<b>Denominated in RM</b>			
- Sukuk Murabahah	100,000	-	100,000
- Term loan	59,500	10,500	70,000
<b><u>Unsecured</u></b>			
<b>Denominated in USD</b>			
- Term loan	24,924	8,941	33,865
- Trade financing	-	159,127	159,127
<b>Denominated in JPY</b>			
- Trade financing	-	104,300	104,300
<b>Denominated in RM</b>			
- Trade financing	-	22,400	22,400
<b>Total</b>	184,424	305,268	489,692

**SCIENTEX BERHAD**  
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**B8 Borrowings and debt securities (Cont'd)**

As at 31 January 2017	Long term RM'000	Short term RM'000	Total Borrowings RM'000
<b><u>Secured</u></b>			
<b>Denominated in RM</b>			
- Sukuk Murabahah	100,000	-	100,000
- Term loan	70,000	-	70,000
- Trade financing	-	4,500	4,500
<b><u>Unsecured</u></b>			
<b>Denominated in USD</b>			
- Trade financing	-	321,916	321,916
<b>Denominated in JPY</b>			
- Trade financing	-	38,000	38,000
<b>Denominated in RM</b>			
- Term loan	62,474	26,400	88,874
- Trade financing	-	68,589	68,589
<b>Total</b>	<b>232,474</b>	<b>459,405</b>	<b>691,879</b>

**B9 Material litigation**

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

**B10 Dividend**

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

**B11 Earnings per share**

		3 months ended		6 months ended	
		31.1.2018	31.1.2017	31.1.2018	31.1.2017
<b>(i) Basic earnings per share</b>					
Profit attributable to equity holders of the Company	(RM'000)	67,981	65,192	140,383	117,249
Weighted average number of ordinary shares in issue	('000)	484,019	462,707	483,789	461,354
Basic earnings per share	(sen)	14.05	14.09	29.02	25.41

**(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 2018.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)  
Company Secretary

22 March 2018