



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 April 2018
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the nine months ended 30 April 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2018 RM'000	Preceding year corresponding quarter 30.4.2017 RM'000	Current year to date 30.4.2018 RM'000	Preceding year corresponding period 30.4.2017 RM'000
Revenue	600,179	636,154	1,893,613	1,757,086
Operating profit	77,996	88,173	256,162	239,567
Interest expense	(2,146)	(3,774)	(6,741)	(10,879)
Investing results	968	1,041	5,340	4,997
Profit before tax	76,818	85,440	254,761	233,685
Taxation	(14,320)	(18,019)	(49,960)	(46,958)
Profit for the quarter / period	62,498	67,421	204,801	186,727
Profit attributable to:				
Owners of the Company	61,136	66,497	201,519	183,746
Non-controlling interests	1,362	924	3,282	2,981
Profit for the quarter / period	62,498	67,421	204,801	186,727
Earnings per share attributable to owners of the Company (sen per share)	12.50	14.34	41.51	39.77

(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)



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QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 April 2018

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 April 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2018 RM'000	Preceding year corresponding quarter 30.4.2017 RM'000	Current year to date 30.4.2018 RM'000	Preceding year corresponding period 30.4.2017 RM'000
Profit for the quarter / period	62,498	67,421	204,801	186,727
Other comprehensive income/(loss), net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	3,736	(2,241)	(13,721)	4,790
Other comprehensive income/(loss) for the quarter / period, net of income tax	3,736	(2,241)	(13,721)	4,790
Total comprehensive income for the quarter / period, net of income tax	66,234	65,180	191,080	191,517
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	64,535	64,602	189,122	187,665
Non-controlling interests	1,699	578	1,958	3,852
	66,234	65,180	191,080	191,517

(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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2018

	AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2018 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2017 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,005,661	1,012,570
Investment properties	17,000	17,000
Land held for property development	603,008	500,233
Investment in jointly controlled entity	26,637	24,115
Investment in associate	33,999	31,180
Other investments	7,502	8,552
Deferred tax assets	25,675	18,925
Intangible assets	12,134	12,134
	1,731,616	1,624,709
Current assets		
Property development costs	202,699	165,068
Inventories	137,814	168,778
Trade and other receivables	497,989	427,336
Cash and bank balances	355,069	191,898
	1,193,571	953,080
TOTAL ASSETS	2,925,187	2,577,789
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	453,850	411,843
Reserves	1,264,195	1,123,621
Equity attributable to owners of the Company	1,718,045	1,535,464
Non-controlling interests	68,374	68,416
Total equity	1,786,419	1,603,880
Non-current liabilities		
Borrowings	125,235	166,500
Retirement benefits obligations	30,281	27,803
Deferred tax liabilities	35,943	35,943
	191,459	230,246
Current liabilities		
Borrowings	504,381	301,190
Trade and other payables	417,612	419,449
Tax liabilities	25,316	23,024
	947,309	743,663
Total liabilities	1,138,768	973,909
TOTAL EQUITY AND LIABILITIES	2,925,187	2,577,789
Net assets per share attributable to owners of the Company (RM)	3.51	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
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 APRIL 2018

	Reserves							Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable				Distributable						
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000				
At 1 August 2017	411,843	-	-	55,799	11,142	(1)	461	1,056,220	1,535,464	68,416	1,603,880
Profit for the period	-	-	-	-	-	-	-	201,519	201,519	3,282	204,801
Other comprehensive profit for the period	-	-	-	-	(12,397)	-	-	-	(12,397)	(1,324)	(13,721)
Total comprehensive income for the period	-	-	-	-	(12,397)	-	-	201,519	189,122	1,958	191,080
Issuance of ordinary shares pursuant to Share Grant Plan	1,240	-	-	-	-	-	-	-	1,240	-	1,240
Dividend Reinvestment Plan ("DRP")	40,767	-	-	-	-	-	-	(178)	40,589	-	40,589
Dividends	-	-	-	-	-	-	-	(48,370)	(48,370)	(2,000)	(50,370)
At 30 April 2018	453,850	-	-	55,799	(1,255)	(1)	461	1,209,191	1,718,045	68,374	1,786,419
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	-	-	-	-	-	-	-	183,746	183,746	2,981	186,727
Other comprehensive profit for the period	-	-	-	-	3,919	-	-	-	3,919	871	4,790
Total comprehensive income for the period	-	-	-	-	3,919	-	-	183,746	187,665	3,852	191,517
Bonus issue	115,000	(104,324)	-	-	-	-	-	(10,802)	(126)	-	(126)
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Issuance of ordinary shares pursuant to Share Grant Plan	1,779	21,419	-	-	-	-	-	-	23,198	-	23,198
Dividends	-	-	-	-	-	-	-	(46,356)	(46,356)	(2,960)	(49,316)
Total transactions with owners	231,779	21,419	4,382	55,799	12,602	(1)	461	1,013,106	1,339,547	67,387	1,406,934
Transfer pursuant to Section 618(2) of the Companies Act 2016	25,801	(21,419)	(4,382)	-	-	-	-	-	-	-	-
At 30 April 2017	257,580	-	-	55,799	12,602	(1)	461	1,013,106	1,339,547	67,387	1,406,934

(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 nine months ended 30 April 2018

	9 MONTHS ENDED 30.4.2018 RM'000	9 MONTHS ENDED 30.4.2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	254,761	233,685
Adjustments	46,044	52,956
Operating profits before working capital changes	<u>300,805</u>	<u>286,641</u>
Movement in working capital:		
Decrease in inventories	30,555	3,926
Decrease in development properties	78,309	16,580
Increase in receivables	(44,244)	(87,712)
(Decrease)/increase in payables	(196)	5,203
Cash generated from operations	<u>365,229</u>	<u>224,638</u>
Taxation paid	(55,725)	(48,657)
Gratuity and retirement benefits paid	(342)	(30)
Net cash from operating activities	<u>309,162</u>	<u>175,951</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Deposit paid for acquisition of investment	(10,000)	-
Purchase of property, plant and equipment	(57,959)	(110,482)
Deposit paid for purchase of property, plant and equipment	(2,124)	(586)
Purchase of land held for development	(201,235)	(115,322)
Deposit paid for purchase of land held for development	(28,419)	(12,364)
Proceeds from disposal of property, plant and equipment	259	-
Proceeds from disposal of other investments	1,050	-
Net dividend received	310	336
Interest received	3,323	1,850
Net cash used in investing activities	<u>(294,795)</u>	<u>(236,568)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
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	(178)	(126)
Net repayment of term loans	(35,588)	(10,214)
Net drawdown of short term borrowings	204,322	151,607
Interest paid	(10,149)	(14,297)
Net cash from financing activities	<u>148,804</u>	<u>50,053</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	163,171	(10,564)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>191,898</u>	<u>100,601</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>355,069</u>	<u>90,037</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	278,822	76,339
Short term deposits	76,247	13,698
	<u>355,069</u>	<u>90,037</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 30 APRIL 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 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") into new ordinary shares of the Company pursuant to the Dividend Reinvestment Plan ("DRP").

As at 30 April 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 for the current financial year-to-date ended 30 April 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 which provided the shareholders with an option to elect to reinvest their cash dividend declared by the Company into new ordinary shares of the Company ("Scientex Shares") as well as the 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 issue 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.

9 months ended 30 April 2018

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,377,648	515,965	1,893,613
Results			
Profit from operations	100,552	155,610	256,162
Investing results			5,340
Finance cost			(6,741)
Profit before taxation			254,761

9 months ended 30 April 2017

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

A9 Disclosure items

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

	3 months ended		9 months ended	
	30.4.2018 RM'000	30.4.2017 RM'000	30.4.2018 RM'000	30.4.2017 RM'000
(a) Interest income	(1,344)	(643)	(3,323)	(1,850)
(b) Other income	(527)	(409)	(1,700)	(1,335)
(c) Interest expense	2,146	3,774	6,741	10,879
(d) Depreciation	17,099	15,783	51,457	46,368
(e) Net write back of receivables	(72)	(242)	(25)	(454)
(f) Net provision/(write back) of inventories	116	(179)	409	(33)
(g) Gain on disposal of property, plant and equipment	(82)	-	(153)	-
(h) Net foreign exchange (gain)/loss	(5,262)	402	(14,412)	(93)

In the current financial quarter and current financial year-to-date ended 30 April 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 for the following:

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 (“SPFSB”) had entered into a Sale and Purchase Agreement (“SPA”) with Lew Wan Hong @ Law Wan Hong, Ng Boon Eu, Lew Pei See @ Law Pei See and Lew Pei Lin @ Law Pei Lin (“Vendors”) 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, upon the terms and conditions contained in the SPA. Subsequently, the Company announced that the Vendors, SPFSB and the Company have agreed to vary certain terms of the SPA via a Supplemental Agreement dated 24 April 2018. Thereafter, all conditions precedent applicable in respect of the SPA have been satisfied or waived in accordance with the terms and conditions of the SPA and the payment of balance purchase price had been received by the Vendors, hence marking the completion of the acquisition on 2 May 2018. Accordingly, KHPI became a wholly-owned subsidiary of SPFSB.

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 30.4.2018 RM'000	As at 30.4.2017 RM'000
Approved and contracted for:		
Purchase of plant and machinery	12,238	45,023
Balance payment for purchase of land held for development	255,770	111,276
	<u>268,008</u>	<u>156,299</u>

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A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2018 are as follows:

	3 months ended		9 months ended	
	30.4.2018	30.4.2017	30.4.2018	30.4.2017
	RM'000	RM'000	RM'000	RM'000
Purchase of goods from associated company	22,310	20,441	64,479	54,890
Rental income from jointly controlled entity	(232)	(232)	(695)	(695)

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2018

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

B1 Review of performance

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current year quarter	Preceding year corresponding quarter	Change %	Current year-to-date	Preceding year corresponding period	Change %
	30.4.2018 RM'000	30.4.2017 RM'000		30.4.2018 RM'000	30.4.2017 RM'000	
Revenue	600,179	636,154	-5.7%	1,893,613	1,757,086	7.8%
Operating profit	77,996	88,173	-11.5%	256,162	239,567	6.9%
Profit attributable to owners of the Company	61,136	66,497	-8.1%	201,519	183,746	9.7%

(i) Current quarter review

For the current financial quarter ended 30 April 2018, the Group recorded revenue of RM600.2 million, a marginal decrease of 5.7% compared to RM636.2 million recorded in the preceding year corresponding quarter. Correspondingly, profit from operations came in at RM78.0 million, a decrease of 11.5% compared to RM88.2 million in the preceding year corresponding quarter. The decrease in revenue and profit were mainly due to the lower contribution from the Group's property division as the recently launched projects were still in the early stages of progress billings, despite having registered commendable sales for its launches.

Manufacturing revenue was RM452.1 million, a marginal increase of 2.1% compared to RM442.8 million in the preceding year corresponding quarter. The increase in manufacturing revenue was due to higher contribution from export sales of its flexible packaging products. Total export sales, which accounts for 77% of the total manufacturing revenue, have seen positive growth after the Group's expansion in its manufacturing capacity were put in place. Profit from operations increased to RM34.3 million compared to RM25.2 million in the preceding year corresponding quarter as a result of better product mix and margins achieved.

Property revenue was RM148.1 million compared to RM193.4 million in the preceding year corresponding quarter. Profit from operations decreased to RM43.7 million compared to RM63.0 million in the preceding year corresponding quarter. The reduction in revenue and profit from operations were mainly due to slower progress billings from our latest projects launched in Taman Scientex Durian Tunggal, Melaka and Scientex Meru which were all in early stages of construction progress. The division was also impacted by longer-than-expected timeframe in attaining regulatory approvals and permits for some of the projects due to uncertainty during the election period.

(ii) 9-month review

For the 9-month financial period ended 30 April 2018, the Group recorded revenue of RM1,893.6 million, an increase of 7.8% compared to the preceding year corresponding period of RM1,757.1 million. Profit from operations increased from RM239.6 million to RM256.2 million, an increase of 6.9%. The increase was mainly due to better sales performance achieved from the manufacturing division.

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B1 Review of performance (Cont'd)

Manufacturing division recorded revenue of RM1,377.6 million for the current financial period, an increase of 11.6% compared to the preceding year corresponding period of RM1,234.4 million. Profit from operations increased from RM79.1 million for the preceding year corresponding period to RM100.6 million for the current financial period. The increase in revenue and profit from operations were mainly due to the better performance in its export sales.

Property division recorded revenue of RM516.0 million for the current financial period, marginally decrease of 1.3% compared to the preceding year corresponding period of RM522.7 million. Profit from operations decreased from RM160.4 million in the preceding year corresponding period to RM155.6 million in the current financial period. The reduction in revenue and profit from operations were mainly due to slower progress billings from our latest projects launches which were in early stages of construction progress. The division was also impacted by longer-than-expected timeframe in attaining regulatory approvals and permits for some of the projects due to uncertainty during the election period.

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

	Current quarter	Preceding quarter	Change %
	30.4.2018 RM'000	31.1.2018 RM'000	
Revenue	600,179	634,752	-5.4%
Profit before tax	76,818	85,377	-10.0%
Profit attributable to owners of the Company	61,136	67,981	-10.1%

The Group's revenue for the current financial quarter was RM600.2 million compared to the preceding financial quarter of RM634.8 million. Profit before taxation for the current financial quarter was RM76.8 million compared to the preceding financial quarter of RM85.4 million. The decrease was attributable to lower contributions from the property division, which was mainly due to the timing of the progress billings on its latest launches.

B3 Current financial year prospects

Manufacturing

The stronger United States (“U.S.”) economy holds great promise for the Group’s stretch film operations as the new stretch film manufacturing facility in Phoenix, Arizona began 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 in the U.S. and the Americas. The Group has plans to expand its market presence in the U.S. and the Phoenix plant is expected to play a pivotal and strategic supporting role in the future with its close proximity to its U.S. customers and its sources of raw materials. The Group’s Pulau Indah plant will continue to serve customers in the Asia Pacific region due to its geographical proximity to markets.

The rapidly growing segment in the food packaging industry offers huge potential for the Group 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 latest acquisition of KHPI with its own niche markets and customer base is also expected to contribute positively to the Group’s performance in the future. With a focused strategy, the Group will be able to leverage on the respective strengths of its various plants to offer its global customers a one-stop packaging solution.

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 its export markets.

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B3 Current financial year prospects (Cont'd)

Barring unforeseen circumstances, with its overall capacity expansion recently completed and the recent acquisition of KHPI, the Group is well positioned to move aggressively into existing and new markets in the near future.

Property

The Group expects to see resilient demand for affordable housing post GE14. The Group aims to be an acknowledged leader in this segment and will continue to build more affordable homes to meet the growing demand by its overwhelming response to its Melaka Durian Tunggal project and its Ipoh Meru projects. Accordingly, the Group is working to ensure that its Rawang project which is slated for a launch in the second half of the year will be able to address the pent up demand for such affordable homes particularly in the Klang Valley. The 335.6 acres of Pulau land which is strategically located within the Iskandar Malaysia region is also expected to see good response when the acquisition is completed in the fourth quarter of financial year 2018 with a scheduled launch in the next financial year. The Group remains optimistic that these strategically located lands, given its size and proper township planning, will continue to spur demand for such products offered by the Group to the communities as the Group strives to ensure that its products are innovative and modern in design, remains affordably priced with quality finishes and optimal use of land spaces which brings long term value to the township development. The Group is confident that the demand for its affordable housing will continue to remain strong and resilient in the foreseeable future, barring any unforeseen circumstances.

B4 Variations of actual profit from forecast profit

This note is not applicable as the Group did not issue and publish any profit forecast for the current financial period under review.

B5 Taxation

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

	3 months ended		9 months ended	
	30.4.2018	30.4.2017	30.4.2018	30.4.2017
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	14,320	18,019	49,960	46,958

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.

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

B6 Realised and unrealised profits

	As at 30.4.2018 RM'000	As at 30.4.2017 RM'000
Total retained profit of the Company and its subsidiaries:		
- Realised	1,293,255	1,116,080
- Unrealised	19,811	4,221
	1,313,066	1,120,301
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	36,014	28,950
- Unrealised	(879)	(787)
	1,348,201	1,148,464
Less: Consolidation adjustments	(139,010)	(135,358)
Total Group retained earnings	1,209,191	1,013,106

B7 Status of corporate proposals

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

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 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 conditions precedent set out in the SPA. It is expected to be completed in the fourth quarter of financial year 2018.

B8 Borrowings and debt securities

As at 30 April 2018	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	100,000	-	100,000
<u>Unsecured</u>			
Denominated in USD			
- Term loan	25,235	9,176	34,411
- Trade financing	-	321,090	321,090
Denominated in JPY			
- Trade financing	-	155,815	155,815
Denominated in RM			
- Trade financing	-	18,300	18,300
Total	125,235	504,381	629,616

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

B8 Borrowings and debt securities (Cont'd)

As at 30 April 2017	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	100,000	-	100,000
- Term loan	70,000	-	70,000
<u>Unsecured</u>			
Denominated in USD			
- Trade financing	-	202,572	202,572
Denominated in JPY			
- Trade financing	-	39,000	39,000
Denominated in RM			
- Term loan	55,874	26,400	82,274
- Trade financing	-	119,154	119,154
Total	225,874	387,126	613,000

B9 Material litigation

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

B10 Dividend

In respect of the financial year ending 31 July 2018, the Board of Directors declared a single tier interim dividend of 10 sen per ordinary share (single tier interim dividend for financial year 2017 of 6 sen per ordinary share), payable on 13 July 2018.

B11 Earnings per share

		3 months ended		9 months ended	
		30.4.2018	30.4.2017	30.4.2018	30.4.2017
(i) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	61,136	66,497	201,519	183,746
Weighted average number of ordinary shares in issue	('000)	488,926	463,558	485,464	462,072
Basic earnings per share	(sen)	12.50	14.34	41.51	39.77

(ii) Fully diluted earnings per share

There was no dilution in earnings per share as there were no dilutive potential ordinary shares as at 30 April 2018.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

20 June 2018