



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial year ended 31 July 2016

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

**For the financial year ended 31 July 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2016 RM'000	Preceding year corresponding quarter 31.7.2015 RM'000	Current year to date 31.7.2016 RM'000	Preceding year 31.7.2015 RM'000
<b>Revenue</b>	<b>561,057</b>	<b>452,498</b>	<b>2,200,980</b>	<b>1,801,684</b>
<b>Operating profit</b>	<b>74,094</b>	<b>77,123</b>	<b>312,560</b>	<b>224,978</b>
Interest expense	(4,893)	(2,295)	(13,670)	(8,255)
Investing results	707	2,168	7,442	4,239
<b>Profit before tax</b>	<b>69,908</b>	<b>76,996</b>	<b>306,332</b>	<b>220,962</b>
Taxation	(15,377)	(27,155)	(59,765)	(58,866)
<b>Profit for the quarter / year</b>	<b>54,531</b>	<b>49,841</b>	<b>246,567</b>	<b>162,096</b>
<b>Profit attributable to:</b>				
Owners of the Company	54,135	48,911	240,865	158,190
Non-controlling interests	396	930	5,702	3,906
<b>Profit for the quarter / year</b>	<b>54,531</b>	<b>49,841</b>	<b>246,567</b>	<b>162,096</b>
Earnings per share attributable to owners of the Company (sen per share)	23.54	21.66	105.88	70.43

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial year ended 31 July 2016  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial year ended 31 July 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2016 RM'000	Preceding year corresponding quarter 31.7.2015 RM'000	Current year to date 31.7.2016 RM'000	Preceding year 31.7.2015 RM'000
<b>Profit for the quarter / year</b>	<b>54,531</b>	<b>49,841</b>	<b>246,567</b>	<b>162,096</b>
<b>Other comprehensive income, net of income tax:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	3,107	4,853	4,013	9,044
Items that will not be reclassified subsequently to profit or loss:				
- Revaluation of land and buildings	-	36,533	-	36,533
Other comprehensive income for the quarter / year, net of income tax	3,107	41,386	4,013	45,577
<b>Total comprehensive income for the quarter / year, net of income tax</b>	<b>57,638</b>	<b>91,227</b>	<b>250,580</b>	<b>207,673</b>
<b>Total comprehensive income for the quarter / year attributable to:</b>				
Owners of the Company	56,584	89,144	243,966	201,672
Non-controlling interests	1,054	2,083	6,614	6,001
	<b>57,638</b>	<b>91,227</b>	<b>250,580</b>	<b>207,673</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 July 2016

	<b>AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2016 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2015 RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	952,519	642,791
Investment properties	17,000	17,000
Land held for property development	447,034	268,616
Investment in jointly controlled entity	22,531	26,155
Investment in associate	26,135	15,369
Other investments	7,967	7,082
Deferred tax assets	4,506	2,086
Intangible assets	12,134	-
	<b>1,489,826</b>	<b>979,099</b>
<b>Current assets</b>		
Property development costs	174,718	136,499
Inventories	137,010	111,953
Trade and other receivables	350,675	321,698
Cash and bank balances	100,601	90,626
	<b>763,004</b>	<b>660,776</b>
<b>TOTAL ASSETS</b>	<b>2,252,830</b>	<b>1,639,875</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	115,000	115,000
Reserves	1,060,167	826,978
Equity attributable to owners of the Company	1,175,167	941,978
Non-controlling interests	66,495	62,784
<b>Total equity</b>	<b>1,241,662</b>	<b>1,004,762</b>
<b>Non-current liabilities</b>		
Borrowings	238,872	75,510
Retirement benefits obligations	23,782	18,508
Deferred tax liabilities	36,887	40,948
	<b>299,541</b>	<b>134,966</b>
<b>Current liabilities</b>		
Borrowings	232,736	149,921
Trade and other payables	431,246	308,259
Dividend payable	27,600	20,327
Tax liabilities	20,045	21,640
	<b>711,627</b>	<b>500,147</b>
<b>Total liabilities</b>	<b>1,011,168</b>	<b>635,113</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,252,830</b>	<b>1,639,875</b>
Net assets per share attributable to owners of the Company (RM)	5.11	4.17

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2016

	Reserves					Treasury shares RM'000	Other reserves RM'000	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	Share premium RM'000	Capital redemption reserve RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000						
At 1 August 2015	115,000	64,353	17,646	55,799	5,582	(6,039)	461	689,176	941,978	62,784	1,004,762
Profit for the year	-	-	-	-	-	-	-	240,865	240,865	5,702	246,567
Other comprehensive profit for the year	-	-	-	-	3,101	-	-	-	3,101	912	4,013
Total comprehensive income for the year	-	-	-	-	3,101	-	-	240,865	243,966	6,614	250,580
Sale of treasury shares	-	37,261	-	-	-	5,352	-	-	42,613	-	42,613
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Cancellation of treasury shares	(236)	(688)	236	-	-	688	-	-	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan	236	3,398	-	-	-	-	-	-	3,634	-	3,634
Dividends	-	-	-	-	-	-	-	(57,023)	(57,023)	(2,903)	(59,926)
At 31 July 2016	115,000	104,324	17,882	55,799	8,683	-	461	873,018	1,175,167	66,495	1,241,662
At 1 August 2014	115,000	38,064	17,467	22,774	(1,533)	(12,896)	461	533,381	712,718	22,705	735,423
Profit for the year	-	-	-	-	-	-	-	158,190	158,190	3,906	162,096
Other comprehensive profit for the year	-	-	-	36,367	7,115	-	-	-	43,482	2,095	45,577
Total comprehensive income for the year	-	-	-	36,367	7,115	-	-	158,190	201,672	6,001	207,673
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	43,014	43,014	35,986	79,000
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	-	-	938	938	(1,338)	(400)
Realisation of revaluation reserves	-	-	-	(3,342)	-	-	-	3,342	-	-	-
Sale of treasury shares	-	24,472	-	-	-	6,338	-	-	30,810	-	30,810
Acquisition of treasury shares	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Cancellation of treasury shares	(179)	(521)	179	-	-	521	-	-	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan	179	2,338	-	-	-	-	-	-	2,517	-	2,517
Dividends	-	-	-	-	-	-	-	(49,689)	(49,689)	(570)	(50,259)
At 31 July 2015	115,000	64,353	17,646	55,799	5,582	(6,039)	461	689,176	941,978	62,784	1,004,762

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the financial year ended 31 July 2016**

	<b>12 MONTHS ENDED 31.7.2016 RM'000</b>	<b>12 MONTHS ENDED 31.7.2015 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	306,332	220,962
Adjustments	68,982	48,366
Operating profits before working capital changes	<u>375,314</u>	<u>269,328</u>
Movement in working capital:		
Increase in inventories	(6,994)	(2,575)
Decrease/(increase) in development properties	28,027	(40,096)
Increase in receivables	(34,783)	(45,818)
Increase in payables	84,192	56,355
<b>Cash generated from operations</b>	<u>445,756</u>	<u>237,194</u>
Taxation paid	(65,028)	(44,025)
Gratuity and retirement benefits paid	(315)	(1,400)
<b>Net cash from operating activities</b>	<u>380,413</u>	<u>191,769</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(53,592)	-
Purchase of additional interest in an existing subsidiary	-	(400)
Purchase of other investments	(1,050)	(1,990)
Purchase of property, plant and equipment	(281,440)	(100,007)
Deposit paid for purchase of property, plant and equipment	(5,623)	(9,079)
Deposit paid for purchase of land held for development	(2,636)	-
Purchase of land held for development	(219,298)	(21,897)
Proceeds arising from dilution of interest in an existing subsidiary	-	79,000
Proceeds from disposal of property, plant and equipment	604	13,271
Net dividend received	552	283
Interest received	1,813	1,720
<b>Net cash used in investing activities</b>	<u>(560,670)</u>	<u>(39,099)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(49,750)	(47,054)
Non-controlling shareholders of subsidiaries	(2,903)	(570)
Proceeds from sale of treasury shares	42,613	30,810
Acquisition of treasury shares	(1)	(2)
Net drawdown of Sukuk Murabahah	100,000	-
Net drawdown/(repayment) of term loans	57,977	(7,460)
Net drawdown/(repayment) of short term borrowings	59,658	(113,279)
Interest paid	(17,362)	(8,255)
<b>Net cash from/(used in) financing activities</b>	<u>190,232</u>	<u>(145,810)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	9,975	6,860
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>90,626</u>	<u>83,766</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>100,601</u>	<u>90,626</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	90,817	88,020
Short term deposits	9,784	2,606
	<u>100,601</u>	<u>90,626</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 31 JULY 2016**

**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 2015.

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 2015.

**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 2013, 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 and the Company 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 and the Company will be required to prepare its first set of MFRS financial statements for the financial year ending 31 July 2019.

**A2 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2015 was not qualified.

**A3 Seasonal or cyclical factors**

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

**A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current financial year 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 year 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 year under review, except for the followings:

(i) Share grant plan

On 20 November 2015, the Company issued and allotted 472,000 new ordinary shares of RM0.50 each to the selected eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

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

**A6 Changes in debts and equity securities (Cont'd)**

(ii) Treasury shares

During the current financial year ended 31 July 2016, the Company repurchased 100 ordinary shares of RM0.50 each from the open market of Bursa Malaysia Securities Berhad ("Bursa Securities") for a total consideration of RM1,008. The repurchased shares were held as treasury shares.

On 17 December 2015, the Board of Directors of the Company approved the cancellation of 472,000 treasury shares of RM0.50 each.

During the current financial year, the Company also fully sold its 3,669,062 treasury shares in the open market of Bursa Securities at an average price of RM11.61 per share for a total consideration of approximately RM42.6 million (including transaction costs). The cost of the treasury shares was at an average price of RM1.46 per share, amounting to RM5.3 million. This resulted in an increase in share premium and total equity attributable to shareholders of the Company of approximately RM37.3 million and RM42.6 million respectively.

As at 31 July 2016, the Company did not hold any treasury shares and the total number of issued and paid-up share capital of the Company was 230,000,000 ordinary shares of RM0.50 each.

(iii) Establishment of a Sukuk Murabahah Programme for the issuance of up to RM500.0 million in nominal value of Sukuk Murabahah ("Sukuk Murabahah Programme")

On 2 December 2015, the Company announced that its wholly-owned subsidiary, Scientex Quatari Sdn Bhd ("SQSB") had lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the Sukuk Murabahah Programme pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, revised and effective on 15 June 2015. The Sukuk Murabahah Programme provides SQSB the flexibility to raise funds via the issuance of Sukuk Murabahah from time to time which can be utilised to finance and/or reimbursement of the acquisition of land(s)/property(ies)/investments, to fund working capital requirements and to refinance existing bank borrowings of SQSB and/or its subsidiaries. The Sukuk Murabahah Programme is unrated and has a tenure of fifteen (15) years from the date of first issuance of the Sukuk Murabahah.

On 8 January 2016, SQSB made its first 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. Proceeds from the issuance was utilised to part finance the acquisition of lands. The redeemable Sukuk Murabahah are due on 8 January 2019, 8 January 2020 and 8 January 2021 for each RM50.0 million and bear profit based on cost of fund plus margin, payable quarterly. Subsequently, SQSB had on 8 July 2016 made an early redemption of RM50.0 million in nominal value of the unrated Sukuk Murabahah.

**A7 Dividends paid**

The amount of dividends paid by the Company since 31 July 2015 were as follows:

	RM'000
In respect of the financial year ended 31 July 2015:	
Single tier interim dividend of 18%; 9 sen per ordinary share declared on 29 June 2015 and paid on 7 August 2015	20,327
Single tier final dividend of 26%; 13 sen per ordinary share declared on 17 December 2015 and paid on 25 January 2016	29,423
	49,750
In respect of the financial year ended 31 July 2016:	
Single tier interim dividend of 24%; 12 sen per ordinary share declared on 1 June 2016 and paid on 5 August 2016	27,600
	77,350

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

**A8 Segment information**

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

**12 months ended 31 July 2016**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	1,549,458	651,522	2,200,980
<b>Results</b>			
Profit from operations	124,733	187,827	312,560
Investing results			7,442
Finance cost			(13,670)
Profit before taxation			306,332

**12 months ended 31 July 2015**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	1,285,957	515,727	1,801,684
<b>Results</b>			
Profit from operations	76,930	175,277	252,207
Foreign exchange differences			(27,229)
Operating profit			224,978
Investing results			4,239
Finance cost			(8,255)
Profit before taxation			220,962

**A9 Disclosure items**

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

	3 months ended		12 months ended	
	31.7.2016 RM'000	31.7.2015 RM'000	31.7.2016 RM'000	31.7.2015 RM'000
(a) Interest income	(1,122)	(805)	(1,813)	(1,720)
(b) Other income	(2,242)	(1,800)	(3,634)	(2,898)
(c) Interest expense	4,893	2,295	13,670	8,255
(d) Depreciation	14,142	11,418	54,539	43,835
(e) Net provision for receivables	379	212	561	260
(f) Net provision for/(write back) of inventories	346	(433)	527	(380)
(g) Impairment of fixed assets	2,952	434	2,952	434
(h) Gain on disposal of machinery	-	3,594	-	3,594
(i) Net foreign exchange (gain)/loss	(554)	9,179	4,227	27,229
(j) Fair value gain in investment properties	-	(12,592)	-	(12,592)

In the current financial quarter and current financial year ended 31 July 2016, there were no:

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

**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 year that have not been reflected in the financial statements for the said period as at the date of this report, other than as disclosed elsewhere in this report.



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

**A12 Changes in the composition of the Group**

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

(i) Acquisition of Scientex Great Wall (Ipoh) Sdn Bhd ("SGW Ipoh")

On 5 August 2015, the Company announced that Scientex Packaging Film Sdn Bhd ("SPFSB"), its wholly-owned subsidiary, had entered into a Share Purchase Agreement with Mondi Consumer Packaging International GmbH to acquire a total of 21,045,316 ordinary shares of RM1.00 each in the capital of SGW Ipoh, representing the entire issued and paid-up share capital of SGW Ipoh for a total cash consideration of RM58,000,000, upon the terms and conditions contained in the Share Purchase Agreement. The transaction was completed on 11 August 2015 and accordingly, SGW Ipoh became a wholly-owned subsidiary of SPFSB.

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

	Fair value recognised on acquisition RM'000
<b>Assets</b>	
Property, plant and equipment	49,147
Other investments	33
Deferred tax assets	3,861
Trade and other receivables	18,424
Inventories	18,590
Tax recoverable	161
Cash and bank balances	4,408
	94,624
<b>Liabilities</b>	
Trade and other payables	(19,116)
Borrowings	(27,971)
Retirement benefit obligations	(1,671)
	(48,758)
Net identifiable assets	45,866
Fair value of net identifiable assets	45,866
Goodwill on consolidation	12,134
Cost of business combination	58,000
<b>Cash out flow on acquisition was as follows:</b>	
Purchase consideration satisfied by cash	58,000
Cash and cash equivalents of subsidiary acquired	(4,408)
<b>Net cash outflow of the Group</b>	53,592

From the date of acquisition, SGW Ipoh has contributed approximately RM161,931,000 of revenue and net profit of RM12,458,000 to the Group.

(ii) Striking-off of Scientex Solar Sdn Bhd ("SSSB") and Woventex Sdn Bhd ("WSB")

On 22 October 2015, the Company announced that SSSB, a wholly-owned dormant subsidiary of the Company and WSB, a wholly-owned dormant subsidiary of Scientex Polymer Sdn Bhd ("SPSB"), which in turn is a wholly-owned subsidiary of the Company, have applied to the Companies Commission of Malaysia ("CCM") to be struck off under the provision of Section 308 of the Companies Act, 1965 ("the Act"). On 6 January 2016, the CCM had issued notices to SSSB and WSB for their name to be struck-off from the register upon expiration of three months from the date of the notices, unless cause is shown to the contrary. Subsequently, SSSB and WSB had been struck off from the register of CCM in accordance with Section 308(4) of the Act pursuant to the notice published in the Gazette dated 10 February 2016, of which notification letter was received from the CCM on 15 June 2016. Accordingly, SSSB and WSB have ceased to be subsidiaries of the Company.

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

**A12 Changes in the composition of the Group (Cont'd)**

(iii) Members' Voluntary Winding-Up of Scientex Advance Sdn Bhd ("SASB")

On 22 February 2016, the Company announced that SASB, a dormant wholly-owned subsidiary of SPFSB, which in turn is a wholly-owned subsidiary of the Company, commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Act. Subsequently, a Final Meeting was held on 8 September 2016 to conclude the Members' Voluntary Winding-Up and a Return by Liquidator relating to Final Meeting ("Return") was lodged with the CCM and the Official Receiver on 9 September 2016. Accordingly, SASB will be dissolved on the expiration of 3 months from the date of lodgement of the Return pursuant to Section 272(5) of the Act.

(iv) Dissolution of Scientex Polymer (Vietnam) Co., Ltd ("SPV")

On 24 March 2016, the Company announced that SPV, a wholly-owned dormant subsidiary of SPSB in Vietnam, which in turn is a wholly-owned subsidiary of the Company, had discharged of all its debts and received a final official decision for dissolution from the authority on 22 March 2016. Accordingly, SPV was dissolved on 14 March 2016 pursuant to the Decision of Dissolution's Approval received from the Ho Chi Minh City Export Processing and Industrial Zones Authority.

**A13 Contingent liabilities**

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

**A14 Capital commitments**

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

	As at 31.7.2016 RM'000	As at 31.7.2015 RM'000
Approved and contracted for:		
Purchase of plant and machinery	49,257	200,398
Balance payment for purchase of land held for development	25,678	197,072
	74,935	397,470

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2016 are as follows:-

	3 months ended		12 months ended	
	31.7.2016 RM'000	31.7.2015 RM'000	31.7.2016 RM'000	31.7.2015 RM'000
Purchase of goods from associated company	20,356	15,701	77,768	57,289
Rental income from jointly controlled entity	(232)	(232)	(926)	(926)
	19,124	15,469	76,842	56,363

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD  
INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2016**

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

**B1 Review of performance**

(i) Current quarter review

For the current quarter ended 31 July 2016, the Group recorded revenue of RM561.1 million as compared to RM452.5 million recorded in the preceding year corresponding quarter. Profit before tax was RM69.9 million compared to RM77.0 million in the preceding year corresponding quarter.

**Manufacturing** revenue recorded was RM372.7 million, an increase of 16.5% compared to RM319.9 million in the preceding year corresponding quarter. The increase was mainly attributed to the higher contribution from the consumer packaging products as well as contribution from the newly acquired SGW Ipoh. However, profit from operations decreased from RM24.8 million to RM15.9 million mainly due to the lower product margins.

**Property** revenue recorded was RM188.4 million compared to RM132.6 million in the preceding year corresponding quarter, an increase of 42.1%. The increase in revenue was mainly contributed by the steady construction progress and new sales achieved from projects in Johor and Melaka. However, profit from operations was RM58.2 million compared to RM61.5 million in the preceding year corresponding quarter, mainly due to product mix for the new project launches in Pasir Gudang.

(ii) 12-month review

For the 12-month financial year ended 31 July 2016, the Group recorded revenue of RM2,201.0 million, an increase of 22.2% compared to the preceding financial year of RM1,801.7 million. Profit before tax increased from RM221.0 million to RM306.3 million, an increase of 38.6%. The increase was mainly due to better sales performance achieved from both the manufacturing and property segments.

**Manufacturing** segment recorded revenue of RM1,549.5 million in the current financial year, an increase of 20.5% compared to the preceding financial year of RM1,286.0 million. Profit from operations also increased from RM76.9 million to RM124.7 million compared to the preceding financial year. The increase in revenue and profit from operations were mainly due to the better sales performance achieved as well as contribution from newly acquired SGW Ipoh.

**Property** segment recorded revenue of RM651.5 million in the current financial year, an increase of 26.3% compared to the preceding financial year of RM515.7 million. Profit from operations also increased from RM175.3 million in the preceding financial year to RM187.8 million in the current financial year. The better performance in revenue and profit from operations were mainly due to steady construction progress and better sales from projects in Pasir Gudang, Kulai, Senai, Skudai and Melaka.

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

The Group's revenue for the current financial quarter of RM561.1 million is marginally higher compared to the preceding financial quarter of RM543.9 million. However, profit before tax for the current financial quarter was RM69.9 million compared to the preceding financial quarter of RM75.8 million. The decrease is mainly due to lower product margins.

**B3 Current financial year prospects**

Manufacturing

The outcome of the Brexit vote in June compounded the already lackluster growth in most advanced economies whilst growth prospects in emerging and developing countries remained divergent and patchy. The full impact of Brexit has yet to be fully appreciated and remains uncertain, thus casting greater uncertainty and volatility to the global markets.

For the quarter under review, crude oil prices continue to remain volatile, thus affecting resin prices. Currency fluctuations also continue to haunt the markets and the trading volatility of the USD remains subject to the Federal Reserve proposed rate hike which remains to be announced. Overall, uncertainty and volatility in the marketplace continue to persist and the Group will constantly monitor these developments closely to ensure that the selling prices of its products are in line with its raw material costs. Sales demand remain challenging for the coming financial year. The Group has started to make in-roads into new markets for both its industrial and consumer packaging products based on different marketing strategies adopted for specific markets to boost sales demand.

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

**B3 Current financial year prospects (Cont'd)**

The Group continues to emphasize on quality products and to this end, the on-going upgrading of facilities and commissioning of new machinery in its Rawang, Pulau Indah, Ipoh and Melaka plants which is technologically more advanced, more efficient and able to produce better quality products is the Group's commitment to produce products of international quality and acceptance as part of its overall global sales strategy. Further, to remain competitive in the global marketplace and as part of its on-going efforts to boost margins, the Group has taken pro-active steps to enhance its operational efficiency through its continuous efforts to reduce cost and wastages.

The Group's brand new cast polypropylene ("CPP") plant is slowly building up its production capacity to meet the demands of its customers whilst the Group's brand new state-of-the-art multi-million biaxially oriented polypropylene ("BOPP") film manufacturing plant at Pulau Indah has started testing and commissioning works since July 2016 with full commissioning and commercial operations slated by the second half of the year. The Group is confident that given the strategies put in place, demand from both local and overseas for its industrial and consumer packaging products is expected to be positive for the coming financial year as it offers quality products with a wider and diversified product portfolio to its expanded global customer base.

Property

The Malaysian economy grew at a slower pace of 4.0% in the second quarter of 2016 (Q1 2016 : 4.2%) (Source : Bank Negara Malaysia Press Release Dated 12 August 2016 : Economic and Financial Developments In the Malaysian Economy in the Second Quarter of 2016).

The Group's performance for the current quarter was focused primarily on affordable homes in its Pasir Gudang, Senai and Kulai projects where demand remains resilient and robust. For the quarter, the Group was on track and launched its latest Pulau land development which was successfully acquired in early 2016. The phenomenal demand for its initial two maiden launches under this development has given a strong boost to the Group and plans are underway to tap the huge demand for such affordable homes within the vicinity of this region. One of its main attraction is the construction of a new link road by the Group that has improved connectivity and accessibility to Gelang Patah. The upcoming completion of the proposed Kangkar Pulau Interchange to the Second Link has also boosted the viability and location of this development.

The Group also seek to address rising constructional costs by incorporating innovative designs, blending with the environment and tapping operational efficiencies to reduce costs and wastage. Its township development projects are all well designed to optimize the use of land space through efficient land usage, density and systematic execution of works to boost operational margins and reduce financing costs through better cash flow management and timing of its launches.

The Group is making preparations for the launch of its two pieces of Ipoh lands of which vacant possession for its Klebang land has been taken over recently and poised to be launched in the first or second quarter of the coming financial year. The Meru land acquisition is expected to be completed in September 2016 with a maiden launch to be held thereafter, further boosting the sales of the Group from these new projects over the medium and longer term. The Group foresees that the affordable housing segment will continue to play a pivotal role in contributing to the Group's top and bottom line for the coming financial year, barring 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 year under review.

**B5 Taxation**

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

	3 months ended		12 months ended	
	31.7.2016	31.7.2015	31.7.2016	31.7.2015
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter				
- Income tax	8,719	16,138	60,740	47,849
- Deferred taxation	3,384	10,064	(4,249)	10,064
In respect of prior years :				
- Income tax	1,643	993	1,643	993
- Deferred taxation	1,631	(40)	1,631	(40)
	<u>15,377</u>	<u>27,155</u>	<u>59,765</u>	<u>58,866</u>

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

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

**B6 Realised and unrealised profits**

	As at 31.7.2016 RM'000	As at 31.7.2015 RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	990,257	803,647
- Unrealised	(11,518)	(23,552)
	978,739	780,095
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	23,953	16,507
- Unrealised	(787)	(483)
	1,001,905	796,119
Less: Consolidation adjustments	(128,887)	(106,943)
Total Group retained earnings	873,018	689,176

**B7 Status of corporate proposals**

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

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

On 29 June 2015, the Company announced that SQSB, its wholly-owned subsidiary, entered into two conditional sale and purchase agreements in relation to the proposed acquisition with the following vendors:-

- (a) A sale and purchase agreement dated 29 June 2015 entered into between SQSB as the purchaser and:-
- Bukit Gambir Company Sdn Berhad ("BGCSB") as the vendor, for the acquisition of five (5) parcels of freehold agriculture land and 369 sub-divided lots of freehold building land measuring in aggregate of approximately 249.015 acres in Mukim of Pulai, District of Johor Bahru, State of Johor; and
  - Jayaplus Bakti Sdn Bhd as the vendor, for the acquisition of two (2) parcels of freehold agriculture land measuring in aggregate of approximately 73.845 acres in Mukim of Pulai, District of Johor Bahru, State of Johor,

for a combined cash purchase consideration of RM216.74 million ("SPA 1").

- (b) A sale and purchase agreement dated 29 June 2015 entered into between SQSB as the purchaser and BGCSB as the vendor for the acquisition of a sub-divided freehold agriculture land measuring approximately 3.20 acres in Mukim of Pulai, District of Johor Bahru, State of Johor, for a cash purchase consideration of RM2.23 million ("SPA 2").

The total purchase consideration for SPA 1 and SPA 2 is RM218.97 million.

The proposed acquisition had been approved by the Company's shareholders at the Extraordinary General Meeting held on 29 September 2015. Subsequently, all conditions precedent and balance purchase consideration pursuant to the SPA 1 have been fully satisfied and accordingly, the acquisition in connection with the SPA 1 have been completed on 8 January 2016. At present, the proposed acquisition is pending completion subject to the fulfilment of all the conditions precedent pursuant to the SPA 2 and the full payment of balance purchase consideration under the SPA 2. The transaction is expected to be completed by 2016.

(ii) Proposed bonus issue, increased in authorised share capital and amendment to the Memorandum of Association of the Company

The Company had on 22 March 2016 announced the following proposals:-

- (a) Proposed bonus issue of up to 230,000,000 new ordinary shares of RM0.50 each in the Company ("Scientex Share(s)") ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) existing Scientex Share held on an entitlement date to be determined later ("Proposed Bonus Issue");
- (b) Proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 400,000,000 Scientex Shares to RM500,000,000 comprising 1,000,000,000 Scientex Shares ("Proposed Increase in Authorised Share Capital"); and
- (c) Proposed amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed Increase in Authorised Share Capital.

(Collectively hereinafter referred to as the "Proposals").

The Company had on 15 April 2016 received an approval from the Bursa Securities, for the listing of and quotation for up to 230,000,000 Scientex Shares to be issued pursuant to the Proposed Bonus Issue. The shareholders of the Company had approved the Proposals at the Extraordinary General Meeting held on 1 June 2016. Subsequently, a total of 230,000,000 Bonus Shares have been listed and quoted on the Main Market of Bursa Securities on 15 August 2016, being the next market day immediately upon the entitlement date of 12 August 2016, hence marking the completion of the Proposals.

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

**B8 Borrowings and debt securities**

The Group's borrowings as at 31 July 2016 were as follows :-

	RM'000	RM'000
(a) Long Term Borrowings		
Secured - Sukuk Murabahah	100,000	
Secured - Term loan	70,000	
Unsecured - Term loan	68,872	238,872
(b) Short Term Borrowings		
Unsecured		
- Term loan	23,616	
- Other bank borrowings	209,120	232,736
		471,608
		RM'000
Included in total borrowings are borrowings denominated in foreign currencies		Equivalent
- United States Dollars		14,282
- Japanese Yen		4,329
		18,611

**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 ended 31 July 2016, the Board of Directors recommended a single tier final dividend of 20% or 10 sen per ordinary share (single tier final dividend for 2015 of 26% or 13 sen per ordinary share). This dividend is proposed after the one for one bonus issue which was completed on 15 August 2016, resulting in the issued and paid-up share capital of the Company increasing from 230,000,000 ordinary shares of RM0.50 each to 460,000,000 ordinary shares of RM0.50 each. The dividend will be payable on 13 January 2017, subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

**B11 Earnings per share**

		3 months ended		12 months ended	
		31.7.2016	31.7.2015	31.7.2016	31.7.2015
<b>(a) Basic earnings per share</b>					
Profit attributable to equity holders of the Company	(RM'000)	54,135	48,911	240,865	158,190
Weighted average number of ordinary shares in issue	('000)	230,000	225,859	227,491	224,615
Basic earnings per share	(sen)	23.54	21.66	105.88	70.43

**(b) Fully diluted earnings per share**

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 July 2016.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)  
Company Secretary

26 September 2016