



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2017
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 January 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.1.2017 RM'000	31.1.2016 RM'000	31.1.2017 RM'000	31.1.2016 RM'000
Revenue	586,248	545,429	1,120,932	1,096,027
Operating profit	82,560	78,553	151,394	160,618
Interest expense	(3,638)	(2,607)	(7,105)	(5,699)
Investing results	2,910	3,907	3,956	5,714
Profit before tax	81,832	79,853	148,245	160,633
Taxation	(15,513)	(13,201)	(28,939)	(31,228)
Profit for the quarter / period	66,319	66,652	119,306	129,405
Profit attributable to:				
Owners of the Company	65,192	64,622	117,249	125,475
Non-controlling interests	1,127	2,030	2,057	3,930
Profit for the quarter / period	66,319	66,652	119,306	129,405
Earnings per share attributable to owners of the Company (sen per share)	14.09	14.29	25.41	27.77

Remarks:

The earnings per share for the current financial quarter and year-to-date ended 31 January 2017 and its preceding financial year corresponding quarter/period had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of RM0.50 of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)



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QUARTERLY REPORT

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The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.1.2017 RM'000	31.1.2016 RM'000	31.1.2017 RM'000	31.1.2016 RM'000
Profit for the quarter / period	66,319	66,652	119,306	129,405
Other comprehensive income/(loss), net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	6,572	(1,691)	7,031	4,450
Other comprehensive income/(loss) for the quarter / period, net of income tax	6,572	(1,691)	7,031	4,450
Total comprehensive income for the quarter / period, net of income tax	72,891	64,961	126,337	133,855
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	70,624	63,284	123,063	128,954
Non-controlling interests	2,267	1,677	3,274	4,901
	72,891	64,961	126,337	133,855

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 January 2017

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2017 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2016 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	965,601	952,519
Investment properties	17,000	17,000
Land held for property development	460,463	447,034
Investment in jointly controlled entity	23,032	22,531
Investment in associate	29,591	26,135
Other investments	7,967	7,967
Deferred tax assets	2,651	2,651
Intangible assets	12,134	12,134
	1,518,439	1,487,971
Current assets		
Property development costs	237,540	174,718
Inventories	164,376	137,010
Trade and other receivables	449,940	350,801
Cash and bank balances	179,837	100,601
	1,031,693	763,130
TOTAL ASSETS	2,550,132	2,251,101
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	231,779	115,000
Reserves	1,043,166	1,060,167
Equity attributable to owners of the Company	1,274,945	1,175,167
Non-controlling interests	66,809	66,495
Total equity	1,341,754	1,241,662
Non-current liabilities		
Borrowings	232,474	238,872
Retirement benefits obligations	25,554	23,782
Deferred tax liabilities	35,032	35,032
	293,060	297,686
Current liabilities		
Borrowings	459,405	232,736
Trade and other payables	433,042	431,372
Dividend payable	-	27,600
Tax liabilities	22,871	20,045
	915,318	711,753
Total liabilities	1,208,378	1,009,439
TOTAL EQUITY AND LIABILITIES	2,550,132	2,251,101
Net assets per share attributable to owners of the Company (RM)	2.75	2.55

Remarks:

The net assets per share for the current financial quarter ended 31 January 2017 and the preceding financial year ended 31 July 2016 had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of RM0.50 of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JANUARY 2017**

	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 2016	115,000	104,324	17,882	55,799	8,683	-	461	873,018	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	17,882	55,799	14,497	(1)	461	933,109	1,274,945	66,809	1,341,754
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 period	-	-	-	-	-	-	-	125,475	125,475	3,930	129,405
Other comprehensive profit for the period	-	-	-	-	3,479	-	-	-	3,479	971	4,450
Total comprehensive income for the period	-	-	-	-	3,479	-	-	125,475	128,954	4,901	133,855
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	-	-	-	-	-	-	-	(29,423)	(29,423)	(1,200)	(30,623)
At 31 January 2016	115,000	67,063	17,882	55,799	9,061	(5,352)	461	785,228	1,045,142	66,485	1,111,627

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 31 January 2017

	6 MONTHS ENDED 31.1.2017 RM'000	6 MONTHS ENDED 31.1.2016 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	148,245	160,633
Adjustments	34,669	28,678
Operating profits before working capital changes	<u>182,914</u>	<u>189,311</u>
Movement in working capital:		
(Increase)/decrease in inventories	(27,512)	16,452
Decrease in development properties	768	4,120
Increase in receivables	(46,900)	(73,513)
Increase in payables	19,461	6,547
Cash generated from operations	<u>128,731</u>	<u>142,917</u>
Taxation paid	(25,873)	(24,459)
Net cash from operating activities	<u>102,858</u>	<u>118,458</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(53,592)
Purchase of property, plant and equipment	(52,545)	(129,691)
Deposit paid for purchase of property, plant and equipment	(21,661)	(6,891)
Deposit paid for purchase of land held for development	(16,818)	-
Purchase of land held for development	(67,635)	(206,800)
Proceeds from disposal of property, plant and equipment	-	236
Interest received	1,207	439
Net cash used in investing activities	<u>(157,452)</u>	<u>(396,299)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(73,956)	(49,750)
Non-controlling shareholders of subsidiaries	(2,960)	(1,200)
Acquisition of treasury shares	(1)	(1)
Bonus issue expenses	(126)	-
Net (repayment)/drawdown of term loans	(3,614)	176,568
Net drawdown of short term borrowings	223,886	150,085
Interest paid	(9,399)	(5,699)
Net cash from financing activities	<u>133,830</u>	<u>270,003</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	79,236	(7,838)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>100,601</u>	<u>90,626</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>179,837</u>	<u>82,788</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	152,184	82,631
Short term deposits	27,653	157
	<u>179,837</u>	<u>82,788</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2017

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 2016.

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 2016, except for the adoption of the new and revised Standards and Amendments effective on or after 1 August 2016.

(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 2016.

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2012 - 2014 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 2016 was not qualified.

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.

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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) Bonus issue

A bonus issue of 230,000,000 new ordinary shares of RM0.50 each in the Company ("Scientex Share") on the basis of one (1) bonus share for every one (1) existing Scientex Share were issued and allotted on 12 August 2016. Resultant thereto, the issued and paid-up share capital of the Company increased to RM230,000,000 divided into 460,000,000 ordinary shares of RM0.50 each.

(ii) Share grant plan

Subsequent to the bonus issue, the Company pursuant to the Scientex Berhad Share Grant Plan, issued and allotted 3,558,000 new ordinary shares of RM0.50 each to eligible employees of Scientex Berhad's group of companies during the current financial period ended 31 January 2017.

(iii) Treasury shares

During the current financial period ended 31 January 2017, the Company repurchased 100 ordinary shares of RM0.50 each from the open market of Bursa Malaysia Securities Berhad for a total consideration of RM720. The repurchased shares were held as treasury shares.

As at 31 January 2017, the total number of issued and paid-up share capital of the Company was 463,558,000 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

A7 Dividend paid

The amount of dividend paid by the Company since 31 July 2016 were as follows:

RM'000

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
Single tier final dividend of 20%; 10 sen per ordinary share declared on 15 December 2016 and paid on 13 January 2017	46,356
	73,956

The single tier final dividend was declared 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.

A8 Segment information

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

6 months ended 31 January 2017

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

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A8 Segment information (cont'd)

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

6 months ended 31 January 2016

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	794,003	302,024	1,096,027
Results			
Profit from operations	76,685	83,933	160,618
Investing results			5,714
Finance cost			(5,699)
Profit before taxation			160,633

A9 Disclosure items

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

	3 months ended		6 months ended	
	31.1.2017 RM'000	31.1.2016 RM'000	31.1.2017 RM'000	31.1.2016 RM'000
(a) Interest income	(871)	(36)	(1,207)	(439)
(b) Other income	(449)	(587)	(926)	(995)
(c) Interest expense	3,638	2,607	7,105	5,699
(d) Depreciation	15,396	13,445	30,585	26,919
(e) Net (write back)/provision of receivables	(49)	6	(212)	6
(f) Net provision for inventories	68	301	146	432
(g) Net foreign exchange (gain)/loss	(703)	2,419	(495)	5,878

In the current financial quarter and current year-to-date ended 31 January 2017, 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.

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.

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:

- (i) 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 Scientex Packaging Film Sdn Bhd ("SPFSB"), 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 8 September 2016 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 9 September 2016. Accordingly, SASB 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.

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

(ii) Formation of a wholly-owned subsidiary

On 10 November 2016, the Company announced that a wholly-owned subsidiary of the Company, SPFSB had formed a wholly-owned subsidiary, Scientex Phoenix, LLC in Arizona, United States of America. The principal activities of Scientex Phoenix, LLC are manufacturing and trading of stretch film and other related packaging products and/or such products that are in the best interests of the Group.

(iii) 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.

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 31.1.2017 RM'000	As at 31.1.2016 RM'000
Approved and contracted for:		
Purchase of plant and machinery	74,809	136,081
Balance payment for purchase of land held for development	153,151	2,007
	227,960	138,088

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2017 are as follows:-

	3 months ended		6 months ended	
	31.1.2017 RM'000	31.1.2016 RM'000	31.1.2017 RM'000	31.1.2016 RM'000
Purchase of goods from associated company	18,394	20,446	34,449	37,509
Rental income from jointly controlled entity	(232)	(232)	(463)	(463)

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2017**

**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 financial quarter ended 31 January 2017, the Group recorded revenue of RM586.2 million compared to RM545.4 million recorded in the preceding year corresponding quarter. Profit before tax was RM81.8 million compared to RM79.9 million in the preceding year corresponding quarter.

Manufacturing revenue recorded RM411.9 million compared to RM402.0 million in the preceding year corresponding quarter. Revenue contributions from both the industrial and consumer packaging segments remained relatively stable for the current financial quarter compared to the preceding year corresponding quarter. However, profit from operations decreased from RM42.1 million to RM30.2 million mainly due to lower product margins derived from both the industrial and consumer packaging segments.

Property revenue recorded RM174.3 million, an increase of 21.5% compared to the preceding year corresponding quarter. The increase in revenue was mainly due to stable sales and steady construction progress in our developments. Profit from operations also increased from RM36.4 million to RM52.3 million compared to the preceding year corresponding quarter and was consistent with the increase in sales.

(ii) 6-month review

For the 6-month financial period ended 31 January 2017, the Group recorded revenue of RM1,120.9 million compared to RM1,096.0 million in the preceding year corresponding period. However, profit before tax was RM148.2 million compared to RM160.6 million in the preceding year corresponding period.

Manufacturing segment recorded revenue of RM791.6 million compared to RM794.0 million in the preceding year corresponding period. Revenue from both the industrial and consumer packaging segments remained relatively stable for the current financial period compared to the preceding year corresponding period. Profit from operations decreased from RM76.7 million to RM54.0 million compared to the preceding year corresponding period mainly due to lower product margins derived from both the industrial and consumer packaging segments.

Property segment recorded revenue of RM329.4 million in the current financial period. Profit from operations also increased from RM83.9 million in the preceding financial period to RM97.4 million in the current financial period. The better performance in revenue and profit from operations were mainly due to steady construction progress and better sales performance achieved from our existing projects.

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

The Group's revenue for the current financial quarter was RM586.2 million compared to the preceding financial quarter of RM534.7 million. Profit before taxation for the current financial quarter was RM81.8 million compared to the preceding financial quarter of RM66.4 million. The increase in both revenue and profit before tax were contributed from both the property and manufacturing segments. Overall, the profit margins has also improved in the current financial quarter as compared to the preceding financial quarter, resulting in higher profit before tax.

B3 Current financial year prospects

Manufacturing

The Group continues to maintain a pro-active stance to changes to the external environment and continue to develop operational policies in response to changes in the external environment.

The industrial packaging segment continues in its effort to expand its presence in its existing markets whilst opening up new markets. The Group had recently completed the acquisition of its building plant in Phoenix, Arizona in the United States of America which shall form the base of its new stretch film manufacturing facility with the aim to serve the markets in North, Central and South Americas. The commercial rollout of the plant by end of 2017 forms part of the strategic move by the Group to be closer to its customers and its sources of raw materials as well as access to other new customers in the region.

The consumer packaging segment is also expected to see greater demand for its products such as its BOPP film products from its newly commissioned state-of-the-art plant in Pulau Indah which was officially opened in September 2016. It is now gradually ramping up production capacity and is expected to cater to the exacting demands of its buyers. The capacity expansion for Scientex's plants in Ipoh is expected to be fully completed by 2017 and the Group would focus on increasing sales and consolidating its position as a premier supplier of quality products through greater innovation, automation and stringent quality control of its products as it steps up its efforts to gain bigger market share for its products globally.

Barring unforeseen circumstances, the Group remains cautiously optimistic that the strategies and action plans put in place will yield satisfactory performance for the current financial year.

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B3 Current financial year prospects (Cont'd)

Property

The Group has acquired six pieces of freehold lands located in the Mukim of Durian Tunggal, District of Alor Gajah, Melaka which has an approximate net area of 197.40 acres to further underpin its property development business in Melaka. The acquisition, which is expected to complete in the coming quarter, will further boost the landbank of the Group and provide earnings visibility in the coming years. Up North, the Group has also launched its maiden property development in Ipoh, Perak through its Meru and Klebang projects. Scientex Klebang is strategically located in a convenient locality that is surrounded by mature amenities. Scientex Meru is situated in a prime location next to Tenby International School and is surrounded by major government offices, banks and Movie Animation Park Studios. Response to its recent launches of double storey terrace houses in both Scientex Meru and Scientex Klebang has been very encouraging.

The Group remains confident that demand for its affordable home products will continue to perform satisfactorily as demand for these category of products continue to remain resilient. The Group continues to explore ways to make its products affordable through better and more efficient planning and hope to be able to maintain its performance for the current financial year, 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		6 months ended	
	31.1.2017	31.1.2016	31.1.2017	31.1.2016
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter				
- Income tax	15,513	15,854	28,939	33,881
- Deferred taxation	-	(2,653)	-	(2,653)
	<u>15,513</u>	<u>13,201</u>	<u>28,939</u>	<u>31,228</u>

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
	31.1.2017	31.1.2016
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	1,063,706	924,917
- Unrealised	(9,571)	(10,799)
	<u>1,054,135</u>	<u>914,118</u>
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	27,909	22,222
- Unrealised	(787)	(483)
	<u>1,081,257</u>	<u>935,857</u>
Less: Consolidation adjustments	(148,148)	(150,629)
Total Group retained earnings	<u>933,109</u>	<u>785,228</u>

SCIENTEX BERHAD
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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 below:

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

On 29 June 2015, the Company announced that SQSB, its wholly-owned subsidiary had entered into two conditional sale and purchase agreements ("SPAs") in relation to the proposed acquisition of freehold agriculture lands measuring approximately 322.86 acres ("SPA 1") and 3.20 acres ("SPA 2") in Mukim of Pulai, District of Johor Bahru, State of Johor for a total cash purchase consideration of RM218.97 million, from Bukit Gambir Company Sdn. Berhad and/or Jayaplus Bakti Sdn. Bhd.

The acquisition had been approved by the Company's shareholders at the Extraordinary General Meeting held on 29 September 2015. Subsequently, the acquisition in connection with the SPA 1 has been completed on 8 January 2016. The acquisition in connection with SPA 2 is currently pending the fulfilment of all the conditions precedent and full payment of balance purchase consideration. It is expected to be completed by financial year 2017.

(ii) Proposed acquisition of lands in Mukim of Kulai, District of Kulai, State of Johor

On 28 December 2016, the Company announced that SQSB had entered into a sale and purchase agreement ("SPA") with Dahlia Utama Sdn Bhd for the proposed acquisition of two parcels of land, both situated in Mukim of Kulai, District of Kulai, State of Johor, measuring an approximate aggregate net area of 121.20 acres for a total cash consideration of RM123.64 million. The proposed acquisition is pending fulfillment of all the conditions precedent as set out in the SPA. It is expected to be completed in the second half of 2017.

B8 Borrowings and debt securities

The Group's borrowings as at 31 January 2017 were as follows :-

(i) Long Term Borrowings	RM'000	RM'000
Secured - Sukuk Murabahah	100,000	
Secured - Term loan	70,000	
Unsecured - Term loan	62,474	232,474
(ii) Short Term Borrowings		
Secured		
- Other bank borrowings	4,500	
Unsecured		
- Term loan	26,400	
- Other bank borrowings	428,505	459,405
		691,879
Included in total borrowings are borrowings denominated in foreign currencies		RM'000
- United States Dollars		Equivalent
- Japanese Yen		321,916
		38,000
		359,916

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.

SCIENTEX BERHAD
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B11 Earnings per share

		3 months ended		6 months ended	
		31.1.2017	31.1.2016	31.1.2017	31.1.2016
(i) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	65,192	64,622	117,249	125,475
Weighted average number of ordinary shares in issue	('000)	462,707	452,190	461,354	451,954
Basic earnings per share	(sen)	14.09	14.29	25.41	27.77

The earnings per share for the current financial quarter and year-to-date ended 31 January 2017 and its preceding year corresponding quarter/period had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of RM0.50 of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

(ii) Fully diluted earnings per share

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 January 2017.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

22 March 2017