



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 April 2019
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the nine months ended 30 April 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2019 RM'000	Preceding year corresponding quarter 30.4.2018 RM'000 (Restated)	Current year to date 30.4.2019 RM'000	Preceding year corresponding period 30.4.2018 RM'000 (Restated)
Revenue	828,457	596,415	2,308,681	1,882,113
Operating profit	103,085	77,996	282,548	256,162
Interest expense	(3,842)	(2,146)	(11,030)	(6,741)
Investing results	2,190	968	2,497	5,340
Profit before tax	101,433	76,818	274,015	254,761
Taxation	(25,252)	(14,320)	(66,724)	(49,960)
Profit for the quarter / period	76,181	62,498	207,291	204,801
Profit attributable to:				
Owners of the Company	72,884	61,136	200,295	201,519
Non-controlling interests	3,297	1,362	6,996	3,282
Profit for the quarter / period	76,181	62,498	207,291	204,801
Earnings per share attributable to owners of the Company (sen per share)	14.31	12.50	40.41	41.51

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)



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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 April 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2019 RM'000	Preceding year corresponding quarter 30.4.2018 RM'000	Current year to date 30.4.2019 RM'000	Preceding year corresponding period 30.4.2018 RM'000
Profit for the quarter / period	76,181	62,498	207,291	204,801
Other comprehensive income/(loss), net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	1,349	3,736	2,559	(13,721)
Other comprehensive income/(loss) for the quarter / period, net of income tax	1,349	3,736	2,559	(13,721)
Total comprehensive income for the quarter / period, net of income tax	77,530	66,234	209,850	191,080
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	73,313	64,535	201,798	189,122
Non-controlling interests	4,217	1,699	8,052	1,958
	77,530	66,234	209,850	191,080

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2019

	AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2019 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2018 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,255,122	1,150,608
Investment properties	17,000	17,000
Land held for property development	770,935	843,946
Investment in jointly controlled entity	27,054	27,173
Investment in associate	55,349	34,463
Other investments	7,520	7,508
Deferred tax assets	28,920	28,920
Intangible assets	290,783	59,030
	2,452,683	2,168,648
Current assets		
Property development costs	354,921	232,957
Inventories	268,568	263,561
Trade and other receivables	703,102	526,599
Cash and bank balances	199,822	172,316
	1,526,413	1,195,433
TOTAL ASSETS	3,979,096	3,364,081
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	685,776	453,850
Reserves	1,460,548	1,309,743
Equity attributable to owners of the Company	2,146,324	1,763,593
Non-controlling interests	171,507	69,973
Total equity	2,317,831	1,833,566
Non-current liabilities		
Borrowings	324,919	323,941
Retirement benefits obligations	33,628	31,116
Deferred tax liabilities	64,002	50,638
	422,549	405,695
Current liabilities		
Borrowings	673,078	610,370
Trade and other payables	537,980	490,673
Tax liabilities	27,658	23,777
	1,238,716	1,124,820
Total liabilities	1,661,265	1,530,515
TOTAL EQUITY AND LIABILITIES	3,979,096	3,364,081
Net assets per share attributable to owners of the Company (RM)	4.17	3.61

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)



SCIENTEX BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 APRIL 2019**

	Reserves						Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital 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 2018	453,850	55,799	4,905	(1)	461	1,248,579	1,763,593	69,973	1,833,566
Profit for the period	-	-	-	-	-	200,295	200,295	6,996	207,291
Other comprehensive income for the period	-	-	1,503	-	-	-	1,503	1,056	2,559
Total comprehensive income for the period	-	-	1,503	-	-	200,295	201,798	8,052	209,850
Issuance of ordinary shares for acquisition of a subsidiary	229,046	-	-	-	-	(2,070)	226,976	-	226,976
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	97,286	97,286
Issuance of ordinary shares pursuant to Share Grant Plan	2,880	-	-	-	-	-	2,880	-	2,880
Dividends	-	-	-	-	-	(48,923)	(48,923)	(3,804)	(52,727)
At 30 April 2019	685,776	55,799	6,408	(1)	461	1,397,881	2,146,324	171,507	2,317,831
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 loss 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

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the nine months ended 30 April 2019

	9 MONTHS ENDED 30.4.2019 RM'000	9 MONTHS ENDED 30.4.2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	274,015	254,761
Adjustments	86,333	46,044
Operating profits before working capital changes	<u>360,348</u>	<u>300,805</u>
Movement in working capital:		
Decrease in inventories	82,778	30,555
Decrease in development properties	29,995	78,309
Increase in receivables	(61,184)	(44,244)
Decrease in payables	(14,102)	(196)
Cash generated from operations	<u>397,835</u>	<u>365,229</u>
Taxation paid	(66,312)	(55,725)
Gratuity and retirement benefits paid	(500)	(342)
Net cash from operating activities	<u>331,023</u>	<u>309,162</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Deposit paid for acquisition of investment	-	(10,000)
Acquisition of subsidiary, net of cash and cash equivalents acquired	(80,123)	-
Purchase of other investments	(12)	-
Purchase of property, plant and equipment	(39,502)	(57,959)
Deposit paid for purchase of property, plant and equipment	(25,834)	(2,124)
Purchase of land held for development	(66,869)	(201,235)
Deposit paid for purchase of land held for development	(13,072)	(28,419)
Proceeds from disposal of property, plant and equipment	3,309	259
Proceeds from disposal of other investments	-	1,050
Net dividend received	623	310
Interest received	1,978	3,323
Net cash used in investing activities	<u>(219,502)</u>	<u>(294,795)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(48,923)	(7,603)
Non-controlling shareholders of subsidiaries	(3,804)	(2,000)
Dividend Reinvestment Plan expenses	-	(178)
Acquisition and mandatory take-over offer of subsidiary expenses	(2,070)	-
Net repayment of term loans	(9,577)	(35,588)
Net drawdown of short term borrowings	2,089	204,322
Interest paid	(21,730)	(10,149)
Net cash (used in)/from financing activities	<u>(84,015)</u>	<u>148,804</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,506	163,171
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>172,316</u>	<u>191,898</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>199,822</u>	<u>355,069</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	153,345	278,822
Short term deposits	46,477	76,247
	<u>199,822</u>	<u>355,069</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2019

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 MFRS 134, Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2018 which were prepared under Financial Reporting Standards. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2018.

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 2018, except for the adoption of the new and revised Standards and Amendments effective on or after 1 August 2018.

Adoption of Amendments to MFRSs

The Group adopted the following amendments to MFRSs and IC Interpretations, mandatory for annual financial periods beginning on or after 1 August 2018.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related clarifications)
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRSs	Annual Improvement to MFRSs 2014 - 2016 Cycle
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The directors anticipate that the new MFRSs, amendments to MFRSs and IC Interpretations adopted will have no material impact on the financial statements of the Group upon their initial application.

The effects of first-time adoption of MFRS are primarily from the following:

(a) MFRS 9 Financial Instruments

MFRS 9 introduces the expected credit losses (“ECL”) model on impairment that replaces the incurred loss impairment model used in the MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

The Group has assessed the initial application of MFRS 9, which would be adopted in conjunction with adoption of new MFRS Framework, and do not expect the application of MFRS 9 will have a significant impact on the financial statements of the Group.

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A1 Basis of preparation (Cont'd)

(b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related interpretations.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group has assessed the initial application of MFRS 15, which would be adopted in conjunction with adoption of new MFRS Framework, and do not expect the application of MFRS 15 will have a significant impact on the financial statements of the Group.

The effects of the transition from FRSs to MFRSs are as follows:

**Condensed Consolidated Statement of Profit or Loss
for the 3 months ended 30 April 2018**

	As previously stated under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	As restated RM'000
Revenue	600,179	(3,764)	596,415
Cost of sales	488,689	(3,764)	484,925
Profit from operations	77,996	-	77,996
Interest expense	(2,146)	-	(2,146)
Investing result	968	-	968
Profit before tax	76,818	-	76,818
Taxation	(14,320)	-	(14,320)
Profit for the quarter	62,498	-	62,498

**Condensed Consolidated Statement of Profit or Loss
for the 9 months ended 30 April 2018**

	As previously stated under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	As restated RM'000
Revenue	1,893,613	(11,500)	1,882,113
Cost of sales	1,530,561	(11,500)	1,519,061
Profit from operations	256,162	-	256,162
Interest expense	(6,741)	-	(6,741)
Investing result	5,340	-	5,340
Profit before tax	254,761	-	254,761
Taxation	(49,960)	-	(49,960)
Profit for the period	204,801	-	204,801

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A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2018 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.

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 following:-

(i) Share grant plan

On 19 December 2018, the Company issued and allotted 307,000 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

(ii) Acquisition and mandatory take-over offer ("MGO") of Daibochi Berhad (formerly known as Daibochi Plastic and Packaging Industry Berhad) ("Daibochi")

In relation to the corporate exercise as disclosed in Note B6(ii), the Company had on 19 February 2019 issued and allotted 25,124,249 new ordinary shares, being the purchase consideration of the acquisition of 42.48% equity interest in Daibochi pursuant to the conditional share sale agreement dated 10 December 2018.

Subsequently, the Company issued and allotted 468,702 and 435,021 new ordinary shares on 28 March 2019 and 3 April 2019 respectively, pursuant to the MGO of Daibochi.

As at 30 April 2019, the total number of issued shares of the Company was 515,261,472 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2018 was as follows:

RM'000

In respect of the financial year ended 31 July 2018:

Single tier final dividend of 10 sen per ordinary share declared on 5 December 2018
and paid on 18 January 2019

48,923

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A8 Segment information

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

9 months ended 30 April 2019

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,727,540	581,141	2,308,681
Results			
Profit from operations	108,140	174,408	282,548
Investing results			2,497
Finance cost			(11,030)
Profit before taxation			274,015

9 months ended 30 April 2018

	Manufacturing RM'000	Property Development (Restated) RM'000	Total (Restated) RM'000
Revenue	1,377,648	504,465	1,882,113
Results			
Profit from operations	100,552	155,610	256,162
Investing results			5,340
Finance cost			(6,741)
Profit before taxation			254,761

A9 Disclosure items

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

	3 months ended		9 months ended	
	30.4.2019 RM'000	30.4.2018 RM'000	30.4.2019 RM'000	30.4.2018 RM'000
(a) Interest income	(841)	(1,344)	(1,978)	(3,323)
(b) Other income	(1,352)	(527)	(2,659)	(1,700)
(c) Interest expense	3,842	2,146	11,030	6,741
(d) Depreciation	24,041	17,099	67,071	51,457
(e) Net provision/(write back) of receivables	84	(72)	(58)	(25)
(f) Net (write back)/provision of inventories	(356)	116	(324)	409
(g) Gain on disposal of plant and equipment	(51)	(82)	(4)	(153)
(h) Gain on disposal of property	-	-	(983)	-
(i) Net foreign exchange loss/(gain)	14,190	(5,262)	19,830	(14,412)

In the current financial quarter and current financial year-to-date ended 30 April 2019, there were no:

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

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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 and as disclosed in Note B6:

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

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

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

SPA 1 and SPA 2 shall be collectively referred to as the “SPAs”. The total purchase consideration for the SPAs is RM123.3 million.

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

On 10 June 2019, the Company announced that Scientex (Skudai) Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement (“SPA”) with Palma Indah Sdn Bhd for the proposed acquisition of the following six (6) parcels of freehold land held under:

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

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

The above proposed acquisitions (i) and (ii) are subject to the fulfilment of conditions precedent as set out in the respective SPAs. All are expected to be completed in the first half of year 2020.

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 as disclosed below and in Note B6(ii):

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

Acquisition and MGO of Daibochi

During the current financial period, the Company acquired 61.89% equity interest in Daibochi for a total purchase consideration of RM322.1 million. Subsequent to the completion of the MGO on 5 April 2019, Daibochi and its group of companies became subsidiaries of the Company.

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

	Provisional fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment	133,732
Investment in an associate	18,269
Goodwill	31,410
Inventories	87,462
Trade and other receivables	73,982
Tax recoverable	516
Cash and bank balance	12,927
	358,298
Liabilities	
Trade and other payables	(56,721)
Borrowings	(68,231)
Deferred tax liabilities	(13,538)
	(138,490)
Net identifiable assets	219,808
Fair value of net identifiable assets	219,808
Non-controlling interest	(97,286)
Goodwill on consolidation	199,574
Cost of business combination	322,096

Cash outflow on acquisition was as follows:

Total purchase consideration	322,096
Purchase consideration satisfied by issuance of new Scientex Shares	(229,046)
Cash and cash equivalents of subsidiary acquired	(12,927)
Net cash outflow of the Group	80,123

Provisional accounting of acquisition

During the current financial period, the fair value of Daibochi's identifiable assets and liabilities were determined on provision basis. Any differences arising from this acquisition will be adjusted accordingly on a retrospective basis should there be any changes made to the basis.

From the date of acquisition, Daibochi has contributed approximately RM68,819,000 of revenue and net profit of RM1,150,000 to the Group.

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A13 Contingent liabilities

There were no contingent liabilities or assets for the Group as at the end of the current financial 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 were as follows:

	As at 30.4.2019 RM'000	As at 30.4.2018 RM'000
Approved and contracted for:		
Purchase of plant and machinery	63,929	12,238
Balance payment for purchase of land held for development	216,274	255,770
	280,203	268,008
Approved but not contracted for:		
Purchase of plant and machinery	10,436	-
	10,436	-

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2019 were as follows:

	3 months ended		9 months ended	
	30.4.2019	30.4.2018	30.4.2019	30.4.2018
	RM'000	RM'000	RM'000	RM'000
Purchase of goods from associated company	22,626	22,310	67,616	64,479
Rental income from jointly controlled entity	(232)	(232)	(695)	(695)
	22,394	22,078	66,921	63,784

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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 2019

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

B1 Review of performance

	INDIVIDUAL QUARTER		Changes %	CUMULATIVE QUARTER		Changes %
	Current year quarter	Preceding year corresponding quarter (Restated)		Current year-to-date	Preceding year corresponding period (Restated)	
	30.4.2019 RM'000	30.4.2018 RM'000		30.4.2019 RM'000	30.4.2018 RM'000	
Revenue	828,457	596,415	38.9%	2,308,681	1,882,113	22.7%
Operating profit	103,085	77,996	32.2%	282,548	256,162	10.3%
Profit attributable to owners of the Company	72,884	61,136	19.2%	200,295	201,519	-0.6%

(i) Current quarter review

For the current financial quarter ended 30 April 2019, the Group achieved revenue of RM828.5 million, an increase of 38.9% compared to RM596.4 million recorded in the preceding year corresponding quarter. The increase was mainly due to better sales performance achieved from both the manufacturing and property divisions. In line with the higher sales recorded in the current financial quarter under review, the Group's operating profit was RM103.1 million, an increase of 32.2% compared to RM78.0 million recorded in the preceding year corresponding quarter.

Manufacturing revenue was RM602.8 million, an increase of 33.3% compared to RM452.1 million in the preceding year corresponding quarter. The increase was mainly contributed by newly acquired subsidiaries, Klang Hock Plastic Industries Sdn Bhd ("KHPI") and Daibochi. However, profit from operations decreased marginally from RM34.3 million to RM33.4 million mainly due to a foreign exchange loss of RM14.2 million recorded in the current financial quarter as compared to a foreign exchange gain of RM5.3 million recorded in the preceding year corresponding quarter.

Property revenue was RM225.7 million, an increase of 56.4% compared to RM144.3 million recorded in the preceding year corresponding quarter. Profit from operations increased from RM43.7 million to RM69.7 million compared to the preceding year corresponding quarter. The better performance in revenue and profit from operations were mainly due to steady progress billing from its on-going projects in Johor, Melaka and Ipoh. Meanwhile, our new launches at Taman Scientex Utama in Senai, Taman Pulau Mutiara in Pulau, Scientex Durian Tunggal in Melaka and Taman Scientex in Rawang during the period under review received an overwhelming response from the market which contributed positively to the revenue and profit recorded.

(ii) 9-month review

For the 9-month financial period ended 30 April 2019, the Group recorded revenue of RM2.31 billion, an increase of 22.7% compared to the preceding year corresponding period of RM1.88 billion. The increase was mainly due to better sales performance achieved from both the manufacturing and property divisions. Profit from operations increased from RM256.2 million to RM282.5 million, an increase of 10.3% for the 9-month financial period under review.

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B1 Review of performance (Cont'd)

(ii) 9-month review (Cont'd)

Manufacturing revenue was RM1.73 billion for the current financial period, an increase of 25.4% compared to the preceding year corresponding period of RM1.38 billion. The increase was mainly contributed by the Group's new stretch film plant in Phoenix, Arizona as well as contribution from KHPI and Daibochi. Profit from operations increased from RM100.6 million for the preceding year corresponding period to RM108.1 million for the current financial period which took into account a foreign exchange loss of RM19.8 million compared to a foreign exchange gain of RM14.4 million recorded in the preceding year corresponding period.

Property revenue was RM581.1 million for the current financial period, an increase of 15.2% compared to the preceding year corresponding period of RM504.5 million. Profit from operations increased from RM155.6 million for the preceding year corresponding period to RM174.4 million for the current financial period. The better performance in both the revenue and profit from operations were mainly due to steady progress billings from all the on-going projects and contributions from new projects launched in Taman Scientex Utama in Senai, Taman Pulai Mutiara in Pulai, Scientex Durian Tunggal in Melaka and Taman Scientex in Rawang.

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

	Current quarter	Preceding quarter	Changes %
	30.4.2019 RM'000	31.1.2019 RM'000	
Revenue	828,457	766,585	8.1%
Profit before tax	101,433	100,044	1.4%
Profit attributable to owners of the Company	72,884	73,745	-1.2%

The Group's revenue for the current financial quarter was RM828.5 million compared to the preceding financial quarter of RM766.6 million. The higher revenue was mainly due to contribution from the newly acquired subsidiary, Daibochi. Profit before tax for the current financial quarter was RM101.4 million, a marginal increase of 1.4% compared to RM100.0 million recorded in the preceding financial quarter.

B3 Current financial year prospects

Manufacturing

The North American market offers huge untapped market potential and the Group is gradually ramping up production at its Phoenix, Arizona stretch film facility to gain market share in this territory. To increase productivity, the Group is investing in automation as part of its overall long-term strategy to enhance production efficiency, reduce costs and wastage whilst reducing dependency on manual workers. These efforts are expected to yield higher productivity and increase the production capability of its Arizona based plant to produce better quality yet competitively priced products in a timely manner and to meet the demands of its US based customers.

The inclusion of Daibochi group of companies into the Group since March has further expanded the Group's market base for its expanded and diverse range of flexible plastic packaging products. Through integration and extraction of better synergies amongst its plants, the Group is able to leverage on the collective strengths offered by the diverse talents, skills and expertise that the Group now possesses to develop niche and customised products which can fetch higher margins. The Group is presently collaborating with international brand owners to develop sustainable packaging products which will comply with the global demand for sustainable manufacturing practices and packaging solutions. Demand for such sustainable packaging solutions is expected to rise with the increasing global environmental concerns and the Group is positioning itself to be at the forefront of this global change.

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B3 Current financial year prospects (Cont'd)

Manufacturing (Cont'd)

Despite the challenging external environment caused by the trade tensions between China and United States of America, the manufacturing division strives to make itself more competitive in the global arena by leveraging on its volume based model to achieve greater economies of scale and enhancing its operational efficiencies to compete and expand its markets reach globally. Through strategic positioning of its products and markets, adoption of cost-driven measures and enhancing efficiency and productivity, the Group is well positioned to offer competitively priced quality products to the international markets and expects to end the current financial year on a positive note, barring any unforeseen circumstances.

Property

The Group remains supportive of the various initiatives outlined by the Federal and State Governments for affordable housing to cater for the strong demand in this category. The Group continues to expand its landbanks at strategic locations with a view to provide more affordable homes to such buyers. Bank Negara Malaysia continues to be supportive with its accommodative monetary policy to support a steady growth path amid price stability and towards this end has slashed its benchmark Overnight Policy Rate (OPR) to 3.00 per cent as reported on 7 May 2019. This has led to some of the major banks revising their lending rates downwards and this is expected to be a positive development for the housing industry in general. With lower interest rates and affordably priced products, the Group remains cautiously optimistic that demand particularly for its affordable housing products is expected to remain strong and resilient for the current financial year.

In line with the National Housing Policy 2.0, the Group intends to provide more affordably priced homes to address demand in this housing segment. Pursuant thereto, the Group has acquired fresh landbanks in Kundang, Rawang, Selangor and Tasek Gelugor, Penang respectively which, on completion in the coming financial year 2020, is expected to further boost the Group's ability to build more of such affordable housing in the coming years. Details of the land acquisitions are set out in Note A11 above.

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	
	30.4.2019	30.4.2018	30.4.2019	30.4.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter/period:				
- Income tax	25,252	14,320	66,724	49,960

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B6 Status of corporate proposals

The following announced corporate proposals have been completed as at the end of the current financial period under review:

(i) Proposed acquisition of two (2) pieces of freehold land in Mukim Durian Tunggal, Daerah Alor Gajah, Melaka

On 15 August 2018, the Company announced that Scientex Heights Sdn Bhd, a wholly-owned subsidiary of Scientex Quatari Sdn Bhd, which is a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement (“SPA”) with Real Golden Development Sdn Bhd for the proposed acquisition of two (2) contiguous pieces of freehold land held under GRN 41764 Lot No. 2883 and GRN 22740 Lot No. 3267 respectively, all in Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka, measuring an aggregate net area of 208.9 acres for a total purchase consideration of RM68.2 million. The conditions precedent of the proposed acquisition which set out in the SPA have been satisfied on 14 January 2019. On 17 April 2019, the Company announced that full payment of the balance purchase price has been made to the vendor, hence marked the completion of the proposed acquisition on 17 April 2019.

(ii) Acquisition and MGO of Daibochi

On 14 November 2018 and 10 December 2018, the Company announced that it had entered into a heads of agreement and a conditional share sale agreement (“CSSA”) respectively with certain shareholders of Daibochi (“Vendors”) for the acquisition of 139,062,766 ordinary shares in Daibochi, representing approximately 42.48% of the total number of issued shares in Daibochi (exclusive treasury shares) for a total purchase consideration of RM222,500,426 (subject to any adjustments pursuant to Paragraph 6.03(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions) to be satisfied entirely by the issuance of new ordinary shares in the Company (“Proposed Acquisition”). The Company was obliged to extend a MGO to acquire all the remaining shares and warrants in Daibochi not already owned by the Company and its persons acting in concert (“Proposed MGO”) upon the Proposed Acquisition becoming unconditional.

The Company had on 14 January 2019 received an approval from Bursa Malaysia Securities Berhad for the listing of and quotation of new ordinary shares of the Company to be issued pursuant to the Proposed Acquisition and the Proposed MGO. During the Extraordinary General Meeting held on 11 February 2019, the shareholders of the Company had approved the Proposed Acquisition and Proposed MGO. On the even date, the Proposed Acquisition had become unconditional and a Notice of Conditional Mandatory Take-Over Offer was served to the Board of Directors of Daibochi. The Proposed Acquisition was completed on 19 February 2019 upon the allotment and issuance of 25,124,249 shares to the Vendors pursuant to the CSSA.

Subsequently, the Company had on 4 March 2019 despatched the Offer Document which sets out the terms and conditions of the Proposed MGO, together with the Form of Acceptance and Transfer for the Offer Securities to the shareholders and warrant holders of Daibochi. The Company had fulfilled the acceptance condition by receiving a total of 52.54% voting shares on 18 March 2019. Following the Proposed MGO had become unconditional, the Offer was remained open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 1 April 2019, being the 14th day from the unconditional date.

On 1 April 2019, the Company announced that the Offer has been closed and the Company had achieved the acceptances level of 61.89% or equivalent to 202,587,460 shares and 4.24% or equivalent to 1,158,967 warrants, respectively. Accordingly, the MGO marked completion on 5 April 2019 upon the issuance and listing of 468,702 and 435,021 new ordinary shares of the Company on 28 March 2019 and 3 April 2019 respectively to the shareholders of Daibochi who had accepted the share exchange option.

Other than the abovementioned, there were no other corporate proposals announced but not completed as at the reporting date.

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B7 Borrowings and debt securities

As at 30 April 2019	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	300,000	-	300,000
- Trade financing	658	10,855	11,513
<u>Unsecured</u>			
Denominated in USD			
- Term loan	18,792	18,872	37,664
- Trade financing	-	288,772	288,772
Denominated in JPY			
- Trade financing	-	294,885	294,885
Denominated in RM			
- Term loan	5,469	3,031	8,500
- Trade financing	-	56,663	56,663
Total	324,919	673,078	997,997

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

B8 Material litigation

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

B9 Dividend

In respect of the financial year ending 31 July 2019, the Board of Directors declared a single tier interim dividend of 10 sen per ordinary share (single tier interim dividend for financial year 2018 of 10 sen per ordinary share), payable on 23 July 2019.

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B10 Earnings per share

		3 months ended		9 months ended	
		30.4.2019	30.4.2018	30.4.2019	30.4.2018
(i) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	72,884	61,136	200,295	201,519
Weighted average number of ordinary shares in issue	('000)	509,310	488,926	495,621	485,464
Basic earnings per share	(sen)	14.31	12.50	40.41	41.51

(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 2019.

By Order of the Board

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

26 June 2019