



**SCIENTEX BERHAD**  
 (Company No: 196801000264 [7867-P])  
 (Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial year ended 31 July 2020  
 The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the financial year ended 31 July 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2020 RM'000	Preceding year corresponding quarter 31.7.2019 RM'000	Current year to date 31.7.2020 RM'000	Preceding year 31.7.2019 RM'000
<b>Revenue</b>	<b>954,629</b>	<b>938,765</b>	<b>3,518,601</b>	<b>3,247,446</b>
<b>Operating profit</b>	<b>183,721</b>	<b>179,229</b>	<b>549,455</b>	<b>461,777</b>
Interest expense	(2,820)	(4,503)	(16,345)	(15,533)
Investing results	3,287	1,847	11,152	4,344
<b>Profit before tax</b>	<b>184,188</b>	<b>176,573</b>	<b>544,262</b>	<b>450,588</b>
Taxation	(35,387)	(37,956)	(126,236)	(104,680)
<b>Profit for the quarter / year</b>	<b>148,801</b>	<b>138,617</b>	<b>418,026</b>	<b>345,908</b>
<b>Profit attributable to:</b>				
Owners of the Company	142,052	133,402	390,114	333,697
Non-controlling interests	6,749	5,215	27,912	12,211
<b>Profit for the quarter / year</b>	<b>148,801</b>	<b>138,617</b>	<b>418,026</b>	<b>345,908</b>
Earnings per share attributable to owners of the Company (sen per share)	27.54	25.89	75.66	66.66

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)*



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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial year ended 31 July 2020

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 July 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2020 RM'000	Preceding year corresponding quarter 31.7.2019 RM'000	Current year to date 31.7.2020 RM'000	Preceding year 31.7.2019 RM'000
<b>Profit for the quarter / year</b>	<b>148,801</b>	<b>138,617</b>	<b>418,026</b>	<b>345,908</b>
<b>Other comprehensive income/(loss), net of income tax:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(95)	1,632	13,719	4,191
Items that will not be reclassified subsequently to profit or loss:				
- Revaluation of land and buildings	43,482	-	43,482	-
- Reversal of revaluation reserves	(7,228)	-	(7,228)	-
- Remeasurement of defined benefit obligations	-	(1,268)	-	(1,268)
Other comprehensive income for the quarter / year, net of income tax	36,159	364	49,973	2,923
<b>Total comprehensive income for the quarter / year, net of income tax</b>	<b>184,960</b>	<b>138,981</b>	<b>467,999</b>	<b>348,831</b>
<b>Total comprehensive income for the quarter / year attributable to:</b>				
Owners of the Company	176,907	133,339	433,753	335,137
Non-controlling interests	8,053	5,642	34,246	13,694
	<b>184,960</b>	<b>138,981</b>	<b>467,999</b>	<b>348,831</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)*



**SCIENTEX BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 July 2020

	<b>AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2020 RM'000 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2019 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,322,579	1,247,750
Right-of-use assets	7,477	-
Investment properties	16,900	17,000
Land held for property development	972,973	721,419
Investment in jointly controlled entity	24,602	28,029
Investment in associates	46,548	55,605
Other investments	28,593	20,170
Deferred tax assets	18,970	25,344
Intangible assets	338,077	293,703
	<b>2,776,719</b>	<b>2,409,020</b>
<b>Current assets</b>		
Property development costs	340,416	384,759
Inventories	354,017	321,168
Trade and other receivables	716,039	734,890
Cash and bank balances	413,244	257,644
	<b>1,823,716</b>	<b>1,698,461</b>
<b>TOTAL ASSETS</b>	<b>4,600,435</b>	<b>4,107,481</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	691,782	685,776
Reserves	1,869,610	1,539,242
Equity attributable to owners of the Company	2,561,392	2,225,018
Non-controlling interests	194,260	173,935
<b>Total equity</b>	<b>2,755,652</b>	<b>2,398,953</b>
<b>Non-current liabilities</b>		
Borrowings	357,337	269,846
Lease liabilities	5,291	-
Retirement benefits obligations	39,032	36,434
Deferred tax liabilities	89,893	72,525
	<b>491,553</b>	<b>378,805</b>
<b>Current liabilities</b>		
Borrowings	683,723	703,968
Lease liabilities	4,133	-
Trade and other payables	624,467	597,225
Tax liabilities	40,907	28,530
	<b>1,353,230</b>	<b>1,329,723</b>
<b>Total liabilities</b>	<b>1,844,783</b>	<b>1,708,528</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,600,435</b>	<b>4,107,481</b>
Net assets per share attributable to owners of the Company (RM)	4.97	4.32

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)*

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2020**

	Reserves		Property revaluation surplus RM'000	Foreign currency translation reserve 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
	Non-distributable	Distributable							
As at 1 August 2019, as previously reported	685,776	(1)	54,877	7,668	461	1,476,237	2,225,018	173,935	2,398,953
Effect of adoption of MFRS 16	-	-	-	-	-	(210)	(210)	(251)	(461)
At 1 August 2019, as restated	685,776	(1)	54,877	7,668	461	1,476,027	2,224,808	173,684	2,398,492
Profit for the year	-	-	-	-	-	390,114	390,114	27,912	418,026
Other comprehensive income for the year	-	-	35,842	7,797	-	-	43,639	6,334	49,973
Total comprehensive income for the year	-	-	35,842	7,797	-	390,114	433,753	34,246	467,999
Non-controlling interests arising from fair value adjustments	-	-	-	-	-	-	-	(561)	(561)
Issuance of ordinary shares pursuant to Share Grant Plan	6,006	-	-	-	-	-	6,006	-	6,006
Dividends	-	-	-	-	-	(103,175)	(103,175)	(13,109)	(116,284)
As at 31 July 2020	691,782	(1)	90,719	15,465	461	1,762,966	2,561,392	194,260	2,755,652
As at 1 August 2018	453,850	(1)	55,799	4,905	461	1,245,460	1,760,474	69,973	1,830,447
Profit for the year	-	-	-	-	-	333,697	333,697	12,211	345,908
Other comprehensive income/(loss) for the year	-	-	-	2,763	-	(1,323)	1,440	1,483	2,923
Total comprehensive income for the year	-	-	-	2,763	-	332,374	335,137	13,694	348,831
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	-	-	-	-	-	-	-	96,472	96,472
Realisation of revaluation reserves	-	-	(922)	-	-	922	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan	2,880	-	-	-	-	-	2,880	-	2,880
Dividends	-	-	-	-	-	(100,449)	(100,449)	(6,204)	(106,653)
As at 31 July 2019	685,776	(1)	54,877	7,668	461	1,476,237	2,225,018	173,935	2,398,953

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the financial year ended 31 July 2020**

	<b>12 MONTHS ENDED 31.7.2020 RM'000</b>	<b>12 MONTHS ENDED 31.7.2019 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	544,262	450,588
Adjustments	129,071	109,052
Operating profits before working capital changes	<u>673,333</u>	<u>559,640</u>
Movement in working capital:		
(Increase)/decrease in inventories	(22,117)	20,771
Decrease in development properties	93,602	84,062
Decrease/(increase) in receivables	63,981	(35,378)
Increase in payables	14,950	16,991
<b>Cash generated from operations</b>	<u>823,749</u>	<u>646,086</u>
Taxation paid	(105,997)	(88,168)
Gratuity and retirement benefits paid	(2,415)	(953)
<b>Net cash from operating activities</b>	<u>715,337</u>	<u>556,965</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(89,931)	(80,123)
Deposit paid for acquisition of a subsidiary	-	(12,500)
Purchase of other investments	(4,000)	(12)
Purchase of property, plant and equipment	(79,357)	(48,324)
Deposit paid for purchase of plant and equipment	(55,042)	(39,226)
Purchase of land held for development	(265,817)	(97,693)
Deposit paid for purchase of land held for development	(16,282)	(31,594)
Proceeds from disposal of property, plant and equipment	593	3,440
Proceeds from disposal of associate company	10,000	-
Reduction in purchase consideration of a subsidiary	-	1,758
Dividend income received	13,567	1,729
Interest received	5,417	3,937
<b>Net cash used in investing activities</b>	<u>(480,852)</u>	<u>(298,608)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(103,175)	(100,449)
Non-controlling shareholders of subsidiaries	(13,109)	(6,204)
Expenses incurred in connection with issuance of shares	-	(2,070)
Net drawdown/(repayment) of Sukuk Murabahah	100,000	(50,000)
Net repayment of term loans	(21,543)	(15,059)
Net (repayment)/drawdown of short term borrowings	(10,924)	30,551
Repayment of lease liabilities	(2,824)	-
Finance cost paid	(27,310)	(29,798)
<b>Net cash used in financing activities</b>	<u>(78,885)</u>	<u>(173,029)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	155,600	85,328
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	257,644	172,316
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>413,244</u>	<u>257,644</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	181,432	190,058
Short term deposits	231,812	67,586
	<u>413,244</u>	<u>257,644</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 31 JULY 2020**

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 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 2019 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). 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 2019.

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 2019, except for the adoption of the following new MFRS, amendments to MFRSs and IC Interpretation that are effective for the financial statements effective from 1 August 2019, as disclosed below:

MFRS 16	Leases
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Payments
Annual Improvements to MFRSs 2015 - 2017 Cycle	

The adoption of these new MFRS, Amendments to MFRSs and IC Interpretation does not have significant impact on the financial statements of the Group, except as disclosed below:

**MFRS 16 Leases**

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use (“ROU”) asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Standard will affect primarily the accounting for the Group leases previously recognised as operating leases under MFRS 117 Leases. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

At the date of initial application, all ROU assets are measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application. The Group adopted the practical expedient available on transition to MFRS 16 and did not restate comparative amounts for the financial year prior to first adoption of ROU assets. Leases will be measured on transition as if the new rules had always been applied.

For short-term leases (lease term of 12 months or less) and leases of low-value, the Group has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16.

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**A1 Basis of preparation (Cont'd)**

**MFRS 16 Leases (Cont'd)**

The adoption of MFRS 16 has the following impact:

a) To the opening balance as of 1 August 2019

	As previously reported RM'000	Effects on adoption of MFRS 16 RM'000	As restated RM'000
Right-of-use assets	-	7,149	7,149
Lease liabilities	-	8,585	8,585
Accrued expenses	94,215	(975)	93,240
Retained earnings	1,476,237	(210)	1,476,027
Non-controlling interests	173,935	(251)	173,684

b) To the unaudited Consolidated Financial Statements for the financial year ended 31 July 2020:

- (i) On the Consolidated Income Statement, expenses which were previously included under operating leases will be replaced by finance costs -lease liabilities and depreciation of right of use asset; and
- (ii) On the Consolidated Cash Flow Statement, operating lease rental outflows which were previously recorded within net cashflow from operating activities, are classified as "net cashflow used in financing activities" for repayment of principal of lease liabilities.

**A2 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2019 was not qualified.

**A3 Seasonal or cyclical factors**

The business operations of the Group for the current financial year 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 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.

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**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 19 December 2019, the Company issued and allotted 615,400 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

As at 31 July 2020, the total number of issued shares of the Company was 515,876,872 ordinary shares, out of which 100 ordinary shares were held as treasury shares.

(ii) Sukuk Murabahah Programme

On 30 December 2019, Scientex Quatari Sdn Bhd ("SQSB"), a wholly-owned subsidiary of the Company made its third 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 to part finance land acquisitions. As at 31 July 2020, the total amount issued of unrated Sukuk Murabahah stood at RM350.0 million in nominal value. The redeemable Sukuk Murabahah are due on 11 July 2022 and 10 July 2023 for RM50.0 million respectively, 10 July 2024 for RM100.0 million, 29 December 2028 for RM70.0 million and lastly 28 December 2029 for the remaining balance of RM80.0 million, and bear profit based on cost of fund plus margin, payable quarterly.

**A7 Dividends paid**

The amount of dividend paid by the Company since 31 July 2019 was as follows:

	RM'000
In respect of the financial year ended 31 July 2019:	
Single tier final dividend of 10 sen per ordinary share declared on 17 December 2019 and paid on 10 January 2020	51,588
In respect of the financial year ended 31 July 2020:	
Single tier interim dividend of 10 sen per ordinary share declared on 23 June 2020 and paid on 24 July 2020	51,587
	<hr/> <hr/> <b>103,175</b>



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**A8 Segment information**

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

**12 months ended 31 July 2020**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	2,551,141	967,460	3,518,601
<b>Results</b>			
Operating profit	251,015	298,440	549,455
Investing results			11,152
Interest expense			(16,345)
Profit before taxation			544,262

**12 months ended 31 July 2019**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	2,357,807	889,639	3,247,446
<b>Results</b>			
Operating profit	175,233	286,544	461,777
Investing results			4,344
Interest expense			(15,533)
Profit before taxation			450,588

**A9 Disclosure items**

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

	3 months ended		12 months ended	
	31.7.2020 RM'000	31.7.2019 RM'000	31.7.2020 RM'000	31.7.2019 RM'000
(a) Interest income	(1,877)	(1,959)	(5,417)	(3,937)
(b) Other income	(2,800)	(2,299)	(5,677)	(4,958)
(c) Interest expense	2,301	4,503	15,826	15,533
(d) Interest on lease liabilities	519	-	519	-
(e) Depreciation of property, plant and equipment	27,289	25,212	107,405	92,283
(f) Depreciation of right-of-use assets	1,251	-	3,258	-
(g) Net (write back)/provision of receivables	(36)	660	(359)	602
(h) Net (write back)/provision of inventories	(491)	277	1,605	(47)
(i) (Gain)/loss on disposal of plant and equipment	(69)	10	(318)	6
(j) Gain on disposal of property	-	-	-	(983)
(k) Property, plant and equipment written off	3,445	-	3,997	9
(l) Impairment of property, plant and equipment	10,660	-	10,660	-
(m) Impairment of goodwill	4,000	-	4,000	-
(n) Net foreign exchange loss	965	1,383	18,206	21,213
(o) Fair value gain on other investments	(4,423)	(1,781)	(4,423)	(1,781)
(p) Impairment loss on investment property	100	-	100	-

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**A9 Disclosure items (Cont'd)**

In the current financial quarter and current financial year ended 31 July 2020, there were no:

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

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

The valuation of property, plant and equipment and investment property were brought forward without any amendments from the preceding annual financial statements, except for the followings:

During the financial year ended 31 July 2020, a revaluation exercise was carried out by the Group on land and building classified as property, plant and equipment. The revaluation resulted in a property revaluation surplus, net of deferred tax and non-controlling interest, of RM43.1 million being included in property revaluation reserve. The valuations were carried out by professional independent valuer.

Revaluation was also carried out on land and building classified as investment property, an impairment loss, net of deferred tax of RM0.09 million was recognised in profit or loss. The valuation was carried out by professional independent valuer.

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

There were no material events subsequent to the end of the current financial year which have not been reflected in the financial statements for the said period as at the date of this report, except as disclosed in Note B6.

**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:

Completion of purchase price allocation for Daiboichi Berhad

During the financial year under review, the Company completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirement of MFRS 3 Business Combinations. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as follows:

	Fair value recognised on acquisition RM'000	Provisional fair value recognised on acquisition RM'000	Fair value adjustment RM'000
<b>Assets</b>			
Property, plant and equipment	142,628	142,628	-
Investment in an associate	17,159	18,270	(1,111)
Inventories	78,331	78,331	-
Trade and other receivables	72,190	72,190	-
Tax recoverable	2,541	2,951	(410)
Cash and bank balances	12,927	12,927	-
	325,776	327,297	(1,521)

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

Completion of purchase price allocation for Daibochi Berhad (Cont'd)

	Fair value recognised on acquisition RM'000	Provisional fair value recognised on acquisition RM'000	Fair value adjustment RM'000
<b>Liabilities</b>			
Trade and other payables	(56,722)	(56,722)	-
Borrowings	(68,231)	(68,231)	-
Deferred tax liabilities	(15,703)	(15,703)	-
	<u>(140,656)</u>	<u>(140,656)</u>	<u>-</u>
Net identifiable assets	<u>185,120</u>	<u>186,641</u>	<u>(1,521)</u>
Fair value of net identifiable assets	185,120	186,641	(1,521)
Non-controlling interest	(95,911)	(96,472)	561
Goodwill on consolidation	232,887	231,927	960
Cost of business combination	<u>322,096</u>	<u>322,096</u>	<u>-</u>

**Cash outflow on acquisition was as follows:**

Total purchase consideration	322,096	322,096	-
Purchase consideration satisfied by issuance of new shares in the Company	(229,046)	(229,046)	-
Cash and cash equivalents of subsidiary acquired	(12,927)	(12,927)	-
<b>Net cash outflow of the Group</b>	<u>80,123</u>	<u>80,123</u>	<u>-</u>

**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 were as follows:

	As at 31.7.2020 RM'000	As at 31.7.2019 RM'000
Approved and contracted for:		
Purchase of plant and machinery	105,109	53,456
Balance payment for purchase of land held for development	214,601	282,967
	<u>319,710</u>	<u>336,423</u>

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2020 were as follows:

	3 months ended		12 months ended	
	31.7.2020 RM'000	31.7.2019 RM'000	31.7.2020 RM'000	31.7.2019 RM'000
Purchase of goods from associated company	27,245	23,227	101,945	90,843
Rental income from jointly controlled entity	(232)	(232)	(926)	(926)
	<u></u>	<u></u>	<u></u>	<u></u>

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD  
INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2020**

**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		Current financial year	Preceding financial year	
	31.7.2020 RM'000	31.7.2019 RM'000		31.7.2020 RM'000	31.7.2019 RM'000	
Revenue	954,629	938,765	1.7%	3,518,601	3,247,446	8.3%
Operating profit	183,721	179,229	2.5%	549,455	461,777	19.0%
Profit attributable to owners of the Company	142,052	133,402	6.5%	390,114	333,697	16.9%

i) Current quarter review

For the current financial quarter ended 31 July 2020, the Group achieved revenue of RM954.6 million, a marginal increase of 1.7% compared to RM938.8 million recorded in the preceding year corresponding quarter. Consistent with the increase in revenue, the Group's operating profit stood at RM183.7 million, an increase of 2.5% compared to RM179.2 million in the preceding year corresponding quarter.

**Manufacturing** revenue remained stable at RM621.4 million compared to RM630.3 million recorded in the preceding year corresponding quarter. Operating profit stood at RM71.1 million, reflecting an increase of 6.0% compared to preceding year corresponding quarter of RM67.1 million

**Property** revenue was RM333.2 million, an increase of 8.0% compared to RM308.5 million recorded in the preceding year corresponding quarter. The Group's construction and property development activities resumed during the implementation of the Conditional Movement Control Order ("CMCO"). With the resumption of construction activities, the Group experience stable construction progress and strong progress billings. Accordingly, property's operating profit for the current financial quarter remained stable at RM112.6 million as compared with preceding year corresponding quarter of RM112.1 million.

ii) 12-month review

For the financial year ended 31 July 2020, the Group recorded higher revenue of RM3.52 billion, an increase of 8.3% compared to the preceding financial year revenue of RM3.25 billion. The increase was contributed by both the manufacturing and property divisions. In line with the higher revenue recorded for current financial year under review, operating profit increased from RM461.8 million to RM549.5 million.

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**B1 Review of performance (Cont'd)**

(ii) 12-month review (Cont'd)

**Manufacturing** revenue stood at RM2.55 billion for the current financial year, an increase of 8.2% compared to the preceding year of RM2.36 billion. The increase was mainly due to the full year contribution from its new business acquisitions which was completed in the third and fourth quarter of financial year 2019. The Group has since emerged as an integrated manufacturer of flexible plastic packaging (“FPP”) products offering a diverse range of base films and value added packaging products. Operating profit registered a significant 43.25% increase from RM175.2 million to RM251.0 million mainly due to higher sales, better sales mix and production efficiency.

**Property** revenue stood at RM967.5 million for the current financial year, an increase of 8.7% compared to the preceding financial year of RM889.6 million. In line with the higher sales achieved in current financial year, operating profit increased from RM286.5 million to RM298.4 million for the current financial year. The Group’s property division secured a good take-up rates and stable progress billings for its affordable residential projects offerings in Johor, Melaka and the Central Region, despite facing challenges and disruptions during the Movement Control Order (“MCO”). New projects launched in Pulau, Johor and Durian Tunggal, Melaka, contributed positively to its performance for the current financial year.

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

	Current quarter	Preceding quarter	Changes %
	31.7.2020 RM'000	30.4.2020 RM'000	
Revenue	954,629	772,229	23.6%
Profit before tax	184,188	106,444	73.0%
Profit attributable to owners of the Company	142,052	69,626	104.0%

The Group’s revenue for the current financial quarter stood at RM954.6 million compared to the preceding financial quarter of RM772.2 million. The increase in revenue was mainly contributed by the resumption of business activities caused by MCO in the preceding quarter for its property division which upon resumption, contributed positively in the current financial quarter. The Group reported a higher profit before taxation of RM184.2 million for the current financial quarter compared to the preceding financial quarter of RM106.4 million, contributed by both the manufacturing and property divisions.

**B3 Current financial year prospects**

Manufacturing

The Group continues to adhere to the health safety requirements and Standard Operating Procedures imposed by the authorities since the implementation of the MCO. Demand for FPP products which are essential components in the food and beverages based packaging supply chain continues to see resilient demand. The Group will continue to enhance its capacity and capabilities and tapping better operational efficiencies as part of its longer term strategy to produce more sustainable FPP and value added packaging products to meet the demand of its global customers and international brandowners.

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

Manufacturing (Cont'd)

The Group remains cognizant of the heightened external risks with most global economies sinking into recession. Uncertainty of recovery linked to possibility of resurgence of the pandemic has further heightened the prospects of a prolonged global recession. This, coupled with the on-going trade war between US and China has resulted in greater volatility in global financial market conditions in terms of volatility of the foreign exchange currency movements as well as key commodities such as crude oil prices. The Group will continue to monitor these external developments closely and adopt a pro-active stance as part of its efforts to mitigate the impact from such risks. Overall, and barring any unforeseen circumstances, the Group expects the coming financial year to be a relatively resilient year for the manufacturing division, driven mainly by its FPP products and converting segment.

Property

The Group remains focused on providing affordable homes as demand for such affordable housing remain strong with various initiatives and schemes by the Federal and State Governments providing the impetus for more affordable housing in line with the national housing agenda.

With several Overnight Policy Rate (OPR) cuts by Bank Negara Malaysia (BNM) and the recent BNM's initiative in setting up a RM1 billion fund for affordable homes, it is expected to boost demand and drive the affordable housing segment. Accordingly, the Group sees that demand for this housing segment to be relatively resilient for the coming financial year.

The Group has completed the acquisitions of its lands in Tasek Gelugor, Penang and Kundang, Selangor in December 2019 and we target to have official first launches in both lands in the coming financial year. The Group will continue to explore and expand its landbanks including its latest acquisition of Jasin land in Melaka which is expected to make positive contributions from 2021 onwards.

**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	
	31.7.2020 RM'000	31.7.2019 RM'000	31.7.2020 RM'000	31.7.2019 RM'000
In respect of current quarter/year:				
- Income tax	33,866	26,368	124,715	93,086
- Deferred taxation	5,108	12,224	5,108	12,230
In respect of prior year:				
- Income tax	(2,358)	(308)	(2,358)	(308)
- Deferred taxation	(1,229)	(328)	(1,229)	(328)
	<u>35,387</u>	<u>37,956</u>	<u>126,236</u>	<u>104,680</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 certain non-taxable gain and utilisation of tax incentive by some of the subsidiaries.

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**B6 Status of corporate proposals**

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

Proposed acquisition of lands in the State of Melaka

On 13 August 2020, the Company announced that Scientex Heights Sdn Bhd, a wholly-owned subsidiary of SQSB which in turn is an indirect wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with IOI Corporation Berhad (as proprietor) and GLM Emerald Industrial Park (Jasin) Sdn Bhd (as vendor) for the proposed acquisition of two (2) pieces and parcels of freehold land held under GRN 60084 Lot 7561 and GRN 59205 Lot 7562, both situated in Mukim and District of Jasin, State of Melaka, having an aggregate area of approximately 549.342 hectares for a total purchase consideration of RM260.2 million. The proposed acquisition is expected to be completed in the first half of year 2021.

**B7 Borrowings and debt securities**

As at 31 July 2020	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Secured</u></b>			
<b>Denominated in RM</b>			
- Sukuk Murabahah	350,000	-	350,000
<b><u>Unsecured</u></b>			
<b>Denominated in USD</b>			
- Term loan	4,988	9,976	14,964
- Trade financing	-	399,641	399,641
<b>Denominated in JPY</b>			
- Trade financing	-	124,400	124,400
<b>Denominated in AUD</b>			
- Trade financing	-	16,211	16,211
<b>Denominated in RM</b>			
- Term loan	2,349	2,467	4,816
- Trade financing	-	131,028	131,028
<b>Total</b>	<b>357,337</b>	<b>683,723</b>	<b>1,041,060</b>

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**B7 Borrowings and debt securities (Cont'd)**

As at 31 July 2019	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Secured</u></b>			
<b>Denominated in RM</b>			
- Sukuk Murabahah	250,000	-	250,000
- Trade financing	440	10,784	11,224
<b><u>Unsecured</u></b>			
<b>Denominated in USD</b>			
- Term loan	14,577	18,611	33,188
- Trade financing	-	340,770	340,770
<b>Denominated in JPY</b>			
- Trade financing	-	302,738	302,738
<b>Denominated in RM</b>			
- Term loan	4,829	2,660	7,489
- Trade financing	-	28,405	28,405
<b>Total</b>	<b>269,846</b>	<b>703,968</b>	<b>973,814</b>

**B8 Lease liabilities**

The Group has adopted MFRS 16 Leases beginning 1 August 2019. The lease liabilities were supported by the corresponding right-of-use assets of RM7.48 million as at 31 July 2020.

**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 2020, the Board of Directors recommended a single tier final dividend of 13 sen per ordinary share (single tier final dividend for financial year 2019 of 10 sen per ordinary share). The dividend will be payable on 13 January 2021, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.



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**B11 Earnings per share**

		3 months ended		12 months ended	
		31.7.2020	31.7.2019	31.7.2020	31.7.2019
<b>(i) Basic earnings per share</b>					
Profit attributable to equity holders of the Company	(RM'000)	142,052	133,402	390,114	333,697
Weighted average number of ordinary shares in issue	('000)	515,877	515,261	515,641	500,572
Basic earnings per share	(sen)	27.54	25.89	75.66	66.66

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

There was no dilution in earnings per share as there were no dilutive potential ordinary shares as at 31 July 2020.

By Order of the Board

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

18 September 2020