



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 30 April 2023

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

**For the nine months ended 30 April 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2023 RM'000	Preceding year corresponding quarter 30.4.2022 RM'000	Current year to date 30.4.2023 RM'000	Preceding year corresponding period 30.4.2022 RM'000
<b>Revenue</b>	<b>997,113</b>	<b>993,844</b>	<b>3,005,381</b>	<b>2,874,023</b>
<b>Operating profit</b>	<b>149,814</b>	<b>123,302</b>	<b>440,656</b>	<b>382,384</b>
Interest expense	(8,213)	(5,013)	(26,016)	(14,254)
Investing results	3,351	1,972	8,469	6,609
<b>Profit before tax</b>	<b>144,952</b>	<b>120,261</b>	<b>423,109</b>	<b>374,739</b>
Taxation	(30,106)	(25,650)	(82,539)	(72,995)
<b>Profit for the quarter / period</b>	<b>114,846</b>	<b>94,611</b>	<b>340,570</b>	<b>301,744</b>
<b>Profit attributable to:</b>				
Owners of the Company	109,780	88,330	323,247	284,890
Non-controlling interests	5,066	6,281	17,323	16,854
<b>Profit for the quarter / period</b>	<b>114,846</b>	<b>94,611</b>	<b>340,570</b>	<b>301,744</b>
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	7.08	5.70	20.84	18.37
- Diluted	N/A	N/A	N/A	18.33

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*



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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 30 April 2023  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the nine months ended 30 April 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2023 RM'000	Preceding year corresponding quarter 30.4.2022 RM'000	Current year to date 30.4.2023 RM'000	Preceding year corresponding period 30.4.2022 RM'000
<b>Profit for the quarter / period</b>	<b>114,846</b>	<b>94,611</b>	<b>340,570</b>	<b>301,744</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	10,949	6,854	(5,566)	1,466
Other comprehensive income/(loss) for the quarter / period, net of income tax	10,949	6,854	(5,566)	1,466
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>125,795</b>	<b>101,465</b>	<b>335,004</b>	<b>303,210</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>				
Owners of the Company	119,209	94,668	320,950	288,606
Non-controlling interests	6,586	6,797	14,054	14,604
	<b>125,795</b>	<b>101,465</b>	<b>335,004</b>	<b>303,210</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 April 2023**

	<b>AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2023 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2022 RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,544,047	1,463,755
Right-of-use assets	5,449	4,917
Land held for property development	1,525,671	1,650,472
Investment in joint venture	16,406	16,133
Investment in associate	96,984	86,689
Other investments	22,682	22,634
Deferred tax assets	8,970	7,279
Goodwill	327,499	330,423
	<b>3,547,708</b>	<b>3,582,302</b>
<b>Current assets</b>		
Property development costs	404,061	379,859
Inventories	300,011	449,350
Trade and other receivables	903,596	871,867
Cash and cash equivalents	119,499	191,177
	<b>1,727,167</b>	<b>1,892,253</b>
<b>TOTAL ASSETS</b>	<b>5,274,875</b>	<b>5,474,555</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	705,009	704,799
Reserves	2,648,194	2,404,797
Equity attributable to owners of the Company	3,353,203	3,109,596
Non-controlling interests	224,185	198,062
<b>Total equity</b>	<b>3,577,388</b>	<b>3,307,658</b>
<b>Non-current liabilities</b>		
Borrowings	250,000	250,000
Lease liabilities	3,720	3,208
Retirement benefits obligations	47,898	45,943
Deferred tax liabilities	93,919	85,723
	<b>395,537</b>	<b>384,874</b>
<b>Current liabilities</b>		
Borrowings	621,395	921,475
Lease liabilities	3,413	2,662
Trade and other payables	641,795	820,319
Tax liabilities	35,347	37,567
	<b>1,301,950</b>	<b>1,782,023</b>
<b>Total liabilities</b>	<b>1,697,487</b>	<b>2,166,897</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,274,875</b>	<b>5,474,555</b>
Net assets per share attributable to owners of the Company (RM)	2.16	2.00

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*



**SCIENTEX BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30 APRIL 2023**

	Reserves					Retained earnings RM'000	Attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000				
As at 1 August 2022	704,799	(1)	90,719	18,168	494	2,295,417	3,109,596	198,062	3,307,658
Profit for the period	-	-	-	-	-	323,247	323,247	17,323	340,570
Other comprehensive loss for the period	-	-	-	(2,297)	-	-	(2,297)	(3,269)	(5,566)
Total comprehensive income for the period	-	-	-	(2,297)	-	323,247	320,950	14,054	335,004
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	15,746	15,746
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	30	30
Issuance of ordinary shares pursuant to Share Grant Plan	210	-	-	-	-	-	210	-	210
Dividends	-	-	-	-	-	(77,553)	(77,553)	(3,707)	(81,260)
As at 30 April 2023	705,009	(1)	90,719	15,871	494	2,541,111	3,353,203	224,185	3,577,388
As at 1 August 2021	703,250	(1)	90,719	10,678	461	2,090,556	2,895,663	201,545	3,097,208
Profit for the period	-	-	-	-	-	284,890	284,890	16,854	301,744
Other comprehensive loss for the period	-	-	-	3,716	-	-	3,716	(2,250)	1,466
Total comprehensive income for the period	-	-	-	3,716	-	284,890	288,606	14,604	303,210
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	(65,450)	(65,450)	(28,057)	(93,507)
Issuance of ordinary shares pursuant to:									
Share Grant Plan	1,442	-	-	-	-	-	1,442	-	1,442
Exercise of warrants	107	-	-	-	-	-	107	-	107
Dividends	-	-	-	-	-	(77,550)	(77,550)	(9,254)	(86,804)
As at 30 April 2022	704,799	(1)	90,719	14,394	461	2,232,446	3,042,818	178,838	3,221,656

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the nine months ended 30 April 2023**

	<b>9 MONTHS ENDED 30.4.2023 RM'000</b>	<b>9 MONTHS ENDED 30.4.2022 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	423,109	374,739
Adjustments	104,100	105,752
Operating profits before working capital changes	<u>527,209</u>	<u>480,491</u>
Movement in working capital:		
Decrease in inventories	158,439	14,337
Decrease in development properties	173,638	54,171
Increase in receivables	(109,819)	(18,816)
(Decrease)/increase in payables	<u>(148,313)</u>	<u>40,969</u>
<b>Cash generated from operations</b>	<u>601,154</u>	<u>571,152</u>
Taxation paid	(82,330)	(90,094)
Gratuity and retirement benefits paid	<u>(2,052)</u>	<u>(816)</u>
<b>Net cash from operating activities</b>	<u>516,772</u>	<u>480,242</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(60,103)	-
Investment in associates	(4,493)	-
Purchase of additional interest in an existing subsidiary	-	(93,507)
Purchase of property, plant and equipment	(87,434)	(134,029)
Deposit paid for purchase of plant and equipment	(4,712)	(20,791)
Purchase of land held for property development	(61,061)	(415,512)
Deposit paid for purchase of land held for property development	-	(27,442)
Deposit refund from termination of purchase of land	51,815	-
Proceeds arising from dilution of interest in an existing subsidiary	30	-
Proceeds from disposal of property, plant and equipment	3,482	21,524
Dividend income received	2,407	4,349
Interest received	3,930	1,478
<b>Net cash used in investing activities</b>	<u>(156,139)</u>	<u>(663,930)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(77,553)	(77,550)
Non-controlling shareholders of subsidiaries	(3,707)	(9,254)
Proceeds from exercise of warrants in the Company	-	107
Net repayment of term loans	(16,255)	(6,161)
Net (repayment)/drawdown of short term borrowings	(300,857)	170,588
Repayment of lease liabilities	(2,629)	(2,516)
Finance cost paid	<u>(31,310)</u>	<u>(19,387)</u>
<b>Net cash (used in)/from financing activities</b>	<u>(432,311)</u>	<u>55,827</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(71,678)</u>	<u>(127,861)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>191,177</u>	<u>243,308</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>119,499</u>	<u>115,447</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	86,958	99,883
Short term deposits	<u>32,541</u>	<u>15,564</u>
	<u>119,499</u>	<u>115,447</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2023**

**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 2022 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 2022.

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 2022, except for the adoption of the following amendments to MFRSs that are effective for financial statements beginning on 1 August 2022, as disclosed below:

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020

The adoption of the above amendments to MFRSs are not expected to have significant impact on the financial statements of the Group.

**A2 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2022 was not qualified.

**A3 Seasonal or cyclical factors**

The business operations of the Group for the current financial quarter 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 quarter 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 quarter 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 period under review, except for the followings:-

Share Grant Plan

On 2 December 2022, the Company issued and allotted 63,800 new ordinary shares to the eligible employees of Scientex Berhad's group of companies pursuant to the Scientex Berhad Share Grant Plan.

As at 30 April 2023, the total number of issued shares of the Company was 1,551,063,667 ordinary shares, out of which 100 ordinary shares were held as treasury shares. The total number of unexercised warrants was 103,286,327.

**A7 Dividends paid**

The amount of dividend paid by the Company since 31 July 2022 was as follows:

RM'000

In respect of the financial year ended 31 July 2022:

Single tier final dividend of 5 sen per ordinary share declared on 8 December 2022  
and paid on 9 January 2023

77,553

**A8 Segment information**

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

**9 months ended 30 April 2023**

	Packaging RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	<u>2,006,450</u>	<u>998,931</u>	<u>3,005,381</u>
<b>Results</b>			
Operating profit	159,694	280,962	440,656
Investing results			8,469
Interest expense			<u>(26,016)</u>
Profit before taxation			<u>423,109</u>

**9 months ended 30 April 2022**

	Packaging RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	<u>2,120,547</u>	<u>753,476</u>	<u>2,874,023</u>
<b>Results</b>			
Operating profit	175,405	206,979	382,384
Investing results			6,609
Interest expense			<u>(14,254)</u>
Profit before taxation			<u>374,739</u>

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**A9 Disclosure items**

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

	3 months ended		9 months ended	
	30.4.2023 RM'000	30.4.2022 RM'000	30.4.2023 RM'000	30.4.2022 RM'000
(a) Interest income	(2,463)	(324)	(3,609)	(1,478)
(b) Other income	(1,200)	(1,217)	(3,810)	(3,661)
(c) Interest expense	8,136	4,927	25,776	13,987
(d) Interest on lease liabilities	77	86	240	267
(e) Depreciation of property, plant and equipment	29,987	27,807	89,499	83,455
(f) Depreciation of right-of-use assets	961	1,046	2,824	2,747
(g) Net provision/(write back) of receivables	32	(92)	182	(12)
(h) Net provision of inventories	724	684	1,704	1,126
(i) Gain on disposal of property, plant and equipment	(43)	(1,633)	(167)	(1,685)
(j) Property, plant and equipment written off	3	2	38	3
(k) Net foreign exchange loss	3,793	10,811	2,516	3,939
(l) Fair value gain of money market deposits	(196)	-	(321)	-

In the current financial quarter and current financial year-to-date ended 30 April 2023, 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.

**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.

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

There were no material events subsequent to the end of the current financial quarter 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.



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

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

Acquisition of Scientex Packaging (Kajang) Sdn Bhd (formerly known as Taisei Lamick Malaysia Sdn Bhd) (“SPK”)

On 2 September 2022, the Company announced that Scientex Packaging Film Sdn Bhd (“SPF”), a wholly-owned subsidiary of the Company, has entered into a share sale agreement (“SSA”) with Taisei Lamick Co., Ltd. (“Vendor”) for the proposed acquisition of 8,100 ordinary shares in SPK, representing approximately 80.2% equity interest in SPK for a total purchase consideration of RM63,779,503 to be satisfied entirely via cash, subject to the terms and conditions contained in the SSA (“Proposed Acquisition”). The SSA has become unconditional on 23 September 2022 and the completion of the Proposed Acquisition took place on 30 September 2022 in accordance with the terms and conditions of the SSA. Pursuant thereto, SPK has become a subsidiary of SPF.

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

	Provisional fair value recognised on Acquisition RM’000
<b>Assets</b>	
Property, plant and equipment	86,571
Right-of-use assets	155
Other investments	48
Inventories	10,893
Trade and other receivables	15,027
Cash and bank balance	3,677
	116,371
<b>Liabilities</b>	
Trade and other payables	(12,050)
Borrowings	(24,640)
Finance lease liabilities	(155)
	(36,845)
Net identifiable assets	79,526
Fair value of net identifiable assets	79,526
Non-controlling interest	(15,746)
Cost of business combination	63,780
<b>Cash outflow on acquisition was as follows:</b>	
Total purchase consideration	63,780
Cash and cash equivalents of subsidiary acquired	(3,677)
<b>Net cash outflow of the Group</b>	<b>60,103</b>

Provisional accounting of acquisition

During the current financial quarter, the fair value of SPK’s identifiable assets and liabilities were determined on provision basis. Any difference arising from this acquisition will be adjusted accordingly on a retrospective basis should there be any change to the basis.

From the date of acquisition, SPK has contributed approximately RM29,967,000 of revenue and net profit of RM224,000 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 quarter under review.

**A14 Capital commitments**

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

	As at 30.4.2023 RM'000	As at 30.4.2022 RM'000
Approved and contracted for:		
Purchase of plant and machinery	41,461	116,704
Balance payment for purchase of land held for development	186,806	713,305
	228,267	830,009

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2023 were as follows:

	3 months ended		9 months ended	
	30.4.2023 RM'000	30.4.2022 RM'000	30.4.2023 RM'000	30.4.2022 RM'000
Purchase of goods from associated companies	41,397	49,111	127,398	137,854
Sales of goods to associated company	(131)	(252)	(336)	(422)
Rental income from associated company	(140)	(139)	(418)	(418)
Rental income from jointly controlled entity	(232)	(232)	(695)	(695)

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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**  
**OF BURSA MALAYSIA SECURITIES BERHAD**  
**INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2023**

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

**B1 Review of performance**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current year quarter	Preceding year corresponding quarter	Changes %	Current year-to-date	Preceding year corresponding period	Changes %
	30.4.2023 RM'000	30.4.2022 RM'000		30.4.2023 RM'000	30.4.2022 RM'000	
Revenue	997,113	993,844	0.3%	3,005,381	2,874,023	4.6%
Operating profit	149,814	123,302	21.5%	440,656	382,384	15.2%
Profit attributable to owners of the Company	109,780	88,330	24.3%	323,247	284,890	13.5%

(i) Current quarter review

For the current financial quarter ended 30 April 2023, the Group recorded revenue of RM997.1 million, a marginal increase of 0.3% compared to RM993.8 million recorded in the preceding year corresponding quarter. The Group's operating profit stood at RM149.8 million, reflecting an increase of 21.5% compared to RM123.3 million achieved in the preceding year corresponding quarter.

**Packaging** revenue was RM635.4 million compared to RM749.7 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly due to an overall softening of market demand across all product segments. Accordingly, packaging's operating profit came in lower at RM44.5 million compared to RM57.0 million recorded in the preceding year corresponding quarter. In addition, operating profit was further impacted by higher operating costs.

**Property** revenue stood at RM361.7 million, reflecting a significant increase of 48.1% compared to RM244.2 million recorded in the preceding year corresponding quarter. The higher revenue was contributed by higher progress billings from on-going projects in Kundang, Tasek Gelugor and Pulau. In addition, the robust demand for our new launches in Kundang, Seremban and Durian Tunggal also contributed to the increase in revenue. In tandem with the higher revenue recorded, operating profit increased to RM105.4 million compared to RM66.3 million recorded in the preceding year corresponding quarter.

(ii) 9-month review

For the 9-month financial period ended 30 April 2023, the Group recorded higher revenue of RM3.01 billion compared to the preceding year corresponding period of RM2.87 billion. Operating profit also came in higher at RM440.7 million compared to the preceding year corresponding period of RM382.4 million. The increase in revenue and operating profit was mainly due to better performance being recorded by the Property Division.

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

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

**Packaging** revenue stood at RM2.01 billion for the period under review, reflecting a decrease of 5.4% compared to the preceding year corresponding period of RM2.12 billion. The lower sales recorded was mainly due to a decrease in sales tonnage which was impacted by softening of market demand. With the lower revenue, Packaging's operating profit stood at RM159.7 million compared to RM175.4 million recorded in the preceding year corresponding period. In addition, the lower operating profit was also impacted by rising operating cost, particularly higher energy costs.

**Property** revenue stood at RM998.9 million for the period under review, showing a marked improvement of 32.6% compared to the preceding year corresponding period of RM753.5 million. In line with the increase in revenue, operating profit came in correspondingly higher at RM281.0 million compared to the preceding year corresponding period of RM207.0 million. The improved performance was due to increase in progress billings as a result of higher sales secured from more project launches and better progress from our on-going constructional works with the labour shortage issue being progressively resolved.

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

	Current quarter	Preceding quarter	Changes %
	30.4.2023 RM'000	31.1.2023 RM'000	
Revenue	997,113	978,392	1.9%
Profit before tax	144,952	141,450	2.5%
Profit attributable to owners of the Company	109,780	106,292	3.3%

The Group's revenue for the current financial quarter increased to RM997.1 million compared to RM978.4 million recorded in the preceding financial quarter. The increase in revenue was mainly contributed from the Property Division. In line with the higher sales contribution from the Property Division, the Group's profit before tax came in higher at RM145.0 million for the current financial quarter, compared to RM141.5 million recorded in the preceding financial quarter.

**B3 Current financial year prospects**

**Packaging** Division remains susceptible to the vagaries of external forces affecting global demand. Factors such as elevated cost pressures driven by rising core inflation numbers and interest rates have inevitably led to higher productions costs overall.

Amidst an increasingly challenging external operating environment, the Group is focused to strengthen its fundamentals, improve operational efficiency and manage its operational costs and wastage to control operating costs. It will continue to position itself as a preferred packaging solutions provider focused on key global markets and customers with more innovative and value-added products where demand for such niche and functional yet sustainably produced products are expected to drive future demand.

For the near term, the Group expects to see global demand for its products to be affected as a result of weaker demand attributable to the operational challenges and uncertainties. That notwithstanding, the Group remains cautiously optimistic that its performance for the current financial year remains relatively stable.

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

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

**Property** Division has seen robust demand for its products, aided by speedier authority approval processes which in the past had led to delays in revenue recognition. The acute labour shortages are also progressively being addressed and constructional activities have gained momentum, hence contributing to higher revenue recognition. As the pandemic becomes a thing of the past, the Group expects to return soon to normalcy unhindered by material shortages, delays in approvals and construction progress.

Global inflationary pressures have caused rising constructional costs. Through bulk purchases of materials for all its various projects situated throughout Peninsula Malaysia, the Group seeks to mitigate the impact of such rising costs to ensure that its products continue to remain competitively and affordably priced. Optimising the use of land spaces and deploying its Industrialised Building System are also some of the efforts used to control costs. For effective cost control, landbanks continue to be sourced and acquired at competitive prices to ensure that overall development costs are properly managed.

After a rate pause announced by Bank Negara Malaysia in January 2023, it had in May 2023 unexpectedly increase the Overnight Policy Rate (OPR) by 25 basis points to 3.00 per cent. The central bank was of the view that the prospects of the Malaysian domestic economy remain resilient and that the Malaysian economy would continue to strengthen. Whilst it is still too early to see the effect of the OPR rise, the Group is confident that even at current levels, financial institutions would remain supportive of the affordable housing segment in line with the national housing agenda.

For the current financial quarter, the Division saw strong take-up rates for its property launches in Scientex Seremban in Negeri Sembilan, Scientex Kundang Jaya in Selangor, Scientex Tasek Gelugor in Penang and Scientex Durian Tunggal in Melaka. The Group will continue to launch several new phases across its developments in Peninsular Malaysia by leveraging on its branding, affordable pricing and strategic locations to boost its sales. As part of its expansion plan and “Cross Boundary” strategy, the Group has recently entered into a joint venture agreement on 21 March 2023 with Indonesian property developer Mustika Land and Japan’s Creed Group to make its maiden foray in Indonesia to jointly develop an affordable housing project in Greater Jakarta.

Barring unforeseen circumstances, the Group is cautiously optimistic that demand for its products will continue to stay robust for the current financial year driven by expanding economic activity and resilient domestic demand.

**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 quarter under review.

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

**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	
	30.4.2023 RM'000	30.4.2022 RM'000	30.4.2023 RM'000	30.4.2022 RM'000
In respect of current quarter:				
- Income tax	29,873	25,250	76,112	73,832
- Deferred taxation	233	400	6,427	(837)
	<u>30,106</u>	<u>25,650</u>	<u>82,539</u>	<u>72,995</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 the utilisation of tax incentives by certain subsidiaries of the Group.

**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 Selangor

On 30 August 2021, the Company announced that Scientex Park (M) Sdn Bhd ("SPSB"), a wholly-owned subsidiary of the Company entered into a SPA with Seriemas Development Sdn Bhd ("Vendor") for the proposed acquisition of five (5) pieces of freehold agricultural lands all situated in the State of Selangor, measuring an aggregate area of approximately 250.8 acres ("Lands") for a total purchase consideration of RM207.6 million. On 15 June 2022, the Vendor and SPSB have entered into a Supplemental Agreement to extend the conditional period to 24 November 2022 to enable Vendor to obtain the approvals of Estate Land Board, subdivision of Lot 4567 into four (4) subdivided titles and issuance of four (4) separate titles for Lot 4567 in accordance with the revised subdivisional plan; and for SPSB to obtain the outcome of appeal to Economic Planning Unit.

On 9 November 2022, SPSB has agreed with the Vendor as follows: -

- a) To jointly invest in a dormant company called Scientex Jenjarom Sdn Bhd (formerly known as Scientex Distribution Sdn Bhd) ("SJSB") with SPSB holding 70% and the Vendor holding the remaining 30% of the shares of SJSB ("Proposed Joint Venture"); and
- b) A Shareholders' Agreement ("SHA") has been signed between the Vendor, SPSB and SJSB to regulate their relationship as shareholders and with SJSB as new purchaser of the Lands;
- c) Contemporaneously with the execution of the SHA,
  - (i) the Vendor and SPSB have signed a Deed of Rescission and Revocation to terminate the SPA;
  - (ii) the Vendor and SJSB have signed a new Sale & Purchase Agreement for the sale by the Vendor of the Lands to SJSB as purchaser at the same purchase consideration of RM207.6 million.

The Proposed Joint Venture and the Lands acquisition are expected to be completed by second half of year 2023.

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

**B7 Borrowings and debt securities**

As at 30 April 2023	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	50,000	300,000
<b><u>Unsecured</u></b> <b>Denominated in USD</b> - Trade financing	-	39,741	39,741
<b>Denominated in JPY</b> - Trade financing	-	24,899	24,899
<b>Denominated in RM</b> - Trade financing	-	506,755	506,755
<b>Total</b>	250,000	621,395	871,395

As at 30 April 2022	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Secured</u></b> <b>Denominated in RM</b> - Sukuk Murabahah	300,000	50,000	350,000
<b><u>Unsecured</u></b> <b>Denominated in USD</b> - Trade financing	-	431,211	431,211
<b>Denominated in JPY</b> - Trade financing	-	37,422	37,422
<b>Denominated in AUD</b> - Trade financing	-	37,382	37,382
<b>Denominated in RM</b> - Term loan	-	1,302	1,302
- Trade financing	-	437,804	437,804
<b>Total</b>	300,000	995,121	1,295,121

**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 2023, the Board of Directors declared a single tier interim dividend of 5 sen per ordinary share (single tier interim dividend for financial year 2022 of 4 sen per ordinary share), payable on 21 July 2023.

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

**B10 Earnings per share**

		3 months ended		9 months ended	
		30.4.2023	30.4.2022	30.4.2023	30.4.2022
<b>(i) Basic earnings per share</b>					
Profit attributable to owners of the Company	(RM'000)	109,780	88,330	323,247	284,890
Weighted average number of ordinary shares in issue	('000)	1,551,064	1,551,000	1,551,035	1,550,843
Basic earnings per share	(sen)	7.08	5.70	20.84	18.37
<b>(ii) Diluted earnings per share</b>					
Profit attributable to owners of the Company	(RM'000)	N/A	N/A	N/A	284,890
Weighted average number of ordinary shares in issue	('000)	N/A	N/A	N/A	1,550,843
Effect of dilution - warrants	('000)	N/A	N/A	N/A	3,482
Adjusted weighted average number of ordinary shares	('000)	N/A	N/A	N/A	1,554,325
Diluted earnings per share	(sen)	N/A	N/A	N/A	18.33

Diluted earnings per ordinary share is not presented for the current financial quarter and current financial year-to-date as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial quarter and current financial year-to-date does not exceed the exercise price of the warrants.

By Order of the Board

Chua Siew Chuan (MAICSA 0777689) (SSM Practising Certificate No. 201908002648)  
Tung Wei Yen (MAICSA 7062671) (SSM Practising Certificate No. 201908003813)  
Ong Ling Hui (MAICSA 7065599) (SSM Practising Certificate No. 202008000555)  
Company Secretaries

20 June 2023