



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 October 2013
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 October 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.10.2013 RM'000	Preceding year corresponding quarter 31.10.2012 RM'000	Current year to date 31.10.2013 RM'000	Preceding year corresponding period 31.10.2012 RM'000
Revenue	364,811	241,616	364,811	241,616
Operating profit	39,293	31,484	39,293	31,484
Interest expense	(1,607)	(168)	(1,607)	(168)
Investing results	90	13	90	13
Profit before tax	37,776	31,329	37,776	31,329
Taxation	(7,941)	(6,053)	(7,941)	(6,053)
Profit for the quarter	29,835	25,276	29,835	25,276
Profit attributable to:				
Owners of the parent	29,343	24,875	29,343	24,875
Non-controlling interests	492	401	492	401
Profit for the quarter	29,835	25,276	29,835	25,276
Earnings per share attributable to owners of the parent (sen per share)	13.27	11.57	13.27	11.57

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 31 October 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.10.2013 RM'000	Preceding year corresponding quarter 31.10.2012 RM'000	Current year to date 31.10.2013 RM'000	Preceding year corresponding period 31.10.2012 RM'000
Profit for the quarter	29,835	25,276	29,835	25,276
Other comprehensive income :				
Foreign currency translation	-	(566)	-	(566)
Total comprehensive income for the quarter	29,835	24,710	29,835	24,710
Total comprehensive income attributable to:				
Owners of the parent	29,343	24,379	29,343	24,379
Non-controlling interests	492	331	492	331
	29,835	24,710	29,835	24,710

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 October 2013

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.10.2013 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.07.2013 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	492,525	491,349
Investment properties	4,535	4,550
Land held for property development	282,793	254,810
Investment in jointly controlled entity	22,893	22,893
Investment in associate	10,963	10,873
Other investments	5,037	5,037
	818,746	789,512
Current assets		
Property development costs	57,544	68,491
Inventories	85,971	80,720
Trade and other receivables	209,664	195,469
Cash and bank balances	91,206	152,177
	444,385	496,857
TOTAL ASSETS	1,263,131	1,286,369
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	167,876	167,625
Retirement benefit obligations	422	422
Trade and other payables	229,399	258,425
Income tax payable	11,523	10,415
	409,220	436,887
Net current assets	35,165	59,970
Non-current liabilities		
Loans and borrowings	164,312	167,812
Retirement benefit obligations	8,431	8,221
Deferred tax liabilities	24,812	24,812
	197,555	200,845
Total liabilities	606,775	637,732
Net assets	656,356	648,637
Equity attributable to owners of the parent		
Share capital	115,000	115,000
Reserves	520,892	513,665
	635,892	628,665
Non-controlling interests	20,464	19,972
Total equity	656,356	648,637
TOTAL EQUITY AND LIABILITIES	1,263,131	1,286,369
Net assets per share attributable to owners of the parent (RM)	2.88	2.84

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



SCIENTEX BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE MONTHS ENDED 31 OCTOBER 2013**

	Attributable to owners of the parent								Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable				Reserves						
	Share capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Foreign currency translation reserves RM'000	Treasury shares RM'000	Other reserves RM'000	Capital redemption reserves RM'000	Retained earnings RM'000			
At 1 August 2013	115,000	38,064	22,774	(1,172)	(12,895)	461	17,467	448,966	628,665	19,972	648,637
Total comprehensive income for the quarter	-	-	-	-	-	-	-	29,343	29,343	492	29,835
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(22,116)	(22,116)	-	(22,116)
At 31 October 2013	115,000	38,064	22,774	(1,172)	(12,895)	461	17,467	456,193	635,892	20,464	656,356
At 1 August 2012	115,000	19,233	26,388	(1,259)	(21,811)	461	17,467	370,236	525,715	33,988	559,703
Total comprehensive income for the quarter	-	-	-	(496)	-	-	-	24,875	24,379	331	24,710
At 31 October 2012	115,000	19,233	26,388	(1,755)	(21,811)	461	17,467	395,111	550,094	34,319	584,413

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)



SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the three months ended 31 October 2013

	3 MONTHS ENDED 31.10.2013 RM'000	3 MONTHS ENDED 31.10.2012 RM'000
OPERATING ACTIVITIES		
Profit before taxation	37,776	31,329
Adjustments	10,385	5,914
Operating cash flows before changes in working capital	<u>48,161</u>	<u>37,243</u>
Changes in working capital		
(Increase)/decrease in inventories	(4,867)	11,382
Decrease in development properties	11,521	5,010
Increase in receivables	(13,695)	(8,361)
Decrease in payables	(20,409)	(2,282)
Total changes in working capital	<u>(27,450)</u>	<u>5,749</u>
Cash flows from operations	20,711	42,992
Taxation paid	(7,206)	(5,096)
Gratuity and retirement benefits paid	-	(204)
Net cash flows from operating activities	<u>13,505</u>	<u>37,692</u>
INVESTING ACTIVITIES		
Deposit paid for acquisition of investment	-	(10,000)
Balance payment for acquisition of a subsidiary	(15,250)	-
Purchase of property, plant and equipment	(11,260)	(8,822)
Purchase of land held for development	(28,500)	-
Proceeds from disposal of property, plant and equipment	209	-
Interest received	718	254
Net cash flows used in investing activities	<u>(54,083)</u>	<u>(18,568)</u>
FINANCING ACTIVITIES		
Dividends paid	(15,481)	-
Net repayment of term loans	(4,750)	(1,250)
Net drawdown/(repayment) of short term borrowings	1,501	(3,956)
Interest paid	(1,663)	(269)
Net cash flows used in financing activities	<u>(20,393)</u>	<u>(5,475)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(60,971)	13,649
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>152,177</u>	<u>36,335</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>91,206</u>	<u>49,984</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	47,645	29,385
Short term deposits	43,561	20,599
	<u>91,206</u>	<u>49,984</u>

(The Condensed Consolidated Statement of Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2013)

SCIENTEX BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2013

A. Compliance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Changes in Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2013. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 July 2013, except for the following:

(i) Adoption of Amendments to FRSs

On 1 August 2013, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 August 2013.

Amendments to FRS 101	Presentation of Items of Other Comprehensive Income (Improvements to FRSs (2012))
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associate and Joint Ventures
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))

Except for the changes in accounting policies arising from the adoption of the new disclosures required under the Amendments to FRS 101, the Group expect that the adoption of the other standards above will have no material impact on the current year financial statements.

(ii) Malaysian Financial Reporting Standards (MFRS Framework)

The Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2013 was not qualified.

A3 Seasonal or cyclical factors

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

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

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

SCIENTEX BERHAD
(Company No: 7867-P)
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A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim periods that have a material effect in the current financial quarter 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 quarter under review.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2013 was as follows:

	RM'000
In respect of the financial year ended 31 July 2013:	
Single tier interim dividend of 14%; 7 sen per ordinary share declared on 25 June 2013 and paid on 16 August 2013	15,481
Single tier special dividend of 20%; 10 sen per ordinary share declared on 26 September 2013 and paid on 25 November 2013	22,116
	37,597

A8 Segment information

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

3 months ended 31 October 2013

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	289,183	75,628	364,811
Results			
Profit from operations	17,694	22,155	39,849
Foreign exchange differences			(556)
Operating profit			39,293
Investing results			90
Finance cost			(1,607)
Profit before taxation			37,776

3 months ended 31 October 2012

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	172,645	68,971	241,616
Results			
Profit from operations	10,358	20,985	31,343
Foreign exchange differences			141
Operating profit			31,484
Investing results			13
Finance cost			(168)
Profit before taxation			31,329

SCIENTEX BERHAD
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(Incorporated in Malaysia)

A9 Disclosure items

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

	3 months ended	
	31.10.2013	31.10.2012
	RM'000	RM'000
(a) Interest income	(718)	(254)
(b) Other income	(187)	(448)
(c) Interest expense	1,607	168
(d) Depreciation	9,764	5,759
(e) Net write back of receivables	(354)	(28)
(f) Net (write back)/provision of inventories	(384)	42
(g) Net realised loss/(gain) of foreign exchange	330	(71)
(h) Net unrealised loss/(gain) of foreign exchange	226	(70)
	226	(70)

In the current financial quarter and current year-to-date ended 31 October 2013, there were no:

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

A10 Events subsequent to the end of the reporting period

Other than as disclosed in Note B7 and elsewhere in this report, there were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements for the said period as at the date of this report.

A11 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.

A12 Contingent liabilities

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

A13 Capital commitments

Authorised capital commitment not recognised in the financial statements are as follows:

	As at	As at
	31.10.2013	31.10.2012
	RM'000	RM'000
Approved and contracted for:		
Purchase of plant and machinery	43,853	31,401
Balance payment for acquisition of subsidiaries	-	273,200
	43,853	304,601

A14 Related party transactions

The Group's related party transactions in the current financial quarter ended 31 October 2013 are as follows:

	3 months ended	
	31.10.2013	31.10.2012
	RM'000	RM'000
Purchase of goods from associated company	10,731	10,724
Rental income from jointly controlled entity	(232)	(232)
	10,500	10,492

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2013

B1 Review of performance

Current quarter review

For the current quarter ended 31 October 2013, the Group recorded revenue of RM364.8 million, an increase of 51.0% as compared to RM241.6 million recorded in the preceding year corresponding quarter. Profit before tax was RM37.8 million, an increase of 20.6% as compared to RM31.3 million in the preceding year corresponding quarter.

Manufacturing revenue recorded was RM289.2 million, an increase of 67.5% compared to RM172.6 million in the preceding year corresponding quarter. The increase was mainly due to contribution from Great Wall companies as well as increase in export sales of stretch film. Profit from operations increased from RM10.4 million to RM17.7 million, in line with the higher revenue recognised.

Property revenue recorded was RM75.6 million compared to RM69.0 million in the preceding year corresponding quarter, an increase of 9.7%. Profit from operations increased from RM21.0 million to RM22.2 million, in line with the increase in revenue. The increase of property revenue and profit from operations were mainly due to continued demand for our new project launches in Johor and Melaka.

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

Profit before taxation for the current financial quarter under review was RM37.8 million, marginally lower as compared to RM40.2 million recorded in the preceding financial quarter.

B3 Current financial year prospects

Manufacturing

The Group continues to tap into its existing markets in the Asia Pacific as well as its newly developed markets in the EU and UK to drive the export of its packaging products as its capacity expansion is being rolled out gradually. Upon the completion of the installation of the latest three cast stretch film lines, the Group will continue to focus to reduce costs through economies of scale and achieve better operational efficiency. As for its consumer packaging division, the Group is on target with its expansion plans. With the impending delivery and installation of the blown film lines which shall be operational by mid 2014, the Group will be poised for further growth in this segment.

The Group continues to take cognizance of prevailing global uncertainties and will remain vigilant amidst such uncertainties. The Group will also adopt a proactive stance in dealing promptly with these risks and to address and mitigate the effects of such risks for this financial year. Barring unforeseen circumstances, the Group remains cautiously optimistic that the Group is able to maintain its current growth plans.

Property

Our property projects in Johor and Melaka continue to attract strong demand due to the strategic location of our projects in Senai, Kulai, Skudai and Pasir Gudang as well as in Ayer Keroh Melaka. Demand for property in the Iskandar Malaysia region remains healthy and we are a beneficiary of the various infrastructure projects being implemented there as the Government tries to put Iskandar Malaysia on the world map as an investment destination. In addition, the Group continues to be a developer of affordable housing and the recent launches of our affordable homes in Senai and Melaka continue to receive good response. However, due to recent Budget announcement on imposition of real property gains tax, increase in levy to foreign purchasers and implementing of goods and services tax, all these cooling measures might slightly affect and dampen sentiments in the overall property sector.

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.

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B5 Taxation

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

	3 months ended	
	31.10.2013	31.10.2012
	RM'000	RM'000
In respect of current quarter :		
- Income tax	7,941	6,053

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

B6 Realised and unrealised profits

	Preceding year	
	Current quarter ended 31.10.2013	corresponding quarter ended 31.10.2012
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	670,732	493,614
- Unrealised	(9,168)	(839)
	661,564	492,775
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	8,640	7,400
- Unrealised	(284)	(366)
	669,920	499,809
Less: Consolidation adjustments	(213,727)	(104,698)
Total Group retained earnings	456,193	395,111

B7 Status of corporate proposals

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

(i) Establishment of a share grant plan

On 29 October 2013, the Company announced a proposed establishment of a share grant plan of up to five percent (5%) of the issued and paid-up share capital of the Company for the eligible key management and employees of the Company and its subsidiaries ("Proposed SGP").

The Proposed SGP is subject to the following approvals being obtained:-

- (a) Bursa Malaysia Securities Berhad ("Bursa Securities"), for the listing of and quotation for the new Company's shares to be issued pursuant to the Proposed SGP, representing up to five percent (5%) of the issued and paid-up share capital of the Company, on the Main Market of Bursa Securities, which approval was obtained vide its letter dated 13 November 2013 subject to the conditions contained in the letter.
- (b) the shareholders of the Company, which approval was obtained at the Extraordinary General Meeting held on 17 December 2013; and
- (c) any other relevant authorities/parties, if required.

The Proposed SGP is conditional upon the proposed amendments to the Memorandum of Association of the Company contained in the notice of Forty-Fifth Annual General Meeting of the Company ("AGM"), which was approved by the shareholders of the Company at the AGM held on 17 December 2013.

Barring any unforeseen circumstances, the Proposed SGP is expected to be completed by the first half of 2014.

(ii) Proposed acquisition of Seacera Polyfilms Sdn Bhd

On 11 November 2013, the Company announced that Scientex Packaging Film Sdn Bhd, its wholly-owned subsidiary, had entered into a Share Sale Agreement ("SSA") with Seacera Polymer Sdn Bhd and Seacera Group Berhad to acquire a total of 12,900,000 ordinary shares of RM1.00 each in the capital of Seacera Polyfilms Sdn Bhd, representing the entire issued and paid-up share capital of Seacera Polyfilms Sdn Bhd for a total purchase consideration of RM40,000,000 to be satisfied entirely via cash, upon the terms and conditions contained in the SSA ("Proposed Acquisition").

The Proposed Acquisition is pending Seacera Group Berhad's shareholders' approval and the fulfillment of other relevant approvals and conditions precedent as set out in the SSA. The transaction is expected to be completed during the financial year ending 31 July 2014.

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B8 Borrowings and debt securities

The Group's borrowings as at 31 October 2013 were as follows :-

	RM'000	RM'000
(a) Long Term Borrowings		
Term loan		
- Secured	147,545	
- Unsecured	<u>16,767</u>	164,312
(b) Short Term Borrowings		
- Secured		
Term loan	17,240	
- Unsecured		
Term loan	9,339	
Other bank borrowings	<u>141,297</u>	<u>167,876</u>
		<u>332,188</u>
		RM'000
Included in total borrowings are borrowings denominated in foreign currencies		Equivalent
- United States Dollars		260,488
- Japanese Yen		<u>4,950</u>
		<u>265,438</u>

B9 Material litigation

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

B10 Dividends

In respect of the financial year ended 31 July 2013, the Board of Directors recommended a single tier final dividend of 18% or 9 sen per ordinary share (single tier final dividend for 2012 of 16% or 8 sen per ordinary share). The dividend has been approved by the shareholders at the Annual General Meeting held on 17 December 2013 and is payable on 21 January 2014 to depositors registered in the Record of Depositors on 6 January 2014.

B11 Earnings per share

		3 months ended	
		31.10.2013	31.10.2012
(a) Basic earnings per share			
Profit attributable to equity holders of the Company	(RM'000)	29,343	24,875
Weighted average number of ordinary shares in issue	('000)	221,155	215,040
Basic earnings per share	(sen)	<u>13.27</u>	<u>11.57</u>
(b) Fully diluted earnings per share			

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 October 2013.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

17 December 2013