



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 30 April 2016  
The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the nine months ended 30 April 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2016 RM'000	Preceding year corresponding quarter 30.4.2015 RM'000	Current year to date 30.4.2016 RM'000	Preceding year corresponding period 30.4.2015 RM'000
<b>Revenue</b>	<b>543,896</b>	<b>455,250</b>	<b>1,639,923</b>	<b>1,349,186</b>
<b>Operating profit</b>	<b>77,848</b>	<b>58,359</b>	<b>238,466</b>	<b>147,854</b>
Interest expense	(3,078)	(2,173)	(8,777)	(5,960)
Investing results	1,021	319	6,735	2,072
<b>Profit before tax</b>	<b>75,791</b>	<b>56,505</b>	<b>236,424</b>	<b>143,966</b>
Taxation	(13,160)	(12,555)	(44,388)	(31,711)
<b>Profit for the quarter / period</b>	<b>62,631</b>	<b>43,950</b>	<b>192,036</b>	<b>112,255</b>
<b>Profit attributable to:</b>				
Owners of the Company	61,255	42,958	186,730	109,279
Non-controlling interests	1,376	992	5,306	2,976
<b>Profit for the quarter / period</b>	<b>62,631</b>	<b>43,950</b>	<b>192,036</b>	<b>112,255</b>
Earnings per share attributable to owners of the Company (sen per share)	26.86	19.02	82.39	48.69

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*



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**QUARTERLY REPORT**

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The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the nine months ended 30 April 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2016 RM'000	Preceding year corresponding quarter 30.4.2015 RM'000	Current year to date 30.4.2016 RM'000	Preceding year corresponding period 30.4.2015 RM'000
<b>Profit for the quarter / period</b>	<b>62,631</b>	<b>43,950</b>	<b>192,036</b>	<b>112,255</b>
<b>Other comprehensive (loss)/income, net of income tax:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(3,544)	-	906	4,191
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive (loss)/income for the quarter / period, net of income tax	(3,544)	-	906	4,191
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>59,087</b>	<b>43,950</b>	<b>192,942</b>	<b>116,446</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>				
Owners of the Company	58,429	42,958	187,383	112,528
Non-controlling interests	658	992	5,559	3,918
	<b>59,087</b>	<b>43,950</b>	<b>192,942</b>	<b>116,446</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*

**SCIENTEX BERHAD**  
(Company No: 7867-P)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 April 2016

	<b>AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2016 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2015 RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	919,626	642,791
Investment properties	17,000	17,000
Land held for property development	437,218	268,616
Investment in jointly controlled entity	23,815	26,155
Investment in associate	24,445	15,369
Other investments	8,165	7,082
Deferred tax assets	5,975	2,086
	<b>1,436,244</b>	<b>979,099</b>
<b>Current assets</b>		
Property development costs	186,918	136,499
Inventories	110,145	111,953
Trade and other receivables	385,817	321,698
Cash and bank balances	74,222	90,626
	<b>757,102</b>	<b>660,776</b>
<b>TOTAL ASSETS</b>	<b>2,193,346</b>	<b>1,639,875</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	115,000	115,000
Reserves	1,031,184	826,978
Equity attributable to owners of the Company	1,146,184	941,978
Non-controlling interests	65,830	62,784
<b>Total equity</b>	<b>1,212,014</b>	<b>1,004,762</b>
<b>Non-current liabilities</b>		
Borrowings	302,691	75,510
Retirement benefits obligations	22,115	18,508
Deferred tax liabilities	30,988	40,948
	<b>355,794</b>	<b>134,966</b>
<b>Current liabilities</b>		
Borrowings	228,512	149,921
Trade and other payables	367,477	308,259
Dividend payable	-	20,327
Tax liabilities	29,549	21,640
	<b>625,538</b>	<b>500,147</b>
<b>Total liabilities</b>	<b>981,332</b>	<b>635,113</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,193,346</b>	<b>1,639,875</b>
Net assets per share attributable to owners of the Company (RM)	4.98	4.17

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*



**SCIENTEX BERHAD**  
(Company No: 7867-P)  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30 APRIL 2016**

	Reserves							Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable			Distributable							
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000			
At 1 August 2015	115,000	64,353	17,646	55,799	5,582	(6,039)	461	689,176	941,978	62,784	1,004,762
Profit for the period	-	-	-	-	-	-	-	186,730	186,730	5,306	192,036
Other comprehensive profit for the period	-	-	-	-	653	-	-	-	653	253	906
Total comprehensive income for the period	-	-	-	-	653	-	-	186,730	187,383	5,559	192,942
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Cancellation of treasury shares	(236)	(688)	236	-	-	688	-	-	-	-	-
Issuance of ordinary shares pursuant to Share Grant Plan	236	3,398	-	-	-	-	-	-	3,634	-	3,634
Sale of treasury shares	-	37,261	-	-	-	5,352	-	-	42,613	-	42,613
Dividends	-	-	-	-	-	-	-	(29,423)	(29,423)	(2,513)	(31,936)
At 30 April 2016	115,000	104,324	17,882	55,799	6,235	-	461	846,483	1,146,184	65,830	1,212,014
At 1 August 2014	115,000	38,064	17,467	22,774	(1,533)	(12,896)	461	533,381	712,718	22,705	735,423
Profit for the period	-	-	-	-	-	-	-	109,279	109,279	2,976	112,255
Other comprehensive profit for the period	-	-	-	-	3,249	-	-	-	3,249	942	4,191
Total comprehensive income for the period	-	-	-	-	3,249	-	-	109,279	112,528	3,918	116,446
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	22,356	22,356	17,644	40,000
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Issuance of ordinary shares pursuant to Share Grant Plan	179	2,338	-	-	-	-	-	-	2,517	-	2,517
Sale of treasury shares	-	24,472	-	-	-	6,338	-	-	30,810	-	30,810
Dividends	-	-	-	-	-	-	-	(29,362)	(29,362)	(570)	(29,932)
At 30 April 2015	115,179	64,874	17,467	22,774	1,716	(6,559)	461	635,654	851,566	43,697	895,263

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*



**SCIENTEX BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the nine months ended 30 April 2016**

	<b>9 MONTHS ENDED 30.4.2016 RM'000</b>	<b>9 MONTHS ENDED 30.4.2015 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	236,424	143,966
Adjustments	44,125	41,002
Operating profits before working capital changes	<u>280,549</u>	<u>184,968</u>
Movement in working capital:		
Decrease in inventories	19,966	23,000
Decrease/(increase) in development properties	3,879	(29,953)
Increase in receivables	(61,934)	(61,893)
Increase in payables	29,396	7,663
<b>Cash generated from operations</b>	<u>271,856</u>	<u>123,785</u>
Taxation paid	(44,534)	(30,595)
<b>Net cash from operating activities</b>	<u>227,322</u>	<u>93,190</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(53,592)	-
Purchase of other investments	(1,050)	(1,990)
Purchase of property, plant and equipment	(229,830)	(54,291)
Deposit paid for purchase of property, plant and equipment	-	(14,468)
Purchase of land held for development	(219,313)	-
Proceeds arising from dilution of interest in an existing subsidiary	-	40,000
Proceeds from disposal of property, plant and equipment	286	180
Net dividend received	-	103
Interest received	691	916
<b>Net cash used in investing activities</b>	<u>(502,808)</u>	<u>(29,550)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(49,750)	(47,054)
Non-controlling shareholders of subsidiary	(2,513)	(570)
Proceeds from sale of treasury shares	42,613	30,810
Acquisition of treasury shares	(1)	(1)
Net drawdown/(repayment) of term loans	211,706	(60)
Net drawdown/(repayment) of short term borrowings	65,804	(61,080)
Interest paid	(8,777)	(5,960)
<b>Net cash from/(used in) financing activities</b>	<u>259,082</u>	<u>(83,915)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(16,404)	(20,275)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>90,626</u>	<u>83,766</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>74,222</u>	<u>63,491</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	70,345	63,252
Short term deposits	3,877	239
	<u>74,222</u>	<u>63,491</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2015)*

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2016**

**PART A: EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1 Basis of preparation**

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2015.

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 2015.

**Malaysian Financial Reporting Standards ("MFRS Framework")**

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the MFRS Framework, a fully-IFRS compliant framework. Entities other than Private Entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and ventures were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year.

On 8 September 2015, the MASB announced that Entities other than Private Entities (non-private entities) and Private Entities that have in the alternative chosen to apply the FRS Framework shall comply with the MFRS Framework for annual periods beginning on or after 1 January 2018.

The Group and the Company being a TE has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements for the financial year ending 31 July 2019.

**A2 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2015 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 period under review.

**A5 Material changes in estimates**

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

**A6 Changes in debts and equity securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review, except for the followings:

(i) Share grant plan

On 20 November 2015, the Company issued and allotted 472,000 new ordinary shares of RM0.50 each to the selected eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

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**A6 Changes in debts and equity securities (Cont'd)**

(ii) Treasury shares

During the current financial period ended 30 April 2016, the Company repurchased 100 ordinary shares of RM0.50 each from the open market of Bursa Malaysia Securities Berhad ("Bursa Securities") for a total consideration of RM1,008. The repurchased shares were held as treasury shares.

On 17 December 2015, the Board of Directors of the Company approved the cancellation of 472,000 treasury shares of RM0.50 each.

During the current financial period, the Company also fully sold its 3,669,062 treasury shares in the open market of Bursa Securities at an average price of RM11.61 per share for a total consideration of approximately RM42.6 million (including transaction costs). The cost of the treasury shares was at an average price of RM1.46 per share, amounting to RM5.3 million. This resulted in an increase in share premium and total equity attributable to shareholders of the Company of approximately RM37.3 million and RM42.6 million respectively.

As at 30 April 2016, the Company did not hold any treasury shares and the total number of issued and paid-up share capital of the Company was 230,000,000 ordinary shares of RM0.50 each.

(iii) Establishment of a Sukuk Murabahah Programme for the issuance of up to RM500.0 million in nominal value of Sukuk Murabahah ("Sukuk Murabahah Programme")

On 2 December 2015, the Company announced that its wholly-owned subsidiary, Scientex Quatari Sdn Bhd ("SQSB") had lodged with the Securities Commission Malaysia ("SC") all the required information and relevant documents relating to the Sukuk Murabahah Programme pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, revised and effective on 15 June 2015. The Sukuk Murabahah Programme provides SQSB the flexibility to raise funds via the issuance of Sukuk Murabahah from time to time which can be utilised to finance and/or reimbursement of the acquisition of land(s)/property(ies)/investments, to fund working capital requirements and to refinance existing bank borrowings of SQSB and/or its subsidiaries. The Sukuk Murabahah Programme is unrated and has a tenure of fifteen (15) years from the date of first issuance of the Sukuk Murabahah.

On 8 January 2016, SQSB made its first 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. Proceeds from the issuance was utilised to part finance the acquisition of lands. The redeemable Sukuk Murabahah are due on 8 January 2019, 8 January 2020 and 8 January 2021 for each RM50.0 million and bear profit based on cost of fund plus margin, payable quarterly.

**A7 Dividend paid**

The amount of dividends paid by the Company since 31 July 2015 were as follows:

RM'000

In respect of the financial year ended 31 July 2015:

Single tier interim dividend of 18%; 9 sen per ordinary share declared on 29 June 2015 and paid on 7 August 2015

20,327

Single tier final dividend of 26%; 13 sen per ordinary share declared on 17 December 2015 and paid on 25 January 2016

29,423

49,750

**A8 Segment information**

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

**9 months ended 30 April 2016**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	<u>1,176,789</u>	<u>463,134</u>	<u>1,639,923</u>
<b>Results</b>			
Profit from operations	108,803	129,663	238,466
Investing results			6,735
Finance cost			<u>(8,777)</u>
Profit before taxation			<u>236,424</u>

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**A8 Segment information (cont'd)**

**9 months ended 30 April 2015**

	Manufacturing RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	966,055	383,131	1,349,186
<b>Results</b>			
Profit from operations	52,100	113,803	165,903
Foreign exchange differences			(18,049)
Operating profit			147,854
Investing results			2,072
Finance cost			(5,960)
Profit before taxation			143,966

**A9 Disclosure items**

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

	3 months ended		9 months ended	
	30.4.2016 RM'000	30.4.2015 RM'000	30.4.2016 RM'000	30.4.2015 RM'000
(a) Interest income	(252)	(204)	(691)	(916)
(b) Other income	(397)	(342)	(1,392)	(1,098)
(c) Interest expense	3,078	2,173	8,777	5,960
(d) Depreciation	13,478	11,006	40,397	32,417
(e) Net provision for/(write back) of receivables	176	(9)	182	49
(f) Net provision for/(write back) of inventories	(251)	(79)	181	53
(g) Net foreign exchange (gain)/loss	(1,097)	3,077	4,781	18,049

In the current financial quarter and current year-to-date ended 30 April 2016, there were no:

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

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

The valuation of property, plant and equipment and investment properties were brought forward without any amendments from the preceding annual financial statements.

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

There were no material events subsequent to the end of the current financial period that have not been reflected in the financial statements for the said period as at the date of this report.

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

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

- (i) Acquisition of Scientex Great Wall (Ipoh) Sdn Bhd (formerly known as Mondri Ipoh Sdn Bhd) ("SGW Ipoh")

On 5 August 2015, the Company announced that Scientex Packaging Film Sdn Bhd ("SPFSB"), its wholly-owned subsidiary, had entered into a Share Purchase Agreement with Mondri Consumer Packaging International GmbH to acquire a total of 21,045,316 ordinary shares of RM1.00 each in the capital of SGW Ipoh, representing the entire issued and paid-up share capital of SGW Ipoh for a total cash consideration of RM58,000,000, upon the terms and conditions contained in the Share Purchase Agreement. The transaction was completed on 11 August 2015 and accordingly, SGW Ipoh became a wholly-owned subsidiary of SPFSB.



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

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

	Provisional fair value recognised on acquisition RM'000
<b>Assets</b>	
Property, plant and equipment	59,069
Other investments	33
Deferred tax assets	6,216
Trade and other receivables	18,810
Inventories	18,590
Cash and bank balances	4,408
	107,126
<b>Liabilities</b>	
Trade and other payables	(19,116)
Borrowings	(27,971)
Provision of taxation	(368)
Retirement benefit obligations	(1,671)
	(49,126)
Net identifiable assets	58,000
Fair value of net identifiable assets, representing cost of business combinations	58,000
<b>Cash out flow on acquisition was as follows:</b>	
Purchase consideration satisfied by cash	58,000
Cash and cash equivalents of subsidiary acquired	(4,408)
<b>Net cash outflow of the Group</b>	<b>53,592</b>

Provisional accounting of acquisition

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

From the date of acquisition, SGW Ipoh has contributed approximately RM121,688,000 of revenue and net profit of RM10,822,000 to the Group.

(ii) Striking-off of Scientex Solar Sdn Bhd ("SSSS") and Woventex Sdn Bhd ("WSB")

On 22 October 2015, the Company announced that SSSS, a wholly-owned dormant subsidiary of the Company and WSB, a wholly-owned dormant subsidiary of Scientex Polymer Sdn Bhd ("SPSB"), which in turn is a wholly-owned subsidiary of the Company, have applied to the Companies Commission of Malaysia ("CCM") to be struck off under the provision of Section 308 of the Companies Act, 1965 ("the Act"). Subsequently, the CCM had on 6 January 2016 issued notices to SSSS and WSB for their name to be struck-off from the register upon expiration of three months from the date of the notices, unless cause is shown to the contrary, and accordingly, SSSS and WSB will be dissolved upon publication of the CCM's notices thereof in the Gazette.

(iii) Members' Voluntary Winding-Up of Scientex Advance Sdn Bhd ("SASB")

On 22 February 2016, the Company announced that SASB, a dormant wholly-owned subsidiary of SPFSB, which in turn is a wholly-owned subsidiary of the Company, commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965.

(iv) Dissolution of Scientex Polymer (Vietnam) Co., Ltd ("SPV")

On 24 March 2016, the Company announced that SPV, a wholly-owned dormant subsidiary of SPSB in Vietnam, which in turn is a wholly-owned subsidiary of the Company, had discharged of all its debts and received a final official decision for dissolution from the authority on 22 March 2016. Accordingly, SPV was dissolved on 14 March 2016 pursuant to the Decision of Dissolution's Approval received from the Ho Chi Minh City Export Processing and Industrial Zones Authority.

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**A13 Contingent liabilities**

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

**A14 Capital commitments**

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

	As at 30.4.2016 RM'000	As at 30.4.2015 RM'000
Approved and contracted for:		
Purchase of plant and machinery	96,956	175,184
Balance payment for purchase of land held for development	33,328	-
	130,284	175,184

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2016 are as follows:-

	3 months ended		9 months ended	
	30.4.2016 RM'000	30.4.2015 RM'000	30.4.2016 RM'000	30.4.2015 RM'000
Purchase of goods from associated company	19,903	17,086	57,412	41,588
Rental income from jointly controlled entity	(232)	(232)	(695)	(695)

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD  
INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2016**

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

**B1 Review of performance**

(i) Current quarter review

For the current quarter ended 30 April 2016, the Group recorded revenue of RM543.9 million, an increase of 19.5% as compared to RM455.3 million recorded in the preceding year corresponding quarter. Profit before tax was RM75.8 million, an increase of 34.1% as compared to RM56.5 million in the preceding year corresponding quarter.

**Manufacturing** revenue recorded was RM382.8 million, an increase of 20.1% compared to RM318.8 million in the preceding year corresponding quarter. The increase was mainly attributed to the higher contribution from the consumer packaging products as well as contribution from the newly acquired SGW Ipoh. Profit from operations increased from RM20.0 million to RM32.1 million, as a result of better profit margins achieved and also contribution from SGW Ipoh.

**Property** revenue recorded was RM161.1 million compared to RM136.5 million in the preceding year corresponding quarter, an increase of 18.0%. The increase in revenue was mainly due to steady construction progress from all the on-going projects in Pasir Gudang, Kulai, Senai, Skudai and Melaka. During the current quarter, the Group has also completed and delivered 2 phases in Pasir Gudang and 1 phase in Senai. Profit from operations increased from RM41.5 million to RM45.7 million, The increase is in tandem with the increase in revenue.

(ii) 9-month review

For the 9-month financial period ended 30 April 2016, the Group recorded revenue of RM1,639.9 million, an increase of 21.5% compared to the preceding year corresponding period of RM1,349.2 million. Profit before tax increased from RM144.0 million to RM236.4 million, an increase of 64.2%. The increase was mainly due to better sales performance achieved from both the manufacturing and property segments.

**Manufacturing** segment recorded revenue of RM1,176.8 million in the current financial period, an increase of 21.8% compared to the preceding year corresponding period of RM966.1 million. Profit from operations also increased from RM52.1 to RM108.8 million compared to the preceding year corresponding period. The increase in revenue and profit from operations were mainly due to the better sales performance, better profit margins achieved, as well as contribution from SGW Ipoh.

**Property** segment recorded revenue of RM463.1 million in the current financial period, an increase of 20.9% compared to the preceding year corresponding period of RM383.1 million. Profit from operations also increased from RM113.8 million in the preceding year corresponding period to RM129.7 million in the current financial period. The better performance in revenue and profit from operations were mainly due to steady construction progress from all the on-going projects and contribution from new projects launched in Kulai 2, Senai and Pasir Gudang during the current period under review .

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

The Group's revenue for the current financial quarter of RM543.9 million remain consistent with the preceding quarter. Profit before tax for the current financial quarter of RM75.8 million also remain stable as compared to the preceding financial quarter of RM79.9 million.

**B3 Current financial year prospects**

Manufacturing

The Group remains pro-active to changes to the external environment with close tracking of crude oil prices as resin prices are largely determined by crude oil prices movements. Similarly, the Group also remains vigilant on the fluctuation of the foreign exchange rates and keeping an eye on global events which could affect the stability of the markets. Under the industrial packaging segment, the Group is focusing on strengthening and optimizing its plant capacity and improving operational efficiency. The Group is also constantly seeking ways to improve the quality of its products and to focus on automation as it seeks to improve margins.

For its consumer packaging segment, demand for its products continue to remain resilient. The segmentation of its consumer products into various industries has allowed the Group to adopt different strategies in different markets of its products. The Group's newly built cast polypropylene (CPP) plant in Melaka saw its official opening ceremony being held in April 2016 and sales is expected to gradually increase as it ramps up its production capacity to meet demand from local and overseas for the current year and beyond. The on-going capacity expansion in Rawang and Ipoh plants is expected to be fully completed and operational by the second half of the year as scheduled and upon completion would be able to meet increasing demand for such products globally. The state-of-the-art biaxially oriented polypropylene (BOPP) plant which is nearing constructional completion at Pulau Indah is slated for commercial operations in the second half of the year. Barring unforeseen circumstances, the Group is well placed to see sustainable growth for the current financial year.

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

Property

With the delivery of vacant possession of the newly acquired 323 acres of Pulau land in January 2016, the Group is slated to conduct its maiden launch of its Pulau development in July 2016. The Group continues to be focused on affordable homes in Johor and Melaka.

Based on its track record and ability to construct and deliver reasonably priced affordable landed properties, the Group is reasonably confident that demand for its innovative and affordable products which are strategically located in these states will continue to remain strong and resilient as the Government's present accommodative interest rate regime remains supportive of this segment of housing. In line with the State Government of Johor's initiative to promote affordable homes to Johoreans, the Group is also a strong supporter of the Rumah Mampu Milik Johor (RMMJ) program, a state sponsored initiative between selected developers and the State of Johor collaborating to provide affordable homes to qualified housebuyers. The Group expects to see demand for affordable housing to be resilient as prices of land and construction costs and materials remains on an upward trajectory, making affordable home ownership a serious challenge to most Malaysians. Notwithstanding that the Malaysian property market is expected to be challenging for 2016, the Group is cautiously hopeful that its focus on the affordable housing segment shall continue to remain sustainable, barring any unforeseen circumstances.

**B4 Variations of actual profit from forecast profit**

This note is not applicable as the Group did not issue and publish any profit forecast for the current financial period under review.

**B5 Taxation**

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

	3 months ended		9 months ended	
	30.4.2016	30.4.2015	30.4.2016	30.4.2015
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter				
- Income tax	18,140	12,555	52,021	31,711
- Deferred taxation	(4,980)	-	(7,633)	-
	<u>13,160</u>	<u>12,555</u>	<u>44,388</u>	<u>31,711</u>

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

**B6 Realised and unrealised profits**

	As at	As at
	30.4.2016	30.4.2015
	RM'000	RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	968,255	842,643
- Unrealised	(5,227)	(8,899)
	<u>963,028</u>	<u>833,744</u>
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	23,243	14,430
- Unrealised	(483)	(393)
	<u>985,788</u>	<u>847,781</u>
Less: Consolidation adjustments	(139,305)	(212,127)
Total Group retained earnings	<u>846,483</u>	<u>635,654</u>

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**B7 Status of corporate proposals**

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

(i) Proposed Acquisition of Lands in Mukim Pulai, District of Johor Bahru, State of Johor

On 29 June 2015, the Company announced that SQSB, its wholly-owned subsidiary, entered into two conditional sale and purchase agreements in relation to the proposed acquisition with the following vendors:-

- (a) A sale and purchase agreement dated 29 June 2015 entered into between SQSB as the purchaser and:-
- Bukit Gambir Company Sdn Berhad ("BGCSB") as the vendor, for the acquisition of five (5) parcels of freehold agriculture land and 369 sub-divided lots of freehold building land measuring in aggregate of approximately 249.015 acres in Mukim of Pulai, District of Johor Bahru, State of Johor; and
  - Jayaplus Bakti Sdn Bhd as the vendor, for the acquisition of two (2) parcels of freehold agriculture land measuring in aggregate of approximately 73.845 acres in Mukim of Pulai, District of Johor Bahru, State of Johor,
- for a combined cash purchase consideration of RM216.74 million ("SPA 1").
- (b) A sale and purchase agreement dated 29 June 2015 entered into between SQSB as the purchaser and BGCSB as the vendor for the acquisition of a sub-divided freehold agriculture land measuring approximately 3.20 acres in Mukim of Pulai, District of Johor Bahru, State of Johor, for a cash purchase consideration of RM2.23 million ("SPA 2").

The total purchase consideration for SPA 1 and SPA 2 is RM218.97 million.

The proposed acquisition had been approved by the Company's shareholders at the Extraordinary General Meeting held on 29 September 2015. Subsequently, all conditions precedent and balance purchase consideration pursuant to the SPA 1 have been fully satisfied and accordingly, the acquisition in connection with the SPA 1 have been completed on 8 January 2016. At present, the proposed acquisition is pending completion subject to the fulfilment of all the conditions precedent pursuant to the SPA 2 and the full payment of balance purchase consideration under the SPA 2. The transaction is expected to be completed by the first half of 2016.

(ii) Corporate Proposals

The Company had on 22 March 2016 announced the following proposals:-

- (a) Proposed bonus issue of up to 230,000,000 new ordinary shares of RM0.50 each in the Company ("Scientex Share(s)" ("Bonus Share(s)")) to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) existing Scientex Share held on an entitlement date to be determined later ("Proposed Bonus Issue");
- (b) Proposed increase in the authorised share capital of the Company from RM200,000,000 comprising 400,000,000 Scientex Shares to RM500,000,000 comprising 1,000,000,000 Scientex Shares ("Proposed Increase in Authorised Share Capital"); and
- (c) Proposed amendment to the Memorandum of Association of the Company to facilitate the implementation of the Proposed Increase in Authorised Share Capital.

(Collectively hereinafter referred to as the "Proposals").

The Company had on 15 April 2016 received an approval from the Bursa Securities, for the listing of and quotation for up to 230,000,000 Scientex Shares to be issued pursuant to the Proposed Bonus Issue. The shareholders of the Company had approved the Proposals at the Extraordinary General Meeting held on 1 June 2016. The Proposals are expected to be completed by the third quarter of 2016.

**B8 Borrowings and debt securities**

The Group's borrowings as at 30 April 2016 were as follows :-

(a) Long Term Borrowings	RM'000	RM'000
Secured - Term loan	220,000	
Unsecured - Term loan	82,691	302,691
(b) Short Term Borrowings		
Secured		
- Other bank borrowings	7,650	
Unsecured		
- Term loan	13,410	
- Other bank borrowings	207,452	228,512
		531,203
Included in total borrowings are borrowings denominated in foreign currencies		RM'000
- United States Dollars		Equivalent
- Japanese Yen		52,664
		5,292
		57,956

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**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 ending 31 July 2016, the Board of Directors declared a single tier interim dividend of 24% or 12 sen per ordinary share (single tier interim dividend for 2015 of 18% or 9 sen per ordinary share), payable on 5 August 2016.

**B11 Earnings per share**

		3 months ended		9 months ended	
		30.4.2016	30.4.2015	30.4.2016	30.4.2015
<b>(a) Basic earnings per share</b>					
Profit attributable to equity holders of the Company	(RM'000)	61,255	42,958	186,730	109,279
Weighted average number of ordinary shares in issue	('000)	228,023	225,859	226,649	224,195
Basic earnings per share	(sen)	26.86	19.02	82.39	48.69

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

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 April 2016.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)  
Company Secretary

1 June 2016