



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2017
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 July 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year
	31.7.2017 RM'000	31.7.2016 RM'000	31.7.2017 RM'000	31.7.2016 RM'000
Revenue	646,065	561,057	2,403,151	2,200,980
Operating profit	85,502	74,094	325,069	312,560
Interest expense	(3,151)	(4,893)	(14,030)	(13,670)
Investing results	1,932	707	6,929	7,442
Profit before tax	84,283	69,908	317,968	306,332
Taxation	(11,069)	(15,377)	(58,027)	(59,765)
Profit for the quarter / year	73,214	54,531	259,941	246,567
Profit attributable to:				
Owners of the Company	72,127	54,135	255,873	240,865
Non-controlling interests	1,087	396	4,068	5,702
Profit for the quarter / year	73,214	54,531	259,941	246,567
Earnings per share attributable to owners of the Company (sen per share)	15.02	11.77	54.83	52.94

Remarks:

The earnings per share for the current financial quarter and year-to-date ended 31 July 2017 and its preceding financial year corresponding quarter/year had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)



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QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2017

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 July 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year
	31.7.2017 RM'000	31.7.2016 RM'000	31.7.2017 RM'000	31.7.2016 RM'000
Profit for the quarter / year	73,214	54,531	259,941	246,567
Other comprehensive (loss)/income, net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(1,518)	3,107	3,272	4,013
Other comprehensive (loss)/income for the quarter / year, net of income tax	(1,518)	3,107	3,272	4,013
Total comprehensive income for the quarter / year, net of income tax	71,696	57,638	263,213	250,580
Total comprehensive income for the quarter / year attributable to:				
Owners of the Company	70,667	56,584	258,332	243,966
Non-controlling interests	1,029	1,054	4,881	6,614
	71,696	57,638	263,213	250,580

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)



SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2017

	AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2017 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,012,570	952,519
Investment properties	17,000	17,000
Land held for property development	500,233	447,034
Investment in jointly controlled entity	24,115	22,531
Investment in associate	31,180	26,135
Other investments	8,552	7,967
Deferred tax assets	18,925	2,651
Intangible assets	12,134	12,134
	1,624,709	1,487,971
Current assets		
Property development costs	165,068	174,718
Inventories	168,778	137,010
Trade and other receivables	427,336	350,801
Cash and bank balances	191,898	100,601
	953,080	763,130
TOTAL ASSETS	2,577,789	2,251,101
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	425,343	115,000
Reserves	1,110,121	1,060,167
Equity attributable to owners of the Company	1,535,464	1,175,167
Non-controlling interests	68,416	66,495
Total equity	1,603,880	1,241,662
Non-current liabilities		
Borrowings	166,500	238,872
Retirement benefits obligations	27,803	23,782
Deferred tax liabilities	35,943	35,032
	230,246	297,686
Current liabilities		
Borrowings	301,190	232,736
Trade and other payables	419,449	431,372
Dividend payable	-	27,600
Tax liabilities	23,024	20,045
	743,663	711,753
Total liabilities	973,909	1,009,439
TOTAL EQUITY AND LIABILITIES	2,577,789	2,251,101
Net assets per share attributable to owners of the Company (RM)	3.18	2.55

Remarks:

The net assets per share for the current financial year ended 31 July 2017 and the preceding financial year ended 31 July 2016 had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of the Company held by the entitled shareholders. The bonus issue was completed on 15 August 2016.

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

	Reserves					Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000						
At 1 August 2016	115,000	104,324	17,882	55,799	8,683	-	461	873,018	1,175,167	66,495	1,241,662
Profit for the year	-	-	-	-	-	-	-	255,873	255,873	4,068	259,941
Other comprehensive profit for the year	-	-	-	-	2,459	-	-	-	2,459	813	3,272
Total comprehensive income for the year	-	-	-	-	2,459	-	-	255,873	258,332	4,881	263,213
Bonus issue	115,000	(104,324)	-	-	-	-	-	(10,802)	(126)	-	(126)
Acquisition of treasury shares	-	-	-	-	-	(1)	-	-	(1)	-	(1)
Issuance of ordinary shares pursuant to Share Grant Plan	1,779	21,419	-	-	-	-	-	-	23,198	-	23,198
Dividends	-	-	-	-	-	-	-	(75,369)	(75,369)	(2,960)	(78,329)
	231,779	21,419	17,882	55,799	11,142	(1)	461	1,042,720	1,381,201	68,416	1,449,617
* Transfer pursuant to Section 618(2) of the Act	39,301	(21,419)	(17,882)	-	-	-	-	-	-	-	-
Private placement	154,263	-	-	-	-	-	-	-	154,263	-	154,263
At 31 July 2017	425,343	-	-	55,799	11,142	(1)	461	1,042,720	1,535,464	68,416	1,603,880
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 year	-	-	-	-	-	-	-	240,865	240,865	5,702	246,567
Other comprehensive profit for the year	-	-	-	-	3,101	-	-	-	3,101	912	4,013
Total comprehensive income for the year	-	-	-	-	3,101	-	-	240,865	243,966	6,614	250,580
Sale of treasury shares	-	37,261	-	-	-	5,352	-	-	42,613	-	42,613
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
Dividends	-	-	-	-	-	-	-	(57,023)	(57,023)	(2,903)	(59,926)
At 31 July 2016	115,000	104,324	17,882	55,799	8,683	-	461	873,018	1,175,167	66,495	1,241,662

* Pursuant to the Companies Act 2016 ("Act") which came into effect on 31 January 2017, all shares issued before or upon the commencement of the Act shall have no par or nominal value. Consequently, the amount standing to the credit of the Company's share premium and capital redemption reserve accounts becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof. The Company may exercise its right to use the credit amounts transferred from the share premium and capital redemption reserve accounts within 24 months after the commencement of the Act in a manner as specified by the Act.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial year ended 31 July 2017

	12 MONTHS ENDED 31.7.2017 RM'000	12 MONTHS ENDED 31.7.2016 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	317,968	306,332
Adjustments	71,604	68,526
Operating profits before working capital changes	<u>389,572</u>	<u>374,858</u>
Movement in working capital:		
Increase in inventories	(31,474)	(6,740)
Decrease in development properties	78,988	28,027
Increase in receivables	(68,909)	(34,903)
Increase in payables	24,307	84,462
Cash generated from operations	<u>392,484</u>	<u>445,704</u>
Taxation paid	(69,613)	(65,028)
Gratuity and retirement benefits paid	(30)	(373)
Net cash from operating activities	<u>322,841</u>	<u>380,303</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(53,592)
Purchase of other investments	(585)	(1,050)
Purchase of property, plant and equipment	(127,159)	(281,440)
Deposit paid for purchase of property, plant and equipment	(649)	(5,623)
Deposit paid for purchase of land held for development	(14,072)	(2,636)
Purchase of land held for development	(115,126)	(219,298)
Proceeds from disposal of property, plant and equipment	-	604
Net dividend received	636	552
Interest received	3,587	1,923
Net cash used in investing activities	<u>(253,368)</u>	<u>(560,560)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(102,969)	(49,750)
Non-controlling shareholders of subsidiaries	(2,960)	(2,903)
Proceeds from sale of treasury shares	-	42,613
Acquisition of treasury shares	(1)	(1)
Net proceeds from private placement	154,263	-
Bonus issue expenses	(126)	-
Net drawdown of Sukuk Murabahah	-	100,000
Net (repayment)/drawdown of term loans	(92,488)	57,977
Net drawdown of short term borrowings	84,688	59,658
Interest paid	(18,583)	(17,362)
Net cash from financing activities	<u>21,824</u>	<u>190,232</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	91,297	9,975
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>100,601</u>	<u>90,626</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>191,898</u>	<u>100,601</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	99,788	90,817
Short term deposits	92,110	9,784
	<u>191,898</u>	<u>100,601</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2016)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2017

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 2016.

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 2016, except for the adoption of the new and revised Standards and Amendments effective on or after 1 August 2016.

(i) Adoption of Amendments to FRSs

The Group adopted the following amendments to FRSs and IC Interpretations, mandatory for annual financial periods beginning on or after 1 August 2016.

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Classification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2012 - 2014 Cycle	

The directors anticipate that the relevant Standards and Amendments adopted will have no material impact on the financial statements of the Group.

(ii) 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 2014, 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 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 will be required to prepare its first set of MFRS financial statements on 31 July 2019.

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A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2016 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group for the current financial year under review were not materially affected by any seasonal or cyclical factors.

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

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

A5 Material changes in estimates

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

A6 Changes in debts and equity securities

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

(i) Bonus issue

A bonus issue of 230,000,000 new ordinary shares in the Company ("Scientex Share") on the basis of one (1) bonus share for every one (1) existing Scientex Share were issued and allotted on 12 August 2016. Resultant thereto, the issued and paid-up share capital of the Company increased to 460,000,000 ordinary shares.

(ii) Share grant plan

Subsequent to the bonus issue, the Company pursuant to the Scientex Berhad Share Grant Plan, issued and allotted 3,558,000 new ordinary shares to eligible employees of Scientex Berhad's group of companies during the current financial year ended 31 July 2017.

(iii) Treasury shares

During the current financial year ended 31 July 2017, the Company repurchased 100 ordinary shares from the open market of Bursa Malaysia Securities Berhad for a total consideration of RM720. The repurchased shares were held as treasury shares.

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A6 Changes in debts and equity securities (cont'd)

(iv) Private Placement

On 27 April 2017, the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors ("Proposed Private Placement"). Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 4 May 2017, resolved to approve the listing of up to 46,355,800 new ordinary shares to be issued pursuant to the Proposed Private Placement ("Placement Shares").

On 8 May 2017, the Board of Directors resolved to fix the issue price for the placement of 20,000,000 Placement Shares, representing approximately 4.3% of the issued shares of the Company (excluding treasury shares), at RM7.80 per Placement Share. Accordingly, a total of 20,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Securities on 17 May 2017, hence marking the completion of the placement of 20,000,000 Placement Shares. The proceeds raised from the Proposed Private Placement of RM156.0 million was intended to be utilised for expansion and working capital requirements of the Group, of which RM100.0 million has been used for working capital of the manufacturing division while the remaining RM56.0 million has been utilised for purchase of development land.

Pursuant to the Companies Act 2016 ("Act") which came into effect on 31 January 2017, all shares issued before or upon the commencement of the Act shall have no par or nominal value. Consequently, the amount standing to the credit of the Company's share premium and capital redemption reserve accounts becomes part of the Company's share capital. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result thereof. The Company may exercise its right to use the credit amounts transferred from the share premium and capital redemption reserve accounts within 24 months after the commencement of the Act in a manner as specified by the Act.

As at 31 July 2017, the total number of issued and paid-up share capital of the Company was 483,558,000 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

A7 Dividends paid

The amount of dividends paid by the Company since 31 July 2016 were as follows:

RM'000

In respect of the financial year ended 31 July 2016:

Single tier interim dividend of 12 sen per ordinary share declared on 1 June 2016 and paid on 5 August 2016	27,600
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Single tier final dividend of 10 sen per ordinary share declared on 15 December 2016 and paid on 13 January 2017	46,356
	<hr/> 73,956

In respect of the financial year ended 31 July 2017:

Single tier interim dividend of 6 sen per ordinary share declared on 20 June 2017 and paid on 21 July 2017	29,013
	<hr/> 102,969

The single tier final dividend and single tier interim dividend in respect of the financial years ended 31 July 2016 and 31 July 2017 respectively were declared after the one for one bonus issue which was completed on 15 August 2016, resulting in the issued and paid-up share capital of the Company increasing from 230,000,000 ordinary shares to 460,000,000 ordinary shares.

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A8 Segment information

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

12 months ended 31 July 2017

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,669,623	733,528	2,403,151
Results			
Profit from operations	97,975	227,094	325,069
Investing results			6,929
Finance cost			(14,030)
Profit before taxation			317,968

12 months ended 31 July 2016

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,549,458	651,522	2,200,980
Results			
Profit from operations	124,733	187,827	312,560
Investing results			7,442
Finance cost			(13,670)
Profit before taxation			306,332

A9 Disclosure items

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

	3 months ended		12 months ended	
	31.7.2017 RM'000	31.7.2016 RM'000	31.7.2017 RM'000	31.7.2016 RM'000
(a) Interest income	(1,737)	(1,122)	(3,587)	(1,923)
(b) Other income	(1,697)	(2,242)	(3,032)	(3,634)
(c) Interest expense	3,151	4,893	14,030	13,670
(d) Depreciation	16,856	14,142	63,224	54,539
(e) Net (write back)/provision of receivables	(42)	379	(496)	532
(f) Net (write back)/provision of inventories	(261)	346	(294)	273
(g) Impairment of fixed assets	-	2,952	-	2,952
(h) Net foreign exchange loss/(gain)	(3,126)	(554)	11,049	4,227

In the current financial quarter and current financial year ended 31 July 2017, there were no:

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

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A10 Valuation of property, plant and equipment and investment properties

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

A11 Events subsequent to the end of the reporting period

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

Acquisition of land in Mukim Rawang, Daerah Gombak, Negeri Selangor

On 9 August 2017, the Company announced that Scientex Park (M) Sdn Bhd ("SPSB"), its wholly-owned subsidiary had entered into a sale and purchase agreement ("SPA") with Medius Developments Sdn Bhd for the proposed acquisition of all that piece of freehold land held under Geran 315412, Lot 12165 in Mukim Rawang, Daerah Gombak, Negeri Selangor, measuring approximately 65.3 acres for a total cash consideration of RM85.38 million. The proposed acquisition is pending fulfillment of the conditions precedent as set out in the SPA. It is expected to be completed in the first half of 2018.

A12 Changes in the composition of the Group

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

(i) 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 Scientex Packaging Film Sdn Bhd ("SPFSB"), which in turn is a wholly-owned subsidiary of the Company had commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965. Subsequently, a Final Meeting was held on 8 September 2016 to conclude the Members' Voluntary Winding-Up and a Return by Liquidator relating to Final Meeting ("Return") was lodged with the Companies Commission of Malaysia ("CCM") and the Official Receiver on 9 September 2016. Accordingly, SASB was dissolved on the expiration of 3 months from the date of lodgement of the Return pursuant to Section 272(5) of the Companies Act, 1965.

(ii) Formation of a wholly-owned subsidiary

On 10 November 2016, the Company announced that a wholly-owned subsidiary of the Company, SPFSB had formed a wholly-owned subsidiary, Scientex Phoenix, LLC in Arizona, United States of America. The principal activities of Scientex Phoenix, LLC are manufacturing and trading of stretch film and other related packaging products and/or such products that are in the best interests of the Group.

(iii) Members' Voluntary Winding-Up of Scientex (Senai) Sdn Bhd ("SSSB")

On 6 January 2017, the Company announced that SSSB, a dormant wholly-owned subsidiary of Scientex Quatari Sdn Bhd ("SQSB"), which in turn is a wholly-owned subsidiary of the Company had commenced Members' Voluntary Winding-Up pursuant to Section 254(1)(b) of the Companies Act, 1965. Subsequently, a Final Meeting was held on 16 August 2017 to conclude the Members' Voluntary Winding-Up and a Return was lodged with the CCM and the Official Receiver on 17 August 2017. Accordingly, SSSB will be dissolved on the expiration of 3 months from the date of lodgement of the Return pursuant to Section 272(5) of the Companies Act, 1965.

A13 Contingent liabilities

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

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A14 Capital commitments

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

	As at 31.7.2017 RM'000	As at 31.7.2016 RM'000
Approved and contracted for:		
Purchase of plant and machinery	39,569	49,257
Balance payment for purchase of land held for development	111,276	25,678
	150,845	74,935

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2017 are as follows:

	3 months ended		12 months ended	
	31.7.2017 RM'000	31.7.2016 RM'000	31.7.2017 RM'000	31.7.2016 RM'000
Purchase of goods from associated company	18,765	20,356	73,655	77,768
Rental income from jointly controlled entity	(232)	(232)	(926)	(926)

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2017

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

B1 Review of performance

	INDIVIDUAL QUARTER		Change %	CUMULATIVE QUARTER		Change %
	Current year quarter	Preceding year corresponding quarter		Current year to date	Preceding financial year	
	31.7.2017 RM'000	31.7.2016 RM'000		31.7.2017 RM'000	31.7.2016 RM'000	
Revenue	646,065	561,057	15.2%	2,403,151	2,200,980	9.2%
Operating profit	85,502	74,094	15.4%	325,069	312,560	4.0%
Profit attributable to owners of the Company	72,127	54,135	33.2%	255,873	240,865	6.2%

(i) Current quarter review

For the current financial quarter ended 31 July 2017, the Group recorded revenue of RM646.1 million compared to RM561.1 million recorded in the preceding year corresponding quarter. Operating profit was RM85.5 million compared to RM74.1 million in the preceding year corresponding quarter.

Manufacturing revenue recorded was RM435.3 million, an increase of 16.8% compared to RM372.7 million in the preceding year corresponding quarter. The increase was mainly attributed to the higher contribution from both the consumer and industrial packaging products as the Group begin to see an increase in demand from its diverse range of products mainly due to the increased capacity of its plants. Export sales has increased by approximately 20.1% in the current quarter as compared to the preceding year corresponding quarter. In tandem with the higher sales achieved in the current financial quarter under review, profit from operations increased from RM15.9 million to RM18.8 million.

Property revenue recorded was RM210.8 million, an increase of 11.9% compared to RM188.4 million in the preceding year corresponding quarter. Profit from operations increased from RM58.2 million to RM66.7 million compared to the preceding year corresponding quarter. The increase in revenue and profit from operations were mainly due to good take up rate for products launched as well as strong progress billings in all the property developments particularly Taman Pulai Mutiara, which marked its maiden contribution when compared to the preceding year corresponding quarter. Profit margin remain relatively stable with profit increasing in tandem with the increase in revenue.

(ii) 12-month review

For the 12-month financial year ended 31 July 2017, the Group recorded its highest revenue of RM2.4 billion compared to RM2.2 billion in the preceding financial year. The increase in revenue was contributed by better sales performance from both the manufacturing and property segments. In line with the higher sales recorded in current financial year under review, the operating profit has also increased from RM312.6 million to RM325.1 million.

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B1 Review of performance (cont'd)

Manufacturing segment recorded revenue of RM1,669.6 million compared to RM1,549.5 million in the preceding financial year. The increase is mainly from the export market which contributes to around 75% of the total current financial year revenue. However, profit from operations has decreased from RM124.7 million to RM98.0 million due to the startup cost for its biaxially oriented polypropylene ("BOPP") and cast polypropylene ("CPP") plants as well as lower product margins due to penetrative pricing.

Property segment recorded revenue of RM733.5 million in the current financial year, an increase of 12.6% compared to the preceding financial year of RM651.5 million. The better performance in revenue was mainly due to the maiden contribution from Taman Pulau Mutiara which has received good take up rate for the residential products launched. Our remaining developments in Johor, Melaka and Ipoh have also recorded good response for the products launched as well as strong progress billings. Profit from operations also increased from RM187.8 million in the preceding financial year to RM227.1 million in the current financial year. The increase is consistent with the increase in sales, with a slight improvement in profit margin due to the product mix.

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

	Current quarter	Preceding quarter	Change %
	31.7.2017 RM'000	30.4.2017 RM'000	
Revenue	646,065	636,154	1.6%
Profit before tax	84,283	85,440	-1.4%
Profit attributable to owners of the Company	72,127	66,497	8.5%

The Group's revenue for the current financial quarter was RM646.1 million compared to the preceding financial quarter of RM636.2 million. The increase in revenue was contributed by better sales performance from both the manufacturing and property segments. Profit before tax for the current financial quarter remain stable at RM84.3 million compared to RM85.4 million in the preceding financial quarter.

B3 Current financial year prospects

The performance of the Group continues to be consistent with stable performance from both its manufacturing and property segments contributing to increased revenue which breached the RM2.4 billion for the current financial year. The Group continues to maintain a pro-active stance to changes in the external environment and continues to develop operational policies in response to changes in the external environment.

Manufacturing

The new stretch film manufacturing facility in Phoenix, Arizona in the United States is expected to have a commercial rollout by first quarter of calendar year 2018. It forms part of the pivotal and strategic move by the Group to be close to its customers and its sources of raw materials as well as access to other new customers in the region.

With the commissioning of its BOPP and CPP plants as well as the increased capacity of its Ipoh plants, the Group's strategy is to focus on volume based converter market within Southeast Asia and Asia Pacific regions by developing sales networks with new distributors and wholesalers. The Group is confident that by optimising the production output, the operation costs will be better managed, hence improving its operational margins.

The Group recognises that promoting volume sales remain challenging and hence the various business units are assessed and monitored based on different key matrixes. By putting in place the tailor-made business strategies to the individual business units, the Group is cautiously optimistic that positive results would be forthcoming in the coming financial year.

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B3 Current financial year prospects (cont'd)

Risk associated with an uncertain economy such as fluctuations of resin price due to volatility of global oil prices and risk arising from volatile foreign currency rates remain a major concern for the Group. The Group will continue to monitor such developments on a constant basis to ensure that the selling prices of our products are linked to the prevailing crude oil and resin prices and to manage the foreign exchange risk by having a natural hedge transactions in order to minimise the foreign exchange exposure. Overall, the Group remains mindful that uncertainty and volatility in the marketplace continue to persist and the Group will constantly monitor these developments closely to ensure that the volatility are duly managed in a prudent and effective manner.

Property

The Group's property development division continues to post encouraging results for the current financial year. This bears testimony to the in-depth strategic planning, sound project development planning and efficient execution of the plans which has been devised to maximise returns to all stakeholders. Its Ipoh projects are recording encouraging take-up rate whilst its Melaka and Johor projects, which are mainly in the affordable housing category, continue to see resilient demand for its products. The Group will continue to launch its affordable housing products in its recently acquired 197.4 acres of lands in Durian Tunggal, Melaka and its 121.2 acres of lands in Mukim Kulai, Johor which are slated for their respective first launches this coming financial year 2018. Another exciting development project coming up would be the conditional purchase of approximately 65.3 acres land in Rawang, Selangor which has the capacity to meet the unrelenting demand for affordable housing in the vicinity of Rawang, Selangor as well as the greater Klang Valley region.

The Group will continue to focus on affordable housing and to source for reasonably priced landbanks to enable it to be a major player in the affordable housing category. Barring any unforeseen circumstances, the Group is reasonably confident that demand for its innovative and affordable products at strategically located areas will continue to remain strong and resilient in the coming financial year.

B4 Variations of actual profit from forecast profit

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

B5 Taxation

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

	3 months ended		12 months ended	
	31.7.2017	31.7.2016	31.7.2017	31.7.2016
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	26,154	8,719	73,112	60,740
- Deferred taxation	(13,718)	3,384	(13,718)	(5,105)
In respect of prior years:				
- Income tax	283	1,643	283	1,643
- Deferred taxation	(1,650)	1,631	(1,650)	2,487
	<u>11,069</u>	<u>15,377</u>	<u>58,027</u>	<u>59,765</u>

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

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B6 Realised and unrealised profits

	As at 31.7.2017 RM'000	As at 31.7.2016 RM'000
Total retained profit of the Company and its subsidiaries:		
- Realised	1,158,554	1,007,721
- Unrealised	4,653	(9,929)
	1,163,207	997,792
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	30,798	23,953
- Unrealised	(1,003)	(787)
	1,193,002	1,020,958
Less: Consolidation adjustments	(150,282)	(147,940)
Total Group retained earnings	1,042,720	873,018

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:

Proposed acquisition of lands in Mukim of Kulai, District of Kulai, State of Johor

On 28 December 2016, the Company announced that SQSB had entered into a SPA with Dahlia Utama Sdn Bhd for the proposed acquisition of two parcels of land, both situated in Mukim of Kulai, District of Kulai, State of Johor, measuring an approximate aggregate net area of 121.2 acres for a total cash consideration of RM123.64 million. The conditions precedent set out in the SPA has been fulfilled and full payment of the balance purchase price and other money payable under the SPA has been made to the vendor, hence marking the completion of the proposed acquisition on 14 August 2017.

B8 Borrowings and debt securities

As at 31 July 2017	Long term RM'000	Short term RM'000	Total Borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	100,000	-	100,000
- Term loan	66,500	3,500	70,000
<u>Unsecured</u>			
Denominated in USD			
- Trade financing	-	239,870	239,870
Denominated in JPY			
- Trade financing	-	38,220	38,220
Denominated in RM			
- Trade financing	-	19,600	19,600
Total	166,500	301,190	467,690

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B8 Borrowings and debt securities (cont'd)

As at 31 July 2016	Long term RM'000	Short term RM'000	Total Borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	100,000	-	100,000
- Term loan	70,000	-	70,000
<u>Unsecured</u>			
Denominated in USD			
- Term loan	-	5,916	5,916
- Trade financing	-	8,366	8,366
Denominated in JPY			
- Trade financing	-	4,329	4,329
Denominated in RM			
- Term loan	68,872	17,700	86,572
- Trade financing	-	196,425	196,425
Total	238,872	232,736	471,608

B9 Material litigation

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

B10 Dividend

In respect of the financial year ended 31 July 2017, the Board of Directors recommended a single tier final dividend of 10 sen per ordinary share (single tier final dividend for 2016 of 10 sen per ordinary share), subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. This dividend is proposed after the enlarged issued and paid-up share capital resulting from the one for one bonus issue which was completed on 15 August 2016. The dividend entitlement and payment date shall be determined and announced later by the Board.

B11 Earnings per share

		3 months ended		12 months ended	
		31.7.2017	31.7.2016	31.7.2017	31.7.2016
(i) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	72,127	54,135	255,873	240,865
Weighted average number of ordinary shares in issue	('000)	480,297	460,000	466,666	454,982
Basic earnings per share	(sen)	15.02	11.77	54.83	52.94

The earnings per share for the current financial quarter and financial year ended 31 July 2017 and its preceding year corresponding quarter/year had been adjusted to reflect the bonus issue of one (1) bonus share for every one (1) existing ordinary share of the Company held by the entitled shareholders, which was completed on 15 August 2016.

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B11 Earnings per share (cont'd)

(ii) Fully diluted earnings per share

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 July 2017.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

19 September 2017