



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2019
The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 31 January 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2019 RM'000	Preceding year corresponding quarter 31.1.2018 RM'000 (Restated)	Current year to date 31.1.2019 RM'000	Preceding year corresponding period 31.1.2018 RM'000 (Restated)
Revenue	766,585	630,684	1,480,224	1,285,698
Operating profit	103,875	84,928	179,463	178,166
Interest expense	(3,407)	(2,260)	(7,188)	(4,595)
Investing results	(424)	2,709	307	4,372
Profit before tax	100,044	85,377	172,582	177,943
Taxation	(24,276)	(16,469)	(41,472)	(35,640)
Profit for the quarter / period	75,768	68,908	131,110	142,303
Profit attributable to:				
Owners of the Company	73,745	67,981	127,411	140,383
Non-controlling interests	2,023	927	3,699	1,920
Profit for the quarter / period	75,768	68,908	131,110	142,303
Earnings per share attributable to owners of the Company (sen per share)	15.08	14.05	26.06	29.02

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)



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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 January 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2019 RM'000	Preceding year corresponding quarter 31.1.2018 RM'000	Current year to date 31.1.2019 RM'000	Preceding year corresponding period 31.1.2018 RM'000
Profit for the quarter / period	75,768	68,908	131,110	142,303
Other comprehensive (loss)/income, net of income tax: Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(4,286)	(14,683)	1,210	(17,457)
Other comprehensive (loss)/income for the quarter / period, net of income tax	(4,286)	(14,683)	1,210	(17,457)
Total comprehensive income for the quarter / period, net of income tax	71,482	54,225	132,320	124,846
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	69,806	54,676	128,485	124,587
Non-controlling interests	1,676	(451)	3,835	259
	71,482	54,225	132,320	124,846

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 January 2019

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2019 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2018 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,130,873	1,150,608
Investment properties	17,000	17,000
Land held for property development	766,561	843,946
Investment in jointly controlled entity	26,500	27,173
Investment in associate	35,444	34,463
Other investments	7,508	7,508
Deferred tax assets	28,920	28,920
Intangible assets	59,030	59,030
	2,071,836	2,168,648
Current assets		
Property development costs	311,751	232,957
Inventories	189,100	263,561
Trade and other receivables	601,976	526,599
Cash and bank balances	177,384	172,316
	1,280,211	1,195,433
TOTAL ASSETS	3,352,047	3,364,081
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	456,730	453,850
Reserves	1,389,305	1,309,743
Equity attributable to owners of the Company	1,846,035	1,763,593
Non-controlling interests	70,928	69,973
Total equity	1,916,963	1,833,566
Non-current liabilities		
Borrowings	319,294	323,941
Retirement benefits obligations	32,857	31,116
Deferred tax liabilities	50,638	50,638
	402,789	405,695
Current liabilities		
Borrowings	561,998	610,370
Trade and other payables	438,645	490,673
Tax liabilities	31,652	23,777
	1,032,295	1,124,820
Total liabilities	1,435,084	1,530,515
TOTAL EQUITY AND LIABILITIES	3,352,047	3,364,081
Net assets per share attributable to owners of the Company (RM)	3.77	3.61

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)



SCIENTEX BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JANUARY 2019**

	Reserves					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	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Treasury shares RM'000	Other reserves RM'000				
At 1 August 2018	453,850	55,799	4,905	(1)	461	1,248,579	1,763,593	69,973	1,833,566
Profit for the period	-	-	-	-	-	127,411	127,411	3,699	131,110
Other comprehensive income for the period	-	-	1,074	-	-	-	1,074	136	1,210
Total comprehensive income for the period	-	-	1,074	-	-	127,411	128,485	3,835	132,320
Issuance of ordinary shares pursuant to Share Grant Plan	2,880	-	-	-	-	-	2,880	-	2,880
Dividends	-	-	-	-	-	(48,923)	(48,923)	(2,880)	(51,803)
At 31 January 2019	456,730	55,799	5,979	(1)	461	1,327,067	1,846,035	70,928	1,916,963
At 1 August 2017	411,843	55,799	11,142	(1)	461	1,056,220	1,535,464	68,416	1,603,880
Profit for the period	-	-	-	-	-	140,383	140,383	1,920	142,303
Other comprehensive loss for the period	-	-	(15,796)	-	-	-	(15,796)	(1,661)	(17,457)
Total comprehensive income for the period	-	-	(15,796)	-	-	140,383	124,587	259	124,846
Issuance of ordinary shares pursuant to Share Grant Plan	1,240	-	-	-	-	-	1,240	-	1,240
Dividend Reinvestment Plan ("DRP")	40,767	-	-	-	-	(176)	40,591	-	40,591
Dividends	-	-	-	-	-	(48,370)	(48,370)	(2,000)	(50,370)
At 31 January 2018	453,850	55,799	(4,654)	(1)	461	1,148,057	1,653,512	66,675	1,720,187

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 31 January 2019

	6 MONTHS ENDED 31.1.2019 RM'000	6 MONTHS ENDED 31.1.2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	172,582	177,943
Adjustments	49,728	25,000
Operating profits before working capital changes	<u>222,310</u>	<u>202,943</u>
Movement in working capital:		
Decrease in inventories	74,428	29,192
Decrease in development properties	5,766	67,196
Increase in receivables	(45,800)	(26,048)
Decrease in payables	(43,631)	(13,424)
Cash generated from operations	<u>213,073</u>	<u>259,859</u>
Taxation paid	(35,558)	(29,658)
Gratuity and retirement benefits paid	(268)	(95)
Net cash from operating activities	<u>177,247</u>	<u>230,106</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(22,305)	(49,938)
Deposit paid for purchase of property, plant and equipment	(21,880)	(1,343)
Purchase of land held for development	-	(201,235)
Deposit paid for purchase of land held for development	(5,446)	(28,419)
Proceeds from disposal of property, plant and equipment	3,249	77
Interest received	1,137	1,979
Net cash used in investing activities	<u>(45,245)</u>	<u>(278,879)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(48,923)	(7,603)
Non-controlling shareholders of subsidiaries	(2,880)	(2,000)
Dividend Reinvestment Plan expenses	-	(176)
Net (repayment)/drawdown of term loans	(4,824)	33,865
Net repayment of short term borrowings	(55,945)	(1,623)
Interest paid	(14,362)	(6,863)
Net cash (used in)/from financing activities	<u>(126,934)</u>	<u>15,600</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,068	(33,173)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	172,316	191,898
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>177,384</u>	<u>158,725</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	126,706	77,226
Short term deposits	50,678	81,499
	<u>177,384</u>	<u>158,725</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2018)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2019

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 MFRS 134, Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2018 which were prepared under Financial Reporting Standards. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2018.

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 2018, except for the adoption of the new and revised Standards and Amendments effective on or after 1 August 2018.

Adoption of Amendments to MFRSs

The Group adopted the following amendments to MFRSs and IC Interpretations, mandatory for annual financial periods beginning on or after 1 August 2018.

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers (and the related clarifications)
Amendments to MFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRSs	Annual Improvement to MFRSs 2014 - 2016 Cycle
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The directors anticipate that the new MFRSs, amendments to MFRSs and IC Interpretations adopted will have no material impact on the financial statements of the Group upon their initial application.

The effects of first-time adoption of MFRS are primarily from the following:

(a) MFRS 9 Financial Instruments

MFRS 9 introduces the expected credit losses (“ECL”) model on impairment that replaces the incurred loss impairment model used in the MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date.

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

The Group has assessed the initial application of MFRS 9, which would be adopted in conjunction with adoption of new MFRS Framework, and do not expect the application of MFRS 9 will have a significant impact on the financial statements of the Group.

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A1 Basis of preparation (Cont'd)

(b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related interpretations.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group has assessed the initial application of MFRS 15, which would be adopted in conjunction with adoption of new MFRS Framework, and do not expect the application of MFRS 15 will have a significant impact on the financial statements of the Group.

The effects of the transition from FRSs to MFRSs are as follows:

**Condensed Consolidated Statement of Profit or Loss
for the 3 months ended 31 January 2018**

	As previously stated under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	As restated RM'000
Revenue	634,752	(4,068)	630,684
Cost of sales	515,562	(4,068)	511,494
Profit from operations	84,928	-	84,928
Interest expense	(2,260)	-	(2,260)
Investing result	2,709	-	2,709
Profit before tax	85,377	-	85,377
Taxation	(16,469)	-	(16,469)
Profit for the quarter	68,908	-	68,908

**Condensed Consolidated Statement of Profit or Loss
for the 6 months ended 31 January 2018**

	As previously stated under FRSs RM'000	Effects of adoption of MFRS 15 RM'000	As restated RM'000
Revenue	1,293,434	(7,736)	1,285,698
Cost of sales	1,041,872	(7,736)	1,034,136
Profit from operations	178,166	-	178,166
Interest expense	(4,595)	-	(4,595)
Investing result	4,372	-	4,372
Profit before tax	177,943	-	177,943
Taxation	(35,640)	-	(35,640)
Profit for the period	142,303	-	142,303

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A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2018 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group for the current financial period 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 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 following:-

Share grant plan

On 19 December 2018, the Company issued and allotted 307,000 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

As at 31 January 2019, the total number of issued shares of the Company was 489,233,500 ordinary shares, out of which 100 ordinary shares was held as treasury shares.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2018 was as follows:

RM'000

In respect of the financial year ended 31 July 2018:

Single tier final dividend of 10 sen per ordinary share declared on 5 December 2018
and paid on 18 January 2019

48,923

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A8 Segment information

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

6 months ended 31 January 2019

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,124,789	355,435	1,480,224
Results			
Profit from operations	74,770	104,693	179,463
Investing results			307
Finance cost			(7,188)
Profit before taxation			172,582

6 months ended 31 January 2018

	Manufacturing RM'000	Property Development (Restated) RM'000	Total (Restated) RM'000
Revenue	925,522	360,176	1,285,698
Results			
Profit from operations	66,250	111,916	178,166
Investing results			4,372
Finance cost			(4,595)
Profit before taxation			177,943

A9 Disclosure items

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

	3 months ended		6 months ended	
	31.1.2019 RM'000	31.1.2018 RM'000	31.1.2019 RM'000	31.1.2018 RM'000
(a) Interest income	(364)	(1,332)	(1,137)	(1,979)
(b) Other income	(714)	(579)	(1,307)	(1,173)
(c) Interest expense	3,407	2,260	7,188	4,595
(d) Depreciation	21,462	17,082	43,030	34,358
(e) Net (write back)/provision of receivables	(13)	54	(142)	47
(f) Net (write back)/provision of inventories	(58)	(8)	32	293
(g) (Gain)/Loss on disposal of plant and equipment	(1)	(1)	47	(71)
(h) Gain on disposal of property	-	-	(983)	-
(i) Net foreign exchange loss/(gain)	1,285	(6,561)	5,640	(9,150)

In the current financial quarter and current financial year-to-date ended 31 January 2019, there were no:

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

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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 period that have not been reflected in the financial statements for the said period as at the date of this report, except as disclosed in Note B6.

A12 Changes in the composition of the Group

There were no material changes in the composition of the Group during the current financial period under review.

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 were as follows:

	As at 31.1.2019 RM'000	As at 31.1.2018 RM'000
Approved and contracted for:		
Purchase of plant and machinery	34,545	13,505
Balance payment for purchase of land held for development	61,423	255,770
	95,968	269,275

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2019 were as follows:

	3 months ended		6 months ended	
	31.1.2019 RM'000	31.1.2018 RM'000	31.1.2019 RM'000	31.1.2018 RM'000
Purchase of goods from associated company	23,075	19,566	44,990	42,169
Rental income from jointly controlled entity	(232)	(232)	(463)	(463)

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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 JANUARY 2019

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

B1 Review of performance

	INDIVIDUAL QUARTER		Changes %	CUMULATIVE QUARTER		Changes %
	Current year quarter	Preceding year corresponding quarter (Restated)		Current year-to-date	Preceding year corresponding period (Restated)	
	31.1.2019 RM'000	31.1.2018 RM'000		31.1.2019 RM'000	31.1.2018 RM'000	
Revenue	766,585	630,684	21.5%	1,480,224	1,285,698	15.1%
Operating profit	103,875	84,928	22.3%	179,463	178,166	0.7%
Profit attributable to owners of the Company	73,745	67,981	8.5%	127,411	140,383	-9.2%

(i) Current quarter review

For the current financial quarter ended 31 January 2019, the Group achieved revenue of RM766.6 million, an increase of 21.5% compared to RM630.7 million recorded in the preceding year corresponding quarter. The increase was mainly due to better sales performance achieved from both the manufacturing and property divisions. In line with the higher sales recorded in current financial quarter under review, the Group's operating profit was RM103.9 million, an increase of 22.3% compared to RM84.9 million recorded in the preceding year corresponding quarter.

Manufacturing revenue was RM549.0 million, an increase of 20.3% compared to RM456.4 million in the preceding year corresponding quarter. The increase was mainly contributed by the newly acquired subsidiary, Klang Hock Plastic Industries Sdn Bhd ("KHPI") and the Group's new stretch film plant in Phoenix, Arizona. Profit from operations increased from RM31.6 million to RM39.0 million due to product mix with better profit margins achieved as well as contribution from KHPI.

Property revenue was RM217.6 million, an increase of 24.9% compared to RM174.3 million in the preceding year corresponding quarter. Profit from operations increased from RM53.3 million to RM64.9 million compared to the preceding year corresponding quarter. The increase in revenue and profit from operations was mainly due to the contribution of progress billings arising from the completion of two phases in Taman Pulau Mutiara.

(ii) 6-month review

For the 6-month financial period ended 31 January 2019, the Group recorded revenue of RM1.48 billion, an increase of 15.1% compared to the preceding year corresponding period of RM1.28 billion. The increase in revenue was contributed mainly by the manufacturing division. However, profit from operation increased marginally from RM178.2 million in the preceding year corresponding period to RM179.5 million for the current financial period. The marginal increase in operating profit was affected by the slight decline in the revenue recognised by the property division and a foreign exchange loss of RM5.6 million for current financial period compared to a foreign exchange gain of RM9.1 million recorded in the preceding year corresponding period.

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B1 Review of performance (Cont'd)

(ii) 6-month review (Cont'd)

Manufacturing revenue was RM1.12 billion for the current financial period, an increase of 21.5% compared to the preceding year corresponding period of RM925.5 million. The increase was mainly contributed by KHPI and the Group's new stretch film plant in Phoenix, Arizona. Profit from operations increased from RM66.3 million in the preceding year corresponding period to RM74.8 million in the current financial period. The increase in operating profit was mainly due to product mix with better profit margins achieved as well as contribution from KHPI.

Property revenue was RM355.4 million for the current financial period, a marginal decrease of 1.3% compared to the preceding year corresponding period of RM360.2 million. Profit from operations decreased from RM111.9 million for the preceding year corresponding period to RM104.7 million for the current financial period. The decrease in profit from operations was mainly due to the product mix. Our new launches in Taman Senai Utama and Taman Scientex Durian Tunggal had received overwhelming response from the public, however contributions in terms of revenue and profit from these projects remains insignificant as they were in the early stages of construction.

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

	Current quarter	Preceding quarter	Changes %
	31.1.2019 RM'000	31.10.2018 RM'000	
Revenue	766,585	713,639	7.4%
Profit before tax	100,044	72,538	37.9%
Profit attributable to owners of the Company	73,745	53,666	37.4%

The Group recorded revenue of RM766.6 million and profit before tax of RM100.0 million for the current financial quarter compared to revenue of RM713.6 million and profit before tax of RM72.5 million for the preceding financial quarter. The higher revenue and profit before tax for the current financial quarter were mainly contributed by property division as a result of stronger progress billings recognised for its development projects particularly in Taman Pulai Mutiara.

B3 Current financial year prospects

Manufacturing

The Group will continue to increase the production capacity of its stretch film manufacturing facility in Phoenix, Arizona as part of its global strategy to penetrate new markets within the United States of America. Using Arizona as the base of operations, the Group is well positioned to leverage on its logistical advantage due to the proximity to raw material supply and its US based customers as the Group seeks to expand its customer base and its overall market presence in the Americas. To enhance productivity, the Group is currently implementing automation as part of its overall long term strategy to enhance production efficiency and reduce dependency on manual workers. Through such steps, the Group is confident that its US based plant would be able to produce quality yet competitively priced products and penetrate the huge American market and beyond.

The Group also remains focused on expanding its market presence and exploring untapped markets such as Myanmar via its proposed acquisition of Daibochi Berhad which has a presence there. By integrating the synergistic capabilities of all its plants and leveraging on the multitude of talents, skills and expertise that each plant has to offer, the Group would be well positioned to develop and offer more specialty and customised products. Amongst others, the Group is collaborating with international brand owners to develop sustainable packaging products which will comply with the global demand for sustainable manufacturing practices and packaging solutions.

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B3 Current financial year prospects (cont'd)

Manufacturing (Cont'd)

Whilst the external operating environment remains challenging, the Group recognises that there are opportunities for further growth and expansion. The adoption of strategies including addressing rising costs, improving efficiency and productivity to give higher yields and focusing on niche markets is expected to yield positive results for the current financial year.

Property

Buoyed by the success of the Group's first Durian Tunggal project, the Group has acquired 208.9 acres of freehold lands located opposite its existing project to address the demand for affordable housing in Melaka. The acquisition of this new land is expected to be completed in the first half of 2019.

In February 2019, the Group has launched its 65.3 acres Rawang development which marks the Group's maiden foray into the Klang Valley. The Group remains cautiously optimistic that the strategic location of this development, which has good access to the North-South Expressway and other amenities, coupled with the Group's affordably priced products will be another successful project contributing positively to the Group's earnings in the future.

The Group remains supportive of the various initiatives outlined by the Federal and State Government including providing more affordable homes to the masses. Supported by an accommodative interest rate regime, the Group remains optimistic that, barring any unforeseen circumstances, demand for affordable housing is expected to remain strong and resilient in the current 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 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		6 months ended	
	31.1.2019	31.1.2018	31.1.2019	31.1.2018
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter/period:				
- Income tax	24,276	16,469	41,472	35,640

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B6 Status of corporate proposals

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

(i) Proposed acquisition of two (2) pieces of freehold lands in Mukim Durian Tunggal, Daerah Alor Gajah, Melaka

On 15 August 2018, the Company announced that Scientex Heights Sdn Bhd, a wholly-owned subsidiary of Scientex Quatari Sdn Bhd, which is a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement (“SPA”) with Real Golden Development Sdn Bhd for the proposed acquisition of two contiguous pieces of freehold lands held under GRN 41764 Lot No. 2883 and GRN 22740 Lot No. 3267 respectively, all in Mukim of Durian Tunggal, District of Alor Gajah, State of Melaka, measuring an aggregate net area of 208.9 acres for a total purchase consideration of RM68.2 million. On 14 January 2019, the Company announced that the conditions precedent of the proposed acquisition as set out in the SPA have been satisfied and the proposed acquisition is expected to be completed in the first half of 2019.

(ii) Proposed acquisition and proposed mandatory take-over offer of Daibochi Berhad (formerly known as Daibochi Plastic And Packaging Industry Berhad (“Daibochi”))

On 14 November 2018, the Company announced that it has entered into a heads of agreement with certain shareholders of Daibochi (“Vendors”) for the acquisition of 139,062,766 ordinary shares in Daibochi (“Daibochi Share(s)”) (“Sale Shares”), representing approximately 42.48% of the total number of issued shares in Daibochi (excluding 550,100 treasury shares held by Daibochi) for a total purchase consideration of RM222,500,426 (subject to any adjustments pursuant to Paragraph 6.03(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions) to be satisfied entirely by the issuance of new ordinary shares in the Company (“Consideration Share(s)”) (“Proposed Acquisition”). Subsequently, the Company had on 10 December 2018 entered into a conditional share sale agreement (“CSSA”) with the Vendors in relation to the Proposed Acquisition. The Company is obliged to extend a mandatory take-over offer to acquire all the remaining shares and warrants in Daibochi not already owned by the Company and its persons acting in concert (“Proposed MGO”) upon the Proposed Acquisition becoming unconditional.

The Company had on 14 January 2019 received an approval from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation of up to 25,284,129 Consideration Shares to be issued pursuant to the Proposed Acquisition and up to 39,301,182 new ordinary shares of the Company to be issued pursuant to the Proposed MGO (based on the scenario where all the 27,320,788 outstanding warrants of Daibochi (“Warrants”) have been exercised by the warrant holders prior to the implementation of the Proposed MGO and all of 550,100 Daibochi’s treasury shares are resold in the open market).

During the Extraordinary General Meeting held on 11 February 2019, the shareholders of the Company had approved the Proposed Acquisition and Proposed MGO. On the even date, the Proposed Acquisition had become unconditional and Scientex had served the Notice of Conditional Mandatory Take-Over Offer to the Board of Directors of Daibochi. The transfer of the Sale Shares was effected via direct business transaction at RM1.59 per Daibochi Share on 14 February 2019, after taking into consideration the dividend of RM0.01 per Daibochi Share paid by Daibochi on 21 December 2018 at the adjusted exchange ratio of 1 Scientex share for every 5.535 Daibochi shares). The Proposed Acquisition was completed on 19 February 2019 upon the allotment and issuance of 25,124,249 Consideration Shares to the Vendors pursuant to the CSSA at the issue price of RM8.80 per Consideration Share. The 25,124,249 Consideration Shares were listed and quoted on the Main Market of Bursa Securities on 20 February 2019.

Subsequently, the Company had on 4 March 2019 despatched the Offer Document which sets out the terms and conditions of the Proposed MGO, together with the Form of Acceptance and Transfer for the Offer Securities to the shareholders and warrant holders of Daibochi.

On 18 March 2019, the Company has fulfilled the acceptance condition by receiving a total of 52.54% voting shares. Hence, the Proposed MGO has become unconditional. Following the unconditional date, the Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on Monday, 1 April 2019, being the 14th day from the unconditional date.

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B7 Borrowings and debt securities

As at 31 January 2019	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	300,000	-	300,000
Denominated in USD			
- Trade financing	-	4,745	4,745
<u>Unsecured</u>			
Denominated in USD			
- Term loan	19,294	9,647	28,941
- Trade financing	-	291,646	291,646
Denominated in JPY			
- Trade financing	-	248,460	248,460
Denominated in RM			
- Trade financing	-	7,500	7,500
Total	319,294	561,998	881,292

As at 31 January 2018	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	59,500	10,500	70,000
<u>Unsecured</u>			
Denominated in USD			
- Term loan	24,924	8,941	33,865
- Trade financing	-	159,127	159,127
Denominated in JPY			
- Trade financing	-	104,300	104,300
Denominated in RM			
- Trade financing	-	22,400	22,400
Total	184,424	305,268	489,692

B8 Material litigation

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

B9 Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.

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B10 Earnings per share

		3 months ended		6 months ended	
		31.1.2019	31.1.2018	31.1.2019	31.1.2018
(i) Basic earnings per share					
Profit attributable to equity holders of the Company	(RM'000)	73,745	67,981	127,411	140,383
Weighted average number of ordinary shares in issue	('000)	489,073	484,019	489,000	483,789
Basic earnings per share	(sen)	15.08	14.05	26.06	29.02

(ii) Fully diluted earnings per share

There was no dilution in earnings per share as there were no dilutive potential ordinary shares as at 31 January 2019.

By Order of the Board

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

19 March 2019