



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 April 2020
 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the nine months ended 30 April 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2020 RM'000	Preceding year corresponding quarter 30.4.2019 RM'000	Current year to date 30.4.2020 RM'000	Preceding year corresponding period 30.4.2019 RM'000
Revenue	772,229	828,457	2,563,972	2,308,681
Operating profit	106,444	103,085	365,734	282,548
Interest expense	(3,942)	(3,842)	(13,525)	(11,030)
Investing results	2,238	2,190	7,865	2,497
Profit before tax	104,740	101,433	360,074	274,015
Taxation	(28,706)	(25,252)	(90,849)	(66,724)
Profit for the quarter / period	76,034	76,181	269,225	207,291
Profit attributable to:				
Owners of the Company	69,626	72,884	248,062	200,295
Non-controlling interests	6,408	3,297	21,163	6,996
Profit for the quarter / period	76,034	76,181	269,225	207,291
Earnings per share attributable to owners of the Company (sen per share)	13.50	14.31	48.11	40.41

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)



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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine months ended 30 April 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2020 RM'000	Preceding year corresponding quarter 30.4.2019 RM'000	Current year to date 30.4.2020 RM'000	Preceding year corresponding period 30.4.2019 RM'000
Profit for the quarter / period	76,034	76,181	269,225	207,291
Other comprehensive income, net of income tax: Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	14,290	1,349	13,814	2,559
Other comprehensive income for the quarter / period, net of income tax	14,290	1,349	13,814	2,559
Total comprehensive income for the quarter / period, net of income tax	90,324	77,530	283,039	209,850
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	79,469	73,313	256,846	201,798
Non-controlling interests	10,855	4,217	26,193	8,052
	90,324	77,530	283,039	209,850

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)



SCIENTEX BERHAD
(Company No: 196801000264 [7867-P])
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2020

	AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2020 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2019 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,288,881	1,247,750
Right-of-use assets	6,081	-
Investment properties	17,000	17,000
Land held for property development	975,818	721,419
Investment in jointly controlled entity	24,954	28,029
Investment in associates	42,910	55,605
Other investments	24,636	20,170
Deferred tax assets	25,344	25,344
Intangible assets	347,274	293,703
	2,752,898	2,409,020
Current assets		
Property development costs	391,099	384,759
Inventories	274,367	321,168
Trade and other receivables	699,523	734,890
Cash and bank balances	292,844	257,644
	1,657,833	1,698,461
TOTAL ASSETS	4,410,731	4,107,481
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	691,782	685,776
Reserves	1,744,344	1,539,242
Equity attributable to owners of the Company	2,436,126	2,225,018
Non-controlling interests	191,224	173,935
Total equity	2,627,350	2,398,953
Non-current liabilities		
Borrowings	360,493	269,846
Lease liabilities	4,175	-
Retirement benefits obligations	39,260	36,434
Deferred tax liabilities	77,832	72,525
	481,760	378,805
Current liabilities		
Borrowings	696,367	703,968
Lease liabilities	3,554	-
Trade and other payables	534,141	597,225
Tax liabilities	67,559	28,530
	1,301,621	1,329,723
Total liabilities	1,783,381	1,708,528
TOTAL EQUITY AND LIABILITIES	4,410,731	4,107,481
Net assets per share attributable to owners of the Company (RM)	4.72	4.32

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 APRIL 2020**

	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	Treasury shares RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Retained earnings RM'000			
As at 1 August 2019, as previously reported	685,776	(1)	54,877	7,668	461	1,476,237	2,225,018	173,935	2,398,953
Effect of adoption of MFRS 16	-	-	-	-	-	(156)	(156)	(130)	(286)
At 1 August 2019, as restated	685,776	(1)	54,877	7,668	461	1,476,081	2,224,862	173,805	2,398,667
Profit for the period	-	-	-	-	-	248,062	248,062	21,163	269,225
Other comprehensive income for the period	-	-	-	8,784	-	-	8,784	5,030	13,814
Total comprehensive income for the period	-	-	-	8,784	-	248,062	256,846	26,193	283,039
Non-controlling interests arising from fair value adjustments	-	-	-	-	-	-	-	(561)	(561)
Issuance of ordinary shares pursuant to Share Grant Plan	6,006	-	-	-	-	-	6,006	-	6,006
Dividends	-	-	-	-	-	(51,588)	(51,588)	(8,213)	(59,801)
As at 30 April 2020	691,782	(1)	54,877	16,452	461	1,672,555	2,436,126	191,224	2,627,350
As at 1 August 2018	453,850	(1)	55,799	4,905	461	1,245,460	1,760,474	69,973	1,830,447
Profit for the period	-	-	-	-	-	200,295	200,295	6,996	207,291
Other comprehensive income for the period	-	-	-	1,503	-	-	1,503	1,056	2,559
Total comprehensive income for the period	-	-	-	1,503	-	200,295	201,798	8,052	209,850
Issuance of ordinary shares for acquisition of a subsidiary	229,046	-	-	-	-	(2,070)	226,976	-	226,976
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	97,286	97,286
Issuance of ordinary shares pursuant to Share Grant Plan	2,880	-	-	-	-	-	2,880	-	2,880
Dividends	-	-	-	-	-	(48,923)	(48,923)	(3,804)	(52,727)
As at 30 April 2019	685,776	(1)	55,799	6,408	461	1,394,762	2,143,205	171,507	2,314,712

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)

SCIENTEX BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the nine months ended 30 April 2020

	9 MONTHS ENDED 30.4.2020 RM'000	9 MONTHS ENDED 30.4.2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	360,074	274,015
Adjustments	95,573	86,333
Operating profits before working capital changes	<u>455,647</u>	<u>360,348</u>
Movement in working capital:		
Decrease in inventories	57,080	82,778
Decrease in development properties	36,937	29,995
Decrease/(increase) in receivables	49,211	(61,184)
Decrease in payables	(65,940)	(14,102)
Cash generated from operations	<u>532,935</u>	<u>397,835</u>
Taxation paid	(46,526)	(66,312)
Gratuity and retirement benefits paid	(777)	(500)
Net cash from operating activities	<u>485,632</u>	<u>331,023</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(89,931)	(80,123)
Purchase of other investments	(4,000)	(12)
Purchase of property, plant and equipment	(69,289)	(39,502)
Deposit paid for purchase of property, plant and equipment	(35,933)	(25,834)
Purchase of land held for development	(265,707)	(66,869)
Deposit paid for purchase of land held for development	(6,619)	(13,072)
Proceeds from disposal of property, plant and equipment	480	3,309
Proceeds from disposal of associate company	10,000	-
Net dividend received	12,525	623
Interest received	3,540	1,978
Net cash used in investing activities	<u>(444,934)</u>	<u>(219,502)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(51,588)	(48,923)
Non-controlling shareholders of subsidiaries	(8,213)	(3,804)
Expenses incurred in connection with issuance of shares	-	(2,070)
Net drawdown of Sukuk Murabahah	100,000	-
Net repayment of term loans	(16,891)	(9,577)
Net (repayment)/drawdown of short term borrowings	(5,837)	2,089
Repayment of lease liabilities	(1,507)	-
Interest paid	(21,462)	(21,730)
Net cash used in financing activities	<u>(5,498)</u>	<u>(84,015)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	35,200	27,506
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>257,644</u>	<u>172,316</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>292,844</u>	<u>199,822</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	179,591	153,345
Short term deposits	113,253	46,477
	<u>292,844</u>	<u>199,822</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2019)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2020

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2019 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 July 2019.

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 2019, except for the adoption of the following new MFRS, amendments to MFRSs and IC Interpretation that are effective for the financial statements effective from 1 August 2019, as disclosed below:

MFRS 16	Leases
Amendments to MFRS 9	Prepayments Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Payments
Annual Improvements to MFRSs 2015 - 2017 Cycle	

The adoption of these new MFRS, Amendments to MFRSs and IC Interpretation does not have significant impact on the financial statements of the Group, except as disclosed below:

MFRS 16 Leases

MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities, except for short-term leases and leases of low value assets. A lessee is required to recognise a right-of-use (“ROU”) asset representing its rights to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The Standard will affect primarily the accounting for the Group leases previously recognised as operating leases under MFRS 117 Leases.

At the date of initial application, all ROU assets are measured at an amount equal to the lease liabilities measured at present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application. The Group adopted the simplified transition approach and did not restate comparative amounts for the financial year prior to first adoption. ROU assets for property leases will be measured on transition as if the new rules had always been applied.

The Group elects to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying assets are of low value. The Group entered into low value assets leases in respect of equipment.

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A1 Basis of preparation (Cont'd)

MFRS 16 Leases (Cont'd)

The adoption of MFRS 16 has the following impact:

a) To the opening balance as of 1 August 2019

	As previously reported RM'000	Effects on adoption of MFRS 16 RM'000	As restated RM'000
Right-of-use assets	-	7,621	7,621
Lease liabilities	-	8,882	8,882
Accrued expenses	94,215	(975)	93,240
Retained earnings	1,476,237	(156)	1,476,081
Non-controlling interests	173,935	(130)	173,805

b) To the unaudited Consolidated Financial Statements for the financial year ending 31 July 2020:

- (i) On the Consolidated Income Statement, expenses which were previously included under operating leases will be replaced by finance costs -lease liabilities and depreciation of right of use asset; and
- (ii) On the Consolidated Cash Flow Statement, operating lease rental outflows which were previously recorded within net cashflow from operating activities, are classified as “net cashflow used in financing activities” for repayment of principal of lease liabilities.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2019 was not qualified.

A3 Seasonal or cyclical factors

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

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

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

A5 Material changes in estimates

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

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A6 Changes in debts and equity securities

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

(i) Share Grant Plan

On 19 December 2019, the Company issued and allotted 615,400 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

As at 30 April 2020, the total number of issued shares of the Company was 515,876,872 ordinary shares, out of which 100 ordinary shares were held as treasury shares.

(ii) Sukuk Murabahah Programme

On 30 December 2019, Scientex Quatari Sdn Bhd ("SQSB"), a wholly-owned subsidiary of the Company made its third 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 to part finance land acquisitions. As at 30 April 2020, the total amount issued of unrated Sukuk Murabahah stood at RM350.0 million in nominal value. The redeemable Sukuk Murabahah are due on 11 July 2022 and 10 July 2023 for RM50.0 million respectively, 10 July 2024 for RM100.0 million, 29 December 2028 for RM70.0 million and lastly 28 December 2029 for the remaining balance of RM80.0 million, and bear profit based on cost of fund plus margin, payable quarterly.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2019 was as follows:

RM'000

In respect of the financial year ended 31 July 2019:

Single tier final dividend of 10 sen per ordinary share declared on 17 December 2019 and paid on 10 January 2020

51,588

A8 Segment information

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

9 months ended 30 April 2020

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	<u>1,929,708</u>	<u>634,264</u>	<u>2,563,972</u>
Results			
Operating profit	179,898	185,836	365,734
Investing results			7,865
Interest expense			<u>(13,525)</u>
Profit before taxation			<u>360,074</u>

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A8 Segment information (Cont'd)

9 months ended 30 April 2019

	Manufacturing RM'000	Property Development RM'000	Total RM'000
Revenue	1,727,540	581,141	2,308,681
Results			
Operating profit	108,140	174,408	282,548
Investing results			2,497
Interest expense			(11,030)
Profit before taxation			274,015

A9 Disclosure items

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

	3 months ended		9 months ended	
	30.4.2020 RM'000	30.4.2019 RM'000	30.4.2020 RM'000	30.4.2019 RM'000
(a) Interest income	(1,004)	(841)	(3,540)	(1,978)
(b) Other income	(698)	(1,352)	(2,877)	(2,659)
(c) Interest expense	3,942	3,842	13,525	11,030
(d) Depreciation of property, plant and equipment	26,641	24,041	80,116	67,071
(e) Depreciation of right-of-use assets	666	-	2,007	-
(f) Net provision/(write back) of receivables	53	84	(323)	(58)
(g) Net provision/(write back) of inventories	693	(356)	2,096	(324)
(h) Gain on disposal of plant and equipment	(65)	(51)	(249)	(4)
(i) Gain on disposal of property	-	-	-	(983)
(j) Property, plant and equipment written off	552	-	552	-
(k) Net foreign exchange loss	13,108	14,190	17,241	19,830

In the current financial quarter and current financial year-to-date ended 30 April 2020, there were no:

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

A10 Valuation of property, plant and equipment and investment properties

The valuation of property, plant and equipment and investment 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 quarter which have not been reflected in the financial statements for the said period as at the date of this report.

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A12 Changes in the composition of the Group

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

Completion of purchase price allocation for Daiboichi Berhad

During the financial period under review, the Company completed the purchase price allocation exercise with the assistance of an external professional advisor to determine the fair values assigned to the subsidiary's identifiable assets and liabilities acquired in the previous financial year pursuant to the requirement of MFRS 3 Business Combinations. Upon finalisation of this exercise, the resulting goodwill on consolidation was adjusted accordingly as follows:

	Fair value recognised on acquisition RM'000	Provisional fair value recognised on acquisition RM'000	Fair value adjustment RM'000
Assets			
Property, plant and equipment	142,628	142,628	-
Investment in an associate	17,159	18,270	(1,111)
Inventories	78,331	78,331	-
Trade and other receivables	72,190	72,190	-
Tax recoverable	2,541	2,951	(410)
Cash and bank balances	12,927	12,927	-
	<u>325,776</u>	<u>327,297</u>	<u>(1,521)</u>
Liabilities			
Trade and other payables	(56,722)	(56,722)	-
Borrowings	(68,231)	(68,231)	-
Deferred tax liabilities	(15,703)	(15,703)	-
	<u>(140,656)</u>	<u>(140,656)</u>	<u>-</u>
Net identifiable assets	<u>185,120</u>	<u>186,641</u>	<u>(1,521)</u>
Fair value of net identifiable assets	185,120	186,641	(1,521)
Non-controlling interest	(95,911)	(96,472)	561
Goodwill on consolidation	232,887	231,927	960
Cost of business combination	<u>322,096</u>	<u>322,096</u>	<u>-</u>
Cash outflow on acquisition was as follows:			
Total purchase consideration	322,096	322,096	-
Purchase consideration satisfied by issuance of new shares in the Company	(229,046)	(229,046)	-
Cash and cash equivalents of subsidiary acquired	(12,927)	(12,927)	-
Net cash outflow of the Group	<u>80,123</u>	<u>80,123</u>	<u>-</u>

A13 Contingent liabilities

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

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A14 Capital commitments

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

	As at 30.04.2020 RM'000	As at 30.04.2019 RM'000
Approved and contracted for:		
Purchase of plant and machinery	74,202	63,929
Balance payment for purchase of land held for development	127,635	216,274
	201,837	280,203
Approved but not contracted for:		
Purchase of plant and machinery	-	10,436
	-	10,436

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2020 were as follows:

	3 months ended		9 months ended	
	30.4.2020 RM'000	30.4.2019 RM'000	30.4.2020 RM'000	30.4.2019 RM'000
Purchase of goods from associated company	24,220	22,626	74,700	67,616
Rental income from jointly controlled entity	(232)	(232)	(695)	(695)

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2020

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		Current year-to-date	Preceding year corresponding period	
	30.4.2020 RM'000	30.4.2019 RM'000		30.4.2020 RM'000	30.4.2019 RM'000	
Revenue	772,229	828,457	-6.8%	2,563,972	2,308,681	11.1%
Operating profit	106,444	103,085	3.3%	365,734	282,548	29.4%
Profit attributable to owners of the Company	69,626	72,884	-4.5%	248,062	200,295	23.8%

i) Current quarter review

For the current financial quarter ended 30 April 2020, the Group achieved revenue of RM772.2 million, representing a decrease of 6.8% compared to RM828.5 million recorded in the preceding year corresponding quarter. The decrease was mainly attributable to the property division, which was impacted by the Movement Control Order (“MCO”) implemented by the Malaysian Government on 18 March 2020. However, the Group’s operating profit increased marginally by 3.3%, at RM106.4 million compared to RM103.1 million in the preceding year corresponding quarter.

Manufacturing revenue was RM614.4 million, representing a marginal increase of 1.9% compared to RM602.8 million recorded in the preceding year corresponding quarter. Notwithstanding the MCO, most of the Group’s manufacturing entities have been granted approvals from Ministry of International Trade and Industry (MITI) to recommence operations during the MCO period in accordance to the stringent conditions imposed by the authorities. Despite a challenging quarter, manufacturing operating profit increased from RM33.4 million to RM59.3 million mainly due to better sales mix, cost control and production efficiency.

Property revenue was RM157.8 million, reflecting a decrease of 30.1% compared to RM225.7 million recorded in the preceding year corresponding quarter. The decline in revenue was mainly due to the disruption of constructional activities nationwide and the prohibition of site inspections by government agencies and consultants for purpose of issuance of Certificate of Compliance and Completion (CCC) during the MCO period. At the same time, purchasers were unable to execute sale and purchase agreements during the MCO period had contributed to the shortfall for the current financial quarter. Operating profit decreased from RM69.7 million to RM47.2 million in line with the reduction in revenue.

ii) 9-month review

For the 9-month financial period ended 30 April 2020, the Group recorded revenue of RM2.56 billion, an increase of 11.1% compared to the preceding year corresponding period of RM2.31 billion. The increase in revenue was contributed by both the manufacturing and property divisions. In line with the higher sales recorded for current financial period, operating profit saw an increase from RM282.5 million to RM365.7 million.

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B1 Review of performance (Cont'd)

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

Manufacturing revenue was RM1.93 billion for the current financial period, reflecting an increase of 11.7% compared to the preceding year corresponding period of RM1.73 billion. The increase was mainly due to the full 9-month contributions from its converting segment following its acquisition in the third quarter of financial year 2019. The group has since emerged as an integrated manufacturer of flexible plastic packaging (“FPP”) products offering a diverse range of value added products. Operating profit increased from RM108.1 million to RM179.9 million mainly due to increase in sales, better sales mix and production efficiency.

Property revenue was RM634.3 million for the current financial period, reflecting an increase of 9.1% compared to the preceding year corresponding period of RM581.1 million. In line with the increase in sales revenue, operating profit increased from RM174.4 million to RM185.8 million for the current financial period. The increase in revenue and operating profit were mainly due to new launches in Melaka and Johor.

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

	Current quarter	Preceding quarter	Changes %
	30.4.2020 RM'000	31.1.2020 RM'000	
Revenue	772,229	914,378	-15.5%
Profit before tax	106,444	139,490	-23.7%
Profit attributable to owners of the Company	69,626	97,474	-28.6%

The Group’s revenue for the current financial quarter was RM772.2 million compared to the preceding financial quarter of RM914.4 million. The decrease in revenue was mainly impacted by the disruption of business operations from property division due to implementation of the MCO. Accordingly, the Group reported a lower profit before taxation of RM106.4 million for the current financial quarter compared to the preceding financial quarter of RM139.5 million.

B3 Current financial year prospects

Manufacturing

With the gradual lifting of conditions under the movement controls, the Group continues to operate in accordance to the health safety requirements and Standard Operation Procedures (“SOP”) imposed by the authorities to ensure employees’ protection and strive to provide uninterrupted supply of FPP products which are essential components in the food and beverages based packaging supply chain.

The Group remains focused on its long term strategy to enhance its capacities, capabilities and efficiency in producing more sustainable and value added products. External risks include increased volatility of global oil prices and the prospect of a global recession which will affect global financial market conditions. As such, the Group will continue to monitor these developments closely and will take swift and appropriate actions within its control to mitigate the impact from the risks. Barring unforeseen circumstances, the Group expects to see its performance being sustainable for the current financial year driven by its FPP products.

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B3 Current financial year prospects (Cont'd)

Property

The Group remains focused on the affordable housing segment which is the most resilient sector in the housing industry. As part of a pre-emptive measure to stabilise the domestic economy, Bank Negara Malaysia announced on 5 May 2020 that the Overnight Policy Rate (OPR) was reduced by a further 50 basis points to 2.0 per cent (2%) with immediate effect. This bodes well for the property industry especially for the affordable housing segment as this will reduce the monthly instalments and ease the burden of purchasers. Since the announcement of the conditional MCO effective 4 May 2020, restrictions have been gradually lifted and the Group's constructional and property development activities have since restarted with full compliance to the relevant authorities' guidelines and SOPs. The Group expects its performance to be better in the subsequent quarters with the relaxation of the movement control. In addition, the Group has intensified its efforts on the use of its digital platforms to boost its sales and reach out to potential customers and buyers, in addition to its traditional sales platforms.

The Group has completed the acquisition of its Tasek Gelugor and Kundang lands in December 2019 and efforts are being made to ensure that scheduled launches in the second half of 2020 can be achieved as the Group spreads its affordable housing brandname to both Klang Valley and Penang. Barring unforeseen circumstances, demand for affordable homes is expected to grow in tandem with the country's population growth.

B4 Variations of actual profit from forecast profit

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

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	
	30.4.2020	30.4.2019	30.4.2020	30.4.2019
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	28,706	25,252	90,849	66,724

The effective tax rate of the Group for the current financial quarter and current financial year-to-date is higher than the statutory income tax rate mainly due to non-deductible expenses.

B6 Status of corporate proposals

The were no material corporate proposals announced and not completed as at the date of this report.

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B7 Borrowings and debt securities

As at 30 April 2020	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	350,000	-	350,000
- Trade financing	-	367	367
<u>Unsecured</u>			
Denominated in USD			
- Term loan	7,588	12,121	19,709
- Trade financing	-	481,799	481,799
Denominated in JPY			
- Trade financing	-	141,600	141,600
Denominated in AUD			
- Trade financing	-	10,640	10,640
Denominated in RM			
- Term loan	2,905	2,541	5,446
- Trade financing	-	47,299	47,299
Total	360,493	696,367	1,056,860

As at 30 April 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
- Trade financing	658	10,855	11,513
<u>Unsecured</u>			
Denominated in USD			
- Term loan	18,792	18,872	37,664
- Trade financing	-	288,772	288,772
Denominated in JPY			
- Trade financing	-	294,885	294,885
Denominated in RM			
- Term loan	5,469	3,031	8,500
- Trade financing	-	56,663	56,663
Total	324,919	673,078	997,997

B8 Lease liabilities

The Group has adopted MFRS 16 Leases beginning 1 August 2019. The lease liabilities were supported by the corresponding right-of-use assets of RM6.08 million as at 30 April 2020.

B9 Material litigation

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

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B10 Dividend

In respect of the financial year ending 31 July 2020, the Board of Directors declared a single tier interim dividend of 10 sen per ordinary share (single tier interim dividend for financial year 2019 of 10 sen per ordinary share), payable on 24 July 2020.

B11 Earnings per share

(i) Basic earnings per share		3 months ended		9 months ended	
		30.4.2020	30.4.2019	30.4.2020	30.4.2019
Profit attributable to equity holders of the Company	(RM'000)	69,626	72,884	248,062	200,295
Weighted average number of ordinary shares in issue	('000)	515,877	509,310	515,562	495,621
Basic earnings per share	(sen)	13.50	14.31	48.11	40.41

(ii) Fully diluted earnings per share

There was no dilution in earnings per share as there were no dilutive potential ordinary shares as at 30 April 2020.

By Order of the Board

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

23 June 2020