



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2021
 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 July 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2021 RM'000	Preceding year corresponding quarter 31.7.2020 RM'000	Current year to date 31.7.2021 RM'000	Preceding year 31.7.2020 RM'000
Revenue	970,364	954,629	3,655,966	3,518,601
Operating profit	175,820	183,721	600,339	549,455
Interest expense	(3,521)	(2,820)	(11,139)	(16,345)
Investing results	2,210	3,287	11,761	11,152
Profit before tax	174,509	184,188	600,961	544,262
Taxation	(26,300)	(35,387)	(115,185)	(126,236)
Profit for the quarter / year	148,209	148,801	485,776	418,026
Profit attributable to:				
Owners of the Company	142,654	142,052	457,233	390,114
Non-controlling interests	5,555	6,749	28,543	27,912
Profit for the quarter / year	148,209	148,801	485,776	418,026
Earnings per share attributable to owners of the Company (sen per share)	9.20	9.18	29.50	25.22

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)



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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 July 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year
	31.7.2021 RM'000	31.7.2020 RM'000	31.7.2021 RM'000	31.7.2020 RM'000
Profit for the quarter / year	148,209	148,801	485,776	418,026
Other comprehensive income/(loss), net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	3,715	(95)	(11,777)	13,719
Items that will not be reclassified subsequently to profit or loss:				
- Revaluation of land and buildings	-	43,482	-	43,482
- Reversal of revaluation reserves	-	(7,228)	-	(7,228)
Other comprehensive income/(loss) for the quarter / year, net of income tax	3,715	36,159	(11,777)	49,973
Total comprehensive income for the quarter / year, net of income tax	151,924	184,960	473,999	467,999
Total comprehensive income for the quarter / year attributable to:				
Owners of the Company	147,002	176,907	452,446	433,753
Non-controlling interests	4,922	8,053	21,553	34,246
	151,924	184,960	473,999	467,999

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 July 2021

	AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2021 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2020 RM'000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	1,382,668	1,322,579
Right-of-use assets	5,126	7,477
Investment properties	16,900	16,900
Land held for property development	1,283,660	972,973
Investment in joint venture	14,149	24,602
Investment in associate	85,224	46,548
Other investments	24,525	28,593
Deferred tax assets	15,552	18,970
Goodwill	332,176	338,077
	3,159,980	2,776,719
Current assets		
Property development costs	411,533	340,416
Inventories	386,958	354,017
Trade and other receivables	898,054	716,039
Cash and cash equivalents	243,308	413,244
	1,939,853	1,823,716
TOTAL ASSETS	5,099,833	4,600,435
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	703,250	691,782
Reserves	2,192,413	1,869,610
Equity attributable to owners of the Company	2,895,663	2,561,392
Non-controlling interests	201,545	194,260
Total equity	3,097,208	2,755,652
Non-current liabilities		
Borrowings	300,950	357,337
Lease liabilities	3,363	5,291
Retirement benefits obligations	42,145	39,032
Deferred tax liabilities	84,905	89,893
	431,363	491,553
Current liabilities		
Borrowings	818,847	683,723
Lease liabilities	4,617	4,133
Trade and other payables	708,209	624,467
Tax liabilities	39,589	40,907
	1,571,262	1,353,230
Total liabilities	2,002,625	1,844,783
TOTAL EQUITY AND LIABILITIES	5,099,833	4,600,435
Net assets per share attributable to owners of the Company (RM)	1.87	1.66

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)



SCIENTEX BERHAD
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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2021**

	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	Treasury shares RM'000	Property revaluation surplus RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000				
As at 1 August 2020	691,782	(1)	90,719	15,465	461	1,762,966	2,561,392	194,260	2,755,652
Profit for the year	-	-	-	-	-	457,233	457,233	28,543	485,776
Other comprehensive loss for the year	-	-	-	(4,787)	-	-	(4,787)	(6,990)	(11,777)
Total comprehensive income for the year	-	-	-	(4,787)	-	457,233	452,446	21,553	473,999
Exercise of warrants in the Company and a subsidiary	265	-	-	-	-	25	290	35	325
Issuance of ordinary shares pursuant to Share Grant Plan	11,203	-	-	-	-	-	11,203	-	11,203
Expenses in relation to Bonus Issue and issuance of free warrants	-	-	-	-	-	(449)	(449)	-	(449)
Dividends	-	-	-	-	-	(129,219)	(129,219)	(14,303)	(143,522)
As at 31 July 2021	703,250	(1)	90,719	10,678	461	2,090,556	2,895,663	201,545	3,097,208
As at 1 August 2019	685,776	(1)	54,877	7,668	461	1,476,027	2,224,808	173,684	2,398,492
Profit for the year	-	-	-	-	-	390,114	390,114	27,912	418,026
Other comprehensive income for the year	-	-	35,842	7,797	-	-	43,639	6,334	49,973
Total comprehensive income for the year	-	-	35,842	7,797	-	390,114	433,753	34,246	467,999
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	-	-	-	-	-	(103,175)	(103,175)	(13,109)	(116,284)
As at 31 July 2020	691,782	(1)	90,719	15,465	461	1,762,966	2,561,392	194,260	2,755,652

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)

SCIENTEX BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the financial year ended 31 July 2021

	12 MONTHS ENDED 31.7.2021 RM'000	12 MONTHS ENDED 31.7.2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	600,961	544,262
Adjustments	131,006	129,071
Operating profits before working capital changes	<u>731,967</u>	<u>673,333</u>
Movement in working capital:		
Increase in inventories	(33,775)	(22,117)
Decrease in development properties	196,837	93,602
(Increase)/decrease in receivables	(137,916)	63,981
Increase in payables	68,781	14,950
Cash generated from operations	<u>825,894</u>	<u>823,749</u>
Taxation paid	(123,941)	(105,997)
Gratuity and retirement benefits paid	(2,381)	(2,415)
Net cash from operating activities	<u>699,572</u>	<u>715,337</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(89,931)
Investment in an associate company	(16,000)	-
Purchase of other investments	(4,000)	(4,000)
Purchase of property, plant and equipment	(81,384)	(79,357)
Deposit paid for purchase of plant and equipment	(43,259)	(55,042)
Purchase of land held for development	(546,424)	(265,817)
Deposit paid for purchase of land held for development	(105,036)	(16,282)
Proceeds from disposal of property, plant and equipment	433	593
Proceeds from disposal of associate company	-	10,000
Capital reduction from investment in joint venture	12,500	-
Dividend income received	3,569	13,567
Interest received	3,133	5,417
Net cash used in investing activities	<u>(776,468)</u>	<u>(480,852)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividends paid to:		
Shareholders of the Company	(129,219)	(103,175)
Non-controlling shareholders of subsidiaries	(14,303)	(13,109)
Proceeds from exercise of warrants in the Company and a subsidiary	325	-
Expenses in relation to bonus issue and issuance of free warrants	(449)	-
Net drawdown of Sukuk Murabahah	-	100,000
Net repayment of term loans	(12,400)	(21,543)
Net drawdown/(repayment) of short term borrowings	85,662	(10,924)
Repayment of lease liabilities	(3,144)	(2,824)
Finance cost paid	(19,512)	(27,310)
Net cash used in financing activities	<u>(93,040)</u>	<u>(78,885)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(169,936)</u>	<u>155,600</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>413,244</u>	<u>257,644</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>243,308</u>	<u>413,244</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	231,352	181,432
Short term deposits	11,956	231,812
	<u>243,308</u>	<u>413,244</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2020)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2021

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 2020 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 2020.

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 2020, except for the adoption of the following amendments to MFRSs that are effective for financial statements beginning on 1 August 2020, as disclosed below:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 – Related Rent Concessions
Amendments to MFRS 101 and MFRS 108 MFRSs	Definition of Material
	Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above amendments to MFRSs do not have significant impact on the financial statements of the Group.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2020 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.

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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 year under review, except for the following:-

Share Grant Plan

On 5 October 2020, the Company issued and allotted 988,000 new ordinary shares to the eligible employees of Scientex Berhad's group of companies, pursuant to the Scientex Berhad Share Grant Plan.

Bonus Issue of Shares and Issuance of Free Warrants

On 17 December 2020, the shareholders of the Company had approved the proposed bonus issue of shares and issuance of free warrants during the Extraordinary General Meeting.

The bonus issue of 1,033,729,544 new ordinary shares in the Company ("Scientex Share") on the basis of two (2) bonus shares for every one (1) existing Scientex Share were issued and allotted on 14 January 2021. A total of 103,372,778 free warrants in the Company on the basis of one (1) warrant for every five (5) existing Scientex Shares were issued and allotted on 15 January 2021. The exercise price of the warrants was fixed at RM4.30 per warrant.

Conversion of Warrants to Ordinary Shares

During the current financial year under review, the Company issued 61,713 new ordinary shares pursuant to the exercise of 61,713 warrants at the exercise price of RM4.30 per warrant.

As at 31 July 2021, the total number of issued shares of the Company was 1,550,656,129 ordinary shares, out of which 100 ordinary shares were held as treasury shares. The total number of unexercised warrants was 103,311,065.

A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2020 was as follows:

	RM'000
In respect of the financial year ended 31 July 2020:	
Single tier final dividend of 13 sen per ordinary share declared on 17 December 2020 and paid on 13 January 2021*	67,192
In respect of the financial year ended 31 July 2021:	
Single tier interim dividend of 4 sen per ordinary share declared on 23 June 2021 and paid on 23 July 2021	62,027
	<hr/> <hr/> 129,219

* Before the two for one bonus issue which was completed on 15 January 2021.

SCIENTEX BERHAD
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A8 Segment information

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

12 months ended 31 July 2021

	Packaging RM'000	Property Development RM'000	Total RM'000
Revenue	2,491,481	1,164,485	3,655,966
Results			
Operating profit	253,558	346,781	600,339
Investing results			11,761
Interest expense			(11,139)
Profit before taxation			600,961

12 months ended 31 July 2020

	Packaging RM'000	Property Development RM'000	Total RM'000
Revenue	2,551,141	967,460	3,518,601
Results			
Operating profit	251,015	298,440	549,455
Investing results			11,152
Interest expense			(16,345)
Profit before taxation			544,262

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

A9 Disclosure items

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

	3 months ended		12 months ended	
	31.7.2021	31.7.2020	31.7.2021	31.7.2020
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(966)	(1,877)	(3,133)	(5,417)
(b) Other income	(4,696)	(2,800)	(7,584)	(5,677)
(c) Interest expense	3,431	2,301	10,683	15,826
(d) Interest on lease liabilities	90	519	456	519
(e) Depreciation of property, plant and equipment	26,702	27,289	106,833	107,405
(f) Depreciation of right-of-use assets	669	1,251	3,394	3,258
(g) Net provision/(write back) of receivables	101	(36)	(51)	(359)
(h) Net provision/(write back) of inventories	618	(491)	834	1,605
(i) Gain on disposal of plant and equipment	(81)	(69)	(257)	(325)
(j) Property, plant and equipment written off	1,418	3,445	1,619	4,004
(k) Impairment of property, plant and equipment	-	10,660	-	10,660
(l) Impairment of goodwill	-	4,000	-	4,000
(m) Impairment loss on investment property	-	100	-	100
(n) Net foreign exchange loss	12,702	965	581	18,206
(o) Fair value gain on other investments	(3,701)	(4,423)	(3,701)	(4,423)
(p) Gain on bargain purchase of associate	(2,013)	-	(2,013)	-

In the current financial quarter and current financial year ended 31 July 2021, there were no:

- 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 property 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 which 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 year under review.

A13 Contingent liabilities

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

SCIENTEX BERHAD
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 (Incorporated in Malaysia)

A14 Capital commitments

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

	As at 31.7.2021 RM'000	As at 31.7.2020 RM'000
Approved and contracted for:		
Purchase of plant and machinery	167,793	105,109
Balance payment for purchase of land held for development	870,220	214,601
	1,038,013	319,710

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2021 were as follows:

	3 months ended		12 months ended	
	31.7.2021 RM'000	31.7.2020 RM'000	31.7.2021 RM'000	31.7.2020 RM'000
Purchase of goods from associated companies	43,146	27,245	148,300	101,945
Sales of goods to associated company	(99)	-	(299)	-
Rental income from associated company	(139)	-	(418)	-
Rental income from jointly controlled entity	(232)	(232)	(926)	(926)

SCIENTEX BERHAD
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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 2021

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 financial year	Preceding financial year	
	31.7.2021 RM'000	31.7.2020 RM'000		31.7.2021 RM'000	31.7.2020 RM'000	
Revenue	970,364	954,629	1.6%	3,655,966	3,518,601	3.9%
Operating profit	175,820	183,721	-4.3%	600,339	549,455	9.3%
Profit attributable to owners of the Company	142,654	142,052	0.4%	457,233	390,114	17.2%

(i) Current quarter review

For the current financial quarter ended 31 July 2021, the Group recorded revenue of RM970.4 million, a marginal increase of 1.6% compared to RM954.6 million recorded in the preceding year corresponding quarter. The Group's operating profit stood at RM175.8 million, a slight decrease of 4.3% compared to RM183.7 million in the preceding year corresponding quarter.

Packaging revenue stood at RM617.4 million compared to RM621.4 million recorded in the preceding year corresponding quarter. The revenue was mainly contributed by improved sales of its stretch film and other industrial packaging products, in both their respective domestic and export markets. On the other hand, the overall performance of the Group's consumer based flexible plastic packaging segment faced challenges as operational efficiency and production delivery was affected by the mandated regulatory Covid-19 containment measures. The Group's customers experienced similar operational challenges, which has adversely affected their supply level, hence further impacting the overall demand for the Group's converting products. Operating profit stood at RM57.4 million, reflecting a decrease compared to RM71.1 million in the preceding year corresponding quarter. The decrease was primarily due to lesser contribution from its consumer packaging segment which faced operational disruptions due to restrictions in workforce capacity and other mandated containment measures, affecting production output and efficiency, which resulted in higher operating and compliance costs being incurred.

Property revenue was RM352.9 million, an increase of 5.9% compared to RM333.2 million recorded in the preceding year corresponding quarter. The higher revenue was mainly contributed by the strong progress billings from its on-going projects in Scientex Durian Tunggal in Melaka and Taman Pulai Mutiara in Johor. The Group also saw robust contributions from its newly launched projects in Scientex Tasek Gelugor in Penang, Scientex Kundang Jaya in Selangor and Scientex Durian Tunggal 2 in Melaka which further contributed to the increase in revenue for the current quarter under review. In tandem with the higher revenue recorded, operating profit for the current financial quarter stood at RM118.4 million compared to RM112.6 million recorded in the preceding year corresponding quarter.

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B1 Review of performance (Cont'd)

(ii) 12-month review

The Group continues to perform steadily despite operating under a challenging environment. For the financial year ended 31 July 2021, the Group achieved a record revenue of RM3.66 billion, an increase of 3.9% compared to RM3.52 billion recorded in the preceding financial year. Consistent with the higher revenue recorded for the current financial year under review, operating profit also increased by 9.3% to RM600.3 million compared to RM549.5 million in the preceding year.

Packaging revenue recorded RM2.49 billion for the current financial year compared to RM2.55 billion of the preceding year. Despite better sales contributed by the industrial packaging segment, packaging revenue decreased marginally mainly due to the lower revenue contribution from its consumer packaging segment as mentioned in B1 above. Operating profit stood at RM253.6 million compared to RM251.0 million in the preceding year.

Property revenue stood at RM1.16 billion for the current financial year, an increase of 20.4% compared to RM967.5 million recorded in the preceding year corresponding period. In line with the increase in revenue, operating profit increased from RM298.4 million to RM346.8 million for the current financial year under review. Despite facing disruptions in constructional activities as well as delays in obtaining permits and approvals from relevant authorities, the Property Division had posted a record revenue exceeding RM1 billion for the first time in its history. The increase in revenue and operating profit were mainly contributed by higher progress billings attributed by stable construction progress as well as strong take up rates for new project launches in Scientex Tasek Gelugor, Penang, Scientex Kundang Jaya, Selangor, Scientex Durian Tunggal 2, Melaka and Taman Pulau Mutiara, Johor. The sales and marketing activities remained robust, of which the Group continues to leverage on its various and effective digital channels to reach out to its target markets.

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

	Current quarter	Preceding quarter	Changes %
	31.7.2021 RM'000	30.4.2021 RM'000	
Revenue	970,364	976,798	-0.7%
Profit before tax	174,509	148,900	17.2%
Profit attributable to owners of the Company	142,654	109,880	29.8%

The Group's revenue for the current financial quarter stood at RM970.4 million compared to RM976.8 million recorded in the preceding financial quarter. The decrease in revenue was mainly due to lower sales from its Packaging Division which was impacted by compliance with the various government mandated restrictions in movement, workforce capacity and Standard Operating Procedures ("SOPs") imposed by the regulatory authorities to contain the spread of Covid-19 cases within the community. However, the Group's profit before tax stood at RM174.5 million for the current financial quarter, an increase of 17.2% as compared to RM148.9 million in the preceding financial quarter, mainly contributed by better sales performance from its Property Division.

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

B3 Current financial year prospects

The global economic continues to recover as international trade picks up and world economies gradually re-open. However, recovery in some economies is affected by the headwinds from persistent Covid-19 pandemic waves due to new Delta variant. As such, uncertainty arising from subsequent waves of Covid-19 outbreaks and potential risks of heightened financial market volatility may continue to afflict the normalisation of the global economy.

The overall market environment in Malaysia remains challenging and business activities are still largely restricted despite the implementation of the various phases of the National Recovery Plan across the nation. However, the implementation of the National Recovery Plan as well as the vaccination drive is expected to provide a positive boost for the domestic market as restrictions in operations and activities are gradually lifted, and which is expected to promote greater economic activity.

Packaging

Due to the on-going market uncertainties, the Packaging Division continues to face enhanced operational challenges including volatility of raw material prices, rising logistic costs and heightened financial market volatility. The Group shall continue monitor the global developments and manage such volatility to minimise any material adverse impact on its operations. With the continuous streamlining of its operations and activities, the Group will continue to strengthen and enhance its operational and supply chain efficiencies, manage rising production and logistics costs, expand capacity in areas of competitive strengths with continued focus on developing innovative, sustainable and value-added products with local and international brand owners.

In addition, the Group has also taken several proactive measures including regular Covid-19 testing and participation in immunisation programmes to preserve the safety and well-being of its employees, with 98% of its workforce in Malaysia being fully vaccinated, as of the date of this report. With this, as well as strategies to enhance business continuity plans, the Group hopes to further mitigate its operational and business risks as it seeks to reduce disruptions to plant operations to ensure that its supply chain commitments to its customers, both domestic and overseas, remains stable. Barring unforeseen developments, the Group remains optimistic to deliver a profitable performance in the coming financial year.

The Company had on 13 September 2021 served a notice of an unconditional voluntary take-over offer (“Offer Notice”) to the board of directors of its subsidiary, Daibochi Berhad (“Daibochi”) to privatise Daibochi by acquiring the remaining ordinary shares and warrants in Daibochi not owned by the Company based on the terms and conditions as set out in the Offer Notice (“Offer”). In the event the privatisation of Daibochi is successfully concluded, this will provide greater flexibility for the Group to grow its flexible plastic packaging business globally. Upon privatisation, the Group intends to, inter alia, further strengthen Daibochi’s production efficiencies and operational resilience through the implementation of a Group wide risk mitigation and business continuity plans which will serve to further enhance Daibochi’s competitive edge and reinforce the confidence of both local and multinational customers. Details of the Offer are set out in Note B6 below.

Property

The pandemic induced softening in the property market is expected to stage a positive recovery for the coming financial year as the domestic economy gradually picks up, aided by the re-opening of the business and economic activities pursuant to the implementation of the various phases of the National Recovery Plan. As economic activities pick up, the demand for affordable housing is expected to continue to see good demand. Despite the various lockdowns imposed during the current financial year which had disrupted the progress of its constructional activities, the Group’s steady performance and continual geographical expansion in the current financial year had placed the Group in good stead to capitalise on the anticipated post-pandemic economic rebound.

During the financial year, the Group completed the acquisitions of various development lands in Cheras, Selangor, Seremban, Negeri Sembilan, Jasin, Melaka and Sungai Petani, Kedah totalling approximately 1,944 acres. Following the completion of these land acquisitions, the Group expects to launch its developments of these lands in the coming financial year to meet the robust demand for affordable housing in these localities. The Group will also continue to seize opportunities to acquire more suitable landbanks to further expand its affordable housing brand name across Peninsular Malaysia. Details of the proposed land acquisitions are set out in Note B6 below.

The Group remains focused on the affordable housing segment by leveraging on cost controls and efficient land use to maximise returns whilst ensuring cost competitive products continue to go on-stream.

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

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 were as follows:

	3 months ended		12 months ended	
	31.7.2021 RM'000	31.7.2020 RM'000	31.7.2021 RM'000	31.7.2020 RM'000
In respect of current quarter/year:				
- Income tax	21,081	33,866	109,645	124,698
- Deferred taxation	8,663	5,108	8,984	4,513
In respect of prior year:				
- Income tax	7,110	(2,358)	7,110	(2,358)
- Deferred taxation	(10,554)	(1,229)	(10,554)	(617)
	<u>26,300</u>	<u>35,387</u>	<u>115,185</u>	<u>126,236</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 the utilisation of tax incentive by some of the subsidiaries.

B6 Status of corporate proposals

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

(i) Proposed acquisition of lands in the State of Johor

a) Pulai

On 21 September 2020, the Company announced that Scientex Quatari Sdn Bhd ("SQSB"), a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") with Lee Pineapple Company (Pte) Limited for the proposed acquisition of eight (8) parcels of freehold land, all situated in Mukim of Pulai, District of Johor Bahru, State of Johor, measuring in aggregate an approximate area of 202.2 acres for a total purchase consideration of RM185.0 million.

Subsequently, the vendor and SQSB have agreed that the vendor be released from delivering vacant possession of an area measuring approximately 0.3 acres from Geran 555512 Lot 166154, Mukim of Pulai, District of Johor Bahru, State of Johor via a Supplemental Agreement dated 4 May 2021. The total purchase consideration of the SPA was accordingly adjusted to RM184.7 million. The conditions precedent as set out in the SPA were duly satisfied and the SPA has become unconditional. Payment of the adjusted balance purchase price was made to the vendor on 2 August 2021, hence marking the completion of the acquisition.

b) Tebrau

On 7 May 2021, the Company announced that SQSB, a wholly-owned subsidiary of the Company, entered into a conditional SPA with Pelangi Sdn Bhd for the proposed acquisition of eight (8) pieces of freehold lands, all situated in Mukim Tebrau, District of Johor Bahru, State of Johor, measuring in aggregate area of approximately 959.7 acres for a total purchase consideration of RM518.1 million. The proposed acquisition will be completed in stages up to the first half of year 2024.

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

B6 Status of corporate proposals (Cont'd)

(ii) Proposed acquisition of lands in the State of Pulau Pinang

On 5 April 2021, the Company announced that SQSB and Scientex (Skudai) Sdn Bhd (“SSSB”), both the wholly-owned subsidiaries of the Company entered into two (2) SPAs with the following vendors: -

- a) A SPA entered into between SQSB as the purchaser and Sunrich Conquest Sdn Bhd as the vendor, for the acquisition of all that piece of freehold agricultural land held under Geran 57798 Lot 4358, Mukim 12, District of Seberang Perai Utara, State of Pulau Pinang, measuring in area of approximately 204.7 acres for a purchase consideration of RM147.1 million; and
- b) A SPA entered into between SSSB as the purchaser and Titanium Greenview Sdn Bhd as the vendor, for the acquisition of 2 pieces of freehold agricultural lands held under Geran 19398 Lot 249 and Geran Mukim 288 Lot 248, both situated in Mukim 12, District of Seberang Perai Utara, State of Pulau Pinang, having an aggregate area of approximately 138.5 acres for a total purchase consideration of RM99.5 million.

The total purchase consideration for both SPAs is RM246.7 million. The conditions precedent as set out in the SPAs have been satisfied and accordingly, the proposed acquisitions have become unconditional. The proposed acquisition is expected to be completed by fourth quarter of year 2021.

(iii) Proposed acquisition of lands in the State of Selangor

On 30 August 2021, the Company announced that Scientex Park (M) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a SPA with Seriemas Development Sdn Bhd for the proposed acquisition of five (5) pieces of freehold agricultural lands all situated in the State of Selangor, measuring an aggregate area of approximately 250.8 acres for a total purchase consideration of RM207.6 million. The proposed acquisition is expected to be completed in the second half of year 2022.

(iv) Unconditional voluntary take-over offer of Daibochi Berhad

On 13 September 2021, the Company announced that it has through its principal adviser served a notice of unconditional take-over offer to the board of directors of Daibochi, informing the Company’s intention to undertake an unconditional voluntary take-over offer (“Offer”) to acquire: -

- a) all the remaining 124,784,759 ordinary shares in Daibochi (“Daibochi Shares”), representing 38.12% of the total issued shares of Daibochi (excluding treasury shares) not already held by the Company, as well as such number of new Daibochi Shares that may be issued prior to the closing date of the Offer arising from the exercise of the outstanding warrants 2017/2022 in Daibochi (“Daibochi Warrant(s)”) (“Offer Share(s)”) for a cash offer price of RM2.70 per Offer Share; and
- b) all the remaining 26,137,985 Daibochi Warrants, representing 95.75% of the outstanding Daibochi Warrants not already held by the Company (“Offer Warrant(s)”), for a cash offer price of RM0.32 per Offer Warrant.

The Offer is expected to be completed by the fourth quarter of year 2021.

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

B7 Borrowings and debt securities

As at 31 July 2021	Long term RM'000	Short term RM'000	Total Borrowings RM'000
<u>Secured</u>			
Denominated in RM			
- Sukuk Murabahah	300,000	50,000	350,000
<u>Unsecured</u>			
Denominated in USD			
- Term loan	-	4,965	4,965
- Trade financing	-	359,730	359,730
Denominated in JPY			
- Trade financing	-	57,026	57,026
Denominated in AUD			
- Trade financing	-	20,966	20,966
Denominated in RM			
- Term loan	950	1,396	2,346
- Trade financing	-	324,764	324,764
Total	300,950	818,847	1,119,797

As at 31 July 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
<u>Unsecured</u>			
Denominated in USD			
- Term loan	4,988	9,976	14,964
- Trade financing	-	399,641	399,641
Denominated in JPY			
- Trade financing	-	124,400	124,400
Denominated in AUD			
- Trade financing	-	16,211	16,211
Denominated in RM			
- Term loan	2,349	2,467	4,816
- Trade financing	-	131,028	131,028
Total	357,337	683,723	1,041,060

B8 Material litigation

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

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

B9 Dividend

In respect of the financial year ended 31 July 2021, the Board of Directors recommended a single tier final dividend of 5 sen per ordinary share (single tier final dividend for financial year 2020 of 4.33 sen per ordinary share). The dividend will be payable on 13 January 2022, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

B10 Earnings per share

(i) Basic earnings per share		3 months ended		12 months ended	
		31.7.2021	31.7.2020	31.7.2021	31.7.2020
Profit attributable to equity holders of the Company	(RM'000)	142,654	142,052	457,233	390,114
Weighted average number of ordinary shares in issue	('000)	1,550,616	1,547,631	1,550,039	1,546,923
Basic earnings per share	(sen)	9.20	9.18	29.50	25.22

The earnings per share for the current financial year ended 31 July 2021 and its preceding year had been adjusted to reflect the bonus issue of two (2) bonus shares for every one (1) existing share of the Company held by the entitled shareholders. The bonus issue of shares was completed on 15 January 2021.

(ii) Fully diluted earnings per share

Diluted earnings per ordinary share is not presented as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial year does not exceed the exercise price of the warrants.

By Order of the Board

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

29 September 2021