



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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 31 January 2023

The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

**For the six months ended 31 January 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2023 RM'000	Preceding year corresponding quarter 31.1.2022 RM'000	Current year to date 31.1.2023 RM'000	Preceding year corresponding period 31.1.2022 RM'000
<b>Revenue</b>	<b>978,392</b>	<b>952,007</b>	<b>2,008,268</b>	<b>1,880,179</b>
<b>Operating profit</b>	<b>147,456</b>	<b>125,865</b>	<b>290,842</b>	<b>259,082</b>
Interest expense	(9,767)	(4,905)	(17,803)	(9,241)
Investing results	3,761	3,099	5,118	4,637
<b>Profit before tax</b>	<b>141,450</b>	<b>124,059</b>	<b>278,157</b>	<b>254,478</b>
Taxation	(29,140)	(25,126)	(52,433)	(47,345)
<b>Profit for the quarter / period</b>	<b>112,310</b>	<b>98,933</b>	<b>225,724</b>	<b>207,133</b>
<b>Profit attributable to:</b>				
Owners of the Company	106,292	93,686	213,467	196,560
Non-controlling interests	6,018	5,247	12,257	10,573
<b>Profit for the quarter / period</b>	<b>112,310</b>	<b>98,933</b>	<b>225,724</b>	<b>207,133</b>
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	6.85	6.04	13.76	12.67
- Diluted	N/A	6.01	N/A	12.62

*(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*



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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter ended 31 January 2023  
 The figures have not been audited.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 31 January 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.1.2023 RM'000	Preceding year corresponding quarter 31.1.2022 RM'000	Current year to date 31.1.2023 RM'000	Preceding year corresponding period 31.1.2022 RM'000
<b>Profit for the quarter / period</b>	<b>112,310</b>	<b>98,933</b>	<b>225,724</b>	<b>207,133</b>
<b>Other comprehensive income/(loss), net of income tax:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(23,364)	593	(16,515)	(5,388)
Other comprehensive income/(loss) for the quarter / period, net of income tax	(23,364)	593	(16,515)	(5,388)
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>88,946</b>	<b>99,526</b>	<b>209,209</b>	<b>201,745</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>				
Owners of the Company	86,858	94,769	201,741	193,938
Non-controlling interests	2,088	4,757	7,468	7,807
	<b>88,946</b>	<b>99,526</b>	<b>209,209</b>	<b>201,745</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 January 2023**

	<b>AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2023 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2022 RM'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,542,981	1,463,755
Right-of-use assets	5,504	4,917
Land held for property development	1,562,803	1,650,472
Investment in joint venture	16,637	16,133
Investment in associate	88,909	86,689
Other investments	22,682	22,634
Deferred tax assets	9,282	7,279
Goodwill	326,517	330,423
	<b>3,575,315</b>	<b>3,582,302</b>
<b>Current assets</b>		
Property development costs	422,606	379,859
Inventories	296,221	449,350
Trade and other receivables	946,897	871,867
Cash and cash equivalents	116,261	191,177
	<b>1,781,985</b>	<b>1,892,253</b>
<b>TOTAL ASSETS</b>	<b>5,357,300</b>	<b>5,474,555</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	705,009	704,799
Reserves	2,528,985	2,404,797
Equity attributable to owners of the Company	3,233,994	3,109,596
Non-controlling interests	217,599	198,062
<b>Total equity</b>	<b>3,451,593</b>	<b>3,307,658</b>
<b>Non-current liabilities</b>		
Borrowings	250,000	250,000
Lease liabilities	3,743	3,208
Retirement benefits obligations	46,893	45,943
Deferred tax liabilities	93,960	85,723
	<b>394,596</b>	<b>384,874</b>
<b>Current liabilities</b>		
Borrowings	864,445	921,475
Lease liabilities	3,251	2,662
Trade and other payables	605,471	820,319
Tax liabilities	37,944	37,567
	<b>1,511,111</b>	<b>1,782,023</b>
<b>Total liabilities</b>	<b>1,905,707</b>	<b>2,166,897</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,357,300</b>	<b>5,474,555</b>
Net assets per share attributable to owners of the Company (RM)	2.09	2.00

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*



**SCIENTEX BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 JANUARY 2023**

	Reserves					Retained earnings RM'000	Attributable to owners 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 2022	704,799	(1)	90,719	18,168	494	2,295,417	3,109,596	198,062	3,307,658
Profit for the period	-	-	-	-	-	213,467	213,467	12,257	225,724
Other comprehensive loss for the period	-	-	-	(11,726)	-	-	(11,726)	(4,789)	(16,515)
Total comprehensive income for the period	-	-	-	(11,726)	-	213,467	201,741	7,468	209,209
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	15,746	15,746
Arising from dilution of interest in an existing subsidiary	-	-	-	-	-	-	-	30	30
Issuance of ordinary shares pursuant to Share Grant Plan	210	-	-	-	-	-	210	-	210
Dividends	-	-	-	-	-	(77,553)	(77,553)	(3,707)	(81,260)
As at 31 January 2023	705,009	(1)	90,719	6,442	494	2,431,331	3,233,994	217,599	3,451,593
As at 1 August 2021	703,250	(1)	90,719	10,678	461	2,090,556	2,895,663	201,545	3,097,208
Profit for the period	-	-	-	-	-	196,560	196,560	10,573	207,133
Other comprehensive loss for the period	-	-	-	(2,622)	-	-	(2,622)	(2,766)	(5,388)
Total comprehensive income for the period	-	-	-	(2,622)	-	196,560	193,938	7,807	201,745
Acquisition of additional interest in an existing subsidiary	-	-	-	-	-	(65,450)	(65,450)	(28,057)	(93,507)
Issuance of ordinary shares pursuant to:									
Share Grant Plan	1,442	-	-	-	-	-	1,442	-	1,442
Exercise of warrants	107	-	-	-	-	-	107	-	107
Dividends	-	-	-	-	-	(77,550)	(77,550)	(8,984)	(86,534)
As at 31 January 2022	704,799	(1)	90,719	8,056	461	2,144,116	2,948,150	172,311	3,120,461

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*

**SCIENTEX BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the six months ended 31 January 2023**

	<b>6 MONTHS ENDED 31.1.2023 RM'000</b>	<b>6 MONTHS ENDED 31.1.2022 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	278,157	254,478
Adjustments	64,106	62,322
Operating profits before working capital changes	<u>342,263</u>	<u>316,800</u>
Movement in working capital:		
Decrease in inventories	162,953	30,582
Decrease in development properties	115,982	65,167
Increase in receivables	(110,910)	(10,873)
Decrease in payables	(182,127)	(13,540)
<b>Cash generated from operations</b>	<u>328,161</u>	<u>388,136</u>
Taxation paid	(48,316)	(57,716)
Gratuity and retirement benefits paid	(1,799)	(614)
<b>Net cash from operating activities</b>	<u>278,046</u>	<u>329,806</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	(60,103)	-
Purchase of additional interest in an existing subsidiary	-	(93,507)
Purchase of property, plant and equipment	(58,058)	(74,944)
Deposit paid for purchase of plant and equipment	(8,294)	(16,240)
Purchase of land held for property development	(61,061)	(415,300)
Deposit paid for purchase of land held for property development	-	(27,442)
Proceeds arising from dilution of interest in an existing subsidiary	30	-
Proceeds from disposal of property, plant and equipment	3,421	52
Dividend income received	2,407	4,331
Interest received	1,271	1,154
<b>Net cash used in investing activities</b>	<u>(180,387)</u>	<u>(621,896)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Dividends paid to:		
Shareholders of the Company	(77,553)	(77,550)
Non-controlling shareholders of subsidiaries	(3,707)	(8,984)
Proceeds from exercise of warrants in the Company	-	107
Net repayment of term loans	(16,255)	(5,634)
Net (repayment)/drawdown of short term borrowings	(52,177)	264,398
Repayment of lease liabilities	(1,765)	(1,595)
Finance cost paid	(21,118)	(12,732)
<b>Net cash (used in)/from financing activities</b>	<u>(172,575)</u>	<u>158,010</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(74,916)</u>	<u>(134,080)</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>191,177</u>	<u>243,308</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>116,261</u>	<u>109,228</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	97,078	69,145
Short term deposits	19,183	40,083
	<u>116,261</u>	<u>109,228</u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)*

**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2023**

**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 2022 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 2022.

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 2022, except for the adoption of the following amendments to MFRSs that are effective for financial statements beginning on 1 August 2022, as disclosed below:

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020

The adoption of the above amendments to MFRSs are not expected to 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 2022 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 followings:-

Share Grant Plan

On 2 December 2022, the Company issued and allotted 63,800 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 2023, the total number of issued shares of the Company was 1,551,063,667 ordinary shares, out of which 100 ordinary shares were held as treasury shares. The total number of unexercised warrants was 103,286,327.

**A7 Dividends paid**

The amount of dividend paid by the Company since 31 July 2022 was as follows:

RM'000

In respect of the financial year ended 31 July 2022:

Single tier final dividend of 5 sen per ordinary share declared on 8 December 2022  
and paid on 9 January 2023

77,553

**A8 Segment information**

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

**6 months ended 31 January 2023**

	Packaging RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	<u>1,371,062</u>	<u>637,206</u>	<u>2,008,268</u>
<b>Results</b>			
Operating profit	115,242	175,600	290,842
Investing results			5,118
Interest expense			<u>(17,803)</u>
Profit before taxation			<u>278,157</u>

**6 months ended 31 January 2022**

	Packaging RM'000	Property Development RM'000	Total RM'000
<b>Revenue</b>	<u>1,370,885</u>	<u>509,294</u>	<u>1,880,179</u>
<b>Results</b>			
Operating profit	118,407	140,675	259,082
Investing results			4,637
Interest expense			<u>(9,241)</u>
Profit before taxation			<u>254,478</u>

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**A9 Disclosure items**

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

	3 months ended		6 months ended	
	31.1.2023 RM'000	31.1.2022 RM'000	31.1.2023 RM'000	31.1.2022 RM'000
(a) Interest income	(545)	(476)	(1,146)	(1,154)
(b) Other income	(1,368)	(1,327)	(2,610)	(2,444)
(c) Interest expense	9,685	4,817	17,640	9,060
(d) Interest on lease liabilities	82	88	163	181
(e) Depreciation of property, plant and equipment	30,013	27,804	59,512	55,648
(f) Depreciation of right-of-use assets	929	879	1,863	1,701
(g) Net (write back)/provision of receivables	(6)	(303)	150	80
(h) Net (write back)/provision of inventories	(222)	26	980	442
(i) Gain on disposal of property, plant and equipment	(115)	(46)	(124)	(52)
(j) Property, plant and equipment written off	3	1	35	1
(k) Net foreign exchange (gain)/loss	(5,486)	6,718	(1,277)	(6,872)
(l) Fair value gain of money market deposits	(60)	-	(125)	-

In the current financial quarter and current financial year-to-date ended 31 January 2023, 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 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 quarter 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.



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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 quarter under review, except for the followings:

Acquisition of Scientex Packaging (Kajang) Sdn Bhd (formerly known as Taisei Lamick Malaysia Sdn Bhd) (“SPK”)

On 2 September 2022, the Company announced that Scientex Packaging Film Sdn Bhd (“SPF”), a wholly-owned subsidiary of the Company, has entered into a share sale agreement (“SSA”) with Taisei Lamick Co. Ltd (“Vendor”) for the proposed acquisition of 8,100 ordinary shares in SPK, representing approximately 80.2% equity interest in SPK for a total purchase consideration of RM63,779,503 to be satisfied entirely via cash, subject to the terms and conditions contained in the SSA (“Proposed Acquisition”). The SSA has become unconditional on 23 September 2022 and the completion of the Proposed Acquisition took place on 30 September 2022 in accordance with the terms and conditions of the SSA. Pursuant thereto, SPK has become a subsidiary of SPF.

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

	Provisional fair value recognised on Acquisition RM’000
<b>Assets</b>	
Property, plant and equipment	86,571
Right-of-use assets	155
Other investments	48
Inventories	10,893
Trade and other receivables	15,027
Cash and bank balance	3,677
	116,371
<b>Liabilities</b>	
Trade and other payables	(12,050)
Borrowings	(24,640)
Finance lease liabilities	(155)
	(36,845)
Net identifiable assets	79,526
Fair value of net identifiable assets	79,526
Non-controlling interest	(15,746)
Cost of business combination	63,780
<b>Cash outflow on acquisition was as follows:</b>	
Total purchase consideration	63,780
Cash and cash equivalents of subsidiary acquired	(3,677)
<b>Net cash outflow of the Group</b>	<b>60,103</b>

Provisional accounting of acquisition

During the current financial quarter, the fair value of SPK’s identifiable assets and liabilities were determined on provision basis. Any difference arising from this acquisition will be adjusted accordingly on a retrospective basis should there be any change to the basis.

From the date of acquisition, SPK has contributed approximately RM18,458,000 of revenue and net profit of RM561,000 to the Group.

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**A13 Contingent liabilities**

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

**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 31.1.2023 RM'000	As at 31.1.2022 RM'000
Approved and contracted for:		
Purchase of plant and machinery	63,490	114,875
Balance payment for purchase of land held for development	186,806	713,305
	<u>250,296</u>	<u>828,180</u>

**A15 Related party transactions**

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2023 were as follows:

	3 months ended		6 months ended	
	31.1.2023 RM'000	31.1.2022 RM'000	31.1.2023 RM'000	31.1.2022 RM'000
Purchase of goods from associated companies	43,968	44,398	86,001	88,743
Sales of goods to associated company	(113)	-	(205)	-
Rental income from associated company	(139)	(139)	(278)	(278)
Rental income from jointly controlled entity	(232)	(232)	(463)	(463)
			<u>(463)</u>	<u>(463)</u>

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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 2023**

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

**B1 Review of performance**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current year quarter	Preceding year corresponding quarter	Changes %	Current year-to-date	Preceding year corresponding period	Changes %
	31.1.2023 RM'000	31.1.2022 RM'000		31.1.2023 RM'000	31.1.2022 RM'000	
Revenue	978,392	952,007	2.8%	2,008,268	1,880,179	6.8%
Operating profit	147,456	125,865	17.2%	290,842	259,082	12.3%
Profit attributable to owners of the Company	106,292	93,686	13.5%	213,467	196,560	8.6%

(i) Current quarter review

For the current financial quarter ended 31 January 2023, the Group recorded revenue of RM978.4 million, an increase of 2.8% compared to RM952.0 million recorded in the preceding year corresponding quarter. The Group's operating profit stood at RM147.5 million, reflecting an increase of 17.2% compared to RM125.9 million achieved in the preceding year corresponding quarter.

**Packaging** revenue was RM655.1 million compared to RM692.8 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly due to lower sales recorded from the Group's industrial products as global buyers turned cautious amidst increased volatility in the marketplace. Packaging's operating profit stood higher at RM58.3 million compared to RM53.7 million recorded in the preceding year corresponding quarter which was derived from better product mix of its consumer packaging products segment.

**Property** revenue was RM323.3 million, an increase of 24.7% compared to RM259.2 million recorded in the preceding year corresponding quarter. The higher revenue was mainly contributed by improving sales and steady construction progress for its on-going projects as well as maiden contribution from its project in Scientex Sungai Petani, Kedah. In addition, the higher revenue was also contributed by strong demand from the new launches. In tandem with the higher revenue recorded, operating profit increased to RM89.1 million compared to RM72.2 million recorded in the preceding year corresponding quarter.

(ii) 6-month review

For the 6-month financial period ended 31 January 2023, the Group recorded higher revenue of RM2.01 billion compared to the preceding year corresponding period of RM1.88 billion. Operating profit also came in higher at RM290.8 million compared to the preceding year corresponding period of RM259.1 million. The increase in revenue and operating profit was mainly due to better performance from the Property Division.

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**B1 Review of performance (Cont'd)**

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

**Packaging** revenue stood at RM1.37 billion for the period under review which was similar to its performance in the preceding year corresponding period. In line with sales, Packaging's operating profit stood at RM115.2 million, reflecting a marginal decrease compared to RM118.4 million recorded in the preceding year corresponding period.

**Property** revenue stood at RM637.2 million for the period under review, a marked improvement compared to the preceding year corresponding period of RM509.3 million. Operating profit came in correspondingly higher at RM175.6 million compared to the preceding year corresponding period of RM140.7 million. The improved performance was mainly contributed from higher sales and steady constructional progress from its on-going projects as well as the strong take up rates for its new launches.

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

	Current quarter	Preceding quarter	Changes %
	31.1.2023 RM'000	31.10.2022 RM'000	
Revenue	978,392	1,029,876	-5.0%
Profit before tax	141,450	136,707	3.5%
Profit attributable to owners of the Company	106,292	107,175	-0.8%

The Group's revenue for the current financial quarter decreased to RM978.4 million compared to RM1.03 billion recorded in the preceding financial quarter. The decrease in revenue was mainly due to lower revenue recorded by the Packaging Division. The Group's profit before tax stood at RM141.5 million for the current financial quarter, compared to RM136.7 million recorded in the preceding financial quarter.

**B3 Current financial year prospects**

**Packaging** Division continues to be weighed down by a myriad of external forces affecting global demand such as elevated cost pressures, geopolitical tensions and rising global interest rates which had impacted the industry. Global demand continues to be impacted as global sentiments wane in the light of rising uncertainties and elevated operating costs including the recent electricity tariff hike by the Government.

Against this backdrop, the Group will continue to monitor closely such external developments as they evolve to ensure that appropriate and timely responses may be taken to address such evolving risks and effects. The Group remains focus on its core businesses and fundamentals and committed to improve its cost management and strengthen its operational efficiency as part of its overall drive to lower operating costs in order to maintain its global competitiveness. In addition, the Group has also embarked on the pilot adoption of a solar photovoltaic project at one of our manufacturing plants as part of its effort towards sustainable energy consumption and reducing the Group's carbon footprint.

The Group's expansion plans, which is tailored for longer term growth remains on track. The Group will continue to leverage on innovation and collaboration with its global buyers to commercialise more value-added products which meet functional and sustainability goals concurrently.

The global demand is expected to be weaker due to on-going uncertainties and the Group remains cautious as the industry will continue to be challenging.

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

**Property** Division is seeing improvements in the authority approval process which has expedited and contributed to better revenue recognition. With the newly elected Government expected to ease the labour shortage within the industry, the Group expects to see an easing of labour shortage and a pick-up in its constructional activities for this financial year as demand for its affordable housing continues to remain relatively robust. The Group continues to seek and acquire competitively priced landbanks at strategic locations as part of its on-going efforts to address rising operational costs. The Group also constantly monitors and maintains its on-going efforts to balance rising operational costs with product affordability through, amongst others, better planning and optimisation of resources and greater adoption of the costs effective Industrialised Building System for speedy, efficient and proper deployment of resources to reduce wastage and delays.

The latest rate pause announced by Bank Negara Malaysia in January 2023 after a series of interest rate hikes in 2022 was a welcome relief as demand for the Group's products may be affected if interest rate hikes continue unabated. At current levels, financing remains affordable as seen in the robust demand for its products.

For the current financial quarter, the Division saw strong take-up rates for its property launches in Scientex Seremban in Negeri Sembilan, Scientex Kundang Jaya in Selangor, Scientex Tasek Gelugor in Penang, Scientex Jasin and Scientex Bandar Jasin in Melaka and Taman Pulau Mutiara 2 in Johor. It also saw its successful maiden launch of its project in Sungai Petani, Kedah. For this financial year, the Group will continue to launch several new phases across its developments in Peninsular Malaysia by leveraging on its branding, affordable pricing and strategic locations. In addition, the Group is looking to expand its affordable housing brand overseas to meet the demand for affordable homes in the neighbouring Asean countries.

Barring unforeseen circumstances, the Group is cautiously optimistic that the demand of the Group's property products will remain resilient for 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 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		6 months ended	
	31.1.2023	31.1.2022	31.1.2023	31.1.2022
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	27,464	25,586	46,239	48,582
- Deferred taxation	1,676	(460)	6,194	(1,237)
	<u>29,140</u>	<u>25,126</u>	<u>52,433</u>	<u>47,345</u>

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

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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 for the following:-

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

On 7 May 2021, the Company announced that Scientex Quatari Sdn Bhd (“SQSB”), a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement (“SPA”) with Pelangi Sdn Bhd (“the Vendor”) 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. Subsequently in view of the non-fulfilment of the conditions precedent, the Vendor, through its solicitors, issued a letter dated 6 March 2023 to terminate the SPA (“Termination Notice”). Accordingly, the Company had on 13 March 2023 received a refund cheque from the Vendor for the total deposit together with interest accrued from the date of the SPA until the date of the Termination Notice in accordance with the terms and conditions of SPA. Thereafter, the SPA shall lapse and be of no further effect and the parties shall be released from all further obligations under the SPA save and except for any antecedent breaches.

The termination of the SPA does not have any financial impact to the Company and SQSB.

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

On 30 August 2021, the Company announced that Scientex Park (M) Sdn Bhd (“SPSB”), a wholly-owned subsidiary of the Company entered into a SPA with Seriemas Development Sdn Bhd (“Vendor”) 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 (“Lands”) for a total purchase consideration of RM207.6 million. On 15 June 2022, the Vendor and SPSB have entered into a Supplemental Agreement to extend the conditional period to 24 November 2022 to enable Vendor to obtain the approvals of Estate Land Board, subdivision of Lot 4567 into four (4) subdivided titles and issuance of four (4) separate titles for Lot 4567 in accordance with the revised subdivisional plan; and for SPSB to obtain the outcome of appeal to Economic Planning Unit.

On 9 November 2022, SPSB has agreed with the Vendor as follows: -

- b) To jointly invest in a dormant company called Scientex Jenjarom Sdn Bhd (formerly known as Scientex Distribution Sdn Bhd) (“SJSB”) with SPSB holding 70% and the Vendor holding the remaining 30% of the shares of SJSB (“Proposed Joint Venture”); and
- c) A Shareholders’ Agreement (“SHA”) has been signed between the Vendor, SPSB and SJSB to regulate their relationship as shareholders and with SJSB as new purchaser of the Lands;
- d) Contemporaneously with the execution of the SHA,
  - (i) the Vendor and SPSB have signed a Deed of Rescission and Revocation to terminate the SPA;
  - (ii) the Vendor and SJSB have signed a new Sale & Purchase Agreement for the sale by the Vendor of the Lands to SJSB as purchaser at the same purchase consideration of RM207.6 million.

The Proposed Joint Venture is expected to be completed in the first half of year 2023.

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**B7 Borrowings and debt securities**

As at 31 January 2023	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Secured</u></b> <b>Denominated in RM</b> - Sukuk Murabahah	250,000	50,000	300,000
<b><u>Unsecured</u></b> <b>Denominated in USD</b> - Trade financing	-	127,274	127,274
<b>Denominated in JPY</b> - Trade financing	-	31,202	31,202
<b>Denominated in RM</b> - Trade financing	-	655,969	655,969
<b>Total</b>	250,000	864,445	1,114,445

As at 31 January 2022	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Secured</u></b> <b>Denominated in RM</b> - Sukuk Murabahah	300,000	50,000	350,000
<b><u>Unsecured</u></b> <b>Denominated in USD</b> - Trade financing	-	421,260	421,260
<b>Denominated in JPY</b> - Trade financing	-	61,884	61,884
<b>Denominated in AUD</b> - Trade financing	-	33,575	33,575
<b>Denominated in RM</b> - Term loan	239	1,413	1,652
- Trade financing	-	507,686	507,686
<b>Total</b>	300,239	1,075,818	1,376,057

**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	
		31.1.2023	31.1.2022	31.1.2023	31.1.2022
<b>(i) Basic earnings per share</b>					
Profit attributable to owners of the Company	(RM'000)	106,292	93,686	213,467	196,560
Weighted average number of ordinary shares in issue	('000)	1,551,042	1,550,877	1,551,021	1,550,767
Basic earnings per share	(sen)	6.85	6.04	13.76	12.67
<b>(ii) Diluted earnings per share</b>					
Profit attributable to owners of the Company	(RM'000)	N/A	93,686	N/A	196,560
Weighted average number of ordinary shares in issue	('000)	N/A	1,550,877	N/A	1,550,767
Effect of dilution - warrants	('000)	N/A	8,136	N/A	6,356
Adjusted weighted average number of ordinary shares	('000)	N/A	1,559,013	N/A	1,557,123
Diluted earnings per share	(sen)	N/A	6.01	N/A	12.62

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

By Order of the Board

Chua Siew Chuan (MAICSA 0777689) (SSM Practising Certificate No. 201908002648)  
Tung Wei Yen (MAICSA 7062671) (SSM Practising Certificate No. 201908003813)  
Ong Ling Hui (MAICSA 7065599) (SSM Practising Certificate No. 202008000555)  
Company Secretaries

15 March 2023