



SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Formerly known as Daibochi Berhad)
 (Company No: 197201001354 [12994-W])
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2022
 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the financial year ended 31 July 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2022 RM'000	Preceding year corresponding quarter 31.7.2021 RM'000	Current year to date 31.7.2022 RM'000	Preceding year 31.7.2021 RM'000
Revenue	191,836	133,726	774,049	601,869
Operating profit	11,053	4,952	45,107	52,188
Interest expense	(895)	(324)	(2,605)	(1,505)
Profit before tax	10,158	4,628	42,502	50,683
Taxation	1,026	3,878	(185)	(4,110)
Profit for the quarter / year	11,184	8,506	42,317	46,573
Profit attributable to:				
Owners of the Company	11,353	8,887	43,151	47,029
Non-controlling interests	(169)	(381)	(834)	(456)
Profit for the quarter / year	11,184	8,506	42,317	46,573
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	3.38	2.72	13.09	14.37
- Diluted	N/A	N/A	N/A	14.35

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the financial year ended 31 July 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2022 RM'000	Preceding year corresponding quarter 31.7.2021 RM'000	Current year to date 31.7.2022 RM'000	Preceding year 31.7.2021 RM'000
Profit for the quarter / year	11,184	8,506	42,317	46,573
Other comprehensive income/(loss), net of income tax: Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	1,020	(1,739)	(3,133)	(10,747)
Other comprehensive income/(loss) for the quarter / year, net of income tax	1,020	(1,739)	(3,133)	(10,747)
Total comprehensive income for the quarter / year, net of income tax	12,204	6,767	39,184	35,826
Total comprehensive income for the quarter / year attributable to:				
Owners of the Company	11,962	7,724	41,290	40,738
Non-controlling interests	242	(957)	(2,106)	(4,912)
	12,204	6,767	39,184	35,826

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 July 2022

	AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2022 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	287,425	231,885
Right-of-use assets	2,162	2,747
Deferred tax assets	496	355
Goodwill	68,187	69,940
	358,270	304,927
Current assets		
Inventories	104,860	80,138
Trade and other receivables	143,823	108,445
Tax recoverable	9,654	6,017
Cash and bank balances	22,097	24,603
	280,434	219,203
TOTAL ASSETS	638,704	524,130
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	221,213	163,090
Reserves	147,236	114,130
Equity attributable to owners of the Company	368,449	277,220
Non-controlling interests	17,890	19,996
Total equity	386,339	297,216
Non-current liabilities		
Borrowings	-	951
Lease liabilities	2,146	2,481
Deferred tax liabilities	22,050	25,702
	24,196	29,134
Current liabilities		
Borrowings	75,549	77,739
Lease liabilities	944	3,091
Trade and other payables	150,079	115,827
Tax liabilities	1,597	1,123
	228,169	197,780
Total liabilities	252,365	226,914
TOTAL EQUITY AND LIABILITIES	638,704	524,130
Net assets per share attributable to owners of the Company (RM)	1.05	0.85

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the financial year ended 31 July 2022

	Share capital RM'000	Treasury shares RM'000	Reserves		Distributable Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
			Non-distributable	Revaluation reserve RM'000				
As at 1 August 2021	164,235	(1,145)	7,468	(5,597)	112,259	277,220	19,996	297,216
Profit for the year	-	-	-	-	43,151	43,151	(834)	42,317
Other comprehensive loss for the year	-	-	-	(1,861)	-	(1,861)	(1,272)	(3,133)
Total comprehensive income for the year	-	-	-	(1,861)	43,151	41,290	(2,106)	39,184
Dividends paid	-	-	-	-	(8,184)	(8,184)	-	(8,184)
Exercise of warrants	58,123	-	-	-	-	58,123	-	58,123
As at 31 July 2022	222,358	(1,145)	7,468	(7,458)	147,226	368,449	17,890	386,339
As at 1 August 2020	164,176	(1,145)	7,468	694	81,599	252,792	24,908	277,700
Profit for the year	-	-	-	-	47,029	47,029	(456)	46,573
Other comprehensive income for the year	-	-	-	(6,291)	-	(6,291)	(4,456)	(10,747)
Total comprehensive income for the year	-	-	-	(6,291)	47,029	40,738	(4,912)	35,826
Dividends paid	-	-	-	-	(16,369)	(16,369)	-	(16,369)
Exercise of warrants	59	-	-	-	-	59	-	59
As at 31 July 2021	164,235	(1,145)	7,468	(5,597)	112,259	277,220	19,996	297,216

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW For the financial year ended 31 July 2022

	12 MONTHS ENDED 31.7.2022 RM'000	12 MONTHS ENDED 31.7.2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	42,502	50,683
Adjustments	31,974	29,014
Operating profit before working capital changes	<u>74,476</u>	<u>79,697</u>
Movement in working capital:		
Increase in inventories	(26,465)	(9,618)
(Increase)/decrease in receivables	(50,137)	67
Increase in payables	31,505	19,471
Cash generated from operations	<u>29,379</u>	<u>89,617</u>
Interest received	99	13
Taxation paid	(7,140)	(9,127)
Net cash from operating activities	<u>22,338</u>	<u>80,503</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	34	77
Interest received	24	9
Purchase of property, plant and equipment	(58,200)	(43,927)
Deposit paid for purchase of property, plant and equipment	(5,152)	(20,043)
Net cash used in investing activities	<u>(63,294)</u>	<u>(63,884)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Net drawdown/(repayment) of short-term borrowings	(3,905)	2,420
Repayment of term loans	(2,346)	(2,470)
Proceeds from exercise of warrants	58,123	59
Dividends paid to shareholders of the Company	(8,184)	(16,369)
Interest paid	(2,385)	(1,171)
Interest paid on lease liabilities	(220)	(334)
Repayment of lease liabilities	(1,928)	(771)
Net cash from/(used in) financing activities	<u>39,155</u>	<u>(18,636)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,801)	(2,017)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	24,603	28,484
Effect of exchange differences	(705)	(1,864)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>22,097</u>	<u>24,603</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)

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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JULY 2022

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 2021 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 2021.

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 2021, except for the adoption of the following amendments to MFRSs that are effective for the financial statements effective from 1 August 2021, as disclosed below:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to MFRSs does 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 2021 was not qualified.

A3 Seasonal or cyclical factors

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

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

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

A5 Material changes in estimates

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

A6 Changes in debts and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year under review except for the issuance of 23,248,973 new ordinary shares pursuant to the exercise of 23,248,973 warrants at an exercise price of RM2.50 per warrant. As at 31 July 2022, the total number of issued shares of the Company was 351,171,292 ordinary shares, out of which 550,100 ordinary shares were held as treasury shares.

The warrants have expired on 17 June 2022 and the remaining unexercised warrants of 4,047,979 had lapsed.

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A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2021 was as follows:

	RM'000
In respect of the financial year ended 31 July 2022:	
Single tier interim dividend of 2.50 sen per ordinary share declared on 7 December 2021 and paid on 10 January 2022.	<u>8,184</u>

A8 Segment information

The Group did not present operating segment analysis as the business of the Group focuses solely in manufacturing and marketing of flexible plastic packaging materials within their internal reporting system. Accordingly, the chief operating decision makers review the business performance of the Group as a whole.

A9 Disclosure items

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

	3 months ended		12 months ended	
	31.7.2022	31.7.2021	31.7.2022	31.7.2021
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(75)	(4)	(123)	(22)
(b) Other income	(112)	(916)	(1,768)	(3,829)
(c) Interest expense	846	256	2,385	1,171
(d) Interest on lease liabilities	49	68	220	334
(e) Depreciation of property, plant and equipment	6,342	5,963	24,349	23,445
(f) Depreciation of right-of-use assets	259	244	1,067	1,085
(g) Net provision/(write back) of receivables	124	9	119	(69)
(h) Net provision of inventories	691	160	1,271	127
(i) Write off of inventories	-	16	-	16
(j) Gain on disposal of plant and equipment	(1)	(9)	(18)	(69)
(k) Property, plant and equipment written off	97	109	98	292
(l) Net foreign exchange loss	1,867	2,377	2,409	1,630

In the current financial quarter and current financial year ended 31 July 2022, there were no:

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

A10 Valuation of property, plant and equipment

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

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A11 Events subsequent to the end of the reporting period

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

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.

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 31.7.2022 RM'000	As at 31.7.2021 RM'000
Approved and contracted for:		
Purchase of plant and machinery	40,045	60,976

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year ended 31 July 2022 were as follows:

	3 months ended		12 months ended	
	31.7.2022 RM'000	31.7.2021 RM'000	31.7.2022 RM'000	31.7.2021 RM'000
Other related companies *				
Sale of goods	59	58	370	58
Facilities usage income	-	819	1,365	3,276
Purchase of goods	50,144	45,437	226,433	177,018
Services received	30	30	120	70

* Other related companies refer to subsidiaries and/or associates of holding company, 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 2022**

**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	
	31.7.2022 RM'000	31.7.2021 RM'000		31.7.2022 RM'000	31.7.2021 RM'000	
Revenue	191,836	133,726	43.5%	774,049	601,869	28.6%
Operating profit	11,053	4,952	123.2%	45,107	52,188	-13.6%
Profit attributable to owners of the Company	11,353	8,887	27.7%	43,151	47,029	-8.2%

Current quarter review

For the current financial quarter ended 31 July 2022, the Group achieved revenue of RM191.84 million, an increase of 43.5% compared to RM133.73 million achieved in the preceding year corresponding quarter, boosted by higher average selling prices and higher demand in both domestic and export sales. Domestic sales as a percentage to group revenue rose to 52.9% compared to 51.1% recorded in the preceding year corresponding quarter.

For the current financial quarter under review, operating profit increased from RM4.95 million to RM11.05 million due to the increase in revenue achieved. In the preceding year corresponding quarter, the Group was impacted by Covid-19 related issues such as temporary plant closures, workforce capacity restrictions as well as reduced demand from local customers which impacted its overall revenue, production output and efficiency.

12-month review

For the financial year ended 31 July 2022, the Group recorded revenue of RM774.05 million, an increase of 28.6% compared to RM601.87 million achieved in the preceding financial year. Domestic sales contributed RM408.56 million or 52.8% of the group revenue whilst exports contributed the balance RM365.49 million or 47.2% of the group revenue.

However, the Group recorded a lower operating profit of RM45.11 million compared to RM52.19 million a year ago as a result of margin compression attributed to overall increase in production and operational costs due to higher raw material costs, freight and other operating costs.

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

	Current quarter	Preceding quarter	Changes %
	31.7.2022 RM'000	30.4.2022 RM'000	
Revenue	191,836	207,431	-7.5%
Profit before tax ("PBT")	10,158	11,621	-12.6%
Profit attributable to owners of the Company	11,353	10,308	10.1%

For the three months ended 31 July 2022, the Group's revenue decreased by 7.5% to RM191.84 million from RM207.43 million recorded in the preceding quarter. The decline was attributed to lower sales for both the domestic and export markets.

In line with the reduction in revenue, the Group recorded PBT of RM10.16 million for the current financial quarter compared to RM11.62 million in the preceding financial quarter.

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B3 Current financial year prospects

Despite facing an increasingly volatile external environment, demand for the Group's products remained strong as we continue to work with global and local brand owners to meet their sustainability goals. With priority focused on innovation and development, we have successfully commercialised more sustainable flexible plastic packaging (FPP) products, that fulfil the twin design of meeting the customers' stringent packaging requirements and are yet fully recyclable. As part of its longer term objective, the Group is continuously working to embed sustainable practices and processes in its manufacturing process that supports the greater circular economy as we seek to establish and enhance our position as a producer of quality sustainable FPP products for the global markets.

The Group's expansion plan remains on track and the Group expects to be able to better serve its customers with more innovative and value added products as trends and packaging requirements evolve. The Group will continue to monitor the operational challenges due to factors such as the ongoing geopolitical tension, global supply chain challenges, shortage of labour and rising inflationary pressures and be pro-active with its customers and suppliers to mitigate and manage these operational issues to reduce its impact and meet its commitments to its customers.

The current socioeconomic conditions in Myanmar remains challenging as the on-going economic and political uncertainties is expected to weigh in on operations and is likely to affect its financial performance over the near term, notwithstanding encouraging demand for its FPP products. The Group will continue to work with its joint venture partner to manage its operations to minimise any adverse effects whilst exploring options pertaining to the Myanmar operations.

Save for its Myanmar operations, the Group is relatively optimistic that it will be in a position to meet customers' expectations and sustain its performance for the coming financial year.

B4 Variations of actual profit from forecast profit

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

B5 Taxation

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

	3 months ended		12 months ended	
	31.7.2022 RM'000	31.7.2021 RM'000	31.7.2022 RM'000	31.7.2021 RM'000
In respect of current quarter/year:				
- Income tax	2,123	(1,675)	4,171	5,992
- Deferred tax	(2,905)	972	(3,742)	1,293
In respect of prior year:				
- Income tax	(196)	(3,279)	(196)	(3,279)
- Deferred tax	(48)	104	(48)	104
	(1,026)	(3,878)	185	4,110

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

B6 Status of corporate proposals

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

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B7 Borrowings

	Long term RM'000	Short term RM'000	Total borrowings RM'000
As at 31 July 2022			
<u>Unsecured:</u>			
Denominated in USD			
- Trade financing	-	57,183	57,183
Denominated in AUD			
- Trade financing	-	7,588	7,588
Denominated in RM			
- Trade financing	-	10,778	10,778
Total	-	75,549	75,549
As at 31 July 2021			
<u>Unsecured:</u>			
Denominated in USD			
- Trade financing	-	43,804	43,804
Denominated in AUD			
- Trade financing	-	20,966	20,966
Denominated in RM			
- Term loan	951	1,395	2,346
- Trade financing	-	11,574	11,574
Total	951	77,739	78,690

B8 Material litigation

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

B9 Dividend

In respect of the financial year ended 31 July 2022, the Board of Directors recommended a single tier final dividend of 2.50 sen per ordinary share. The dividend will be payable on 4 January 2023, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

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B10 Earnings per share

		3 months ended		12 months ended	
		31.7.2022	31.7.2021	31.7.2022	31.7.2021
(i) Basic earnings per share					
Profit attributable to owners of the Company	RM'000	11,353	8,887	43,151	47,029
Weighted average number of ordinary shares	'000	336,219	327,372	329,602	327,363
Basic earnings per ordinary share	(sen)	3.38	2.72	13.09	14.37
(ii) Diluted earnings per share					
Profit attributable to owners of the Company	RM'000	N/A	N/A	N/A	47,029
Weighted average number of ordinary shares	'000	N/A	N/A	N/A	327,363
Effect of dilution – warrants	'000	N/A	N/A	N/A	423
Adjusted weighted average number of ordinary shares	'000	N/A	N/A	N/A	327,786
Diluted earnings per share	(sen)	N/A	N/A	N/A	14.35

Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding for the current financial quarter and financial year end.

By Order of the Board

Tung Wei Yen (MAICSA 7062671)
Geetharani A/P Ranganathan (MAICSA 7070549)
Company Secretaries

28 September 2022