



## SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Company No: 197201001354 [12994-W])

(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	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.1.2023 RM'000	31.1.2022 RM'000	31.1.2023 RM'000	31.1.2022 RM'000
<b>Revenue</b>	<b>198,061</b>	<b>194,467</b>	<b>411,977</b>	<b>374,782</b>
<b>Operating profit</b>	<b>16,800</b>	<b>12,225</b>	<b>34,252</b>	<b>21,763</b>
Interest expense	(1,385)	(560)	(2,638)	(1,040)
<b>Profit before tax</b>	<b>15,415</b>	<b>11,665</b>	<b>31,614</b>	<b>20,723</b>
Taxation	(1,866)	(321)	(5,430)	86
<b>Profit for the quarter / period</b>	<b>13,549</b>	<b>11,344</b>	<b>26,184</b>	<b>20,809</b>
<b>Profit attributable to:</b>				
Owners of the Company	13,377	11,690	25,652	21,490
Non-controlling interests	172	(346)	532	(681)
<b>Profit for the quarter / period</b>	<b>13,549</b>	<b>11,344</b>	<b>26,184</b>	<b>20,809</b>
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	3.82	3.57	7.32	6.56

*(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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(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 COMPREHENSIVE INCOME

For the six months ended 31 January 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.1.2023 RM'000	31.1.2022 RM'000	31.1.2023 RM'000	31.1.2022 RM'000
<b>Profit for the quarter / period</b>	<b>13,549</b>	<b>11,344</b>	<b>26,184</b>	<b>20,809</b>
<b>Other comprehensive loss, net of income tax:</b>				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	(4,455)	(1,713)	(7,814)	(4,820)
Other comprehensive loss for the quarter / period, net of income tax	(4,455)	(1,713)	(7,814)	(4,820)
<b>Total comprehensive income for the quarter / period, net of income tax</b>	<b>9,094</b>	<b>9,631</b>	<b>18,370</b>	<b>15,989</b>
<b>Total comprehensive income for the quarter / period attributable to:</b>				
Owners of the Company	10,620	10,257	20,626	18,203
Non-controlling interests	(1,526)	(626)	(2,256)	(2,214)
	<b>9,094</b>	<b>9,631</b>	<b>18,370</b>	<b>15,989</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)*



## SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2023 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2022 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	303,438	287,425
Right-of-use assets	3,015	2,162
Deferred tax assets	477	496
Goodwill	64,281	68,187
	<b>371,211</b>	<b>358,270</b>
<b>Current assets</b>		
Inventories	88,762	104,860
Trade and other receivables	154,074	143,823
Tax recoverable	4,776	9,654
Cash and bank balances	24,049	22,097
	<b>271,661</b>	<b>280,434</b>
<b>TOTAL ASSETS</b>	<b>642,872</b>	<b>638,704</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	221,213	221,213
Reserves	159,096	147,236
Equity attributable to owners of the Company	380,309	368,449
Non-controlling interests	15,634	17,890
<b>Total equity</b>	<b>395,943</b>	<b>386,339</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,809	2,146
Deferred tax liabilities	21,673	22,050
	<b>24,482</b>	<b>24,196</b>
<b>Current liabilities</b>		
Borrowings	81,834	75,549
Lease liabilities	1,735	944
Trade and other payables	138,749	150,079
Tax liabilities	129	1,597
	<b>222,447</b>	<b>228,169</b>
<b>Total liabilities</b>	<b>246,929</b>	<b>252,365</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>642,872</b>	<b>638,704</b>
Net assets per share attributable to owners of the Company (RM)	1.08	1.05

*(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 PACKAGING (AYER KEROH) BERHAD

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2023

	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserves RM'000	Reserves ----- Non-distributable ----- Distributable Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
As at 1 August 2022	222,358	(1,145)	7,468	(7,458)	147,226	368,449	17,890	386,339
Profit for the period	-	-	-	-	25,652	25,652	532	26,184
Other comprehensive loss for the period	-	-	-	(5,026)	-	(5,026)	(2,788)	(7,814)
Total comprehensive income for the period	-	-	-	(5,026)	25,652	20,626	(2,256)	18,370
Dividends paid	-	-	-	-	(8,766)	(8,766)	-	(8,766)
As at 31 January 2023	222,358	(1,145)	7,468	(12,484)	164,112	380,309	15,634	395,943
As at 1 August 2021	164,235	(1,145)	7,468	(5,597)	112,259	277,220	19,996	297,216
Profit for the period	-	-	-	-	21,490	21,490	(681)	20,809
Other comprehensive loss for the period	-	-	-	(3,287)	-	(3,287)	(1,533)	(4,820)
Total comprehensive income for the period	-	-	-	(3,287)	21,490	18,203	(2,214)	15,989
Dividends paid	-	-	-	-	(8,184)	(8,184)	-	(8,184)
As at 31 January 2022	164,235	(1,145)	7,468	(8,884)	125,565	287,239	17,782	305,021

*(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 PACKAGING (AYER KEROH) BERHAD**

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(Incorporated in Malaysia)

**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	31,614	20,723
Adjustments	15,232	13,014
Operating profit before working capital changes	46,846	33,737
Movement in working capital:		
Decrease/(increase) in inventories	12,935	(20,481)
Increase in receivables	(16,238)	(56,255)
(Decrease)/increase in payables	(8,569)	44,630
Cash generated from operations	34,974	1,631
Interest received	211	23
Taxation paid	(2,443)	(6,058)
<b>Net cash from/(used in) operating activities</b>	<b>32,742</b>	<b>(4,404)</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	130	17
Interest received	-	4
Purchase of property, plant and equipment	(29,687)	(45,088)
Deposit paid for purchase of property, plant and equipment	(387)	(1,838)
<b>Net cash used in investing activities</b>	<b>(29,944)</b>	<b>(46,905)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of short-term borrowings	12,287	52,941
Repayment of term loans	-	(693)
Dividends paid to shareholders of the Company	(8,766)	(8,184)
Interest paid	(2,529)	(921)
Interest paid on lease liabilities	(109)	(119)
Repayment of lease liabilities	(509)	(370)
<b>Net cash from financing activities</b>	<b>374</b>	<b>42,654</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>3,172</b>	<b>(8,655)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>22,097</b>	<b>24,603</b>
<b>Effect of exchange differences</b>	<b>(1,220)</b>	<b>(1,120)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>24,049</b>	<b>14,828</b>

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

**SCIENTEX PACKAGING (AYER KEROH) BERHAD**

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**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 the financial statements effective from 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 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 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.

**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 quarter under review. As at 31 January 2023, 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.

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**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 2.50 sen per ordinary share declared on 7 December 2022 and paid on 4 January 2023.

8,766

**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		6 months ended	
	31.1.2023	31.1.2022	31.1.2023	31.1.2022
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(146)	(23)	(211)	(27)
(b) Other income	(33)	(657)	(37)	(1,569)
(c) Interest expense	1,330	504	2,529	921
(d) Interest on lease liabilities	55	56	109	119
(e) Depreciation of property, plant and equipment	7,417	5,981	14,738	12,030
(f) Depreciation of right-of-use assets	354	267	671	536
(g) Net provision of receivables	40	82	191	82
(h) Net provision/(write-back) of inventories	741	(33)	1,183	111
(i) Gain on disposal of plant and equipment	(64)	(11)	(64)	(17)
(j) Property, plant and equipment written off	2	1	29	1
(k) Net foreign exchange (gain)/loss	664	229	448	(657)

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

**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	19,488	14,547

**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
<b>Other related companies *</b>				
Sale of goods	230	75	475	90
Facilities usage income	-	546	-	1,365
Purchase of goods	46,893	60,636	94,402	120,383
Services received	30	30	60	60

\* 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 JANUARY 2023**

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

**B1 Review of performance**

	<b>INDIVIDUAL QUARTER</b>			<b>CUMULATIVE QUARTER</b>		
	Current year quarter	Preceding year corresponding quarter		Current year-to-date	Preceding year corresponding period	
	31.1.2023 RM'000	31.1.2022 RM'000		31.1.2023 RM'000	31.1.2022 RM'000	
			Changes %			Changes %
Revenue	198,061	194,467	1.8%	411,977	374,782	9.9%
Operating profit	16,800	12,225	37.4%	34,252	21,763	57.4%
Profit attributable to owners of the Company	13,377	11,690	14.4%	25,652	21,490	19.4%

Current quarter review

For the current financial quarter ended 31 January 2023, the Group achieved revenue of RM198.06 million, reflecting a marginal increase of 1.8% compared to RM194.47 million recorded in the preceding year corresponding quarter. Sales remained stable with the domestic market contributing RM107.35 million or 54.2% of group revenue and exports contributing RM90.71 million or 45.8% of group revenue.

For the current financial quarter under review, operating profit rose by 37.4% to RM16.80 million from RM12.23 million in the preceding year corresponding quarter. The improvement in operating profit was mainly attributable to softening of raw material prices, favourable product mix and lower freight cost, which was offset by the increase in electricity cost, staff costs and other operating expenses.

6-month review

For the 6-month financial period ended 31 January 2023, the Group recorded revenue of RM411.98 million, an increase of 9.9% compared to RM374.78 million recorded in the preceding year corresponding period, driven by higher sales in both the domestic and export markets. Exports as a percentage to group revenue rose to 48.6% compared to 46.9% in the preceding year corresponding period.

Operating profit increased 57.4% to RM34.25 million from RM21.76 million recorded in the preceding year corresponding period. The growth in operating profit was mainly attributed to the reasons as stated in the current quarter review.

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**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	198,061	213,916	-7.4%
Profit before tax ("PBT")	15,415	16,199	-4.8%
Profit attributable to owners of the Company	13,377	12,275	9.0%

For the three months ended 31 January 2023, group revenue decreased 7.4% to RM198.06 million from RM213.92 million in the preceding quarter mainly due to lower demand for export sales. However, the decrease was mitigated by higher domestic sales. Exports made up 45.8% of group revenue compared to 51.2% recorded in the preceding quarter.

Group PBT stood at RM15.42 million compared to RM16.20 million posted in the preceding quarter. Reduction in PBT was in line with the decline in revenue.

**B3 Current financial year prospects**

The Group's current capacity expansion plan remains on track and is aimed at meeting customers' needs with the capacity to scale up production, increasing production efficiency, developing innovative and value-added customised products that meet evolving market trends and addressing sustainable packaging requirements.

The ongoing geopolitical uncertainties coupled with rising inflationary pressures continues to pose operational challenges to the Group as consumer demand might be affected by the overall market sentiment. The Group continues to collaborate with global and local brand owners to meet their sustainability goals and has successfully commercialised flexible plastic packaging (FPP) products that are customer centric, fully recyclable and comply with customers' overall sustainable goals. The Group is progressively embedding sustainable practices and processes in its manufacturing process as part of its sustainability objective to promote sustainably manufactured products to further boost the circular economy and play its role as a responsible manufacturer of FPP products.

The socioeconomic conditions in Myanmar continues to be challenging and the Group foresees that the situation is expected to remain for the short and medium term. In the interim, the Group will continue to manage its operations to minimise any adverse effects whilst exploring options pertaining to its Myanmar operations. Barring any unforeseen circumstances, the Group is cautiously optimistic to be able to sustain its performance for the 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.

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**B5 Taxation**

Details of tax credit 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/period:				
- Income tax	1,858	782	5,808	1,151
- Deferred tax	8	(461)	(378)	(1,237)
	<u>1,866</u>	<u>321</u>	<u>5,430</u>	<u>(86)</u>

The Group's effective tax rate for the current financial quarter and current financial year-to-date 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.

**B7 Borrowings**

	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>As at 31 January 2023</b>			
<b><u>Unsecured:</u></b>			
<b>Denominated in USD</b>			
- Trade financing	-	21,726	21,726
<b>Denominated in RM</b>			
- Trade financing	-	60,108	60,108
<b>Total</b>	-	81,834	81,834
<b>As at 31 January 2022</b>			
<b><u>Unsecured:</u></b>			
<b>Denominated in USD</b>			
- Trade financing	-	65,730	65,730
<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	-	29,034	29,034
<b>Total</b>	239	129,752	129,991

**B8 Material litigation**

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

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**B9 Dividend**

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

**B10 Earnings per share**

		3 months ended		6 months ended		
		31.1.2023	31.1.2022	31.1.2023	31.1.2022	
(i)	Basic earnings per share					
	Profit attributable to owners of the Company	RM'000	13,377	11,690	25,652	21,490
	Weighted average number of ordinary shares	'000	350,621	327,372	350,621	327,372
	Basic earnings per ordinary share	(sen)	3.82	3.57	7.32	6.56
(ii)	Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding for the current financial quarter.					

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)  
Geetharani A/P Ranganathan (MAICSA 7070549) (SSM Practising Certificate No. 201908000614)  
Company Secretaries

13 March 2023