



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 30 April 2023

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 April 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2023 RM'000	Preceding year corresponding quarter 30.4.2022 RM'000	Current year to date 30.4.2023 RM'000	Preceding year corresponding period 30.4.2022 RM'000
Revenue	177,488	207,431	589,465	582,213
Operating profit	14,152	12,291	48,404	34,054
Interest expense	(1,322)	(670)	(3,960)	(1,710)
Profit before tax	12,830	11,621	44,444	32,344
Taxation	(2,540)	(1,297)	(7,970)	(1,211)
Profit for the quarter / period	10,290	10,324	36,474	31,133
Profit attributable to:				
Owners of the Company	10,138	10,308	35,790	31,798
Non-controlling interests	152	16	684	(665)
Profit for the quarter / period	10,290	10,324	36,474	31,133
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	2.89	3.15	10.21	9.71

(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 30 April 2023

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 April 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2023 RM'000	Preceding year corresponding quarter 30.4.2022 RM'000	Current year to date 30.4.2023 RM'000	Preceding year corresponding period 30.4.2022 RM'000
Profit for the quarter / period	10,290	10,324	36,474	31,133
Other comprehensive loss, net of income tax: Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	1,437	667	(6,377)	(4,153)
Other comprehensive income/(loss) for the quarter / period, net of income tax	1,437	667	(6,377)	(4,153)
Total comprehensive income for the quarter / period, net of income tax	11,727	10,991	30,097	26,980
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	10,858	11,125	31,484	29,328
Non-controlling interests	869	(134)	(1,387)	(2,348)
	11,727	10,991	30,097	26,980

(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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2023 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2022 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	306,094	287,425
Right-of-use assets	2,905	2,162
Deferred tax assets	469	496
Goodwill	65,263	68,187
	374,731	358,270
Current assets		
Inventories	94,776	104,860
Trade and other receivables	156,084	143,823
Tax recoverable	3,749	9,654
Cash and bank balances	24,160	22,097
	278,769	280,434
TOTAL ASSETS	653,500	638,704
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	221,213	221,213
Reserves	169,954	147,236
Equity attributable to owners of the Company	391,167	368,449
Non-controlling interests	16,503	17,890
Total equity	407,670	386,339
Non-current liabilities		
Lease liabilities	2,788	2,146
Deferred tax liabilities	21,400	22,050
	24,188	24,196
Current liabilities		
Borrowings	91,709	75,549
Lease liabilities	1,814	944
Trade and other payables	126,942	150,079
Tax liabilities	1,177	1,597
	221,642	228,169
Total liabilities	245,830	252,365
TOTAL EQUITY AND LIABILITIES	653,500	638,704
Net assets per share attributable to owners of the Company (RM)	1.12	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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 April 2023

	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	Translation reserves 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	-	-	-	-	35,790	35,790	684	36,474
Other comprehensive loss for the period	-	-	-	(4,306)	-	(4,306)	(2,071)	(6,377)
Total comprehensive income for the period	-	-	-	(4,306)	35,790	31,484	(1,387)	30,097
Dividends paid	-	-	-	-	(8,766)	(8,766)	-	(8,766)
As at 30 April 2023	222,358	(1,145)	7,468	(11,764)	174,250	391,167	16,503	407,670
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	-	-	-	-	31,798	31,798	(665)	31,133
Other comprehensive loss for the period	-	-	-	(2,470)	-	(2,470)	(1,683)	(4,153)
Total comprehensive income for the period	-	-	-	(2,470)	31,798	29,328	(2,348)	26,980
Dividends paid	-	-	-	-	(8,184)	(8,184)	-	(8,184)
As at 30 April 2022	164,235	(1,145)	7,468	(8,067)	135,873	298,364	17,648	316,012

(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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the nine months ended 30 April 2023

	9 MONTHS ENDED 30.4.2023 RM'000	9 MONTHS ENDED 30.4.2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	44,444	32,344
Adjustments	25,989	22,268
Operating profit before working capital changes	<u>70,433</u>	<u>54,612</u>
Movement in working capital:		
Decrease/(increase) in inventories	5,665	(20,558)
Increase in receivables	(11,236)	(54,195)
(Decrease)/increase in payables	(18,331)	39,840
Cash generated from operations	<u>46,531</u>	<u>19,699</u>
Interest received	384	43
Taxation paid	(3,167)	(6,690)
Net cash from operating activities	<u>43,748</u>	<u>13,052</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	177	17
Interest received	-	5
Purchase of property, plant and equipment	(47,353)	(50,825)
Deposit paid for purchase of property, plant and equipment	(475)	(4,045)
Net cash used in investing activities	<u>(47,651)</u>	<u>(54,848)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of short-term borrowings	20,055	49,980
Repayment of term loans	-	(1,043)
Dividends paid to shareholders of the Company	(8,766)	(8,184)
Interest paid	(3,799)	(1,539)
Interest paid on lease liabilities	(161)	(171)
Repayment of lease liabilities	(799)	(558)
Net cash from financing activities	<u>6,530</u>	<u>38,485</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,627	(3,311)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,097	24,603
Effect of exchange differences	(564)	(902)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>24,160</u>	<u>20,390</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)

SCIENTEX PACKAGING (AYER KEROH) BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 30 APRIL 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 30 April 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		9 months ended	
	30.4.2023	30.4.2022	30.4.2023	30.4.2022
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(173)	(21)	(384)	(48)
(b) Other income	(4)	(87)	(41)	(1,656)
(c) Interest expense	1,270	618	3,799	1,539
(d) Interest on lease liabilities	52	52	161	171
(e) Depreciation of property, plant and equipment	7,454	5,977	22,192	18,007
(f) Depreciation of right-of-use assets	356	272	1,027	808
(g) Net provision/(write-back) of receivables	32	(87)	223	(5)
(h) Net provision of inventories	898	469	2,081	580
(i) Gain on disposal of plant and equipment	(47)	-	(111)	(17)
(j) Property, plant and equipment written off	1	-	30	1
(k) Net foreign exchange loss	263	1,199	711	542

In the current financial quarter and current financial year-to-date ended 30 April 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 30.4.2023 RM'000	As at 30.4.2022 RM'000
Approved and contracted for:		
Purchase of plant and machinery	4,896	39,681

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2023 were as follows:

	3 months ended		9 months ended	
	30.4.2023 RM'000	30.4.2022 RM'000	30.4.2023 RM'000	30.4.2022 RM'000
Other related companies *				
Sale of goods	95	221	570	311
Facilities usage income	-	-	-	1,365
Purchase of goods	43,949	55,906	138,351	176,289
Services received	30	30	90	90

* 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 30 APRIL 2023**

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

B1 Review of performance

	INDIVIDUAL QUARTER		Changes %	CUMULATIVE QUARTER		Changes %
	Current year quarter	Preceding year corresponding quarter		Current year-to-date	Preceding year corresponding period	
	30.4.2023 RM'000	30.4.2022 RM'000		30.4.2023 RM'000	30.4.2022 RM'000	
Revenue	177,488	207,431	-14.4%	589,465	582,213	1.2%
Operating profit	14,152	12,291	15.1%	48,404	34,054	42.1%
Profit attributable to owners of the Company	10,138	10,308	-1.6%	35,790	31,798	12.6%

Current quarter review

For the current financial quarter ended 30 April 2023, the Group achieved revenue of RM177.49 million, reflecting a reduction of 14.4% compared to RM207.43 million recorded in the preceding year corresponding quarter. The decline in revenue was mainly due to lower demand from both domestic and export markets with the domestic market contributing RM96.41 million or 54.3% of group revenue and exports contributing RM81.08 million or 45.7% of group revenue.

Despite the lower revenue, operating profit rose by 15.1% to RM14.15 million from RM12.29 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 gradual normalisation of freight costs, which was offset by increases in electricity costs and other operating expenses.

9-month review

For the 9-month financial period ended 30 April 2023, the Group revenue increased marginally by 1.2% to RM589.47 million, compared to RM582.21 million recorded in the preceding year corresponding period. Domestic sales contributed RM308.16 million or 52.3% of the group revenue whilst exports contributed the balance RM281.31 million or 47.7% of the group revenue.

On the other hand, operating profit rose 42.1% to RM48.40 million from RM34.05 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 %
	30.4.2023 RM'000	31.1.2023 RM'000	
Revenue	177,488	198,061	-10.4%
Profit before tax ("PBT")	12,830	15,415	-16.8%
Profit attributable to owners of the Company	10,138	13,377	-24.2%

For the three months ended 30 April 2023, group revenue decreased 10.4% to RM177.49 million from RM198.06 million in the preceding quarter mainly due to lower demand from both domestic and export markets.

Group PBT stood at RM12.83 million compared to RM15.42 million posted in the preceding quarter. The reduction in PBT was due to the decline in revenue and rising energy costs.

B3 Current financial year prospects

The volatility in the financial and economic environment, the ongoing geopolitical uncertainties coupled with rising inflationary pressures continue to weigh in and dampen consumer consumption, translating into reduced demand and rising operational costs.

Amidst a challenging external operating environment, the Group continues to invest for longer term growth and innovations to develop customer centric products that meet customers product sustainability and performance requirements. Our capacity expansion plan which is intended to enhance production capacity and capabilities remains on track, placing us in a good position to capitalise on growth opportunities. The Group is also progressively embedding sustainable practices and processes in its manufacturing process as part of its objective to promote sustainably manufactured products to further boost the circular economy. Our focus on technology and innovations has seen the Group commercialising flexible plastic packaging solutions which are fully recyclable, value added and providing the required functional performance and this has further reinforced our position in the market.

The socioeconomic conditions in Myanmar continues to pose operational challenges in the foreseeable short and medium term. The Group will nonetheless continue to manage its operations to minimise adverse effects whilst exploring options pertaining to its Myanmar operations.

Barring any unforeseen circumstances, the Group remains optimistic that it will 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		9 months ended	
	30.4.2023	30.4.2022	30.4.2023	30.4.2022
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter/period:				
- Income tax	2,812	897	8,620	2,048
- Deferred tax	(272)	400	(650)	(837)
	2,540	1,297	7,970	1,211

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

	Short term RM'000
As at 30 April 2023	
<u>Unsecured:</u>	
Denominated in USD	
- Trade financing	9,366
Denominated in RM	
- Trade financing	82,343
Total	91,709
As at 30 April 2022	
<u>Unsecured:</u>	
Denominated in USD	
- Trade financing	60,900
Denominated in AUD	
- Trade financing	37,382
Denominated in RM	
- Term loan	1,302
- Trade financing	30,708
Total	130,292

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

In respect of the financial year ending 31 July 2023, the Board of Directors declared a single tier interim dividend of 2.50 sen per ordinary share (single tier interim dividend for financial year 2022 : 2.50 sen per ordinary share), payable on 17 July 2023.

B10 Earnings per share

		3 months ended		9 months ended	
		30.4.2023	30.4.2022	30.4.2023	30.4.2022
(i) Basic earnings per share					
Profit attributable to owners of the Company	RM'000	10,138	10,308	35,790	31,798
Weighted average number of ordinary shares	'000	350,621	327,372	350,621	327,372
Basic earnings per ordinary share	(sen)	2.89	3.15	10.21	9.71

(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

19 June 2023