



## SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

### QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31 July 2023

The figures have not been audited.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 July 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.7.2023 RM'000	Preceding year corresponding quarter 31.7.2022 RM'000	Current year to date 31.7.2023 RM'000	Preceding year 31.7.2022 RM'000
<b>Revenue</b>	<b>185,319</b>	<b>191,836</b>	<b>774,784</b>	<b>774,049</b>
<b>Operating profit</b>	<b>(6,497)</b>	<b>11,053</b>	<b>41,907</b>	<b>45,107</b>
Interest expense	(1,361)	(895)	(5,321)	(2,605)
<b>Profit/(Loss) before tax</b>	<b>(7,858)</b>	<b>10,158</b>	<b>36,586</b>	<b>42,502</b>
Taxation	(494)	1,026	(8,464)	(185)
<b>Profit/(Loss) for the quarter / year</b>	<b>(8,352)</b>	<b>11,184</b>	<b>28,122</b>	<b>42,317</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Company	149	11,353	35,939	43,151
Non-controlling interests	(8,501)	(169)	(7,817)	(834)
<b>Profit/(Loss) for the quarter / year</b>	<b>(8,352)</b>	<b>11,184</b>	<b>28,122</b>	<b>42,317</b>
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	0.04	3.38	10.25	13.09

*(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 year ended 31 July 2023

The figures have not been audited.

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 July 2023

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
<b>Profit/(Loss) for the quarter / year</b>	<b>(8,352)</b>	<b>11,184</b>	<b>28,122</b>	<b>42,317</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	877	1,020	(5,499)	(3,133)
Other comprehensive income/(loss) for the quarter / year, net of income tax	877	1,020	(5,499)	(3,133)
<b>Total comprehensive income/(loss) for the quarter / year, net of income tax</b>	<b>(7,475)</b>	<b>12,204</b>	<b>22,623</b>	<b>39,184</b>
<b>Total comprehensive income/(loss) for the quarter / year attributable to:</b>				
Owners of the Company	871	11,962	32,356	41,290
Non-controlling interests	(8,346)	242	(9,733)	(2,106)
	<b>(7,475)</b>	<b>12,204</b>	<b>22,623</b>	<b>39,184</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 July 2023

	AS AT CURRENT FINANCIAL YEAR ENDED 31.7.2023 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	314,635	287,425
Right-of-use assets	2,815	2,162
Deferred tax assets	521	496
Goodwill	42,786	68,187
	360,757	358,270
<b>Current assets</b>		
Inventories	89,795	104,860
Trade and other receivables	127,122	143,823
Tax recoverable	3,471	9,654
Cash and bank balances	23,615	22,097
	244,003	280,434
<b>TOTAL ASSETS</b>	<b>604,760</b>	<b>638,704</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	221,213	221,213
Reserves	162,061	147,236
Equity attributable to owners of the Company	383,274	368,449
Non-controlling interests	8,157	17,890
<b>Total equity</b>	391,431	386,339
<b>Non-current liabilities</b>		
Lease liabilities	2,467	2,146
Deferred tax liabilities	26,629	22,050
	29,096	24,196
<b>Current liabilities</b>		
Borrowings	57,594	75,549
Lease liabilities	2,348	944
Trade and other payables	124,291	150,079
Tax liabilities	-	1,597
	184,233	228,169
<b>Total liabilities</b>	213,329	252,365
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>604,760</b>	<b>638,704</b>
Net assets per share attributable to owners of the Company (RM)	1.09	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 financial year ended 31 July 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 year	-	-	-	-	35,939	35,939	(7,817)	28,122
Other comprehensive loss for the year	-	-	-	(3,583)	-	(3,583)	(1,916)	(5,499)
Total comprehensive income for the year	-	-	-	(3,583)	35,939	32,356	(9,733)	22,623
Dividends paid	-	-	-	-	(17,531)	(17,531)	-	(17,531)
As at 31 July 2023	222,358	(1,145)	7,468	(11,041)	165,634	383,274	8,157	391,431
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

*(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 financial year ended 31 July 2023**

	<b>12 MONTHS ENDED 31.7.2023 RM'000</b>	<b>12 MONTHS ENDED 31.7.2022 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before taxation	36,586	42,502
Adjustments	57,403	31,974
Operating profit before working capital changes	<u>93,989</u>	<u>74,476</u>
Movement in working capital:		
Decrease/(increase) in inventories	11,453	(26,465)
Decrease/(increase) in receivables	10,040	(50,137)
(Decrease)/increase in payables	(24,118)	31,505
Cash generated from operations	<u>91,364</u>	<u>29,379</u>
Interest received	603	99
Taxation paid	658	(7,140)
<b>Net cash from operating activities</b>	<u>92,625</u>	<u>22,338</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	336	34
Interest received	-	24
Purchase of property, plant and equipment	(52,864)	(58,200)
Deposit paid for purchase of property, plant and equipment	(177)	(5,152)
<b>Net cash used in investing activities</b>	<u>(52,705)</u>	<u>(63,294)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net drawdown of short-term borrowings	(13,976)	(3,905)
Repayment of term loans	-	(2,346)
Proceeds from exercise of warrants	-	58,123
Dividends paid to shareholders of the Company	(17,531)	(8,184)
Interest paid	(5,108)	(2,385)
Interest paid on lease liabilities	(213)	(220)
Repayment of lease liabilities	(1,096)	(1,928)
<b>Net cash from financing activities</b>	<u>(37,924)</u>	<u>39,155</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,996	(1,801)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	22,097	24,603
<b>Effect of exchange differences</b>	(478)	(705)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>23,615</u>	<u>22,097</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 31 JULY 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 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. As at 31 July 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
In respect of the financial year ended 31 July 2023:	
Single tier interim dividend of 2.50 sen per ordinary share declared on 19 June 2023 and paid on 17 July 2023	8,765
	17,531

**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	
	31.7.2023	31.7.2022	31.7.2023	31.7.2022
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(219)	(75)	(603)	(123)
(b) Other income	-	(112)	(41)	(1,768)
(c) Interest expense	1,310	846	5,109	2,385
(d) Interest on lease liabilities	51	49	212	220
(e) Depreciation of property, plant and equipment	7,500	6,342	29,692	24,349
(f) Depreciation of right-of-use assets	367	259	1,394	1,067
(g) Net (write-back)/provision of receivables	(61)	124	162	119
(h) Net (write back)/provision of inventories	(7)	691	2,074	1,271
(i) Gain on disposal of plant and equipment	(144)	(1)	(255)	(18)
(j) Property, plant and equipment written off	-	97	30	98
(k) Net foreign exchange (gain)/loss	(1,528)	1,867	(817)	2,409
(l) Impairment of goodwill	22,709	-	22,709	-

In the current financial quarter and current financial year ended 31 July 2023, there were no:

- Gain or loss on disposal of quoted or unquoted investments; 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 31.7.2023 RM'000	As at 31.7.2022 RM'000
Approved and contracted for:		
Purchase of plant and machinery	1,153	40,045

**A15 Related party transactions**

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

	3 months ended		12 months ended	
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
<b>Other related companies *</b>				
Sale of goods	134	59	704	370
Facilities usage income	-	-	-	1,365
Purchase of goods	41,262	50,144	179,613	226,433
Services received	30	30	120	120

\* 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 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 financial year	Preceding financial year	
	31.7.2023 RM'000	31.7.2022 RM'000		31.7.2023 RM'000	31.7.2022 RM'000	
Revenue	185,319	191,836	-3.4%	774,784	774,049	0.1%
Operating (loss) / profit	(6,497)	11,053	-158.8%	41,907	45,107	-7.1%
Profit attributable to owners of the Company	149	11,353	-98.7%	35,939	43,151	-16.7%

Current quarter review

For the current financial quarter ended 31 July 2023, the Group achieved revenue of RM185.32 million, reflecting a reduction of 3.4% compared to RM191.84 million recorded in the preceding year corresponding quarter. The decline in revenue was mainly due to lower demand from its export markets with the domestic market contributing RM99.50 million or 53.7% of group revenue and exports contributing RM85.82 million or 46.3% of group revenue.

The Group recorded an operating loss of RM6.50 million compared to operating profit of RM11.05 million in the preceding year corresponding quarter due to the goodwill impairment of RM22.71 million for its operations in Myanmar. Excluding the impact of the goodwill impairment, the Group's operating profit for the financial quarter increased by 46.7% compared to preceding year corresponding quarter. The improvement in operating profit was mainly attributable to softening of raw material prices, which was offset by increases in electricity costs and other operating expenses.

12-month review

For the financial year ended 31 July 2023, the Group revenue increased marginally to RM774.78 million, compared to RM774.05 million recorded in the preceding financial year. Domestic sales contributed RM407.66 million or 52.6% of the group revenue whilst exports contributed the balance RM367.12 million or 47.4% of the group revenue.

The Group recorded a lower operating profit of RM41.91 million compared to RM45.11 million in the preceding financial year. Excluding the impact of the goodwill impairment for its operations in Myanmar, the Group's operating profit for the financial year increased by 43.3% compared to preceding financial year. The improvement 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 %
	31.7.2023 RM'000	30.4.2023 RM'000	
Revenue	185,319	177,488	4.4%
(Loss) / Profit before tax	(7,858)	12,830	-161.2%
Profit attributable to owners of the Company	149	10,138	-98.5%

For the three months ended 31 July 2023, group revenue increased 4.4% to RM185.32 million from RM177.49 million in the preceding quarter mainly due to higher demand from both domestic and export markets.

Despite the higher revenue, the Group registered a loss before tax of RM7.86 million compared to a profit before tax of RM12.83 million in the preceding quarter, primarily attributable to the goodwill impairment of RM22.71 million in relation to its operations in Myanmar. Excluding the impact of the goodwill impairment, the Group's profit before tax increased by 15.8% compared to the preceding quarter mainly due to the increase in revenue.

### B3 Current financial year prospects

The Group expects the current market conditions to remain soft in the near term. It continues to see volatility in the financial and economic environment due to the ongoing geopolitical uncertainties coupled with impact from rising inflationary pressures translating into rising operational costs.

Amidst the challenging external operating environment, the Group is taking steps to optimise its manufacturing efficiency with a focus on waste reduction, machine and labour optimisation. In addition, we remain committed to our efforts to develop customer centric products that meet customers' product sustainability and performance requirements through collaboration with global and international brand owners. Our focus on technology and innovations has seen the Group further 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. Our enhanced capacity and capabilities have also enabled us to be in a better position to capture more opportunities in the market.

The socioeconomic conditions in Myanmar remain challenging in the foreseeable short and medium term. The Group will nonetheless continue to observe the conditions and changes within the locality in order to manage its operations to minimise adverse effects whilst exploring options pertaining to its Myanmar operations.

While the Group expects the current market conditions to continue in the near-term, the Group remains focused on its long-term growth strategy and is optimistic that it will be able to 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.

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**B5 Taxation**

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

	3 months ended		12 months ended	
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
In respect of current quarter/year:				
- Income tax	(4,629)	2,123	3,991	4,171
- Deferred tax	4,883	(2,905)	4,233	(3,742)
In respect of prior year:				
- Income tax	(64)	(196)	(64)	(196)
- Deferred tax	304	(48)	304	(48)
	494	(1,026)	8,464	185

**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
<b>As at 31 July 2023</b>	
<b><u>Unsecured:</u></b>	
<b>Denominated in RM</b>	
- Trade financing	57,594
<b>Total</b>	57,594
<b>As at 31 July 2022</b>	
<b><u>Unsecured:</u></b>	
<b>Denominated in USD</b>	
- Trade financing	57,183
<b>Denominated in AUD</b>	
- Trade financing	7,588
<b>Denominated in RM</b>	
- Trade financing	10,778
<b>Total</b>	75,549

**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 ended 31 July 2023, the Board of Directors recommended a single tier final dividend of 2.50 sen per ordinary share (single tier final dividend for financial year 2022 : 2.50 sen per ordinary share). The dividend will be payable on 22 January 2024, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

**B10 Earnings per share**

		3 months ended		12 months ended	
		31.7.2023	31.7.2022	31.7.2023	31.7.2022
(i) Basic earnings per share					
Profit attributable to owners of the Company	RM'000	149	11,353	35,939	43,151
Weighted average number of ordinary shares	'000	350,621	336,219	350,621	329,602
Basic earnings per ordinary share	(sen)	0.04	3.38	10.25	13.09

- (ii) Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares outstanding for the current financial year.

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 September 2023