



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 October 2023

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 October 2023

	3 MONTHS ENDED	
	Current year quarter 31.10.2023 RM'000	Preceding year corresponding quarter 31.10.2022 RM'000
Revenue	172,974	213,916
Operating profit	11,600	17,452
Interest expense	(1,023)	(1,253)
Profit before tax	10,577	16,199
Taxation	(2,499)	(3,564)
Profit for the quarter / period	8,078	12,635
Profit attributable to:		
Owners of the Company	7,706	12,275
Non-controlling interests	372	360
Profit for the quarter / period	8,078	12,635
Earnings per share attributable to owners of the Company (sen per share)		
- Basic	2.20	3.50

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)



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QUARTERLY REPORT

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

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 October 2023

	3 MONTHS ENDED	
	Current year quarter 31.10.2023 RM'000	Preceding year corresponding quarter 31.10.2022 RM'000
Profit for the quarter / period	8,078	12,635
Other comprehensive income/(loss), net of income tax: Items that may be reclassified subsequently to profit or loss:		
- Foreign currency translation of foreign operations	1,420	(3,359)
Other comprehensive income/(loss) for the quarter / period, net of income tax	1,420	(3,359)
Total comprehensive income for the quarter / period, net of income tax	9,498	9,276
Total comprehensive income for the quarter / period attributable to:		
Owners of the Company	8,642	10,006
Non-controlling interests	856	(730)
	9,498	9,276

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)



SCIENTEX PACKAGING (AYER KEROH) BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2023

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.10.2023 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2023 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	307,756	314,635
Right-of-use assets	2,539	2,815
Deferred tax assets	526	521
Goodwill	42,786	42,786
	353,607	360,757
Current assets		
Inventories	73,928	89,795
Trade and other receivables	126,801	127,122
Tax recoverable	1,804	3,471
Cash and bank balances	28,612	23,615
	231,145	244,003
TOTAL ASSETS	584,752	604,760
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	221,213	221,213
Reserves	170,703	162,061
Equity attributable to owners of the Company	391,916	383,274
Non-controlling interests	9,013	8,157
Total equity	400,929	391,431
Non-current liabilities		
Lease liabilities	2,385	2,467
Deferred tax liabilities	27,659	26,629
	30,044	29,096
Current liabilities		
Borrowings	33,048	57,594
Lease liabilities	2,363	2,348
Trade and other payables	117,524	124,291
Tax liabilities	844	-
	153,779	184,233
Total liabilities	183,823	213,329
TOTAL EQUITY AND LIABILITIES	584,752	604,760
Net assets per share attributable to owners of the Company (RM)	1.12	1.09

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)



SCIENTEX PACKAGING (AYER KEROH) BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 October 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 2023	222,358	(1,145)	7,468	(11,041)	165,634	383,274	8,157	391,431
Profit for the period	-	-	-	-	7,706	7,706	372	8,078
Other comprehensive income for the period	-	-	-	936	-	936	484	1,420
Total comprehensive income for the period	-	-	-	936	7,706	8,642	856	9,498
As at 31 October 2023	222,358	(1,145)	7,468	(10,105)	173,340	391,916	9,013	400,929
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	-	-	-	-	12,275	12,275	360	12,635
Other comprehensive loss for the period	-	-	-	(2,269)	-	(2,269)	(1,090)	(3,359)
Total comprehensive income for the period	-	-	-	(2,269)	12,275	10,006	(730)	9,276
As at 31 October 2022	222,358	(1,145)	7,468	(9,727)	159,501	378,455	17,160	395,615

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)

SCIENTEX PACKAGING (AYER KEROH) BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the three months ended 31 October 2023

	3 MONTHS ENDED 31.10.2023 RM'000	3 MONTHS ENDED 31.10.2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	10,577	16,199
Adjustments	9,132	7,657
Operating profit before working capital changes	<u>19,709</u>	<u>23,856</u>
Movement in working capital:		
Decrease in inventories	16,976	9,487
Decrease/(increase) in receivables	1,556	(6,710)
Decrease in payables	(7,345)	(5,253)
Cash generated from operations	<u>30,896</u>	<u>21,380</u>
Interest received	270	65
Tax refund/(paid)	1,061	(608)
Net cash from operating activities	<u>32,227</u>	<u>20,837</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	14	-
Purchase of property, plant and equipment	(2,569)	(14,326)
Deposit paid for purchase of property, plant and equipment	(41)	(2,368)
Net cash used in investing activities	<u>(2,596)</u>	<u>(16,694)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of short-term borrowings	(24,546)	(2,012)
Interest paid	(973)	(1,199)
Interest paid on lease liabilities	(50)	(54)
Repayment of lease liabilities	(282)	(225)
Net cash from financing activities	<u>(25,851)</u>	<u>(3,490)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,780	653
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	23,615	22,097
Effect of exchange differences	1,217	529
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>28,612</u>	<u>23,279</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2023)

SCIENTEX PACKAGING (AYER KEROH) BERHAD

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 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 2023 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 2023.

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 2023, except for the adoption of the following amendments to MFRSs that are effective for the financial statements effective from 1 August 2023, as disclosed below:

MFRS 17 and Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Disclosure of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 -Comparative Information

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 2023 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 October 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

There was no dividend paid by the Company in the current financial year-to-date ended 31 October 2023.

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	
	31.10.2023	31.10.2022
	RM'000	RM'000
(a) Interest income	(270)	(65)
(b) Other income	(21)	(4)
(c) Interest expense	973	1,199
(d) Interest on lease liabilities	50	54
(e) Depreciation of property, plant and equipment	8,001	7,321
(f) Depreciation of right-of-use assets	352	317
(g) Net (write-back)/provision of receivables	(50)	151
(h) Net (write-back)/provision of inventories	(520)	442
(i) Gain on disposal of plant and equipment	(6)	-
(j) Property, plant and equipment written off	-	27
(k) Net foreign exchange gain	(687)	(216)

In the current financial quarter and current financial year-to-date ended 31 October 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 31.10.2023 RM'000	As at 31.10.2022 RM'000
Approved and contracted for:		
Purchase of plant and machinery	3,012	29,213

A15 Related party transactions

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

	3 months ended	
	31.10.2023 RM'000	31.10.2022 RM'000
Other related companies *		
Sale of goods	239	245
Purchase of goods	40,760	47,509
Services received	30	30

* 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 OCTOBER 2023**

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

B1 Review of performance

	3 MONTHS ENDED		Changes %
	Current year quarter	Preceding year corresponding quarter	
	31.10.2023 RM'000	31.10.2022 RM'000	
Revenue	172,974	213,916	-19.1%
Operating profit	11,600	17,452	-33.5%
Profit attributable to owners of the Company	7,706	12,275	-37.2%

Current quarter review

For the current financial quarter ended 31 October 2023, the Group achieved revenue of RM172.97 million, reflecting a reduction of 19.1% compared to RM213.92 million recorded in the preceding year corresponding quarter. The decline in revenue was mainly due to lower demand from its export markets with the exports contributing RM74.69 million, 43.2% of group revenue and domestic market contributing RM98.28 million, 56.8% of group revenue.

For the current financial quarter under review, operating profit dipped 33.5% to RM11.60 million from RM17.45 million in the preceding year corresponding quarter. The decline in operating profit was mainly attributable to the decrease in revenue, product mix and increase in electricity costs.

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

	Current quarter	Preceding quarter	Changes %
	31.10.2023 RM'000	31.7.2023 RM'000	
Revenue	172,974	185,319	-6.7%
Profit/(Loss) before tax	10,577	(7,858)	> 100%
Profit attributable to owners of the Company	7,706	149	> 100%

For the three months ended 31 October 2023, group revenue decreased 6.7% to RM172.97 million from RM185.32 million in the preceding quarter mainly due to lower demand from export markets, particularly to Southeast Asian countries.

Group profit before tax stood at RM10.58 million compared to a loss of RM7.86 million posted in the preceding quarter. The loss in the preceding financial quarter was mainly 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 and profit attributable to owners of the Company for the current financial quarter under review declined by 28.8% and 44.1% respectively compared to the preceding financial quarter mainly due to reduction in revenue as well as product mix.

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B3 Current financial year prospects

The ongoing political uncertainties, rising inflationary pressures as well as soft market sentiments continue to weigh down on the Group's operational costs and market demand.

The Group continues on its actions to address operational efficiency, with a focus on waste reduction, machine and labour optimisation. Our investment in technology and innovation has enabled us to make good progress in our development of customer centric packaging products, meeting their requirements on functional performance and sustainability. Our commitment towards sustainable packaging remains unwavered with our increasing portfolio of fully recyclable packaging solutions as well as packaging solutions which incorporate post-consumer recycled resin content.

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.

Whilst the external operating environment remains challenging, the Group continues on its commitment towards improving its competitive edge and long term growth strategy and is optimistic that it will be able to sustain its performance in 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	
	31.10.2023	31.10.2022
	RM'000	RM'000
In respect of current quarter:		
- Income tax	1,469	3,950
- Deferred tax	1,030	(386)
	<u>2,499</u>	<u>3,564</u>

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

	Short term	
	As at 31.10.2023 RM'000	As at 31.10.2022 RM'000
<u>Unsecured:</u>		
Denominated in RM		
- Trade financing	33,048	45,846
Denominated in USD		
- Trade financing	-	27,671
Total	33,048	73,517

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 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 has been approved by shareholders at the Annual General Meeting held on 13 December 2023 and is payable on 22 January 2024.

B10 Earnings per share

		3 months ended	
		31.10.2023	31.10.2022
(i)	Basic earnings per share		
	Profit attributable to owners of the Company	RM'000	
		7,706	12,275
	Weighted average number of ordinary shares	'000	
		350,621	350,621
	Basic earnings per ordinary share	(sen)	
		2.20	3.50

(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 December 2023