



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 2024

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 January 2024

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|--|
| | Current year quarter 31.1.2024 RM'000 | Preceding year corresponding quarter 31.1.2023 RM'000 | Current year to date 31.1.2024 RM'000 | Preceding year corresponding period 31.1.2023 RM'000 |
| Revenue | 175,845 | 198,061 | 348,819 | 411,977 |
| Operating profit | 11,354 | 16,800 | 22,954 | 34,252 |
| Interest expense | (724) | (1,385) | (1,747) | (2,638) |
| Profit before tax | 10,630 | 15,415 | 21,207 | 31,614 |
| Taxation | (2,621) | (1,866) | (5,120) | (5,430) |
| Profit for the quarter / period | 8,009 | 13,549 | 16,087 | 26,184 |
| Profit attributable to: | | | | |
| Owners of the Company | 8,018 | 13,377 | 15,724 | 25,652 |
| Non-controlling interests | (9) | 172 | 363 | 532 |
| Profit for the quarter / period | 8,009 | 13,549 | 16,087 | 26,184 |
| Earnings per share attributable to owners of the Company (sen per share) | | | | |
| - Basic | 2.28 | 3.82 | 4.48 | 7.32 |

(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)



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 2024

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2024

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|--|
| | Current year quarter 31.1.2024 RM'000 | Preceding year corresponding quarter 31.1.2023 RM'000 | Current year to date 31.1.2024 RM'000 | Preceding year corresponding period 31.1.2023 RM'000 |
| Profit for the quarter / period | 8,009 | 13,549 | 16,087 | 26,184 |
| Other comprehensive income/(loss), net of income tax: | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| - Foreign currency translation of foreign operations | 406 | (4,455) | 1,826 | (7,814) |
| Other comprehensive income/(loss) for the quarter / period, net of income tax | 406 | (4,455) | 1,826 | (7,814) |
| Total comprehensive income for the quarter / period, net of income tax | 8,415 | 9,094 | 17,913 | 18,370 |
| Total comprehensive income for the quarter / period attributable to: | | | | |
| Owners of the Company | 8,489 | 10,620 | 17,131 | 20,626 |
| Non-controlling interests | (74) | (1,526) | 782 | (2,256) |
| | 8,415 | 9,094 | 17,913 | 18,370 |

(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

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2024

| | AS AT CURRENT FINANCIAL QUARTER ENDED 31.1.2024 RM'000 (Unaudited) | AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2023 RM'000 (Audited) |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 301,425 | 314,635 |
| Right-of-use assets | 2,169 | 2,815 |
| Deferred tax assets | 540 | 521 |
| Goodwill | 42,786 | 42,786 |
| | 346,920 | 360,757 |
| Current assets | | |
| Inventories | 81,787 | 89,795 |
| Trade and other receivables | 132,934 | 127,122 |
| Tax recoverable | 1,194 | 3,471 |
| Cash and bank balances | 25,472 | 23,615 |
| | 241,387 | 244,003 |
| TOTAL ASSETS | 588,307 | 604,760 |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 221,213 | 221,213 |
| Reserves | 170,426 | 162,061 |
| Equity attributable to owners of the Company | 391,639 | 383,274 |
| Non-controlling interests | 8,939 | 8,157 |
| Total equity | 400,578 | 391,431 |
| Non-current liabilities | | |
| Lease liabilities | 2,154 | 2,467 |
| Deferred tax liabilities | 27,031 | 26,629 |
| | 29,185 | 29,096 |
| Current liabilities | | |
| Borrowings | 28,844 | 57,594 |
| Lease liabilities | 2,305 | 2,348 |
| Trade and other payables | 124,414 | 124,291 |
| Tax liabilities | 2,981 | - |
| | 158,544 | 184,233 |
| Total liabilities | 187,729 | 213,329 |
| TOTAL EQUITY AND LIABILITIES | 588,307 | 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

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 January 2024

| | 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 | - | - | - | - | 15,724 | 15,724 | 363 | 16,087 |
| Other comprehensive income for the period | - | - | - | 1,407 | - | 1,407 | 419 | 1,826 |
| Total comprehensive income for the period | - | - | - | 1,407 | 15,724 | 17,131 | 782 | 17,913 |
| Dividends paid | - | - | - | - | (8,766) | (8,766) | - | (8,766) |
| As at 31 January 2024 | 222,358 | (1,145) | 7,468 | (9,634) | 172,592 | 391,639 | 8,939 | 400,578 |
| 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 |

(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

(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 31 January 2024

| | 6 MONTHS ENDED 31.1.2024 RM'000 | 6 MONTHS ENDED 31.1.2023 RM'000 |
|---|--|--|
| CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES | | |
| Profit before taxation | 21,207 | 31,614 |
| Adjustments | 16,078 | 15,232 |
| Operating profit before working capital changes | <u>37,285</u> | <u>46,846</u> |
| Movement in working capital: | | |
| Decrease in inventories | 10,554 | 12,935 |
| Increase in receivables | (3,331) | (16,238) |
| Increase/(Decrease) in payables | 979 | (8,569) |
| Cash generated from operations | <u>45,487</u> | <u>34,974</u> |
| Interest received | 595 | 211 |
| Tax refund/(paid) | 581 | (2,443) |
| Net cash from operating activities | <u>46,663</u> | <u>32,742</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 14 | 130 |
| Purchase of property, plant and equipment | (4,743) | (29,687) |
| Deposit paid for purchase of property, plant and equipment | (1,282) | (387) |
| Net cash used in investing activities | <u>(6,011)</u> | <u>(29,944)</u> |
| CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES | | |
| Net (repayment)/drawdown of short-term borrowings | (28,749) | 12,287 |
| Dividends paid to shareholders of the Company | (8,766) | (8,766) |
| Interest paid | (1,654) | (2,529) |
| Interest paid on lease liabilities | (93) | (109) |
| Repayment of lease liabilities | (526) | (509) |
| Net cash (used in)/from financing activities | <u>(39,788)</u> | <u>374</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 864 | 3,172 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 23,615 | 22,097 |
| Effect of exchange differences | 993 | (1,220) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u>25,472</u> | <u>24,049</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 JANUARY 2024

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 beginning on 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 January 2024, 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 2023 was as follows:

| | |
|---|--------|
| In respect of the financial year ended 31 July 2023: | RM'000 |
| Single tier final dividend of 2.50 sen per ordinary share declared on 13 December 2023 and paid on 22 January 2024. | 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 | |
|---|----------------|-----------|----------------|-----------|
| | 31.1.2024 | 31.1.2023 | 31.1.2024 | 31.1.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Interest income | (325) | (146) | (595) | (211) |
| (b) Other income | (10) | (33) | (31) | (37) |
| (c) Interest expense | 681 | 1,330 | 1,654 | 2,529 |
| (d) Interest on lease liabilities | 43 | 55 | 93 | 109 |
| (e) Depreciation of property, plant and equipment | 7,863 | 7,417 | 15,864 | 14,738 |
| (f) Depreciation of right-of-use assets | 313 | 354 | 665 | 671 |
| (g) Net (write-back)/provision of receivables | (87) | 40 | (137) | 191 |
| (h) Net (write-back)/provision of inventories | (723) | 741 | (1,243) | 1,183 |
| (i) Gain on disposal of plant and equipment | - | (64) | (6) | (64) |
| (j) Property, plant and equipment written off | 6 | 2 | 6 | 29 |
| (k) Net foreign exchange loss/(gain) | 189 | 664 | (498) | 448 |

In the current financial quarter and current financial year-to-date ended 31 January 2024, 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.

SCIENTEX PACKAGING (AYER KEROH) BERHAD

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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 31.1.2024 RM'000 | As at 31.1.2023 RM'000 |
|---------------------------------|------------------------------|------------------------------|
| Approved and contracted for: | | |
| Purchase of plant and machinery | 2,168 | 19,488 |

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 January 2024 were as follows:

| | 3 months ended | | 6 months ended | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31.1.2024 RM'000 | 31.1.2023 RM'000 | 31.1.2024 RM'000 | 31.1.2023 RM'000 |
| Other related companies * | | | | |
| Sale of goods | 2,055 | 230 | 2,294 | 475 |
| Purchase of goods | 56,611 | 46,893 | 97,371 | 94,402 |
| Services received | 30 | 30 | 60 | 60 |

* Other related companies refer to subsidiaries and/or associates of holding company, Scientex Berhad.

SCIENTEX PACKAGING (AYER KEROH) 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 2024**

**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 | |
| | 31.1.2024 RM'000 | 31.1.2023 RM'000 | | 31.1.2024 RM'000 | 31.1.2023 RM'000 | |
| Revenue | 175,845 | 198,061 | -11.2% | 348,819 | 411,977 | -15.3% |
| Operating profit | 11,354 | 16,800 | -32.4% | 22,954 | 34,252 | -33.0% |
| Profit attributable to owners of the Company | 8,018 | 13,377 | -40.1% | 15,724 | 25,652 | -38.7% |

Current quarter review

For the current financial quarter ended 31 January 2024, the Group achieved revenue of RM175.85 million, reflecting a reduction of 11.2% compared to RM198.06 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 RM71.16 million, 40.5% of group revenue compared to 45.8% in the preceding year corresponding quarter. Domestic market contributing RM104.69 million, 59.5% of group revenue in the current financial quarter.

For the current financial quarter under review, operating profit dipped 32.4% to RM11.35 million from RM16.80 million in the preceding year corresponding quarter. The decline in operating profit was mainly attributable to the reduction in revenue, product mix and increase in electricity costs.

6-month review

For the 6-month financial period ended 31 January 2024, the Group recorded revenue of RM348.82 million, a decrease of 15.3% compared to RM411.98 million recorded in the preceding year corresponding period, mainly due to lower demand from export markets. Exports as a percentage to group revenue reduced to 41.8% compared to 48.6% in the preceding year corresponding period.

Operating profit decreased 33.0% to RM22.95 million from RM34.25 million recorded in the preceding year corresponding period. The reduction in operating profit was mainly attributed to the reasons as stated in the current quarter review.

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

| | Current quarter | Preceding quarter | Changes % |
|--|---------------------|----------------------|--------------|
| | 31.1.2024 RM'000 | 31.10.2023 RM'000 | |
| Revenue | 175,845 | 172,974 | 1.7% |
| Profit before tax ("PBT") | 10,630 | 10,577 | 0.5% |
| Profit attributable to owners of the Company | 8,018 | 7,706 | 4.0% |

For the three months ended 31 January 2024, Group revenue increased marginally to RM175.85 million from RM172.97 million in the preceding quarter. Similarly, Group PBT increased marginally from RM10.58 million to RM10.63 million in the current financial quarter.

SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Company No: 197201001354 [12994-W])

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B3 Current financial year prospects

The global market outlook continues to remain challenging due to the ongoing political uncertainties, rising inflationary pressures as well as soft market sentiments.

Amidst the challenges, the Group remains committed with its efforts to enhance operational efficiencies, through initiatives to optimise machine utilisation and workforce productivity, as well as to focus on innovation and developing customer centric packaging products. The Group's investment in capacity and capability over the past few years has well-positioned us to meet market opportunities and to take on the increasing portfolio of fully recyclable packaging solutions as well as applications which incorporate post-consumer recycled resin content in fulfilling its commitment towards sustainable packaging.

The socioeconomic conditions in Myanmar continues to remain challenging. The Group will observe the conditions and national policy changes within the locality to minimise adverse effects towards its operation whilst exploring options pertaining to its Myanmar operations.

Against the backdrop of the abovementioned, the Group is committed to enhance its competitiveness and capitalise on new growth opportunities and is optimistic of sustaining 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 | | 6 months ended | |
|---------------------------------------|----------------|--------------|----------------|--------------|
| | 31.1.2024 | 31.1.2023 | 31.1.2024 | 31.1.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of current quarter/period: | | | | |
| - Income tax | 3,248 | 1,858 | 4,717 | 5,808 |
| - Deferred tax | (627) | 8 | 403 | (378) |
| | <u>2,621</u> | <u>1,866</u> | <u>5,120</u> | <u>5,430</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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(Company No: 197201001354 [12994-W])

(Incorporated in Malaysia)

B7 Borrowings

| | Short term | |
|---------------------------|------------------------------|------------------------------|
| | As at 31.1.2024 RM'000 | As at 31.1.2023 RM'000 |
| <u>Unsecured:</u> | | |
| Denominated in RM | | |
| - Trade financing | 28,844 | 60,108 |
| Denominated in USD | | |
| - Trade financing | - | 21,726 |
| Total | 28,844 | 81,834 |

B8 Material litigation

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

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 | |
|--|--------|----------------|-----------|----------------|-----------|
| | | 31.1.2024 | 31.1.2023 | 31.1.2024 | 31.1.2023 |
| (i) Basic earnings per share | | | | | |
| Profit attributable to owners of the Company | RM'000 | 8,018 | 13,377 | 15,724 | 25,652 |
| Weighted average number of ordinary shares | '000 | 350,621 | 350,621 | 350,621 | 350,621 |
| Basic earnings per ordinary share | (sen) | 2.28 | 3.82 | 4.48 | 7.32 |

- (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

20 March 2024