



SCIENTEX PACKAGING (AYER KEROH) BERHAD

(Formerly known as Daibochi Berhad)
 (Company No: 197201001354 [12994-W])
 (Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 April 2022
 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the nine months ended 30 April 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2022 RM'000	Preceding year corresponding quarter 30.4.2021 RM'000	Current year to date 30.4.2022 RM'000	Preceding year corresponding period 30.4.2021 RM'000
Revenue	207,431	150,123	582,213	468,143
Operating profit	12,291	13,107	34,054	47,236
Interest expense	(670)	(356)	(1,710)	(1,181)
Profit before tax	11,621	12,751	32,344	46,055
Taxation	(1,297)	(2,674)	(1,211)	(7,988)
Profit for the quarter / period	10,324	10,077	31,133	38,067
Profit attributable to:				
Owners of the Company	10,308	10,257	31,798	38,142
Non-controlling interests	16	(180)	(665)	(75)
Profit for the quarter / period	10,324	10,077	31,133	38,067
Earnings per share attributable to owners of the Company (sen per share)				
- Basic	3.15	3.13	9.71	11.65
- Diluted	N/A	N/A	N/A	11.61

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine months ended 30 April 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30.4.2022 RM'000	Preceding year corresponding quarter 30.4.2021 RM'000	Current year to date 30.4.2022 RM'000	Preceding year corresponding period 30.4.2021 RM'000
Profit for the quarter / period	10,324	10,077	31,133	38,067
Other comprehensive income/(loss), net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
- Foreign currency translation of foreign operations	667	(7,825)	(4,153)	(9,008)
Other comprehensive income/(loss) for the quarter / period, net of income tax	667	(7,825)	(4,153)	(9,008)
Total comprehensive income for the quarter / period, net of income tax	10,991	2,252	26,980	29,059
Total comprehensive income for the quarter / period attributable to:				
Owners of the Company	11,125	5,711	29,328	33,014
Non-controlling interests	(134)	(3,459)	(2,348)	(3,955)
	10,991	2,252	26,980	29,059

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 April 2022

	AS AT CURRENT FINANCIAL QUARTER ENDED 30.4.2022 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	287,600	231,885
Right-of-use assets	2,221	2,747
Deferred tax assets	353	355
Goodwill	67,607	69,940
	357,781	304,927
Current assets		
Inventories	99,527	80,138
Trade and other receivables	148,268	108,445
Tax recoverable	10,486	6,017
Cash and bank balances	20,390	24,603
	278,671	219,203
TOTAL ASSETS	636,452	524,130
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	163,090	163,090
Reserves	135,274	114,130
Equity attributable to owners of the Company	298,364	277,220
Non-controlling interests	17,648	19,996
Total equity	316,012	297,216
Non-current liabilities		
Borrowings	-	951
Lease liabilities	2,060	2,481
Deferred tax liabilities	24,865	25,702
	26,925	29,134
Current liabilities		
Borrowings	130,292	77,739
Lease liabilities	857	3,091
Trade and other payables	161,381	115,827
Tax liabilities	985	1,123
	293,515	197,780
Total liabilities	320,440	226,914
TOTAL EQUITY AND LIABILITIES	636,452	524,130
Net assets per share attributable to owners of the Company (RM)	0.91	0.85

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 30 April 2022

	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
			Revaluation reserve RM'000	Translation reserves RM'000				
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
As at 1 August 2020	164,176	(1,145)	7,468	694	81,599	252,792	24,908	277,700
Profit for the period	-	-	-	-	38,142	38,142	(75)	38,067
Other comprehensive income for the period	-	-	-	(5,128)	-	(5,128)	(3,880)	(9,008)
Total comprehensive income for the period	-	-	-	(5,128)	38,142	33,014	(3,955)	29,059
Dividends paid	-	-	-	-	(9,821)	(9,821)	-	(9,821)
Exercise of warrants	59	-	-	-	-	59	-	59
As at 30 April 2021	164,235	(1,145)	7,468	(4,434)	109,920	276,044	20,953	296,997

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the nine months ended 30 April 2022

	9 MONTHS ENDED 30.4.2022 RM'000	9 MONTHS ENDED 30.4.2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	32,344	46,055
Adjustments	22,268	20,776
Operating profit before working capital changes	<u>54,612</u>	<u>66,831</u>
Movement in working capital:		
(Increase)/decrease in inventories	(20,558)	8,342
Increase in receivables	(54,195)	(5,536)
Increase in payables	39,840	1,460
Cash generated from operations	<u>19,699</u>	<u>71,097</u>
Interest received	43	10
Taxation paid	(6,690)	(3,869)
Net cash from operating activities	<u>13,052</u>	<u>67,238</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	17	60
Interest received	5	8
Purchase of property, plant and equipment	(50,825)	(38,095)
Deposit paid for purchase of property, plant and equipment	(4,045)	(8,339)
Net cash used in investing activities	<u>(54,848)</u>	<u>(46,366)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Net drawdown/(repayment) of short-term borrowings	49,980	(13,891)
Repayment of term loans	(1,043)	(1,923)
Proceeds from exercise of warrants	-	59
Dividends paid to shareholders of the Company	(8,184)	(9,821)
Interest paid	(1,539)	(915)
Interest paid on lease liabilities	(171)	(266)
Repayment of lease liabilities	(558)	(350)
Net cash from/(used in) financing activities	<u>38,485</u>	<u>(27,107)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,311)	(6,235)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,603	28,484
Effect of exchange differences	(902)	(2,415)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>20,390</u>	<u>19,834</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2021)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 30 APRIL 2022

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 2021 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 2021.

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 2021, except for the adoption of the following amendments to MFRSs that are effective for the financial statements effective from 1 August 2021, as disclosed below:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021

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 2021 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 period under review.

As at 30 April 2022, the total number of issued shares of the Company was 327,922,319 ordinary shares, out of which 550,100 ordinary shares were held as treasury shares. The total number of unexercised warrants was 27,296,952.

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A7 Dividends paid

The amount of dividend paid by the Company since 31 July 2021 was as follows:

	RM'000
In respect of the financial year ending 31 July 2022:	
Single tier interim dividend of 2.50 sen per ordinary share declared on 7 December 2021 and paid on 10 January 2022.	<u>8,184</u>

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	
	30.4.2022	30.4.2021	30.4.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
(a) Interest income	(21)	(6)	(48)	(18)
(b) Other income	(87)	(921)	(1,656)	(2,913)
(c) Interest expense	618	275	1,539	915
(d) Interest on lease liabilities	52	81	171	266
(e) Depreciation of property, plant and equipment	5,977	5,963	18,007	17,482
(f) Depreciation of right-of-use assets	272	266	808	841
(g) Net write back of receivables	(87)	(85)	(5)	(78)
(h) Net provision/(write back) of inventories	469	(13)	580	(33)
(i) Gain on disposal of plant and equipment	-	-	(17)	(60)
(j) Property, plant and equipment written off	-	14	1	183
(k) Net foreign exchange loss/(gain)	1,199	727	542	(747)

In the current financial quarter and current financial year-to-date ended 30 April 2022, 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 30.4.2022 RM'000	As at 30.4.2021 RM'000
Approved and contracted for:		
Purchase of plant and machinery	39,681	64,170

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 30 April 2022 were as follows:

	3 months ended		9 months ended	
	30.4.2022 RM'000	30.4.2021 RM'000	30.4.2022 RM'000	30.4.2021 RM'000
Other related companies *				
Sale of goods	221	-	311	-
Facilities usage income	-	819	1,365	2,457
Purchase of goods	55,906	43,557	176,289	131,581
Services received	30	40	90	40

* 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 2022**

**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	
	30.4.2022 RM'000	30.4.2021 RM'000		30.4.2022 RM'000	30.4.2021 RM'000	
Revenue	207,431	150,123	38.2%	582,213	468,143	24.4%
Operating profit	12,291	13,107	-6.2%	34,054	47,236	-27.9%
Profit attributable to owners of the Company	10,308	10,257	0.5%	31,798	38,142	-16.6%

Current quarter review

For the current financial quarter ended 30 April 2022, the Group achieved revenue of RM207.43 million, an increase of 38.2% compared to RM150.12 million in the preceding year corresponding quarter, contributed by higher demand in both domestic and export sales. Exports as a percentage to group revenue rose to 47.8% compared to 42.7% in the preceding year corresponding quarter.

Despite the revenue growth, Group operating profit in the current financial quarter dipped 6.2% to RM12.29 million compared to RM13.11 million in the preceding year corresponding quarter. The reduction in operating profit was mainly due to increased cost of sales arising from higher overall material cost and freight costs caused by global supply chain challenges.

9-month review

For the 9-month financial period ended 30 April 2022, the Group recorded revenue of RM582.21 million, an increase of 24.4% compared to RM468.14 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 47.2% compared to 43.5% in the preceding year corresponding period.

Operating profit however decreased 27.9% to RM34.05 million from RM47.24 million in the preceding year corresponding period. The decline 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 %
	30.4.2022 RM'000	31.1.2022 RM'000	
Revenue	207,431	194,467	6.7%
Profit before tax ("PBT")	11,621	11,665	-0.4%
Profit attributable to owners of the Company	10,308	11,690	-11.8%

For the three months ended 30 April 2022, the Group's revenue increased 6.7% to RM207.43 million from RM194.47 million in the preceding quarter, driven by higher demand in both the domestic and export sales. Exports as a percentage of group revenue stood at 47.8% compared to 46.6% in the preceding quarter.

Despite the higher revenue, the Group recorded PBT of RM11.62 million mainly due to increase in raw material costs and other operating costs.

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B3 Current financial year prospects

The Group continues to innovate and develop sustainable flexible packaging products (“FPP”) in line with customers’ needs and market trends through collaboration with brand owners and integration of resources and processes within the Scientex Group.

On the operations front, ongoing global supply chain challenges and geo-political uncertainties have led to volatility in the supply of raw materials, vessel delays and shortage of shipping containers resulting in elevated costs and longer production and delivery lead times to customers. The Group will continue working closely with its customers and supplier base to manage these operational issues and meet its commitments. In managing the Covid-19 situation, the Group remains vigilant and will continue to ensure the safety and wellbeing of its employees and stakeholders as Malaysia transitions to the endemic phase.

The socioeconomic condition in Myanmar remains uncertain due to several factors such as the on-going political crisis, frequent electricity outages, major changes to the import licence requirements causing shipment delays and changes in the foreign exchange policy. Whilst demand for its FPP remains encouraging, however, amidst the current backdrop of events, the Group continues to face operational challenges which are likely to impact efficiency and financial performance over the near term. The Group is undertaking a comprehensive review of its Myanmar operations with its joint venture partner to explore further options pertaining to the Myanmar operations.

Save for its Myanmar operations and challenges in the operating environment, Malaysian economic sectors and geographical borders continue to reopen, which should bode well for the resilient demand for FPP. The Group is cautiously optimistic of its prospects for 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 credit for the current financial quarter and current financial year-to-date were as follows:

	3 months ended		9 months ended	
	30.4.2022	30.4.2021	30.4.2022	30.4.2021
	RM’000	RM’000	RM’000	RM’000
In respect of current quarter/period:				
- Income tax	897	2,011	2,048	7,667
- Deferred tax	400	663	(837)	321
	<u>1,297</u>	<u>2,674</u>	<u>1,211</u>	<u>7,988</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.

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B7 Borrowings

	Long term RM'000	Short term RM'000	Total borrowings RM'000
As at 30 April 2022			
<u>Unsecured:</u>			
Denominated in USD			
- Trade financing	-	60,900	60,900
Denominated in AUD			
- Trade financing	-	37,382	37,382
Denominated in RM			
- Term loan	-	1,302	1,302
- Trade financing	-	30,708	30,708
Total	-	130,292	130,292
As at 30 April 2021			
<u>Unsecured:</u>			
Denominated in USD			
- Trade financing	-	38,540	38,540
Denominated in AUD			
- Trade financing	-	18,921	18,921
Denominated in RM			
- Term loan	1,303	1,590	2,893
- Trade financing	-	2,000	2,000
Total	1,303	61,051	62,354

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.

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B10 Earnings per share

		3 months ended		9 months ended	
		30.4.2022	30.4.2021	30.4.2022	30.4.2021
(i) Basic earnings per share					
Profit attributable to owners of the Company	RM'000	10,308	10,257	31,798	38,142
Weighted average number of ordinary shares	'000	327,372	327,372	327,372	327,360
Basic earnings per ordinary share	(sen)	3.15	3.13	9.71	11.65
(ii) Diluted earnings per share					
Profit attributable to owners of the Company	RM'000	N/A	N/A	N/A	38,142
Weighted average number of ordinary shares	'000	N/A	N/A	N/A	327,360
Effect of dilution – warrants	'000	N/A	N/A	N/A	1,052
Adjusted weighted average number of ordinary shares	'000	N/A	N/A	N/A	328,412
Diluted earnings per share	(sen)	N/A	N/A	N/A	11.61

Diluted earnings per ordinary share is not presented for the current financial quarter and current financial year-to-date as the warrants are anti-dilutive where the average market price of ordinary shares during the current financial period does not exceed the exercise price of the warrants.

By Order of the Board

Tung Wei Yen (MAICSA 7062671)
Geetharani A/P Ranganathan (MAICSA 7070549)
Company Secretaries

10 June 2022