



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 31 October 2022

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the three months ended 31 October 2022

	3 MONTHS ENDED	
	Current year quarter 31.10.2022 RM'000	Preceding year corresponding quarter 31.10.2021 RM'000
Revenue	213,916	180,315
Operating profit	17,452	9,538
Interest expense	(1,253)	(480)
Profit before tax	16,199	9,058
Taxation	(3,564)	407
Profit for the quarter / period	12,635	9,465
Profit attributable to:		
Owners of the Company	12,275	9,800
Non-controlling interests	360	(335)
Profit for the quarter / period	12,635	9,465
Earnings per share attributable to owners of the Company (sen per share)		
- Basic	3.50	2.99

(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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 The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the three months ended 31 October 2022

	3 MONTHS ENDED	
	Current year quarter 31.10.2022 RM'000	Preceding year corresponding quarter 31.10.2021 RM'000
Profit for the quarter / period	12,635	9,465
Other comprehensive loss, net of income tax: Items that may be reclassified subsequently to profit or loss:		
- Foreign currency translation of foreign operations	(3,359)	(3,107)
Other comprehensive loss for the quarter / period, net of income tax	(3,359)	(3,107)
Total comprehensive income for the quarter / period, net of income tax	9,276	6,358
Total comprehensive income for the quarter / period attributable to:		
Owners of the Company	10,006	7,946
Non-controlling interests	(730)	(1,588)
	9,276	6,358

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2022)



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.10.2022 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.7.2022 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	295,014	287,425
Right-of-use assets	3,234	2,162
Deferred tax assets	481	496
Goodwill	66,625	68,187
	365,354	358,270
Current assets		
Inventories	93,730	104,860
Trade and other receivables	151,486	143,823
Tax recoverable	6,233	9,654
Cash and bank balances	23,279	22,097
	274,728	280,434
TOTAL ASSETS	640,082	638,704
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	221,213	221,213
Reserves	157,242	147,236
Equity attributable to owners of the Company	378,455	368,449
Non-controlling interests	17,160	17,890
Total equity	395,615	386,339
Non-current liabilities		
Lease liabilities	2,887	2,146
Deferred tax liabilities	21,664	22,050
	24,551	24,196
Current liabilities		
Borrowings	73,517	75,549
Lease liabilities	1,930	944
Trade and other payables	142,957	150,079
Tax liabilities	1,512	1,597
	219,916	228,169
Total liabilities	244,467	252,365
TOTAL EQUITY AND LIABILITIES	640,082	638,704
Net assets per share attributable to owners of the Company (RM)	1.08	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)



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the three months ended 31 October 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
			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	-	-	-	-	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
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	-	-	-	-	9,800	9,800	(335)	9,465
Other comprehensive income for the period	-	-	-	(1,854)	-	(1,854)	(1,253)	(3,107)
Total comprehensive income for the period	-	-	-	(1,854)	9,800	7,946	(1,588)	6,358
As at 31 October 2021	164,235	(1,145)	7,468	(7,451)	122,059	285,166	18,408	303,574

(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)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the three months ended 31 October 2022

	3 MONTHS ENDED 31.10.2022 RM'000	3 MONTHS ENDED 31.10.2021 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	16,199	9,058
Adjustments	7,657	5,746
Operating profit before working capital changes	<u>23,856</u>	<u>14,804</u>
Movement in working capital:		
Decrease/(increase) in inventories	9,487	(7,853)
Increase in receivables	(6,710)	(35,025)
(Decrease)/increase in payables	(5,253)	30,498
Cash generated from operations	<u>21,380</u>	<u>2,424</u>
Interest received	65	2
Taxation paid	(608)	(3,194)
Net cash from/(used in) operating activities	<u>20,837</u>	<u>(768)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	6
Interest received	-	2
Purchase of property, plant and equipment	(14,326)	(11,611)
Deposit paid for purchase of property, plant and equipment	(2,368)	(15,769)
Net cash used in investing activities	<u>(16,694)</u>	<u>(27,372)</u>
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of short-term borrowings	(2,012)	20,654
Repayment of term loans	-	(345)
Interest paid	(1,199)	(417)
Interest paid on lease liabilities	(54)	(63)
Repayment of lease liabilities	(225)	(186)
Net cash (used in)/from financing activities	<u>(3,490)</u>	<u>19,643</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	653	(8,497)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	22,097	24,603
Effect of exchange differences	529	(823)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>23,279</u>	<u>15,283</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)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 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 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 31 October 2022, 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 2022.

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	
	31.10.2022 RM'000	31.10.2021 RM'000
(a) Interest income	(65)	(4)
(b) Other income	(4)	(912)
(c) Interest expense	1,199	417
(d) Interest on lease liabilities	54	63
(e) Depreciation of property, plant and equipment	7,321	6,049
(f) Depreciation of right-of-use assets	317	269
(g) Net provision of receivables	151	-
(h) Net provision of inventories	442	144
(i) Gain on disposal of plant and equipment	-	(6)
(j) Property, plant and equipment written off	27	-
(k) Net foreign exchange gain	(216)	(886)

In the current financial quarter and current financial year-to-date ended 31 October 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 31.10.2022 RM'000	As at 31.10.2021 RM'000
Approved and contracted for: Purchase of plant and machinery	29,213	35,238

A15 Related party transactions

The Group's related party transactions in the current financial quarter and current financial year-to-date ended 31 October 2022 were as follows:

	3 months ended	
	31.10.2022 RM'000	31.10.2021 RM'000
Other related companies *		
Sale of goods	245	15
Facilities usage income	-	819
Purchase of goods	47,509	59,747
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 2022**

**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	
	31.10.2022 RM'000	31.10.2021 RM'000	
Revenue	213,916	180,315	18.6%
Operating profit	17,452	9,538	83.0%
Profit attributable to owners of the Company	12,275	9,800	25.3%

Current quarter review

For the current financial quarter ended 31 October 2022, the Group achieved revenue of RM213.92 million, an increase of 18.6% compared to RM180.32 million in the preceding year corresponding quarter. The increase was mainly due to better product mix and higher demand in both domestic and export sales. Export sales as a percentage to group revenue rose to 51.2% compared to 47.1% recorded in the preceding year corresponding quarter.

For the current financial quarter under review, operating profit rose by 83.0% to RM17.45 million from RM9.54 million in the preceding year corresponding quarter. The upsurge in operating profit was mainly attributable to the increase in revenue, improved margin due to lower raw material prices and favourable product mix.

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

	Current quarter	Preceding quarter	Changes %
	31.10.2022 RM'000	31.7.2022 RM'000	
Revenue	213,916	191,836	11.5%
Profit before tax ("PBT")	16,199	10,158	59.5%
Profit attributable to owners of the Company	12,275	11,353	8.1%

For the three months ended 31 October 2022, the Group's revenue increased by 11.5% to RM213.92 million from RM191.84 million recorded in the preceding financial quarter. The higher sales recorded was contributed from both its domestic and export markets, particularly to Oceania countries.

Group PBT stood at RM16.20 million compared to RM10.16 million posted in the preceding financial quarter. The increase of 59.5% in PBT was mainly attributable to the increase in revenue and reasons as mentioned in B1 above.

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B3 Current financial year prospects

Despite facing an increasingly volatile external environment, demand for the Group's products remained fairly resilient as the Group continues its collaborative work with global and local brand owners to meet their sustainability goals. With priority focused on innovation and development of sustainable products, the Group has successfully commercialised more sustainable flexible plastic packaging (FPP) products that meets the customers' stringent packaging requirements but yet are recyclable. As part of its longer term objective, the Group is continuously working to embed sustainable practices and processes in its manufacturing process that supports the greater circular economy as the Group seeks to establish and enhance its position as a producer of quality sustainable FPP products for the local and global markets.

The Group's expansion plan remains on track and the Group expects to be well positioned to better serve its customers with greater resources being allocated to develop innovative and value-added customised products to meet evolving market trends and packaging requirements. The Group will continue to monitor operational challenges caused by the ongoing geopolitical tension in Ukraine, global supply chain challenges, as well as rising inflationary pressures and to this end the Group has been pro-active with both its engagement with customers and suppliers to manage and mitigate issues to reduce its operational impact.

There has been no substantial change in the socioeconomic conditions in Myanmar and the Group foresees that the situation is expected to remain challenging for the short and medium term. The Group will continue to work with its joint venture partner to manage its operations to minimise any adverse effects whilst exploring options pertaining to the Myanmar operations. Barring any unforeseen circumstances, the Group is relatively optimistic that it will be in a position to meet customers' expectations and 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 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	
	31.10.2022	31.10.2021
	RM'000	RM'000
In respect of current quarter:		
- Income tax	3,950	369
- Deferred tax	(386)	(776)
	<u>3,564</u>	<u>(407)</u>

The Group's effective tax rate for the current financial quarter is 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 31 October 2022			
<u>Unsecured:</u>			
Denominated in USD			
- Trade financing	-	27,671	27,671
Denominated in RM			
- Trade financing	-	45,846	45,846
Total	-	73,517	73,517
As at 31 October 2021			
<u>Unsecured:</u>			
Denominated in USD			
- Trade financing	-	51,957	51,957
Denominated in AUD			
- Trade financing	-	30,638	30,638
Denominated in RM			
- Term loan	596	1,404	2,000
- Trade financing	-	13,934	13,934
Total	596	97,933	98,529

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 2022, the Board of Directors recommended a single tier final dividend of 2.50 sen per ordinary share. The dividend will be payable on 4 January 2023, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

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B10 Earnings per share

		3 months ended	
		31.10.2022	31.10.2021
(i)	Basic earnings per share		
	Profit attributable to owners of the Company	RM'000	
		12,275	9,800
	Weighted average number of ordinary shares	'000	
		350,621	327,372
	Basic earnings per ordinary share	(sen)	
		<u>3.50</u>	<u>2.99</u>
(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

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

6 December 2022