



SCIENTEX INCORPORATED BERHAD

(Company No: 7867-P)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 October 2003
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial quarter ended 31 October 2003

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 10/31/2003 RM'000	Preceding year corresponding quarter 10/31/2002 RM'000	Current year to date (Unaudited) 10/31/2003 RM'000	Preceding year corresponding period (Unaudited) 10/31/2002 RM'000
Revenue	71,757	60,136	71,757	60,136
Operating expenses	(66,954)	(56,582)	(66,954)	(56,582)
Other operating income	267	323	267	323
Profit from operations	5,070	3,877	5,070	3,877
Finance costs	(871)	(1,158)	(871)	(1,158)
Investing results	(262)	(506)	(262)	(506)
Profit before tax	3,937	2,213	3,937	2,213
Taxation	(896)	(943)	(896)	(943)
Profit after tax	3,041	1,270	3,041	1,270
Minority interests	(1,046)	(720)	(1,046)	(720)
Net profit for the period	1,995	550	1,995	550
Earnings per share (sen)				
(i) Basic	3.23	0.89	3.23	0.89
(ii) Diluted	n/a	n/a	n/a	n/a

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2003)



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 October 2003

	AS AT END OF CURRENT QUARTER 10/31/2003 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/07/2003 RM'000 (Audited)
1. Property, plant and equipment	253,639	256,900
2. Land held for development	39,656	42,891
3. Investment in associated companies	35,677	35,977
4. Other investments	1,152	1,152
5. Goodwill on consolidation	1,308	1,375
6. Intangible assets	881	803
	332,313	339,098
7. Current Assets		
Development properties	39,044	34,432
Inventories	41,094	40,832
Trade receivables	50,763	47,103
Short term deposits with banks	2,560	108
Cash and bank balances	10,262	12,700
Other receivables, deposits and prepayment	12,340	8,988
Tax recoverable	1,795	1,890
	157,858	146,053
8. Current Liabilities		
Trade payables	31,900	31,510
Other payables, provisions and accrued liabilities	8,375	8,026
Short term borrowings	53,106	52,050
Provision for taxation	1,141	1,022
Redeemable preference shares	9,002	9,002
	103,524	101,610
9. Net current assets	54,334	44,443
	386,647	383,541
10. Shareholders' Funds		
Share capital	61,994	61,994
Reserves	205,362	203,288
	267,356	265,282
11. Minority interests	68,973	67,907
12. Long term borrowings	33,191	33,191
13. Other long term liabilities	302	336
14. Deferred taxation	16,825	16,825
	386,647	383,541
15. Net tangible assets per share (RM)	4.29	4.26

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 July 2003)



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2003**

	Reserves							Retained profits RM'000	Total RM'000
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Non-distributable			Warrant and other reserves RM'000		
Share buybacks reserves RM'000				Foreign exchange reserves RM'000	Treasury shares RM'000				
At 1 August, 2003	61,994	6,726	100,644	387	33	(387)	660	95,225	265,282
Net profit for the period	-	-	-	-	-	-	-	1,995	1,995
Currency translation differences, representing net gains not recognised in the income	-	-	-	-	79	-	-	-	79
At 31 October, 2003	61,994	6,726	100,644	387	112	(387)	660	97,220	267,356
At 1 August, 2002	61,982	6,713	107,989	387	-	(387)	660	94,291	271,635
Prior year adjustment			(6,520)					(4)	(6,524)
At 1 August, 2002 (restated)	61,982	6,713	101,469	387	-	(387)	660	94,287	265,111
Net profit for the period	-	-	-	-	-	-	-	550	550
At 31 October, 2002	61,982	6,713	101,469	387	-	(387)	660	94,837	265,661

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2003)



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the financial quarter ended 31 October, 2003

	3 MONTHS ENDED 31-10-2003 RM'000	3 MONTHS ENDED 31-10-2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,937	2,213
Adjustments for non-cash flow :		
Non-cash items	4,079	3,675
Non-operating items (which are investing/financing)	1,082	1,433
Operating profit before working capital changes	<u>9,098</u>	<u>7,321</u>
Net change in current assets	(8,813)	(1,974)
Net change in current liabilities	839	6,369
Cash generated from operations	<u>1,124</u>	<u>11,716</u>
Interest received	36	31
Interest paid	(871)	(1,022)
Taxation paid	(644)	(1,168)
Gratuity and retirement benefits paid	<u>(68)</u>	<u>-</u>
Net cash (used in)/generated from operating activities	<u>(423)</u>	<u>9,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	-	64
Purchase of additional shares in a subsidiary	-	(1,005)
Purchase of property, plant and equipment	(633)	(1,145)
Proceeds from disposal of property, plant and equipment	<u>15</u>	<u>66</u>
Net cash used in investing activities	<u>(618)</u>	<u>(2,020)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(224)
Net drawdown/(repayment) of short term borrowings	3,826	(1,661)
Repayment of term loan	<u>(3,350)</u>	<u>(2,984)</u>
Net cash generated from/(used in) financing activities	<u>476</u>	<u>(4,869)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(565)	2,668
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>9,805</u>	<u>8,432</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>9,240</u>	<u>11,100</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	10,262	12,511
Short term deposits	2,560	797
Bank overdrafts	<u>(3,582)</u>	<u>(2,208)</u>
	<u>9,240</u>	<u>11,100</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2003)

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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2003

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MASB 26, Interim Financial Reporting and Chapter 9 Part A of Appendix 9B of Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the audited financial statements for the year ended 31 July 2003.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 July 2003.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2003 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the current interim period under review.

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 interim period under review.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the previous financial years that have a material effect in the current interim period.

A6 Changes in debts and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current interim period, except for the balance of 180,000 shares which were held as treasury shares as at the date of this quarterly report.

A7 Dividend paid

There was no dividend paid in the current financial quarter.

A8 Segment information

Segment information is presented in respect of the Group's business segments.

<u>Revenue</u>	External RM'000	Inter-segment RM'000	Total RM'000
Manufacturing	57,847	-	57,847
Property development	11,573	-	11,573
Trading	2,260	43	2,303
Investment holdings	77	750	827
Elimination : Inter-segment revenue	-	(793)	(793)
Total revenue	<u>71,757</u>	<u>(0)</u>	<u>71,757</u>

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A8 Segment information (Contd.)

Segment information is presented in respect of the Group's business segments.

<u>Results</u>	External RM'000	Inter-segment RM'000	Total RM'000
Manufacturing	1,452	-	1,452
Property development	2,346	-	2,346
Trading	133	-	133
Investment holdings	1,315	-	1,315
Elimination : Inter-segment expenses	-	(176)	(176)
Profit from operations	<u>5,246</u>	<u>(176)</u>	5,070
Finance cost			(871)
Share of results of associates			(262)
Taxation			<u>(896)</u>
Profit after taxation			3,041
Minority interests			<u>(1,046)</u>
Net profit for the year			<u>1,995</u>

A9 Valuation of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the audited financial statements for the year ended 31 July 2003.

A10 Events subsequent to the end of the reporting period

There were no material events subsequent to the end of the current interim period that have not been reflected in the financial statement for the said period as at the date of this report.

A11 Changes in the composition of the Group

There were no material changes in the composition of the Group during the current financial quarter.

A12 Contingent liabilities

Contingent liabilities of the Group as at 12 December 2003 comprise :

	RM'000
Corporate guarantees for subsidiaries	<u>46,939</u>

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ADDITIONAL INFORMATION REQUIRED BY THE KLSE LISTING REQUIREMENTS
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2003

B1 Review of performance

The Group recorded a revenue of RM71.76 million for the financial period ended 31 October 2003, an increase of 19.3% compared with the preceding year's corresponding financial period's revenue of RM 60.14 million. The increase in revenue was mainly attributable to better performance of the property division and stretch film sector under the industrial packaging division.

The Group recorded a profit before taxation of RM3.94 million for the financial period ended 31 October 2003, which is 77.9% higher than the profit before taxation recorded in the preceding year corresponding financial period of RM2.21 million. The increase in the Group profit before taxation was in line with the higher sales achieved by the property division and stretch film products.

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

For the current financial quarter under review, the Group recorded a profit before taxation of RM3.94 million, a decrease of 28.3%, as compared with RM5.49 million in the preceding financial quarter. The decrease in profit before taxation was mainly due to lower margin achieved in manufacturing division as a result of increased raw material cost.

B3 Current financial year prospects

Barring any unforeseen circumstances, the Directors anticipate that the Group's operations will continue to be profitable.

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 interim period under review.

B5 Taxation

Details of tax expense for the current financial quarter were as follows : -

	3 months ended	
	31.10.2003	31.10.2002
	RM'000	RM'000
In respect of current period :		
- Income tax	858	740
In respect of prior year :		
- Income tax	-	193
	<hr/>	<hr/>
	858	933
Share of taxation of associated companies	38	10
	<hr/>	<hr/>
	896	943

The Group's effective tax rate for the current financial quarter is lower than the statutory income tax rate mainly due to utilisation of reinvestment allowances.

B6 Profits / (loss) on sale of unquoted investments and/or properties

There was no profit on sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the current interim period under review.

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B7 Quoted securities

(a) There were no purchases or disposals of quoted securities for the current interim period under review.

(b) Investments in quoted securities as at 31 October 2003 were as follows : -

At cost	RM'000
Investments in :	
Associated companies	14,887
Others	<u>77</u>
	<u>14,964</u>
At carrying value / book value	<u>14,964</u>
At market value	<u>19,839</u>

B8 Status of corporate proposals

The Company together with its associated company, Woventex Corporation Berhad ("WCB"), had on 21 January 2003 announced the proposed rationalisation of the industrial packaging business of the Company and WCB, which involves the Company and its wholly owned subsidiaries disposing of their respective interests in the subsidiaries, all of which are involved in the industrial packaging materials business to WCB for an aggregate consideration of RM28,216,404 to be satisfied by 26,156,303 new ordinary shares of WCB and RM2,060,101 cash. The proposal has been approved by the Securities Commission on 14 November 2003 and other relevant authorities and is currently pending the shareholders' approval which will be sought at the Extraordinary General Meeting to be held on 30 December 2003.

The Company, had on 26 September 2003, announced that a conditional Share Sale Agreement was entered into between its wholly-owned subsidiary, Scientex Maju Sdn Bhd and Mr Wong Nam Loong for the disposal by Scientex Maju Sdn Bhd of a total of 9,240,000 ordinary shares of RM1.00 each representing 51.33% of the issued and paid-up share capital of Scientex Aidiros Sdn Bhd to Mr Wong Nam Loong for a total sale consideration of RM16,272,052 to be satisfied by a share swap of 1,844,150 ordinary shares of RM1.00 each in Scientex Quatari Sdn Bhd held by Mr Wong Nam Loong and his nominee ("Proposed Disposal")

The Kuala Lumpur Stock Exchange has vide its letter dated 10 December 2003 waived the Company's requirement to seek the shareholders' approval for the Proposed Disposal as it is not regarded as a related party transaction.

B9 Borrowings and debt securities

The Group's borrowings as at 31 October 2003 were as follows : -

a) Long Term Borrowings	RM'000
Term Loan	
-Secured	21,955
-Unsecured	<u>11,236</u>
	<u>33,191</u>
b) Short Term Borrowings	
- Secured	
Term loan	5,042
Other bank borrowings	<u>3,346</u>
	<u>8,388</u>
- Unsecured	
Term loan	6,233
Other bank borrowings	<u>38,485</u>
	<u>44,718</u>

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B10 Off balance sheet financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at the date of this quarterly report.

B11 Material litigation

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

B12 Dividend

The Directors do not recommend any dividend for the current interim period under review.

B13 Earnings per share

		3 months ended	
		31.10.2003	31.10.2002
a) Basic earnings per share			
Net profit for the period	(RM'000)	1,995	550
Weighted average number of ordinary shares in issue	('000)	61,814	61,802
Basic earnings per share	(sen)	<u>3.23</u>	<u>0.89</u>

b) Fully diluted earnings per share

The calculation of fully diluted earnings per share for the current financial quarter is based on the adjusted net profit attributable to ordinary shareholders and the adjusted weighted average number of ordinary shares in issue and issuable during the current interim period.

However, the fully diluted earnings per share is not presented as any proposed exercising of ESOS options and warrants would result in anti-dilutive situation.

By Order of the Board

Gary Tan Beng Chai
Company Secretary

19 December 2003