



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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 October 2012
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the three months ended 31 October 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.10.2012 RM'000	31.10.2011 RM'000	31.10.2012 RM'000	31.10.2011 RM'000
Revenue	241,616	213,762	241,616	213,762
Operating profit	31,484	26,540	31,484	26,540
Interest expense	(168)	(192)	(168)	(192)
Investing results	13	(63)	13	(63)
Profit before tax	31,329	26,285	31,329	26,285
Taxation	(6,053)	(4,895)	(6,053)	(4,895)
Profit for the period	25,276	21,390	25,276	21,390
Profit attributable to:				
Owners of the parent	24,875	20,633	24,875	20,633
Non-controlling interests	401	757	401	757
Profit for the period	25,276	21,390	25,276	21,390
Earnings per share attributable to owners of the parent (sen per share)	11.57	9.59	11.57	9.59

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2012)



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 October 2012

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.10.2012 RM'000	Preceding year corresponding quarter 31.10.2011 RM'000	Current year to date 31.10.2012 RM'000	Preceding year corresponding period 31.10.2011 RM'000
Profit for the period	25,276	21,390	25,276	21,390
Other comprehensive income :				
Foreign currency translation	(566)	1,151	(566)	1,151
Total comprehensive income for the period	24,710	22,541	24,710	22,541
Total comprehensive income attributable to:				
Owners of the parent	24,379	21,629	24,379	21,629
Non-controlling interests	331	912	331	912
	24,710	22,541	24,710	22,541

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2012)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 October 2012

	AS AT CURRENT FINANCIAL QUARTER ENDED 31.10.2012 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.07.2012 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	213,698	210,856
Investment properties	4,603	4,621
Land held for property development	262,948	260,198
Investment in jointly controlled entity	22,371	22,464
Investment in associate	10,163	10,056
Other investments	5,037	5,037
	518,820	513,232
Current assets		
Property development costs	63,479	71,138
Inventories	49,557	60,981
Trade and other receivables	145,741	127,356
Cash and bank balances	49,984	36,335
	308,761	295,810
TOTAL ASSETS	827,581	809,042
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	46,765	50,721
Retirement benefit obligations	267	267
Trade and other payables	153,661	155,615
Income tax payable	7,444	6,491
	208,137	213,094
Net current assets	100,624	82,716
Non-current liabilities		
Loans and borrowings	3,750	5,000
Retirement benefit obligations	7,718	7,682
Deferred tax liabilities	23,563	23,563
	35,031	36,245
Total liabilities	243,168	249,339
Net assets	584,413	559,703
Equity attributable to owners of the parent		
Share capital	115,000	115,000
Reserves	435,094	410,715
	550,094	525,715
Non-controlling interests	34,319	33,988
Total equity	584,413	559,703
TOTAL EQUITY AND LIABILITIES	827,581	809,042
Net assets per share attributable to owners of the parent (RM)	2.56	2.44

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2012)



SCIENTEX BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 OCTOBER 2012**

	Attributable to owners of the parent								Total equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable				Reserves						
	Share capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Foreign currency translation reserves RM'000	Treasury shares RM'000	Other reserves RM'000	Capital redemption reserves RM'000	Retained earnings RM'000			
At 1 August 2012	115,000	19,233	26,388	(1,259)	(21,811)	461	17,467	370,236	525,715	33,988	559,703
Total comprehensive income for the period	-	-	-	(496)	-	-	-	24,875	24,379	331	24,710
At 31 October 2012	115,000	19,233	26,388	(1,755)	(21,811)	461	17,467	395,111	550,094	34,319	584,413
At 1 August 2011	115,000	19,233	29,132	(2,664)	(21,810)	461	17,467	310,525	467,344	38,778	506,122
Total comprehensive income for the period	-	-	-	996	-	-	-	20,633	21,629	912	22,541
At 31 October 2011	115,000	19,233	29,132	(1,668)	(21,810)	461	17,467	331,158	488,973	39,690	528,663

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2012)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the three months ended 31 October 2012

	3 MONTHS ENDED 31.10.2012 RM'000	3 MONTHS ENDED 31.10.2011 RM'000
OPERATING ACTIVITIES		
Profit before taxation	31,329	26,285
Adjustments	5,914	6,209
Operating cash flows before changes in working capital	<u>37,243</u>	<u>32,494</u>
Changes in working capital		
Decrease in inventories	11,382	13,373
Decrease in development properties	5,010	3,002
Increase in receivables	(8,361)	(15,357)
Decrease in payables	(2,282)	(5,521)
Total changes in working capital	<u>5,749</u>	<u>(4,503)</u>
Cash flows from operations	42,992	27,991
Taxation paid	(5,096)	(3,611)
Gratuity and retirement benefits paid	(204)	-
Net cash flows from operating activities	<u>37,692</u>	<u>24,380</u>
INVESTING ACTIVITIES		
Deposit paid for acquisition of investment	(10,000)	-
Purchase of property, plant and equipment	(8,822)	(25,878)
Interest received	254	260
Net cash flows used in investing activities	<u>(18,568)</u>	<u>(25,618)</u>
FINANCING ACTIVITIES		
Net repayment of term loans	(1,250)	(3,088)
Net (repayment)/drawdown of short term borrowings	(3,956)	40,670
Interest paid	(269)	(343)
Net cash flows (used in)/from financing activities	<u>(5,475)</u>	<u>37,239</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,649	36,001
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>36,335</u>	<u>40,765</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>49,984</u>	<u>76,766</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	29,385	33,778
Short term deposits	20,599	43,188
Bank overdrafts	-	(200)
	<u>49,984</u>	<u>76,766</u>

(The Condensed Consolidated Statement of Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 July 2012)

NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2012

A. Compliance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Changes in Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS 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 2012. The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 July 2012, except for the following:

(i) Adoption of Amendments to FRSs

On 1 August 2012, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 August 2012.

FRS 124	Related Party Disclosures
Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Presentation of Items of Other Comprehensive Income

Except for the changes in accounting policies arising from the adoption of the new disclosures required under the Amendments to FRS 7 and FRS 101, the Group expect that the adoption of the other standards above will have no material impact on the current year financial statements.

(ii) Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 July 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2012 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group 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.

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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.

A7 Dividends paid

No dividend has been paid in the current financial quarter under review.

A8 Segment information

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

Current financial quarter and current year-to-date ended 31 October 2012

<u>Revenue</u>	RM'000
Manufacturing	172,645
Property development	68,971
Total revenue	241,616
<u>Results</u>	RM'000
Manufacturing	10,499
Property development	20,985
Profit from operations	31,484
<u>Reconciliation of profit before taxation</u>	RM'000
Profit from operations	31,484
Investing results	13
Finance cost	(168)
Profit before taxation	31,329

A9 Disclosure items

The following items have been included in arriving at profit before tax:

	3 months ended	
	31.10.2012	31.10.2011
	RM'000	RM'000
(a) Interest income	(254)	(260)
(b) Other income	(448)	(362)
(c) Interest expense	168	192
(d) Depreciation	5,759	5,969
(e) Net (write back)/provision for receivables	(28)	37
(f) Net provision for/(write back) of inventories	42	(6)
(g) Net foreign exchange gain	(141)	(95)
	(141)	(95)

In the current financial quarter and current year-to-date ended 31 October 2012, there were no:

- Gain or loss on disposal of quoted or unquoted investments or properties;
- Impairment of assets;
- Gain or loss on derivatives; and
- Any other exceptional items.

A10 Events subsequent to the end of the reporting period

Other than as disclosed in Note A13 and Note B7, 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.

A11 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.

A12 Contingent liabilities

There were no contingent liabilities or assets for the Group as at the end of the current financial quarter under review.

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A13 Capital commitments

Authorised capital commitment not recognised in the interim financial statements as at 31 October 2012 are as follows:

	RM'000
Approved and contracted for:	
Purchase of plant and machinery	31,401
Acquisition of investment	273,200
	<u>304,601</u>

A14 Related party transactions

The Group's related party transactions in the current financial quarter ended 31 October 2012 are as follows:

	3 months ended	
	31.10.2012	31.10.2011
	RM'000	RM'000
Purchase of goods from associated company	10,724	9,589
Rental income from jointly controlled entity	<u>(232)</u>	<u>(232)</u>

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2012**

B1 Review of performance

Current quarter review

For the current quarter ended 31 October 2012, the Group recorded revenue of RM241.6 million, an increase of 13.0% as compared to RM213.8 million recorded in the preceding year corresponding quarter. Profit before tax was RM31.3 million, an increase of 19.2% as compared to RM26.3 million in the preceding year corresponding quarter.

Manufacturing revenue recorded was RM172.6 million, an increase of 12.0% compared to the preceding year corresponding quarter. The increase was attributed to the higher demand for our stretch film products mainly in the export markets in the Asia Pacific region. Profit from operations has also increased from RM9.5 million to RM10.5 million, in line with the higher revenue recognised.

Property revenue recorded was RM69.0 million compared to RM59.7 million in the preceding year corresponding quarter, an increase of 15.6%. Profit from operations increased from RM17.1 million to RM21.0 million. The increase in profit is consistent with the increase in revenue. The higher margins was mainly due to the products mix sold.

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

Profit before taxation for the current financial quarter under review was RM31.3 million, marginally higher as compared to RM29.5 million recorded in the preceding financial quarter. The increase in profit is in line with the higher revenue achieved.

B3 Current financial year prospects

Manufacturing

The global economy continues to display volatility and uncertainty, marred by the on-going Eurozone debt crisis which has weighed in the markets. The stalemate on the fiscal debt ceiling talks in the United States of America is also another factor which has curbed sentiments and dampened investor confidence worldwide. In light of these uncertainties, the Group remains focused in improving its cost and production efficiency as it seeks to manage its costs in its efforts whilst boosting sales through lower and competitive pricing of quality products. The Group has embarked on the construction of its plant expansion in Pulau Indah with the commissioning of the two (2) new stretch film cast lines expected to be commissioned in the second half of the coming year. Once operational, the Group's annual capacity will increase from 120,000 metric tons to 150,000 metric tons for the new financial year. The impending completion of the acquisition of the Great Wall companies which is expected to be concluded by the first quarter of 2013 will also expand the Group's production capacity in the stretch film segment whilst providing the Group immediate access to new markets and customer base.

The Group remains vigilant is managing the price and currency fluctuations of its raw materials as part of its continuous risk management strategy whilst embarking on an aggressive marketing stance to tap new and existing markets with its competitive costs structure.

Property

The Group continues to enjoy good take-up rates for property launches in Johor and Melaka. The Government's campaign to promote affordable housing has also given our projects in Pasir Gudang and Kulai a boost as the projects continue to enjoy strong demand for its products which is located within the proximity of industrial and growth areas. The Government's initiative to boost Iskandar Malaysia with its liberal and investor friendly policies has also boosted demand for our higher end products in our Skudai project.

In the absence of any unforeseen circumstances, the Board is cautiously optimistic that its current financial year results may be improved in the financial year ending 31 July 2013.

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.

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B5 Taxation

Details of tax expense for the current financial quarter and current year-to-date were as follows :-

	3 months ended	
	31.10.2012	31.10.2011
	RM'000	RM'000
In respect of current quarter :		
- Income tax	6,053	4,895

The Group's effective tax rate for the current financial quarter and current year-to-date is lower than the statutory income tax rate mainly due to utilisation of tax incentives by some of the subsidiaries.

B6 Realised and unrealised profits

	Current quarter ended 31.10.2012 RM'000	Preceding year corresponding quarter ended 31.10.2011 RM'000
Total retained profit of the Company and its subsidiaries :		
- Realised	493,614	424,686
- Unrealised	(839)	(1,052)
	492,775	423,634
Total share of retained profits from associated company / jointly controlled entity:		
- Realised	7,400	6,852
- Unrealised	(366)	(278)
	499,809	430,208
Less: Consolidation adjustments	(104,698)	(99,050)
Total Group retained earnings	395,111	331,158

B7 Status of corporate proposals

On 3 October 2012, the Company announced that Scientex Packaging Film Sdn Bhd ("SPFSB"), its wholly-owned subsidiary, had entered into a conditional share sale agreement with GW Plastics Holdings Berhad ("GW Holdings") for the proposed acquisition by SPFSB of the following:-

- (i) 88,004,400 ordinary shares of RM1.00 each in Great Wall Plastic Industries Berhad ("GW Plastic"), representing the entire issued and paid-up share capital of GW Plastic; and
- (ii) 6,000,002 ordinary shares of RM1.00 each in GW Packaging Sdn Bhd ("GW Packaging"), representing the entire issued and paid-up share capital of GW Packaging

for a total purchase consideration of RM283.2 million which shall be satisfied entirely via cash.

The proposed acquisition has been approved by the Company's shareholders at the Extraordinary General Meeting held on 19 December 2012. At present, it is pending GW Holdings' shareholders' approval and the fulfilment of other relevant approvals and conditions precedent as set out in the share sale agreement dated 3 October 2012. The transaction is expected to be completed by the first quarter of 2013.

B8 Borrowings and debt securities

The Group's borrowings as at 31 October 2012 were as follows :-

(a) Long Term Borrowings	RM'000	RM'000
- Unsecured		
Term loan	3,750	3,750
(b) Short Term Borrowings		
- Unsecured		
Term loan	5,000	
Other bank borrowings	41,765	46,765
		50,515
Included in total borrowings are borrowings denominated in foreign currencies		RM'000
		Equivalent
- United States Dollars		35,993
- Japanese Yen		5,772
		41,765

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B9 Material litigation

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

B10 Dividends

In respect of the financial year ended 31 July 2012, the Board of Directors recommended a single tier final dividend of 16%. The dividend has been approved by the shareholders at the Annual General Meeting held on 19 December 2012 and is payable on 31 January 2013 to depositors registered in the Record of Depositors on 14 January 2013.

B11 Earnings per share

		3 months ended	
		31.10.2012	31.10.2011
(a) Basic earnings per share			
Profit attributable to equity holders of the Company	(RM'000)	24,875	20,633
Weighted average number of ordinary shares in issue	('000)	215,040	215,040
Basic earnings per share	(sen)	11.57	9.59

(b) Fully diluted earnings per share

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 October 2012.

By Order of the Board

Ng Boon Ngee (MAICSA 7053979)
Company Secretary

19 December 2012