



SCIENTEX INCORPORATED BERHAD

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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2005
The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial quarter ended 31 January 2005

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 1/31/2005 RM'000	Preceding year corresponding quarter 1/31/2004 RM'000	Current year to date (Unaudited) 1/31/2005 RM'000	Preceding year corresponding period (Unaudited) 1/31/2004 RM'000
Revenue	125,834	71,400	238,745	143,157
Operating expenses	(116,840)	(68,340)	(221,280)	(135,294)
Other operating income	1,271	4,728	1,560	4,995
Profit from operations	10,265	7,788	19,025	12,858
Finance costs	(874)	(879)	(1,830)	(1,750)
Investing results	210	389	725	127
Profit before tax	9,601	7,298	17,920	11,235
Taxation	(1,478)	(961)	(2,580)	(1,857)
Profit after tax	8,123	6,337	15,340	9,378
Minority interest	(2,217)	(11)	(4,461)	(1,057)
Net profit for the period	5,906	6,326	10,879	8,321
Earnings per share (sen)				
(i) Basic	9.54	10.23	17.58	13.46
(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 2004)



SCIENTEX INCORPORATED BERHAD

(Company No.7867-P)
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CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 January 2005

	AS AT END OF FINANCIAL PERIOD ENDED 1/31/2005 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 7/31/2004 RM'000 (Audited)
1. Property, plant and equipment	189,220	174,898
2. Land held for development	101,475	97,902
3. Investment in associates	12,743	13,547
4. Other investments	5,754	7,072
5. Intangible assets	816	923
	310,008	294,342
6. Current Assets		
Development properties	23,249	22,913
Inventories	58,717	59,473
Trade receivables	84,927	73,627
Short term deposits with banks	1,900	7,774
Cash and bank balances	17,019	19,053
Other receivables, deposits and prepayment	17,325	24,976
Tax recoverable	1,641	1,979
	204,778	209,795
7. Current Liabilities		
Trade payables	57,591	51,173
Other payables, provisions and accruals	17,797	15,780
Short term borrowings	55,182	73,207
Provision for taxation	1,561	1,121
Redeemable preference shares	3,202	2,627
	135,333	143,908
8. Net current assets	69,445	65,887
	379,453	360,229
9. Shareholders' Funds		
Share capital	62,088	61,994
Reserves	187,119	180,072
	249,207	242,066
10. Minority interest	90,592	78,061
11. Long term borrowings	26,666	25,146
12. Other long term liabilities	242	335
13. Redeemable preference share	-	1,875
14. Deferred taxation	12,746	12,746
	379,453	360,229
15. Net tangible assets per share (RM)	4.01	3.90

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 July 2004)



SCIENTEX INCORPORATED BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2005**

	Reserves								Retained profits RM'000	Total RM'000
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Share buybacks reserves RM'000	Non-distributable			Capital redemption reserves RM'000		
Foreign exchange reserves RM'000					Treasury shares RM'000	Warrant and other reserves RM'000				
At 1 August, 2004	61,994	8,990	61,433	387	(111)	(387)	461	6,750	102,549	242,066
Net profit for the period	-	-	-	-	-	-	-	-	10,879	10,879
Dividend	-	-	-	-	-	-	-	-	(4,457)	(4,457)
Redemption of preference shares	-	-	-	-	-	-	-	1,950	(1,950)	-
Currency translation differences, representing net gains not recognised in the income	-	-	-	-	523	-	-	-	-	523
Issued during the financial period pursuant to ESOS	94	102	-	-	-	-	-	-	-	196
At 31 January, 2005	62,088	9,092	61,433	387	412	(387)	461	8,700	107,021	249,207
At 1 August, 2003	61,994	8,643	98,926	387	33	(387)	461	-	95,225	265,282
Net profit for the period	-	-	-	-	-	-	-	-	8,321	8,321
Dividend	-	-	-	-	-	-	-	-	(2,670)	(2,670)
Currency translation differences, representing net gains not recognised in the income	-	-	-	-	249	-	-	-	-	249
Share premium in associate	-	347	-	-	-	-	-	-	-	347
At 31 January, 2004	61,994	8,990	98,926	387	282	(387)	461	-	100,876	271,529

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2004)



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the financial period ended 31 January 2005

	6 MONTHS ENDED 31-01-2005 RM'000	6 MONTHS ENDED 31-01-2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,920	11,235
Adjustments for :		
Non-cash items	9,827	8,139
Non-operating items	252	(2,840)
Operating profit before working capital changes	<u>27,999</u>	<u>16,534</u>
Net change in current assets	(7,119)	(23,080)
Net change in current liabilities	<u>8,281</u>	<u>12,728</u>
Cash generated from operations	29,161	6,182
Interest received	135	67
Interest paid	(1,830)	(1,750)
Taxation paid	(1,702)	(1,170)
Gratuity and retirement benefits paid	<u>(92)</u>	<u>(134)</u>
Net cash generated from operating activities	<u>25,672</u>	<u>3,195</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	56	518
Repayment of preference shares	(1,300)	(400)
Purchase of club memberships	(136)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	(30)	-
Purchase of additional shares in a subsidiary	-	(1,435)
Purchase of property, plant and equipment	(20,757)	(4,913)
Proceeds from part disposal of shares in a subsidiary	7,094	-
Proceeds from disposal of other investments	1,392	-
Proceeds from disposal of property, plant and equipment	<u>121</u>	<u>574</u>
Net cash used in investing activities	<u>(13,560)</u>	<u>(5,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,832)	(2,670)
Proceeds from exercise of ESOS and warrants in a subsidiary	3,122	-
Proceeds from issuance of shares pursuant to ESOS	196	-
Net (repayment)/drawdown of short term borrowings	(8,432)	6,734
Net repayment of term loans	<u>(7,313)</u>	<u>(335)</u>
Net cash (used in)/generated from financing activities	<u>(19,259)</u>	<u>3,729</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(7,147)	1,268
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>25,689</u>	<u>9,805</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>18,542</u>	<u>11,073</u>
Cash and cash equivalents comprise :		
Cash and bank balances	17,019	8,967
Short term deposits	1,900	5,106
Bank overdrafts	<u>(377)</u>	<u>(3,000)</u>
	<u>18,542</u>	<u>11,073</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2004)

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NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2005

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 the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the year ended 31 July 2004.

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 2004.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2004 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 quarter 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 quarter 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 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 quarter under review, except for the balance of 180,000 shares which were held as treasury shares as at the date of this quarterly report and the issuance of 94,000 ordinary shares of RM1 each under the Employees' Share Option Scheme ("ESOS") at an issue price of RM2.08 per ordinary share.

A7 Dividends paid

A first and final dividend of 10% less 28% tax approved by the shareholders on 28 December 2004 in relation to the results of the previous financial year ended 31 July 2004 was paid on 31 January 2005.

A8 Segment information

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

Current year quarter ended 31 January 2005

<u>Revenue</u>	RM'000
Manufacturing	105,120
Property development	18,245
Trading	2,466
Investment holdings	9,591
Elimination : Inter-segment revenue	<u>(9,588)</u>
Total revenue	<u>125,834</u>

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A8 Segment information (Cont'd)

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

Current year quarter ended 31 January 2005

<u>Results</u>	RM'000
Manufacturing	5,370
Property development	4,967
Trading	102
Investment holdings	11,222
Elimination	(11,396)
Profit from operations	<u>10,265</u>

Current year to date ended 31 January 2005

<u>Revenue</u>	RM'000
Manufacturing	203,982
Property development	29,667
Trading	5,090
Investment holdings	10,484
Elimination : Inter-segment revenue	(10,478)
Total revenue	<u>238,745</u>

Results

Manufacturing	11,906
Property development	7,205
Trading	269
Investment holdings	11,041
Elimination	(11,396)
Profit from operations	<u>19,025</u>

A9 Valuation of property, plant and equipment

The valuation of land and buildings have been brought forward, without amendment from the audited financial statements for the year ended 31 July 2004.

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

On 15 September 2004, a wholly-owned subsidiary of the Company, Scientex Quatari Sdn Bhd ("SQSB"), acquired an additional 30,000 ordinary shares in Scientex Metro Holdings Sdn Bhd ("SMHSB") for cash. The acquisition resulted in an increase in equity interest in SMHSB from 49.33% to 50.33%. As a result, SMHSB became a subsidiary of the Company.

A12 Contingent liabilities

Contingent liabilities of the Company as at 25 March 2005 comprise :

	RM'000
Corporate guarantees for subsidiaries	<u>29,853</u>

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2005

B1 Review of performance

The Group recorded a revenue of RM238.7 million for the financial period ended 31 January 2005, an increase of 66.8% as compared with the preceding year corresponding financial period's revenue of RM143.2 million. The increase in revenue was mainly attributable to improvement in sales especially from the industrial packaging division as a result of increased capacity for stretch film and commencement of woven bags and Flexible Intermediate Bulk Container ("FIBC") bags operations in Vietnam. The property division and the effect of consolidation of the results of Scientex Packaging Berhad ("SCIPACK") since March 2004 upon SCIPACK becoming a subsidiary of the Company also contributed to the increase in revenue.

Profit before taxation of the Group for the financial period ended 31 January 2005 was RM17.9 million, an increase of 59.5% over the profit before taxation of RM11.2 million recorded in the preceding year corresponding financial period. The increase in the Group profit before taxation was in line with the higher sales achieved by the polymer division, property division and industrial packaging division.

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 RM9.6 million, an increase of 15.4% as compared with RM8.3 million recorded in the preceding financial quarter. The increase in profit before taxation was mainly contributed by the gain on disposal of quoted investments.

B3 Current financial year prospects

Barring any unforeseen circumstances, the Directors anticipate that the Group's overall performance will continue to be satisfactory for the financial year ending 31 July 2005.

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 and current year to date were as follows :-

	3 months ended		6 months ended	
	31.01.2005	31.01.2004	31.01.2005	31.01.2004
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter :				
- Income tax	1,539	916	2,488	1,774
In respect of prior year :				
- Income tax	-	30	84	30
	<u>1,539</u>	<u>946</u>	<u>2,572</u>	<u>1,804</u>
Share of taxation of associates	(61)	15	8	53
	<u>1,478</u>	<u>961</u>	<u>2,580</u>	<u>1,857</u>

The Group's effective tax rates for the current financial quarter and current year to date are lower than the statutory income tax rate mainly due to utilisation of reinvestment allowances and certain non-taxable gain.

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

There was no profit or loss 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) Total disposal of quoted securities for the current financial quarter and current year to date ended 31 January 2005 are as follows : -

	RM'000
Total sales proceeds	<u>1,343</u>
Total loss on disposal	<u>57</u>

There were no additions of quoted securities for the current interim period under review.

(b) Investments in quoted securities as at 31 January 2005 were as follows : -

	RM'000
At cost	<u>88</u>
At net book value	<u>88</u>
At market value	<u>128</u>

B8 Status of corporate proposals

There are no material corporate proposals during the current quarter under review.

B9 Other matters

In the current quarter under review, the Company had on 31 January 2005 announced its proposal to place the following dormant subsidiaries under Members' Voluntary Winding-Up:

- Scientex Permanja Sdn Bhd (a 75% owned)
- Scientex Wonpoong (M) Sdn Bhd (a 41.25% owned)
- Scientex Land Sdn Bhd (a 81% owned)
- Uniontex Containers Sdn Bhd (a 100% owned)
- Bestex Packaging Sdn Bhd (a 100% owned)

B10 Borrowings and debt securities

The Group's borrowings as at 31 January 2005 were as follows : -

a) Long Term Borrowings	RM'000
Term Loan	
- Secured	10,778
- Unsecured	<u>15,888</u>
	<u>26,666</u>
b) Short Term Borrowings	
- Secured	
Term loan	5,387
Other bank borrowings	<u>8,766</u>
	<u>14,153</u>
- Unsecured	
Term loan	6,914
Other bank borrowings	<u>34,115</u>
	<u>41,029</u>
	RM'000
Included in total borrowings are borrowings denominated in foreign currencies	Equivalent
- United States Dollars	USD 1,264,000 4,803
- Japanese Yen	Yen 80,000,000 2,937
	<u>7,740</u>

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B11 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.

B12 Material litigation

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

B13 Dividends

The Board of Directors has recommended the payment of interim dividend of 7% less 28% tax for the financial period ended 31 January 2005:

- i) Amount per share - 7 sen less 28% tax;
- ii) Entitlement date - 20 April 2005; and
- iii) Payment date - 18 May 2005.

B14 Earnings per share

a) Basic earnings per share		3 months ended		6 months ended	
		31.01.2005	31.01.2004	31.01.2005	31.01.2004
Net profit for the period	(RM'000)	5,906	6,326	10,879	8,321
Weighted average number of ordinary shares in issue	('000)	61,908	61,814	61,872	61,814
Basic earnings per share	(sen)	<u>9.54</u>	<u>10.23</u>	<u>17.58</u>	<u>13.46</u>

b) Fully diluted earnings per share

The calculation of fully diluted earnings per share for the current financial quarter and financial year to date 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 warrants would result in anti-dilutive situation, and the unexercised ESOS options have lapsed as a result of the expiry of the Company's Employee Share Option Scheme on 22 September 2004.

By Order of the Board

Gary Tan Beng Chai
Company Secretary

29 March 2005