



**SCIENTEX INCORPORATED BERHAD**

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

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial year ended 31 July 2004  
The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

**For the financial year ended 31 July 2004**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 7/31/2004 RM'000	Preceding year corresponding quarter 7/31/2003 RM'000	Current year to date (Unaudited) 7/31/2004 RM'000	Preceding year (Audited) 7/31/2003 RM'000
Revenue	100,087	69,396	341,830	250,088
Operating expenses	(94,211)	(66,567)	(321,001)	(238,063)
Other operating income	1,275	2,491	6,421	3,129
Profit from operations	7,151	5,320	27,250	15,154
Finance costs	(948)	(585)	(3,559)	(3,912)
Investing results	164	98	389	(763)
Profit before tax	6,367	4,833	24,080	10,479
Taxation	1,214	(841)	(1,728)	(3,493)
Profit after tax	7,581	3,992	22,352	6,986
Minority interests	(3,051)	(1,651)	(5,752)	(3,379)
Net profit for the year	4,530	2,341	16,600	3,607
Earnings per share (sen)				
(i) Basic	7.33	3.79	26.85	5.84
(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 July 2004

	<b>AS AT END OF FINANCIAL YEAR ENDED 7/31/2004 RM'000 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/07/2003 RM'000 (Audited)</b>
1. Property, plant and equipment	174,911	256,900
2. Land held for development	99,096	42,891
3. Investment in associated companies	13,623	35,977
4. Other investments	6,913	1,152
5. Goodwill on consolidation	-	1,375
6. Intangible assets	923	803
	<b>295,466</b>	<b>339,098</b>
7. Current Assets		
Development properties	21,650	34,432
Inventories	59,543	40,832
Trade receivables	72,968	47,103
Short term deposits with banks	7,774	108
Cash and bank balances	19,027	12,700
Other receivables, deposits and prepayment	24,145	8,988
Tax recoverable	2,066	1,890
	<b>207,173</b>	<b>146,053</b>
8. Current Liabilities		
Trade payables	48,361	31,510
Other payables, provisions and accrued liabilities	14,996	8,026
Short term borrowings	71,381	52,050
Provision for taxation	1,842	1,022
Redeemable preference shares	2,627	9,002
	<b>139,207</b>	<b>101,610</b>
9. Net current assets	<b>67,966</b>	<b>44,443</b>
	<b>363,432</b>	<b>383,541</b>
10. Shareholders' Funds		
Share capital	61,994	61,994
Reserves	180,828	203,288
	<b>242,822</b>	<b>265,282</b>
11. Minority interests	78,326	67,907
12. Long term borrowings	26,942	33,191
13. Other long term liabilities	334	336
14. Redeemable preference share	1,875	-
15. Deferred taxation	13,133	16,825
	<b>363,432</b>	<b>383,541</b>
16. Net tangible assets per share (RM)	3.91	4.26

*(The Condensed Consolidated Balance Sheet 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 STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 JULY 2004**

	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 year	-	-	-	-	-	-	-	16,600	16,600
Dividend	-	-	-	-	-	-	-	(2,670)	(2,670)
Currency translation differences, representing net loss not recognised as expenses	-	-	-	-	(162)	-	-	-	(162)
Share premium in associate	-	347	-	-	-	-	-	-	347
Acquisition and disposal of subsidiaries	-	1,917	(6,909)	-	-	-	(199)	5,191	-
Impairment losses	-	-	(36,575)	-	-	-	-	-	(36,575)
At 31 July, 2004	61,994	8,990	57,160	387	(129)	(387)	461	114,346	242,822
At 1 August, 2002	61,982	6,713	107,989	387	-	(387)	660	94,292	271,636
Prior year adjustment	-	-	(6,520)	-	-	-	-	(4)	(6,524)
At 1 August, 2002 (restated)	61,982	6,713	101,469	387	-	(387)	660	94,288	265,112
Net profit for the year	-	-	-	-	-	-	-	3,607	3,607
Dividend	-	-	-	-	-	-	-	(2,670)	(2,670)
Currency translation differences, representing net gains not recognised in the income statement	-	-	-	-	33	-	-	-	33
Issue during the financial year pursuant to ESOS	12	13	-	-	-	-	-	-	25
Impairment losses in associate	-	-	(203)	-	-	-	-	-	(203)
Impairment losses	-	-	(622)	-	-	-	-	-	(622)
At 31 July, 2003	61,994	6,726	100,644	387	33	(387)	660	95,225	265,282

*(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 year ended 31 July 2004**

	<b>12 MONTHS ENDED 31-07-2004 RM'000</b>	<b>12 MONTHS ENDED 31-07-2003 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	24,080	10,479
Adjustments for :		
Non-cash items	12,227	17,201
Non-operating items	(2,315)	(4,487)
Operating profit before working capital changes	<u>33,992</u>	<u>23,193</u>
Net change in current assets	(9,128)	6,332
Net change in current liabilities	<u>16,179</u>	<u>5,757</u>
Cash generated from operations	41,043	35,282
Interest received	213	140
Interest paid	(3,559)	(4,536)
Taxation paid	(3,512)	(3,820)
Gratuity and retirement benefits paid	<u>(134)</u>	<u>(505)</u>
Net cash generated from operating activities	<u>34,051</u>	<u>26,561</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditure incurred on product development	-	(803)
Dividends received	518	893
Repayment of preference shares	(4,500)	-
Purchase of other investment	(33)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	11,244	(4,404)
Purchase of additional shares in a subsidiary	(8,283)	(10,124)
Purchase of property, plant and equipment	(44,337)	(8,148)
Proceeds from disposal of investments	2,073	3,094
Proceeds from disposal of property, plant and equipment	<u>13,154</u>	<u>229</u>
Net cash used in investing activities	<u>(30,164)</u>	<u>(19,263)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,716)	(4,067)
Proceeds from issuance of shares to minority shareholders of subsidiaries	-	9,038
Proceeds from issuance of shares pursuant to ESOS	-	25
Net drawdown of short term borrowings	15,249	1,156
Net repayment of term loans	<u>(532)</u>	<u>(12,110)</u>
Net cash generated from / (used in) financing activities	<u>12,001</u>	<u>(5,958)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>15,888</b>	<b>1,340</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b><u>9,805</u></b>	<b><u>8,465</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>25,693</u></b>	<b><u>9,805</u></b>
Cash and cash equivalents comprise :		
Cash and bank balances	19,027	12,700
Short term deposits	7,774	108
Bank overdrafts	<u>(1,108)</u>	<u>(3,003)</u>
	<u>25,693</u>	<u>9,805</u>

*(The Condensed Consolidated Cash Flow 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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### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 JULY 2004

#### **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 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, except for the change in accounting estimates for goodwill.

#### **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 and financial year to date.

#### **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 and financial year to date.

#### **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 and financial year to date except for the change in estimate for amortisation of goodwill on a straight-line basis from 20 years to 5 years.

#### **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**

A first and final dividend of 6% less 28% tax approved by the shareholders on 30 December 2003 in relation to the results of the previous financial year ended 31 July 2003 was paid on 20 January 2004.

#### **A8 Segment information**

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

##### **Current year quarter ended 31 July 2004**

	External	Inter-segment	Total
<u>Revenue</u>	RM'000	RM'000	RM'000
Manufacturing	84,775	-	84,775
Property development	12,851	-	12,851
Trading	2,453	36	2,489
Investment holdings	8	1,322	1,330
Elimination : Inter-segment revenue	-	(1,358)	(1,358)
Total revenue	100,087	-	100,087

**SCIENTEX INCORPORATED BERHAD**

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**A8 Segment information (Contd.)**

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

**Current year quarter ended 31 July 2004**

<u>Results</u>	RM'000
Manufacturing	5,806
Property development	3,103
Trading	1,360
Investment holdings	(54)
Consolidation adjustments	<u>(3,064)</u>
Profit from operations	7,151
Finance cost	(948)
Share of results of associates	164
Taxation	<u>1,214</u>
Profit after taxation	7,581
Minority interests	<u>(3,051)</u>
Net profit	<u>4,530</u>

**Current year to date ended 31 July 2004**

<u>Revenue</u>	External RM'000	Inter-segment RM'000	Total RM'000
Manufacturing	276,369	-	276,369
Property development	56,466	-	56,466
Trading	8,735	129	8,864
Investment holdings	260	3,927	4,187
Elimination : Inter-segment revenue	-	(4,056)	(4,056)
Total revenue	<u>341,830</u>	<u>-</u>	<u>341,830</u>

Results

Manufacturing	9,598
Property development	11,916
Trading	1,674
Investment holdings	23,127
Consolidation adjustments	<u>(19,065)</u>
Profit from operations	27,250
Finance cost	(3,559)
Share of results of associates	389
Taxation	<u>(1,728)</u>
Profit after taxation	22,352
Minority interests	<u>(5,752)</u>
Net profit	<u>16,600</u>

## SCIENTEX INCORPORATED BERHAD

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### 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 2003 except for the following :

On 1 May 2004, a wholly-owned subsidiary of the Company, Scientex Quatari Sdn Bhd ("SQSB"), had undertaken a valuation on a piece of land with an area of approximately 453 acres in Mukim of Plentong, District of Johor Bahru, Johor [referred to as the "Quatari Land"]. The revaluation of Quatari Land was undertaken by registered professional and independent valuers, Raine & Horne International and Zaki & Partners Sdn Bhd.

The purpose of the valuation is to reflect the latest market value of Quatari Land which will be incorporated in the accounts and to comply with MASB 23 on impairment of land held for development. The land revaluation was performed in view of a change in development layout plan which was approved by the relevant authorities.

The Quatari Land was revalued at RM81.5 million resulting in a write down in revaluation of RM38.5 million compared to the net book value as at 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

During the financial year, a wholly-owned subsidiary of the Company, Scientex Maju Sdn Bhd ("SMSB") had disposed off 9,490,515 ordinary shares, representing 52.73% equity interest in its subsidiary, Scientex Aidros Sdn Bhd ("SASB") to third parties via a share swap of 1,894,150 ordinary shares in SQSB, a subsidiary company. The Company had also acquired an additional 925,150 ordinary shares in SQSB from third parties for cash. The above acquisitions resulted in an increase of equity interest in SQSB from 85.05% to 100%. As a result of the disposal of equity interest in SASB, SASB became an associated company of the Group.

Pursuant to the proposed rationalisation of the industrial packaging business of Scientex Packaging Berhad ("SCIPACK") (formerly known as Woventex Corporation Berhad), the Company had on 15 March 2004 through its wholly-owned subsidiaries, Bestex Corporation Sdn Bhd ("BCSB") and Uniontex Containers Sdn Bhd ("UCSB") disposed of the following equity interests in its subsidiaries to SCIPACK :-

- (a) BCSB disposed of 2,000,000 ordinary shares, representing 90.91% equity interest in Scientex Packaging Film Sdn Bhd ;
- (b) UCSB disposed of 3,939,060 ordinary shares, representing 94.87% equity interest in Scientex Containers Sdn Bhd ; and
- (c) BCSB disposed of 100,000 and 250,000 ordinary shares, representing the entire equity interest in Scientex Resources Sdn Bhd and Scientex Resources (Shanghai) Co Ltd respectively.

The disposals were satisfied via a share swap of 26,156,303 new ordinary shares of SCIPACK at an issue price of RM1.00 per ordinary share and RM453,027 cash.

As a result of the aforesaid disposals, the Company's equity interest in SCIPACK increased from 40.38% to 62.61%, resulting in SCIPACK becomes a subsidiary of the Company.

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

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**A12 Contingent liabilities**

Contingent liabilities of the Group as at 17 September 2004 comprise :

	RM'000
Corporate guarantees for subsidiaries	<u>35,006</u>

**ADDITIONAL INFORMATION REQUIRED BY THE KLSE LISTING REQUIREMENTS****INTERIM FINANCIAL REPORT****FOR THE FINANCIAL YEAR ENDED 31 JULY 2004****B1 Review of performance**

The Group recorded a revenue of RM341.8 million for the financial year ended 31 July 2004, an increase of 36.4% compared with the preceding year corresponding financial year's revenue of RM250.0 million. The increase in revenue was mainly attributable to better performance of the property division and stretch film business within the industrial packaging division and the consolidation of the results of SCIPACK from March 2004 upon SCIPACK becoming a subsidiary of the Company.

Profit before taxation of the Group for the financial year ended 31 July 2004 was RM24.1 million, an increase of 129.8% over the profit before taxation of RM10.5 million recorded in the preceding year corresponding financial year. The increase in the Group profit before taxation was in line with the higher sales achieved by the property division and stretch film products and also due to gain on disposal of investment in subsidiaries.

**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 RM6.4 million, with a marginal decrease of 1.7% compared with RM6.5 million recorded in the preceding financial quarter.

**B3 Current financial year prospects**

Barring any unforeseen circumstances, the Directors anticipate that the Group's operations will continue to achieve satisfactory results.

**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		12 months ended	
	31.07.2004	31.07.2003	31.07.2004	31.07.2003
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter / year :				
- Income tax	1,182	371	4,103	2,294
- Transfer from deferred taxation	(2,551)	(181)	(2,667)	(181)
In respect of prior year :				
- Income tax	118	687	171	1,373
	<u>(1,251)</u>	<u>877</u>	<u>1,607</u>	<u>3,486</u>
Share of taxation of associated companies	37	(36)	121	7
	<u>(1,214)</u>	<u>841</u>	<u>1,728</u>	<u>3,493</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.

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

During the financial year, a subsidiary of the Company, SMSB, disposed off 9,490,515 ordinary shares, representing 52.73% of equity interest in SASB to third parties for a total consideration of RM16,713,211. There was a gain of approximately RM4.3 million from the said disposal.

During the financial year, BCSB and UCSB, wholly-owned subsidiaries of the Company, disposed of 2,000,000 ordinary shares, representing 90.91% equity interest in SPFSB held by BCSB; 3,939,060 ordinary shares, representing 94.87% equity interest in SCSB held by UCSB; 100,000 and 250,000 ordinary shares, representing the entire equity interest in SRSB and SRCL held by BCSB to SCIPACK for a total consideration of RM26,609,330. There was a loss of approximately RM716,000 from the said disposal.

### B7 Quoted securities

(a) During the financial year, total additions of quoted securities as a result of consolidating SCIPACK as subsidiary were as follows :-

	RM'000
At cost	<u>1,399</u>

There were no additions or disposal of quoted securities for the current financial quarter under review.

(b) Investments in quoted securities as at 31 July 2004 were as follows :-

	RM'000
At cost	<u>1,478</u>
At net book value	<u>1,478</u>
At market value	<u>1,494</u>

### B8 Status of corporate proposals

The Company together with its associated company, SCIPACK, had on 21 January 2003 announced the proposed rationalisation of the industrial packaging business of the Company and SCIPACK, 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 SCIPACK for an aggregate consideration of RM28,216,404 to be satisfied by 26,156,303 new ordinary shares of SCIPACK and RM2,060,101 cash. The proposal was approved by the Securities Commission on 14 November 2003 and other relevant authorities with a subsequent downward adjustment in the aggregate consideration amounting to RM1,607,074 (to be compensated in cash) and the shareholders' approval was obtained on 30 December 2003 at the Extraordinary General Meeting. The proposal had been completed with the issuance of 26,156,303 new ordinary shares of RM1.00 each in SCIPACK at an issue price of RM1.00 per ordinary share to the Company pursuant to the aforesaid disposals on 15 March 2004, and the listing and quotation of the said shares on Bursa Malaysia on 22 March 2004.

### B9 Borrowings and debt securities

The Group's borrowings as at 31 July 2004 were as follows :-

a) Long Term Borrowings	RM'000
Term Loan	
-Secured	10,778
-Unsecured	<u>16,164</u>
	<u>26,942</u>

**SCIENTEX INCORPORATED BERHAD**

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**B9 Borrowings and debt securities (Contd.)**

## b) Short Term Borrowings

## - Secured

Term loan

11,177

Other bank borrowings

9,52120,698

## - Unsecured

Term loan

9,163

Other bank borrowings

41,52050,683**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 quarter under review.

**B13 Earnings per share**

a) Basic earnings per share		3 months ended		12 months ended	
		31.07.2004	31.07.2003	31.07.2004	31.07.2003
Net profit for the period / year	(RM'000)	4,530	2,341	16,600	3,607
Weighted average number of ordinary shares in issue	('000)	61,814	61,802	61,814	61,802
Basic earnings per share	(sen)	<u>7.33</u>	<u>3.79</u>	<u>26.85</u>	<u>5.84</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 ESOS options and warrants would result in anti-dilutive situation.

By Order of the Board

Gary Tan Beng Chai  
Company Secretary

20 September 2004