

Audit Committee Report

The Board of Directors ("Board") is pleased to present the report of the Audit Committee for the financial year ended 31 July 2004.

The Audit Committee was established on 11 July 1995 to act as a Committee of the Board and the present members of the Audit Committee are:

CHAIRMAN

Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim
Independent Non-Executive Director

MEMBERS

Mr. Tan Beng Chai
Executive Director

Mr. Cham Chean Fong @ Sian Chean Fong
Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Composition

1. The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and shall consist of not less than three (3) members whereby at least one member of the Audit Committee:
 - i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - ii) if he is not a member of the MIA, he must have at least three (3) years' working experience and;
 - a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii) must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting and finance; or
 - iv) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
2. A majority of the Audit Committee members must be Independent Directors.
3. No alternate Director is to be appointed as a member of the Audit Committee.
4. The members of the Audit Committee must elect a Chairman from amongst their number who is an Independent Non-Executive Director.
5. If a member of the Audit Committee resigns, dies or for any reason ceases to be a member resulting in the number of the Committee members being reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
6. The terms of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

Authority

The Audit Committee is authorized by the Board to:

- i) investigate any matter within its terms of reference;
- ii) have the resources which are required to perform its duties.
- iii) have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Audit Committee.
- iv) obtain outside legal or other independent professional advice as necessary to assist the Audit Committee in fulfilling its duties.
- v) have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity, if any.
- vi) convene any meetings with the external auditor, excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.

Functions and Duties

The functions and duties of the Audit Committee include the following:-

- i) to review the following and report the same to the Board:
 - a) with the external auditor, the audit plan;
 - b) with the external auditor, his evaluation of the system of internal controls;
 - c) with the external auditor, his audit report;
 - d) the assistance given by the employees of the Company to the external auditor;
 - e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - f) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

Continued

- g) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:-
- changes in or implementation of accounting policies and practices;
 - significant and unusual events;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements; and
- h) any related party transactions and conflict of interest situation that may arise within the Company or Group.
- ii) to discuss any problems and reservations arising from the final audit, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- iii) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
- iv) to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

Meetings and Reporting Procedures

The Audit Committee shall meet at least four (4) times in a financial year. The Chairman may call for additional meetings at any time at his discretion or if requested to do so by any member or the internal or external auditor to consider any matter within the scope and responsibilities of the Committee. The quorum for a meeting shall consist not less than two (2) members, the majority of those present must be Independent Directors.

The Head of Finance, representative of the external auditors, other Board members, employees and/or external independent professional advisers may attend meetings upon the invitation of the Audit Committee.

Notice of the proposed agenda for each meeting is distributed in a timely manner to the members of the Audit Committee. As a reporting procedure, the secretary of the Audit Committee shall keep the minutes of each meeting and circulate to the members of the Audit Committee and also to all members of the Board for notation and action, where necessary.

Attendance of Audit Committee Meetings

The details of attendance of each member in the Audit Committee meetings held during the financial year ended 31 July 2004 are as follows:-

Committee Members	Meetings Attended by the Committee Members / Total Number of Meetings held During the Financial Year Ended 31 July 2004*	% of Attendance
Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim	5/5	100
Mr. Tan Beng Chai	5/5	100
Mr. Cham Chean Fong @ Sian Chean Fong	5/5	100

Notes

* The meetings were held on 22 September 2003, 18 November 2003, 19 December 2003, 19 March 2004 and 23 June 2004 respectively.

Activities Undertaken By Audit Committee

The activities of the Audit Committee during the financial year ended 31 July 2004 include the following:-

- i) reviewed the Group's year end audited financial statements presented by the external auditors and recommended the same to the Board for approval;
- ii) reviewed the quarterly financial result announcements prior to submission to the Board for consideration and approval for release to Bursa Malaysia Securities Berhad ("Bursa Securities");
- iii) reviewed the adequacy and relevance of the scope, functions and internal audit processes as well as the internal audit plan;
- iv) reviewed the processes and investigations undertaken by the internal auditors and the audit findings as well as the issues raised during the follow-up review to ensure that appropriate actions have been taken to implement the recommendations of the internal auditor;
- v) reviewed and monitored related party transactions for compliance with the Listing Requirements of Bursa Securities;
- vi) discussed with the external auditors before the audit commences, the nature and scope of the audit plan;
- vii) discussed problems and reservations arising from the final audit, and reviewed the external auditors' management letter and management's response; and
- viii) prepared the Audit Committee Report for inclusion in the Company's Annual Report.

The Committee relied on discussions with management and the executive directors, reviews of quarterly financial performance and input from the auditors to discharge its duties and responsibilities.

Internal Audit Function

The internal auditors adopt a risk-based internal audit approach, focusing its work mainly on key processes and principal risk areas of the operating units. The internal auditors carry out regular and systematic reviews so as to provide assurance that the system of internal controls continue to operate satisfactorily and effectively.

Statement On Corporate Governance

The Board of Directors ("Board") of the Company recognises that the practice of good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism are key components of the Group's continued growth and success. These will not only safeguard and enhance shareholders' value but will at the same time ensure that the interest of the stakeholders is protected.

Set out below is a statement on how the Group has applied the Principles as set out in Part 1 and the Best Practices set out in Part 2 of the Malaysian Code on Corporate Governance (the "Code").

1. BOARD OF DIRECTORS

Composition of the Board

The Company is led and managed by a Board with vast experience in business, financial and technical backgrounds. A brief description on the background of each Director is presented on pages 6 and 7 of this Annual Report.

The Board currently has eight (8) members, comprising three (3) Executive Directors including the Managing Director, two (2) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which require that one third or two, whichever is higher, of the total number of Directors to be independent.

The Independent Directors are independent of management and majority shareholders. They provide independent views and judgement and also to safeguard the interests of parties such as minority shareholders. The Independent Directors also have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance, resources, including key appointments, and standards of conduct. No individual or group of individuals dominates the Board's decision making and the number of Directors fairly reflects the investment of the shareholders.

The roles of Chairman and Managing Director are separated with Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim as the Independent Non-Executive Chairman of the Board and Mr. Lim Peng Jin as the Managing Director. This will ensure a balance of power and authority. The Chairman is responsible for the orderly conduct and working of the Board. The Managing Director is responsible for the running of the business, implementation of policies and strategies adopted by the Board.

The Board has identified Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim as the Senior Independent Non-Executive Director on 18 November 2003.

All the Directors have given their undertaking to comply with the Listing Requirements of Bursa Securities and the Independent Directors have confirmed their independence in writing.

Appointment and Re-election of Directors

Prior to establishment of Nomination Committee on 18 November 2003, the Board assumed the responsibilities in relation to appointment of Directors.

In accordance with the Company's Article of Association, all Directors retire from office at least once in every three years and offer themselves for re-election.

Responsibilities and Supply of Information

The Board has the overall responsibility of reviewing and adopting a strategic plan for the Group, overseeing the conduct of the Group's business, identifying principal risks and ensuring the implementation of appropriate systems to manage these risks, succession planning of senior management, developing and implementing an investor relations programme or shareholder communications policy for the Group and reviewing the adequacy and the integrity of the Group's internal control systems and management information systems. The Board is aware of the importance of corporate disclosure as highlighted in the Best Practices in Corporate Disclosure issued by the Corporate Disclosure Best Practices Task Force.

The Board has reserved to itself powers in respect of significant areas to the Group's business including major investment decisions, approval of corporate plans and acquisition and disposal of business segments.

All Directors receive appropriate and timely information, which includes an agenda and Board papers prior to the Board meetings to enable the Board to discharge its duties.

All Directors have full access to information pertaining to all matters for the purpose of making decisions. All Directors have access to the advice and services of the Company Secretary who ensures compliance with statutory obligations, Listing Requirements of Bursa Securities or other regulatory requirements.

Board Meetings

The Board meets regularly throughout the year. Four (4) Board meetings were held during the financial year ended 31 July 2004. The number of Board meetings held during the financial year ended 31 July 2004 and the attendance of the meetings are as follows:-

Continued

Directors	Meetings Attended by the Directors / Total Number of Meetings held During the Financial Year Ended 31 July 2004*	% of Attendance
Executive Directors		
Mr. Lim Teck Meng	4/4	100
Mr. Lim Peng Jin	4/4	100
Mr. Tan Beng Chai	4/4	100
Non-Executive Directors		
Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim	4/4	100
Mr. Lim Peng Cheong	4/4	100
Mr. Wong Mook Weng	4/4	100
Mr. Cham Chean Fong @ Sian Chean Fong	3/4	75
Puan Hazimah Binti Zainuddin [^]	2/2	100
Puan Juriah Bte Azman ^{^^}	1/1	100
Mr. Yasushi Hoshika ^{^^^}	0/3	0

Notes

- * The meetings were held on 22 September 2003, 18 November 2003, 24 March 2004 and 23 June 2004 respectively.
- # Mr. Lim Peng Cheong was re-designated from Executive Director to Non-Independent Non-Executive Director on 10 November 2003.
- [^] Puan Hazimah Binti Zainuddin was appointed on 27 January 2004.
- ^{^^} Puan Juriah Bte Azman resigned on 25 September 2003.
- ^{^^^} Mr. Yasushi Hoshika resigned on 21 May 2004.

Directors' Remuneration

The details of the remuneration of the Directors of the Company are as follows:-

	Salaries RM	Fees RM	Bonuses & Allowances RM	EPF Contribution by Employer	Total RM
Executive Directors	1,504,000	37,083	216,125	206,424	1,963,632
Non-Executive Directors	87,667	64,167	43,945	11,482	207,261

The number of Directors whose remuneration falls into the following bands is as follows:-

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	1	-
RM800,001 - RM850,000	1	-
RM950,001 - RM1,000,000	1	-

Directors' Training

Every Director of the Company undergoes continuous training to equip himself to effectively discharge his duties as a Director and for that purpose he ensures that he attends such training programmes as prescribed by Bursa Securities from time to time. All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities and are also aware of their duty to undergo the Continuing Education Programme ("CEP") as prescribed by Bursa Securities.

The Company provides briefings for new recruits to the Board so as to ensure they have a comprehensive understanding on the operations of the Group and the Company.

The Board Committees

The following committees have been established to assist the Board to discharge its duties and responsibilities. The Board has delegated certain powers and duties to these committees, which operate within the defined terms of reference.

(i) Audit Committee

The Board has established an Audit Committee comprising two (2) Independent Non-Executive Directors and one (1) Executive Director.

The present members of the Audit Committee of the Company are:

- Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim (Independent Non-Executive Director, Chairman)
- Mr. Tan Beng Chai (Executive Director)
- Mr. Cham Chean Fong @ Sian Chean Fong (Independent Non-Executive Director)

The full particulars of the terms of reference and report of the Audit Committee are provided on pages 21 and 22.

Continued

(ii) Nomination Committee

The Nomination Committee was established on 18 November 2003. The present members of the Nomination Committee of the Company are:

Member	Position
Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim	Chairman (Independent Non-Executive Director)
Mr. Cham Chean Fong @ Sian Chean Fong	Member (Independent Non-Executive Director)
Mr. Wong Mook Weng	Member (Independent Non-Executive Director)

The Nomination Committee's responsibilities, in accordance with its Terms of Reference, include recommending to the Board candidates for appointment as Executive and Non-Executive Directors and assisting the Board in annually reviewing the required mix of skills and experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board. The Committee is also responsible to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis.

In carrying out its functions and duties, the Nomination Committee shall in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of professional recruitment firms to source for the right candidate for directorship, whenever necessary.

(iii) Remuneration Committee

The Remuneration Committee was established on 18 November 2003. The present members of the Remuneration Committee of the Company are:

Member	Position
Y.Bhg. Tan Sri Dato' Mohd. Sheriff Bin Mohd. Kassim	Chairman (Independent Non-Executive Director)
Mr. Cham Chean Fong @ Sian Chean Fong	Member (Independent Non-Executive Director)
Mr. Tan Beng Chai	Member (Executive Director)

The Remuneration Committee, in accordance with its Terms of Reference, shall have the responsibility of determining the policy on remuneration for the Directors. The Committee shall also review and recommend to the Board the remuneration packages of the Executive Directors as well as fees and allowances for Non-Executive Directors.

In carrying out its duties and responsibilities, the Remuneration Committee shall in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

Remuneration Policy

The Remuneration Committee shall aim to ensure that the remuneration is sufficient to attract and retain the Directors needed to run the company successfully. The Committee shall judge where to position their company relative to other companies. The Committee shall be aware of what comparable companies are paying and shall take account of relative performance.

In the case of Executive Directors, the component parts of remuneration shall be structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall abstain from deliberations and voting on decisions in respect of his individual remuneration package.

The remuneration package comprises a number of separate elements such as base salary, allowance, fee, bonus and other non-cash benefits.

2. SHAREHOLDERS

The Board maintains an effective communications policy that enables both the Board and the management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decisions.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

- (i) the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Board Committees and Board of Directors;

Continued

- (ii) various announcements made to Bursa Securities, which includes announcement on quarterly results.; and
- (iii) the Company website at <http://www.scientex.com.my>

The Annual General Meeting ("AGM") serves as an important means for shareholders' communication. Notice of the AGM and Annual Reports are sent to shareholders twenty one days (21) prior to the meeting. At each AGM, the Board presents the performance and progress of the Group and provides shareholders with the opportunity to raise questions pertaining to the Group. The Chairman and the Board will respond to the questions raised by the shareholders during the AGM.

The Board ensures each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution.

3. ACCOUNTABILITY AND AUDIT

Financial Reporting

In its financial reporting to shareholders and other interested parties through the annual financial statements and quarterly announcements of results to Bursa Securities, the Board aims to present a clear, balanced and comprehensive evaluation of the Group's position and prospect. The Directors are responsible in ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control and Risk Management

The Board recognises the importance of risk management both at the strategic and operational level. In addition, the Board acknowledges its responsibilities in ensuring a sound system of internal control covering the financial, operational and compliance aspects of the business. Information on the Group's internal control and risk management is presented in the Statement of Internal Control set out on page 27 of this Annual Report.

Relationship with Auditors

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's Auditors, both internal and external. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters, especially those pertaining to the area of risk management and internal controls, that would require their attention and response.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the Companies Act, 1965, applicable Approved Accounting Standards in Malaysia and Listing Requirements of Bursa Securities.

The Statement of Directors' Responsibilities is made in accordance with the resolution of the Board of Directors dated 23 November 2004.

Statement On Internal Control

Introduction

This statement is made pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad with regards to the Group's compliance with the Statement of Internal Control: Guidance for Directors of Public Listed Companies.

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. However, the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable and not absolute assurance against material misstatement and losses. The internal control system covers not only financial controls but operational and compliance controls, and risk management.

The Board has considered the system of internal control in operation during the financial year and the key elements of the system are as follows:-

Control Environment

The Group has clearly defined delegation of responsibilities to the various committees of the Board and to the management including an effective organisation structure and proper authority matrix.

Most importantly, the Group has developed an Internal Control Guideline, which is central to the Group's internal control system. The Internal Control Guideline sets out the various key controls and process requirements across all functions and shall be updated annually taking into consideration the changing risk profiles as dictated by changes in the business environment, strategies and functional activities from time to time.

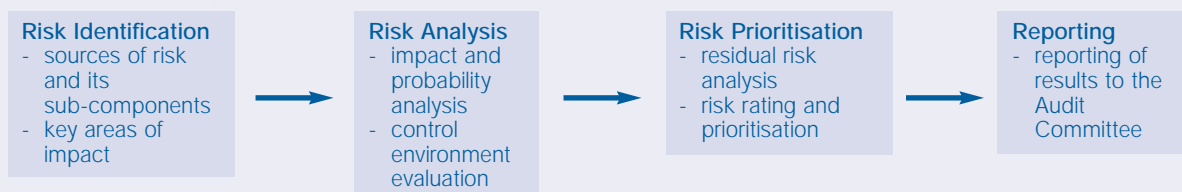
An annual budgeting process has also been established, where all operating companies of the Group are required to prepare budget and business plan. Actual performances are compared against budget and key variances are followed up by the management and reported to the Board.

Internal policies and procedures are in place and are regularly updated to reflect changing risks or resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by its internal auditors to the Board via the Audit Committee.

Risk Management

An on-going process for identifying, evaluating and managing risks have been firmly established by the Group. This process is regularly reviewed by the Board through its Audit Committee.

A risk assessment exercise was conducted in 2003 by its outsourced risk management and internal audit consultants to identify principal risks and to ensure an appropriate risk assessment and evaluation framework and activities have been put in place for the Group.



Based on the risk assessment results, an audit plan was then developed to review the effectiveness of the Group's system of internal control to manage these principal risks. The audit plan is reviewed annually to take into account changes in risks the Group may be exposed to as the Group's objectives, the organization and the environment in which it operates are continuously evolving. This audit plan covering key business processes in the Group was reviewed and approved by the Board and the Audit Committee.

Information and Communication

The Board receives financial reports, highlighting variances between actual and budget, for the Group on a quarterly basis.

Monitoring

The Board, the Audit Committee and management monitor the effectiveness of the Group's internal control system. Regular internal audits are carried out on the controls in key operating areas in each individual business unit. Results of the audits including comments from management are reported directly to the Audit Committee periodically, who reports to the Board. The Audit Committee assesses the impact of control issues and reviews remedial actions implemented by the management. The internal auditors also perform follow up review to report on status of implementation of agreed corrective actions.

In conclusion, the system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The Statement on Internal Control is made in accordance with the resolution of the Board of Directors dated 23 November 2004.

Additional Compliance Information

1. Share Buy-backs

During the financial year, there were no share buy-backs by the Company. The number of shares retained as treasury shares as at 31 July 2004 is 180,000.

2. Options, Warrants or Convertible Securities

During the financial year, there was no exercise of options or warrants.

3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

4. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

5. Non-Audit Fees

The non-audit fees paid to the external and internal auditors for the financial year ended 31 July 2004 were as follows:

<u>Name of Auditors</u>	<u>Services</u>	<u>Fees (RM)</u>
Ernst & Young	Review of Statement of Internal Control	10,500
Ceope Consulting Sdn Bhd	Internal Audit	42,500

6. Profit Estimate, Forecast, Projection, and Variation in Results

There were no variations of 10% or more between the audited results for the financial year ended 31 July 2004 and the unaudited results for the quarter ended 31 July 2004 of the Group previously announced.

The Company did not make any release on the profit estimate, forecast and projection for the financial year.

7. Profit Guarantee

The Company did not give any profit guarantee during the financial year.

8. Material Contracts

There were no material contracts entered into by or subsisting between the Company and its subsidiaries involving Directors and major shareholders' interests during the financial year ended 31 July 2004.

9. Revaluation Policy on Landed Properties

The Group revalues its landed properties every five (5) years or at shorter intervals whenever the market value of the revalued assets has changed materially from their carrying value.

10. Recurrent Related Party Transactions

There were no recurrent related party transactions of a revenue or trading in nature entered into by the Group during the financial year ended 31 July 2004.

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Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year, other than as a result of newly acquired subsidiaries and disposal of subsidiaries as disclosed in Note 14 to the financial statements.

RESULTS

	Group RM	Company RM
Profit after taxation	22,425,381	28,770,252
Minority interests	(5,721,462)	-
Net profit for the year	16,703,919	28,770,252

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2003 were as follows:

	RM
In respect of the financial year ended 31 July 2003 as reported in the directors' report of that year:	
Final dividend of 6% less 28% taxation, on 61,814,400 ordinary shares, declared on 15 December 2003 and paid on 20 January 2004	<u>2,670,382</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2004, of 10% less 28% taxation on 61,814,400 ordinary shares, amounting to a dividend payable of RM4,450,637 (7 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2005.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Y'Bhg. Tan Sri Dato' Mohd Sheriff bin Mohd Kassim
 Lim Teck Meng
 Lim Peng Jin
 Lim Peng Cheong
 Wong Mook Weng
 Cham Chean Fong @ Sian Chean Fong
 Tan Beng Chai
 Hazimah Binti Zainuddin (Appointed on 27 January 2004)
 Yasushi Hoshika (Resigned on 21 May 2004)

Continued

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than those arising from the share options granted pursuant to the Employees' Share Option Scheme and warrants issued by the Company and its related corporations.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			31 July 2004
	1 August 2003	Bought	Sold	
Scientex Incorporated Berhad				
Direct				
Lim Teck Meng	25,000	-	-	25,000
Lim Peng Jin	40,000	-	-	40,000
Tan Beng Chai	12,000	6,000	-	18,000
Wong Mook Weng	410,000	-	-	410,000
Indirect				
Lim Teck Meng	24,987,444	1,168,300	-	26,155,744
Lim Peng Jin	22,524,744	908,800	-	23,433,544
Lim Peng Cheong	22,639,158	851,300	-	23,490,458
Scientex Packaging Film Sdn. Bhd.				
Lim Peng Jin	200,000	-	(200,000)	-
Scientex Trading Sdn. Bhd.				
Lim Teck Meng	300	-	-	300
Scientex Quatari Sdn. Bhd.				
Wong Mook Weng	50,000	-	(50,000)	-
Tan Beng Chai	10,000	-	(10,000)	-
Scientex Packaging Berhad				
Direct				
Lim Teck Meng	6,000	-	-	6,000
Lim Peng Jin	-	1,426,070	-	1,426,070
Tan Beng Chai	-	5,000	-	5,000
Y'Bhg. Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	72,000	-	-	72,000
Indirect				
Lim Teck Meng	16,153,740	26,429,303	-	42,583,043
Lim Peng Cheong	16,318,740	26,561,303	-	42,880,043
Lim Peng Jin	16,153,740	27,038,003	-	43,191,743

Continued

DIRECTORS' INTERESTS (CONT'D)

	Option Price	Number of Options over Ordinary Shares of RM1 Each			
		1 August 2003	Granted	Disposed/ Exercised	31 July 2004
Scientex Incorporated Berhad					
Lim Teck Meng	RM2.08	500,000	-	-	500,000
Lim Peng Jin	RM2.08	500,000	-	-	500,000
Tan Beng Chai	RM2.08	145,000	-	-	145,000
	Exercise Price	1 August 2003	Number of Warrants "B" 2000/2006		31 July 2004
			Bought	Disposed/ Exercised	
Scientex Incorporated Berhad					
Direct					
Lim Teck Meng	RM2.49	82,000	-	-	82,000
Wong Mook Weng	RM2.49	82,400	-	-	82,400
Tan Beng Chai	RM2.49	5,000	-	-	5,000
Lim Peng Jin	RM2.49	8,000	-	-	8,000
Indirect					
Lim Teck Meng	RM2.49	7,149,000	-	-	7,149,000
Lim Peng Jin	RM2.49	5,339,200	-	-	5,339,200
Lim Peng Cheong	RM2.49	4,991,200	-	-	4,991,200
	Exercise Price	1 August 2003	Number of Warrants "B" 2000/2005		31 July 2004
			Bought	Disposed/ Exercised	
Scientex Packaging Berhad					
Direct					
Lim Teck Meng	RM1.35	1,600	-	-	1,600
Indirect					
Lim Teck Meng	RM1.35	4,073,843	53,700	-	4,127,543
Lim Peng Jin	RM1.35	4,073,843	53,700	-	4,127,543
Lim Peng Cheong	RM1.35	4,111,943	53,700	-	4,165,643

Lim Teck Meng, Lim Peng Jin and Lim Peng Cheong by virtue of their interest in the shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Scientex Incorporated Berhad ("SIB") ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 15 September 1999.

Continued

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group who have been confirmed in their employment in any company in the Group and have served for at least one year of employment on the date of the offer. Employees under an employment contract are eligible for the ESOS on the condition that they have been under employment within the Group for at least one year and for minimum duration of three years contract, including executive directors of any company within the Group and excluding any executive directors who are government representatives in the respective companies.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS, which shall be in force for a period of five years from the date of the receipt of the last requisite approvals.
- (c) The option price for each share shall be the average of the mean market quotation of the Company's shares in the daily official list issued by Bursa Malaysia Securities Berhad for five market days preceding the date of offer, or the par value of the shares of the Company of RM1, whichever is higher.
- (d) No option shall be granted for less than 1,000 shares nor more than the maximum allowable allocation of shares, the number of which ranges from 5,000 options to 500,000 options depending on the categories of eligible employees.
- (e) The option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer in staggered basis of 20% of all options exercisable on each anniversary from the date of offer. Where the maximum percentage of an option is not exercised in full within any particular year, the balance of the option can be carried forward to the subsequent years but subject to the time limit of five years from the date of offer.
- (f) The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company within the Group.

The information with respect to the number of options granted is as follows:

Option Price	1 August 2003	Number of Options over Ordinary Shares of RM1 Each			31 July 2004
		Granted	Exercised	Lapsed	
RM2.08	4,666,000	-	-	-	4,666,000

The ESOS expired on 22 September 2004.

WARRANTS

The warrants 2000/2006 are constituted by a Deed Poll dated 17 July 2000 executed by the Company. The warrants were listed on Bursa Malaysia Securities Berhad on 12 September 2000.

On 18 August 2000, a total of 10,396,776 SIB Warrants 1996/2001 representing 85.65% of the total SIB Warrants 1996/2001 in issue had been surrendered by the warrant holders for cancellation and replaced with SIB Warrants 2000/2006 ("Warrant B"). The remaining 1,741,824 SIB Warrants 1996/2001 which have not been surrendered ("Warrant A") will remain listed on the Main Board of Bursa Malaysia Securities Berhad based on existing terms, and will remain valid until expiry of exercise period that is extended to 2 December 2006.

The main features of the warrants 2000/2006 are as follows:

- (a) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (b) The exercise price has been fixed at RM4.26 for Warrant A, which is at a premium of 0.2% over the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 10 September 1996.

Continued

WARRANTS (CONT'D)

- (c) The exercise price has been fixed at RM2.49 for Warrant B, which is the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 3 February 2000 subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (d) The warrants may be exercised at any time on or before the expiry date on 2 December 2006. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (e) The new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments or distribution on or before the record date prior to the exercise of the warrants.

For the purpose thereof, record date means the date the relevant entitlement in relation to a particular matter which as at the close of business, the warrant holders must be registered as members of the Company.

During the financial year, no warrants were converted into ordinary shares. The number of outstanding warrants as at 31 July 2004 and as at the date of this report were as follows:

Warrant A	1,741,824
Warrant B	10,396,776

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Continued

OTHER STATUTORY INFORMATION (CONT'D)

(e) As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Notes 37 and 38 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

LIM TECK MENG

Shah Alam, Malaysia
23 November 2004

LIM PENG JIN

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Teck Meng and Lim Peng Jin, being two of the directors of Scientex Incorporated Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 38 to 96 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

LIM TECK MENG

Shah Alam, Malaysia
23 November 2004

LIM PENG JIN

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chang Siew Sian, being the officer primarily responsible for the financial management of Scientex Incorporated Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 96 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed CHANG SIEW SIAN at
Kuala Lumpur in the Federal Territory
on 23 November 2004

CHANG SIEW SIAN

Before me,
SOH AH KAU, AMN (W315)
Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors

To The Members Of Scientex Incorporated Berhad
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 38 to 96. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 July 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of subsidiaries of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
23 November 2004

GEORGE KOSHY
No. 1846/07/07(J)
Partner

Consolidated Income Statement

For the year ended 31 July 2004

	Note	2004 RM	2003 RM
Revenue	3	341,149,379	250,087,547
Cost of sales	4	(286,255,859)	(207,829,718)
<hr/>			
Gross profit		54,893,520	42,257,829
Other operating income		11,925,687	3,128,617
Selling and distribution expenses		(15,100,243)	(14,671,650)
Administration expenses		(25,571,745)	(15,559,822)
<hr/>			
Profit from operations	5	26,147,219	15,154,974
Finance costs	8	(3,576,273)	(3,911,549)
Share of profit/(losses) from associates		388,722	(763,452)
<hr/>			
Profit before taxation		22,959,668	10,479,973
Taxation	9	(534,287)	(3,493,393)
<hr/>			
Profit after taxation		22,425,381	6,986,580
Minority interests	31	(5,721,462)	(3,379,206)
<hr/>			
Net profit for the year		16,703,919	3,607,374
<hr/>			
Earnings per share (sen)	10	27	6
<hr/>			
Net dividends per ordinary share in respect of the year (sen)	11	4	4
<hr/>			

The accompanying notes form an integral part of the financial statements.

Consolidated Balance Sheet

As at 31 July 2004

	Note	2004 RM	2003 RM
NON-CURRENT ASSETS			
Property, plant and equipment	12	174,897,719	256,900,126
Land held for development	13	97,902,275	42,891,325
Investments in associates	15	13,547,216	35,977,229
Other investments	16	7,071,694	1,151,756
Intangible assets	17	923,275	2,178,128
		294,342,179	339,098,564
CURRENT ASSETS			
Development properties	13	22,913,062	34,072,867
Inventories	18	59,473,091	40,831,794
Trade receivables	19	73,626,805	47,461,596
Other receivables	21	26,955,719	10,878,500
Cash and bank balances	23	26,826,882	12,808,078
		209,795,559	146,052,835
CURRENT LIABILITIES			
Sinking fund	24	11,392	28,826
Short term borrowings	25	73,207,471	52,050,076
Trade payables	26	51,173,020	31,509,974
Other payables	27	15,768,982	7,997,404
Tax payable		1,120,500	1,022,372
Redeemable preference shares	29	2,627,000	4,502,000
		143,908,365	97,110,652
NET CURRENT ASSETS			
		65,887,194	48,942,183
		360,229,373	388,040,747
FINANCED BY:			
Share capital	30	61,994,400	61,994,400
Reserves		180,071,553	203,287,524
Shareholders' equity		242,065,953	265,281,924
Minority interests	31	78,061,342	67,906,541
		320,127,295	333,188,465
Long term borrowings	25	25,146,236	33,190,981
Retirement benefit obligations	32	334,492	336,276
Redeemable preference shares	29	1,875,000	4,500,000
Deferred tax liabilities	33	12,746,350	16,825,025
Non-current liabilities		40,102,078	54,852,282
		360,229,373	388,040,747

The accompanying notes form an integral part of the financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 July 2004

	Reserves									Total RM
	Non-distributable						Distributable			
	Share Capital RM	Share Premium RM	Property Revaluation Surplus RM	Share Buyback Reserves RM	Foreign Exchange Reserves RM	Treasury Shares RM	Warrant And Other Reserves RM	Capital Redemption Reserves RM	Retained Profits RM	
At 1 August 2002	61,982,400	8,629,510	99,751,522	386,828	18	(386,828)	460,816	-	94,287,329	265,111,595
Currency translation differences, representing net gains not recognised in the income statement	-	-	-	-	32,912	-	-	-	-	32,912
Issue during the financial year pursuant to ESOS	12,000	12,960	-	-	-	-	-	-	-	24,960
Impairment losses in associate	-	-	(203,465)	-	-	-	-	-	-	(203,465)
Impairment losses	-	-	(621,588)	-	-	-	-	-	-	(621,588)
Net profit for the year	-	-	-	-	-	-	-	-	3,607,374	3,607,374
Dividends (Note 11)	-	-	-	-	-	-	-	-	(2,669,864)	(2,669,864)
At 31 July 2003	61,994,400	8,642,470	98,926,469	386,828	32,930	(386,828)	460,816	-	95,224,839	265,281,924
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(144,121)	-	-	-	-	(144,121)
Disposal of properties	-	-	(41,023)	-	-	-	-	-	41,023	-
Impairment losses	-	-	(39,780,000)	-	-	-	-	-	-	(39,780,000)
Deferred taxation on impairment losses	-	-	2,279,424	-	-	-	-	-	-	2,279,424
Minority interest in impairment losses	-	-	47,666	-	-	-	-	-	-	47,666
Share premium in associate	-	347,523	-	-	-	-	-	-	-	347,523
Net profit for the year	-	-	-	-	-	-	-	-	16,703,919	16,703,919
Redemption of preference shares	-	-	-	-	-	-	-	6,750,000	(6,750,000)	-
Dividends (Note 11)	-	-	-	-	-	-	-	-	(2,670,382)	(2,670,382)
At 31 July 2004	61,994,400	8,989,993	61,432,536	386,828	(111,191)	(386,828)	460,816	6,750,000	102,549,399	242,065,953

The accompanying notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the year ended 31 July 2004

	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,959,668	10,479,973
Adjustments for:		
Depreciation of property, plant and equipment	16,427,651	14,422,720
Reserves arising from consolidation realised	(5,418,030)	-
Amortisation of intangible assets	-	193,048
Amortisation of premium on acquisition of associates	(46,158)	931
Provision for retirement benefits	132,000	513,713
Provision for doubtful debts	414,154	1,611,221
Share of (profit)/losses from associates	(388,722)	763,452
Property, plant and equipment written off	1,522	-
Interest expense	3,576,273	3,911,549
Dividend (gross) income	(65,843)	(20,379)
Bad debts written off	2,125	787
Deposit on land written off	471,369	-
Provision for impairment of investments in:		
- quoted shares	76,040	9,610
- unquoted shares	1,101,325	-
- club memberships	107,000	-
Gain on disposal of :		
- property, plant and equipment	(142,570)	(20,684)
- unquoted shares	(457,920)	(1,294,972)
- subsidiaries	(4,280,399)	-
- associates	(1,354,573)	(25,516)
Interest income	(242,191)	(139,662)
Goodwill written off	-	59,011
Inventories written off	1,445,758	405,409
Write back of provision for impairment in quoted shares	(14,340)	(26,820)
Unrealised (gain)/loss on foreign exchange	(241,444)	11,011
Operating profit before working capital changes	34,062,695	30,854,402
Increase in inventories	(14,087,688)	(15,988,798)
Decrease in development properties	3,602,894	15,521,057
Increase in receivables	(7,603,681)	(861,639)
Increase in payables	19,932,770	5,858,491
Net movement in sinking fund	(17,434)	(101,601)
Cash generated from operations	35,889,556	35,281,912
Tax paid	(3,327,384)	(3,819,969)
Gratuity and retirement benefits paid (Note 32)	(133,784)	(504,657)
Net cash generated from operating activities	32,428,388	30,957,286

Continued

	2004 RM	2003 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired (Note 14)	11,244,304	(4,403,915)
Proceeds from disposal of subsidiaries (Note 14)	779,440	-
Repayment of redeemable preference shares (Note 29)	(4,500,000)	-
Purchase of club membership	(32,000)	-
Purchase of additional shares in existing subsidiaries	(8,326,508)	(10,124,359)
Purchase of property, plant and equipment (Note 12)	(44,966,826)	(8,148,017)
Proceeds from disposal of investments		
- associates	2,000,000	1,279,861
- other investments	-	1,815,427
Proceeds from disposal of property, plant and equipment	18,581,274	228,800
Dividend (net) received		
- associates	484,612	872,487
- other investments	53,123	20,357
Expenditure incurred on product development (Note 17)	(120,257)	(803,018)
Interest received	242,191	139,662
Net cash used in investing activities	(24,560,647)	(19,122,715)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares to minority shareholders of subsidiaries (Note 31)	-	9,038,190
Proceeds from issuance of shares	-	24,960
Dividends paid to		
- shareholders of the Company (Note 11)	(2,670,382)	(2,669,864)
- minority shareholders of subsidiaries (Note 31)	(46,080)	(1,397,435)
Net repayment of term loans	(531,837)	(12,109,946)
Net drawdown of short term borrowings	15,249,241	1,156,231
Interest paid	(3,985,125)	(4,536,351)
Net cash generated from/(used in) financing activities	8,015,817	(10,494,215)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,883,558	1,340,356
EFFECT OF EXCHANGE RATE CHANGES	-	33,103
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,805,492	8,432,033
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 23)	25,689,050	9,805,492

The accompanying notes form an integral part of the financial statements.

Income Statement

For the year ended 31 July 2004

	Note	2004 RM	2003 RM
Revenue	3	7,830,370	6,270,596
Other operating income		33,654,979	7,078,545
Administration expenses		(3,296,704)	(2,909,155)
Other operating expenses		(7,682,811)	-
Profit from operations	5	30,505,834	10,439,986
Finance costs	8	(1,483,205)	(1,689,002)
Profit before taxation		29,022,629	8,750,984
Taxation	9	(252,377)	(119,393)
Net profit for the year		28,770,252	8,631,591

The accompanying notes form an integral part of the financial statements.

Balance Sheet

As at 31 July 2004

	Note	2004 RM	2003 RM
NON-CURRENT ASSETS			
Property, plant and equipment	12	25,715,277	26,134,049
Investments in subsidiaries	14	145,382,104	52,787,921
Investments in associates	15	3,000,000	22,964,395
Other investments	16	4,885,958	345,100
		178,983,339	102,231,465
CURRENT ASSETS			
Other receivables	21	734,176	1,398,314
Amounts due from subsidiaries	22	28,847,910	52,527,424
Cash and bank balances	23	745,025	18,563
		30,327,111	53,944,301
CURRENT LIABILITIES			
Short term borrowings	25	12,177,443	11,077,156
Other payables	27	696,214	309,210
Amounts due to subsidiaries	28	48,908,865	17,149,488
		61,782,522	28,535,854
NET CURRENT (LIABILITIES)/ASSETS		(31,455,411)	25,408,447
		147,527,928	127,639,912
FINANCED BY:			
Share capital	30	61,994,400	61,994,400
Reserves		69,181,896	43,082,026
Shareholders' equity		131,176,296	105,076,426
Long term borrowings	25	10,777,772	16,955,215
Deferred tax liabilities	33	5,573,860	5,608,271
Non-current liabilities		16,351,632	22,563,486
		147,527,928	127,639,912

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity

For the year ended 31 July 2004

	Reserves							Total RM
	Non-distributable			Distributable				
	Share Capital RM	Share Premium RM	Property Revaluation Surplus RM	Share Buyback Reserves RM	Warrant And Other Reserves RM	Treasury Shares RM	Retained Profits RM	
At 1 August 2002	61,982,400	6,712,695	14,636,085	386,828	68,735	(386,828)	15,689,824	99,089,739
Issue during the financial year								
pursuant to ESOS	12,000	12,960	-	-	-	-	-	24,960
Net profit for the year	-	-	-	-	-	-	8,631,591	8,631,591
Dividends (Note 11)	-	-	-	-	-	-	(2,669,864)	(2,669,864)
At 31 July 2003	61,994,400	6,725,655	14,636,085	386,828	68,735	(386,828)	21,651,551	105,076,426
Net profit for the year	-	-	-	-	-	-	28,770,252	28,770,252
Dividends (Note 11)	-	-	-	-	-	-	(2,670,382)	(2,670,382)
At 31 July 2004	61,994,400	6,725,655	14,636,085	386,828	68,735	(386,828)	47,751,421	131,176,296

The accompanying notes form an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 July 2004

	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,022,629	8,750,984
Adjustments for:		
Depreciation of property, plant and equipment	448,485	455,046
Provision for impairment of investment in		
- subsidiaries	6,509,216	-
- unquoted shares	1,101,325	-
- club membership	40,000	-
Interest expense	1,483,205	1,689,002
Gain on disposal of a subsidiary	(1,612)	(7,001,368)
Dividend (gross) income (Note 3)	(4,337,970)	(4,005,696)
Waiver of intercompany debts	(33,540,459)	-
Gain on disposal of property, plant and equipment	(40,000)	-
Interest income	(74,060)	(73,144)
Operating profit/(loss) before working capital changes	610,759	(185,176)
Changes in working capital:		
Decrease/(increase) in receivables	607,804	(708,927)
Increase in payables	387,004	81,153
Net changes in intercompany balances	88,979,350	(3,344,840)
Cash generated from/(used in) operations	90,584,917	(4,157,790)
Taxes recovered	131,563	-
Retirement benefit obligations paid (Note 32)	-	(87,826)
Net cash generated from/(used in) operating activities	90,716,480	(4,245,616)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investments	(84,822,187)	(868,004)
Proceed from disposal of a subsidiary	2,612	8,531,370
Proceed from disposal of property, plant and equipment	40,000	-
Purchase of property, plant and equipment (Note 12)	(29,713)	(18,243)
Dividends (net) received	3,975,953	3,557,652
Interest received	74,060	73,144
Net cash (used in)/generated from investing activities	(80,759,275)	11,275,919
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	24,960
Dividends paid (Note 11)	(2,670,382)	(2,669,864)
Net repayment of borrowings	(4,822,228)	(3,422,228)
Interest paid	(1,483,205)	(1,689,002)
Net cash used in financing activities	(8,975,815)	(7,756,134)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	981,390	(725,831)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(236,365)	489,466
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 23)	745,025	(236,365)

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 14.

There have been no significant changes in the nature of the principal activities during the financial year, other than as a result of newly acquired subsidiaries and disposal of subsidiaries as disclosed in Note 14.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 1,006 (2003: 615) and 17 (2003: 16) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 November 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 July 2004, the Company adopted the Malaysian Accounting Standards Board ("MASB") 29, Employee Benefits for the first time.

This standard require retrospective application. Apart from the inclusion of the new policies and extended disclosures as required by the standard, the adoption of this standard has not had a material effect on the financial statements presented, nor led to a restatement of prior year results.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates.

Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Goodwill is amortised on a straight-line basis over its estimated useful life of 5 years.

Reserve arising from consolidation represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.

Reserve arising from consolidation, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Reserve arising from consolidation in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that reserve arising from consolidation relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of reserve arising from consolidation is recognised in the income statement when the future losses and expenses are recognised.

(d) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statements.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Property, Plant and Equipment and Depreciation (Cont'd)**

Freehold land is stated at valuation less impairment losses.

Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land and capital-work-in-progress are not depreciated. Long term leasehold land is depreciated over the period of the respective leases which range from 52 years to 99 years.

Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery, tools and equipment	10% - 20%
Motor vehicles	10% - 25%
Office equipment, furniture and fittings	5% - 33%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Product Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is also recognised as an expense in the period incurred except when the expenditure meet the following criteria where it will be capitalised as intangible assets:

- (i) the product or process is clearly defined and costs are separately identified and measured reliably;
- (ii) the technical feasibility of the product is demonstrated;
- (iii) the product or process will be sold or used in-house;
- (iv) the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness in case of internal use is demonstrated);
- (v) adequate technical, financial and other resources required for completion of the project are available.

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense in the income statement based on a straight-line basis over 5 years commencing in the financial year in which the related sales of the products are recognised. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Land Held for Development and Development Properties

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

(h) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing the following inventories to their present location and condition is determined as follows:

Raw materials and consumables	Purchase cost on first-in-first-out or weighted average basis, as appropriate.
Work-in-progress and finished products	Cost of raw materials, direct labour, other direct costs and proportion of production overheads based on normal activity.
Properties held for resale	Cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of change in value, net of outstanding bank overdrafts.

(k) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or reserve arising from consolidation or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or reserve arising from consolidation.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service, which is based on number of years employed and equivalent factoring units.

The cost of retirement benefits under this scheme is determined based on actuarial valuation which is conducted once in every three years using the Projected Unit Credit Method. Past service costs and experience adjustments in respect of the retirement benefit scheme are dealt with through the income statement systematically over the expected remaining service lives of members and the current service cost are dealt with in the income statement. The last actuarial valuation was conducted during the financial year ended 31 July 2002.

(iv) Equity compensation benefit

The ESOS allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of Goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2(g).

(iii) Building and civil works

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(h).

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Rental and interest income

Rental and interest income from subsidiaries are recognised on an accrual basis; and interest income from short-term deposits on maturity and sundry interest is recognised on receipt basis.

(vi) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(o) Foreign Currencies****(i) Foreign currency transactions**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2004 RM	2003 RM
United States Dollar	3.80	3.83
Singapore Dollar	2.10	2.18
Yuan Renminbi	0.46	0.46
Japanese Yen	0.03	0.03

(p) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(q) Affiliated Companies

Affiliated companies refer to companies with common directors.

(r) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Financial Instruments (Cont'd)

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawn down from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Redeemable Preference Shares

Redeemable preference shares are classified as liabilities in the balance sheet.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Continued

3. REVENUE

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Sale of goods	284,401,112	218,140,991	-	-
Sale of properties	55,995,098	31,106,810	-	-
Gross dividends from:				
Subsidiaries	-	-	3,846,979	3,200,730
Quoted associated company in Malaysia	-	-	471,052	785,087
Quoted shares in Malaysia	169	579	139	79
Unquoted shares in Malaysia	19,800	19,800	19,800	19,800
Rental income	543,200	679,367	2,062,400	2,024,900
Management fees	190,000	140,000	1,430,000	240,000
	341,149,379	250,087,547	7,830,370	6,270,596

4. COST OF SALES

The cost of sales represents the cost of inventories sold and services rendered, construction contracts and property development cost.

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff costs (Note 6)	28,440,551	18,237,912	1,583,667	1,360,780
Non-executive directors' remuneration (Note 7)	213,511	27,500	158,294	27,500
Auditors' remuneration				
- Statutory audits	231,611	163,160	15,000	14,000
- Other services	10,500	18,320	8,000	-
Amortisation of intangible assets	-	193,048	-	-
Goodwill written off	-	59,011	-	-
Amortisation of premium on acquisition of associates	(46,158)	931	-	-
Depreciation of property plant and equipment	16,427,651	14,422,720	448,485	455,046
Property, plant and equipment written off	1,522	-	-	-
Provision for retirement benefits (Note 32)	132,000	513,713	-	-
Inventories written off	1,445,758	405,409	-	-
Provision for doubtful debts:				
- Trade debts	362,942	717,301	-	-
- Non-trade debts	51,212	893,920	-	-
Bad debts written off	2,125	787	-	-
Rental of buildings	425,472	244,265	-	-

Continued

5. PROFIT FROM OPERATIONS (CONT'D)

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Rental of plant and machinery	216,900	211,200	-	-
Rental of motor vehicles	108,878	33,057	-	-
Provision for impairment of investment in:				
- subsidiaries	-	-	6,509,216	-
- quoted shares	76,040	9,610	-	-
- unquoted shares	1,101,325	-	1,101,325	-
- club memberships	107,000	-	40,000	-
Deposit on land written off	471,369	-	-	-
Waiver of intercompany debts	-	-	(33,540,459)	-
Net realised gain on foreign exchange	(98,998)	(93,317)	-	-
Unrealised (gain)/loss on foreign exchange	(241,444)	11,011	-	-
Bad debts recovered	-	(142,581)	-	-
Write back of provision for impairment of quoted shares	(14,340)	(26,820)	-	-
Rental income	(122,400)	(5,224)	-	-
Interest income	(242,191)	(139,662)	(74,060)	(73,144)
Gross dividends from:				
- quoted shares in Malaysia	(840)	-	-	-
- unquoted shares in Malaysia	(45,034)	-	-	-
Reserves arising from consolidation realised (Note 17)	(5,418,030)	-	-	-
Gain on disposal of:				
- property, plant and equipment	(142,570)	(20,684)	(40,000)	-
- subsidiaries	(4,280,399)	-	(1,612)	(7,001,368)
- associates	(1,354,573)	(25,516)	-	-
- unquoted shares in Malaysia	(457,920)	(1,294,972)	-	-

6. STAFF COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Wages, salaries and other emoluments	26,182,170	16,771,245	1,443,786	1,225,051
Employees Provident fund - defined contribution plans	2,258,381	1,466,667	139,881	135,729
	28,440,551	18,237,912	1,583,667	1,360,780

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM3,191,697 (2003: RM1,618,417) and RM650,029 (2003: RM663,342) respectively as further disclosed in Note 7.

Continued

7. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,720,125	1,154,020	549,125	573,520
Fees	37,083	21,000	35,000	21,000
Employees Provident Fund - defined contribution plans	206,424	138,482	65,904	68,822
	1,963,632	1,313,502	650,029	663,342
Non-Executive (Note 5):				
Other emoluments	131,612	3,000	91,612	3,000
Fees	64,167	24,500	60,000	24,500
Employees Provident Fund - defined contribution plans	11,482	-	6,682	-
	207,261	27,500	158,294	27,500
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	1,213,897	471,143	-	-
Fees	4,167	-	-	-
Employees Provident Fund - defined contribution plans	124,241	45,012	-	-
	1,342,305	516,155	-	-
Non-Executive (Note 5):				
Fees	6,250	-	-	-
	6,250	-	-	-
Total	3,519,448	1,857,157	808,323	690,842

The number of directors of the Company whose total remuneration receivable from the Company and its subsidiaries during the financial year fall within the following bands as analysed below:

	Number of Directors	
	2004	2003
Executive directors:		
RM50,000 - RM100,000	-	1
RM150,001 - RM200,000	1	-
RM250,001 - RM300,000	-	1
RM400,001 - RM450,000	-	1
RM550,001 - RM600,000	-	1
RM800,001 - RM850,000	1	-
RM950,001 - RM1,000,000	1	-

Continued

7. DIRECTORS' REMUNERATION (CONT'D)

	Number of Directors	
	2004	2003
Non-Executive directors:		
Below RM50,000	5	5
RM50,000 - RM100,000	1	-
RM100,001 - RM150,000	1	-

Included in the directors' remuneration of the Group is an amount of RM114,240 (2003: RM211,240) which has been capitalised in the development expenditure (Note 13).

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 30(a)).

8. FINANCE COSTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Interest expense on:				
Bank overdrafts	123,769	28,395	9,775	9,218
Term loans	2,457,213	3,296,470	1,227,363	1,529,733
Other banking facilities	1,404,143	1,211,486	246,067	150,051
	3,985,125	4,536,351	1,483,205	1,689,002
Less: Amount capitalised in qualifying assets:				
Development properties (Note 13)	(408,852)	(624,802)	-	-
	3,576,273	3,911,549	1,483,205	1,689,002

Continued

9. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Tax expense for the year:				
Malaysian income tax				
- current year	3,422,522	2,286,287	298,987	158,000
- (over)/under provided in prior years	(115,847)	1,373,406	(12,199)	499,195
Foreign tax	159,384	8,442	-	-
	3,466,059	3,668,135	286,788	657,195
Deferred tax (Note 33):				
Relating to origination and reversal of temporary difference	(2,947,179)	(181,427)	(55,296)	(537,802)
(Over)/underprovided in prior years	(106,506)	-	20,885	-
	(3,053,685)	(181,427)	(34,411)	(537,802)
Share of taxation of associates	121,913	6,685	-	-
	534,287	3,493,393	252,377	119,393

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	2004 RM	2003 RM
Profit before taxation	22,959,668	10,479,973
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	6,428,707	2,934,392
Income not subject to tax	(7,360,990)	(777,635)
Effect on income of first RM500,000 subject to tax rate of 20%	(151,134)	-
Effect of different tax rates in other countries	(250,500)	(14,250)
Double deduction on expenses	(6,670)	(4,859)
Expenses not deductible for tax purposes	3,456,713	2,325,864
Utilisation of current year's tax losses	-	(587,538)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(362,611)	(88,002)
Utilisation of current year's reinvestment allowances	(1,028,258)	(935,760)
Tax effect on unrealised profit	-	(610,889)
Deferred tax assets recognised on reinvestment allowance	(591,296)	-
Deferred tax assets not recognised during the year	622,679	158,631
Utilisation of previously unrecognised deferred tax brought forward	-	(279,967)
Overprovision of deferred tax in prior years	(106,506)	-
(Over)/underprovision of income tax in prior years	(115,847)	1,373,406
Tax expense for the year	534,287	3,493,393

Continued

9. TAXATION (CONT'D)

Company	2004 RM	2003 RM
Profit before taxation	29,022,629	8,750,984
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	8,126,336	2,450,276
Income not subject to tax	(10,244,394)	(2,633,934)
Expenses not deductible for tax purposes	2,343,764	309,039
Deferred tax assets not recognised	17,985	14,431
Utilisation of previously unrecognised deferred tax assets	-	(24,592)
Utilisation of current year tax loss	-	(495,022)
Underprovided of deferred tax in prior years	20,885	-
(Over)/underprovided of income tax in prior years	(12,199)	499,195
Tax expense for the year	252,377	119,393

As at 31 July 2004, the Company has tax exempt profits available for distribution of approximately RM11,505,000 (2003: RM12,290,000), subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income to frank the payment of dividends out of its entire retained profits as at 31 July 2004.

10. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the net profit attributable by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2004 RM	2003 RM
Net profit attributable to shareholders (RM)	16,703,919	3,607,374
Weighted average number of ordinary shares in issue	61,814,400	61,802,400
Basic earnings per share (sen)	27	6

(b) Fully diluted

Diluted earnings per share is calculated by dividing the adjusted net profit attributable to shareholders by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Group has two categories of potentially dilutive ordinary shares, i.e., ESOS and the warrants. The basis for the maximum number of ordinary shares of RM1 each to be issued on the exercise of the warrants and share options granted, the respective latest dates for exercise and their respective prices are mentioned in Note 30.

The outstanding ESOS and warrants had been excluded from the computation of fully diluted earnings per RM1 ordinary share as their conversion to ordinary shares should be anti-dilutive. The assumed conversion of option and warrants would be anti-dilutive as the exercise price is higher than the fair value of the ordinary shares.

Continued

11. DIVIDENDS

	Amount		Net Dividends per Share	
	2004 RM	2003 RM	2004 Sen	2003 Sen
Final dividend of 6% less 28% taxation in respect of the financial year ended 31 July 2002 and paid on 30 January 2003	-	2,669,864	-	4
Final dividend of 6% less 28% taxation in respect of the financial year ended 31 July 2003 and paid on 30 January 2004	2,670,382	-	4	-
	2,670,382	2,669,864	4	4

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 July 2004, of 10% less 28% taxation on 61,814,400 ordinary shares amounting to a total dividend of RM4,450,637 (7 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2005.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Plant, machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group						
Cost/Valuation						
At 1 August 2003	181,251,037	136,396,531	9,696,515	4,471,621	1,793,140	333,608,844
Additions	10,209,869	10,172,205	1,672,594	64,751	22,847,407	44,966,826
Acquisition of subsidiaries	16,766,940	44,635,885	660,944	898,637	-	62,962,406
Write offs	-	(19,391)	(35,583)	(219,463)	-	(274,437)
Disposal	(12,527,772)	(18,811,084)	(223,475)	(995,808)	-	(32,558,139)
Transfer to land held for development	(120,000,000)	-	-	-	-	(120,000,000)
Disposal of subsidiaries	-	-	(100,048)	(89,510)	-	(189,558)
Reclassification	-	1,793,140	-	-	(1,793,140)	-
Exchange differences	16,355	210,498	19,007	21,498	-	267,358
At 31 July 2004	75,716,429	174,377,784	11,689,954	4,151,726	22,847,407	288,783,300
Representing:						
At cost	32,329,253	174,377,784	11,689,954	4,151,726	22,847,407	245,396,124
At valuation	43,387,176	-	-	-	-	43,387,176
	75,716,429	174,377,784	11,689,954	4,151,726	22,847,407	288,783,300

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings* RM	Plant, machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Group						
Accumulated Depreciation and Impairment Losses						
At 1 August 2003						
Accumulated depreciation	5,395,064	63,132,656	4,800,206	3,380,792	-	76,708,718
Accumulated impairment losses	-	-	-	-	-	-
Charge for the year	1,140,038	13,595,361	1,320,989	371,263	-	16,427,651
Acquisition of subsidiaries	1,335,885	31,284,685	496,131	677,686	-	33,794,387
Write offs	-	(19,391)	(34,061)	(219,463)	-	(272,915)
Disposals	(1,799,168)	(11,449,633)	(123,353)	(747,281)	-	(14,119,435)
Impairment losses	39,780,000	-	-	-	-	39,780,000
Transfer to land held for development	(38,500,000)	-	-	-	-	(38,500,000)
Disposal of subsidiaries	-	-	(68,241)	(75,338)	-	(143,579)
Exchange differences	13,121	169,021	7,110	21,502	-	210,754
At 31 July 2004	7,364,940	96,712,699	6,398,781	3,409,161	-	113,885,581
Analysed as:						
Accumulated depreciation	6,084,940	96,712,699	6,398,781	3,409,161	-	112,605,581
Accumulated impairment losses	1,280,000	-	-	-	-	1,280,000
	7,364,940	96,712,699	6,398,781	3,409,161	-	113,885,581
Net Book Value						
At 31 July 2004						
At cost	28,245,713	77,665,085	5,291,173	742,565	22,847,407	134,791,943
At valuation	40,105,776	-	-	-	-	40,105,776
	68,351,489	77,665,085	5,291,173	742,565	22,847,407	174,897,719
At 31 July 2003						
At cost	10,215,387	73,263,875	4,896,309	1,090,829	1,793,140	91,259,540
At valuation	165,640,586	-	-	-	-	165,640,586
	175,855,973	73,263,875	4,896,309	1,090,829	1,793,140	256,900,126
Depreciation charge for 2003	913,460	11,904,373	1,305,366	299,521	-	14,422,720

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land and Buildings*

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Total RM
Cost/Valuation				
At 1 August 2003	120,255,000	36,795,292	24,200,745	181,251,037
Additions	-	6,651,700	3,558,169	10,209,869
Acquisition of subsidiaries	5,977,438	1,844,668	8,944,834	16,766,940
Disposals	(6,034,400)	(2,562,811)	(3,930,561)	(12,527,772)
Transfer to land held for development	(120,000,000)	-	-	(120,000,000)
Exchange difference	-	-	16,355	16,355
At 31 July 2004	198,038	42,728,849	32,789,542	75,716,429
Representing:				
At cost	198,038	11,022,673	21,108,542	32,329,253
At valuation	-	31,706,176	11,681,000	43,387,176
	198,038	42,728,849	32,789,542	75,716,429
Accumulated Depreciation and Impairment Losses				
At 1 August 2003	-	-	-	-
Accumulated depreciation	-	2,113,357	3,281,707	5,395,064
Accumulated impairment losses	-	-	-	-
	-	2,113,357	3,281,707	5,395,064
Charge for the year	-	502,408	637,630	1,140,038
Acquisition of subsidiaries	-	214,355	1,121,530	1,335,885
Disposals	-	(817,262)	(981,906)	(1,799,168)
Impairment losses	38,500,000	1,280,000	-	39,780,000
Transfer to land held for development	(38,500,000)	-	-	(38,500,000)
Exchange differences	-	-	13,121	13,121
At 31 July 2004	-	3,292,858	4,072,082	7,364,940
Analysed as:				
Accumulated depreciation	-	2,012,858	4,072,082	6,084,940
Accumulated impairment losses	-	1,280,000	-	1,280,000
	-	3,292,858	4,072,082	7,364,940
Net Book Value				
At 31 July 2004				
At cost	198,038	10,310,355	17,737,320	28,245,713
At valuation	-	29,125,636	10,980,140	40,105,776
	198,038	39,435,991	28,717,460	68,351,489
At 31 July 2003				
At cost	-	2,116,262	8,099,125	10,215,387
At valuation	120,255,000	32,565,673	12,819,913	165,640,586
	120,255,000	34,681,935	20,919,038	175,855,973
Depreciation charge for 2003	-	458,722	454,738	913,460

* During the year, the Group had written down its land and buildings to its estimated recoverable amount.

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term leasehold land RM	Buildings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Company					
Cost/Valuation					
At 1 August 2003	15,000,000	11,481,000	838,921	819,842	28,139,763
Additions	-	-	29,713	-	29,713
Disposals	-	-	-	(177,032)	(177,032)
At 31 July 2004	15,000,000	11,481,000	868,634	642,810	27,992,444
Representing:					
At cost	-	-	868,634	642,810	1,511,444
At valuation	15,000,000	11,481,000	-	-	26,481,000
	15,000,000	11,481,000	868,634	642,810	27,992,444
Accumulated Depreciation					
At 1 August 2003	312,500	459,240	414,132	819,842	2,005,714
Disposals	-	-	-	(177,032)	(177,032)
Charge for the year	156,250	229,620	62,615	-	448,485
At 31 July 2004	468,750	688,860	476,747	642,810	2,277,167
Net Book Value					
At 31 July 2004					
At cost	-	-	391,887	-	391,887
At valuation	14,531,250	10,792,140	-	-	25,323,390
	14,531,250	10,792,140	391,887	-	25,715,277
At 31 July 2003					
At cost	-	-	424,789	-	424,789
At valuation	14,687,500	11,021,760	-	-	25,709,260
	14,687,500	11,021,760	424,789	-	26,134,049
Depreciation charge for 2003					
	156,250	229,620	69,176	-	455,046

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Net book values of property, plant and equipment pledged for borrowings as referred to in Note 25 are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Stated at cost/valuation				
Freehold land in Johor Bahru	-	45,400,000	-	-
Freehold land in Seremban Negeri Sembilan	-	255,000	-	-
Long term leasehold land in Shah Alam	14,531,250	14,687,500	14,531,250	14,687,500
Buildings on leasehold land in Shah Alam	10,792,140	11,021,760	10,792,140	11,021,760

(b) A (2003: one) title for long term leasehold land of a (2003: one) subsidiary has yet to be transferred to the subsidiary.

(c) Details of latest independent professional valuation of land and buildings by Bock Chek Hai, Registered Valuer, of Raine & Horne International Zaki & Partners Sdn. Bhd. based on open market value are as follows:

Year of Valuation	Description of Property	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
2001	Freehold land in Johor Bahru	-	120,000,000	-	-
2001	Leasehold land in Shah Alam	15,000,000	15,000,000	15,000,000	15,000,000
	Building in Shah Alam	11,000,000	11,000,000	11,000,000	11,000,000
2001	Factory building in Melaka Tengah	-	2,700,000	-	-
2001	Leasehold land in Seremban	2,900,000	2,900,000	-	-
2001	Leasehold land in Seremban	8,100,000	8,100,000	-	-
2001	Leasehold land in Pulau Indah Industrial Park, Port Klang	5,706,176	5,706,176	-	-
2001	Leasehold land in Melaka Tengah	-	2,600,000	-	-
2001	Freehold land in Seremban	-	255,000	-	-
2001	Buildings in Shah Alam	481,000	481,000	481,000	481,000
2001	Buildings located in Seremban	200,000	200,000	-	-
		43,387,176	168,942,176	26,481,000	26,481,000

Continued

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Had the revalued properties been carried at historical cost, the net book value of the properties that would have been included in the financial statements of the Group and of the Company as at 31 July 2004 would be as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Freehold land and buildings	-	26,612,312	-	-
Long term leasehold land and buildings	14,422,955	15,663,484	5,722,282	5,884,506
	14,422,955	42,275,796	5,722,282	5,884,506

13. LAND HELD FOR DEVELOPMENT AND DEVELOPMENT PROPERTIES

	Group	
	2004 RM	2003 RM
Cost/Valuation		
Freehold land	84,787,905	7,708,043
Long term leasehold land	4,032,188	20,653,527
Development expenditure	37,122,024	66,988,636
	125,942,117	95,350,206
Less: Non-current portion, classified as land held for development	(97,902,275)	(42,891,325)
	28,039,842	52,458,881
Add: Attributable profits	1,651,497	6,945,485
	29,691,339	59,404,366
Less: Progress billings	(6,778,277)	(25,331,499)
Current portion classified as development properties	22,913,062	34,072,867

Freehold land and leasehold land of the Group amounting to RM34,000,000 (2003: Nil) and RM3,781,993 (2003: RM3,781,993) have been charged as security for borrowings (Note 25).

Included in the development expenditure of the Group is interest capitalised during the year amounting to RM408,852 (2003: RM624,802) and directors' remuneration of RM114,240 (2003: RM211,240).

Cost of development properties of the Group recognised as an expense during the financial year amounted to RM35,554,961 (2003: RM22,102,035).

Continued

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2004 RM	2003 RM
Quoted shares in Malaysia at cost		
At beginning of year	-	-
Addition	26,156,303	-
Previously recorded as investment in associates	14,282,212	-
At end of year	40,438,515	-
Unquoted shares at cost		
At beginning of year	53,037,920	53,699,918
Addition	58,665,884	868,004
Disposal	(1,000)	(1,530,002)
	111,702,804	53,037,920
Less: Accumulated impairment losses	(6,759,215)	(249,999)
At end of year	104,943,589	52,787,921
	145,382,104	52,787,921
Market value of quoted shares in Malaysia	66,972,869	-

(a) The details of the subsidiaries are as follows:

Name of Company	Paid-up Capital (RM)	Equity Interest (%) 2004	2003	Principal Activities
Subsidiaries of the Company in Malaysia				
Scientex Packaging Berhad*** ("Scipack")	67,582,377	62.61	-	Investment holding and the provision of management services
Scientex Polymer Sdn. Bhd. ("SPSB")	43,623,145	75.00	75.00	Manufacturing of polyvinylchloride ("PVC") and polyurethane ("PU") leather sheeting and investment holding
Bestex Corporation Sdn. Bhd. ("BCSB") ^	17,500,002	100.00	100.00	Investment holding
Scientex Trading Sdn. Bhd. ("STSB")	999,375	98.89	98.89	Trading in building materials and textile products
Scientex Quatari Sdn. Bhd. ("SQSB")	18,868,000	100.00	85.05	Property investment and investment holding
Scientex Maju Sdn. Bhd. ("SMSB") ^	2	100.00	100.00	Investment holding

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Company	Paid-up Capital (RM)	Equity Interest (%) 2004	2003	Principal Activities
Subsidiaries of the Company in Malaysia (cont'd)				
Scientex Air Keroh Holdings Sdn. Bhd. #	2	-	100.00	Investment holding
Scientex Enterprise Sdn. Bhd.	200,000	100.00	100.00	Investment holding and dealing in quoted securities
Scientex Management Sdn. Bhd.	2	100.00	100.00	Rendering of management services
Scientex Land Sdn. Bhd. ^~	1,750,000	100.00	57.14	Letting of property
Scientex Quatari Holdings Sdn. Bhd. ^	3	100.00	100.00	Investment holding
Scientex Quatari Development Sdn. Bhd. ^	2	100.00	100.00	Investment holding
Uniontex Containers Sdn. Bhd. ("UCSB") +++ ^	6,600,000	100.00	100.00	Investment holding
Subsidiaries of Scipack in Malaysia				
Woventex Sdn. Bhd ("WSB")	16,180,000	100.00	100.00	Manufacturing of polypropylene ("PP") and polyethylene ("PE") woven bags and fabrics
Woventex Properties Sdn. Bhd. ^	50,000	100.00	100.00	Property investment holdings
Esteem Valley Sdn. Bhd. ("EVS")	2	100.00	100.00	Investment holding
Woventex Holdings Sdn. Bhd.	300,000	100.00	100.00	Property investment holdings
Scientex Packaging Film Sdn. Bhd. +	20,000,000	100.00	-	Manufacturing of stretch film
Scientex Resources Sdn. Bhd. +	100,000	100.00	-	Selling and marketing of packaging related materials
Scientex Containers Sdn. Bhd. +	4,152,136	94.87	-	Manufacturing of fibre containers and printing of corrugated carton boxes

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Principal Activities
		2004	2003	
Subsidiaries of Scipack outside Malaysia				
(i) The People's Republic of China				
Scientex Resources (Shanghai) Co., Ltd. *+	USD 250,000	100.00	-	Producing and selling pallet stretch film
(ii) SR of Vietnam				
Woventex (Vietnam) Co., Ltd.	USD2,000,000	100.00	-	Manufacturing of PP and PE woven bags and fabrics and flexible intermediate bulk containers
Subsidiaries of WSB in Malaysia				
Pan Pacific Straptex Sdn. Bhd.	4,000,000	65.00	60.00	Manufacturing of PP strapping band
Woventex FIBC Sdn. Bhd. ^	100,000	100.00	100.00	Manufacturing of bulk bags
Woventex Trading Sdn. Bhd.	250,000	49.00	100.00	Trading in PP and PE woven bags, fabrics, bulk bags and securities and investment holdings
Subsidiary of EVSB in Malaysia				
Utas Perekas Sdn. Bhd.	750,000	-	100.00	Building and civil works
Subsidiaries of SPSB in Malaysia				
Scientex Permanja Sdn. Bhd. ^	1,860,000	100.00	100.00	Trading in PVC and PU products
Scientex Marketing Sdn. Bhd.	300,000	100.00	100.00	Trading in PVC and PU products
Scientex Wonpoong (M) Sdn. Bhd. ^	2,430,000	55.00	55.00	Manufacturing and trading of PVC and PU casting leather
Scientex Auto Industries Sdn. Bhd.	5,600,000	100.00	80.00	Manufacturing of PVC, thermoplastic olefins and polypropylene foamed sheets for automobiles

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Company	Paid-up Capital (RM)	Equity Interest (%) 2004	2003	Principal Activities
Subsidiaries of SPSB in Malaysia (cont'd)				
Yamatex (Malaysia) Sdn. Bhd. ++	1,500,000	95.00	95.00	Manufacturing and trading of automotive tufted carpet mats
Subsidiaries of SPSB outside Malaysia				
(i) Japan				
Scientex Polymer (Japan) Co., Ltd.	JY210,000,000	100.00	100.00	Manufacturing and marketing of carpet mats for motor vehicles
(ii) SR of Vietnam				
Scientex Polymer (Vietnam) Co., Ltd. ** ++	USD700,000	100.00	100.00	Manufacturing and trading of automotive tufted carpet mats
Subsidiaries of BCSB in Malaysia				
Bestex Packaging Sdn. Bhd. ^	1,000,000	100.00	100.00	Manufacturing of paper core and related products
Scientex Packaging Film Sdn. Bhd. +	20,000,000	-	90.91	Manufacturing of stretch film
Scientex Resources Sdn. Bhd. +	100,000	-	100.00	Selling and marketing of packaging related materials
Subsidiary of BCSB outside Malaysia				
(i) The People's Republic of China				
Scientex Resources (Shanghai) Co., Ltd. *+	USD 250,000	-	100.00	Producing and selling pallet stretch film
Subsidiary of UCSB in Malaysia				
Scientex Containers Sdn. Bhd. +	4,152,136	-	94.85	Manufacturing of fibre containers and printing of corrugated carton boxes

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Principal Activities
		2004	2003	
Subsidiaries of STSB in Malaysia				
Jadychem (M) Sdn. Bhd.	800,000	60.00	60.00	Trading of chemicals and packaging materials
KC Contract Sdn. Bhd.	750,000	65.00	65.00	Property construction
Subsidiaries of SQSB in Malaysia				
Scientex Development (Pasar Gudang) Sdn. Bhd.	2,000,000	100.00	100.00	Investment and dealing in quoted securities and property, and property development
Scientex Property Sdn. Bhd.	10,000,000	100.00	100.00	Investment holding
Scientex Park (M) Sdn. Bhd.	22,500,000	60.00	60.00	Property investment and development
Texland Sdn. Berhad ("TSB")	3,000,000	90.00	90.00	Property investment and development
Scientex Air Keroh Sdn. Bhd.	2	100.00	100.00	Property investment and development
Subsidiaries of TSB in Malaysia				
Ceria Gigih Sdn. Bhd.	2	100.00	100.00	Property investment
Gemilang Subur Sdn. Bhd.	2	100.00	100.00	Property investment
Kejora Anggun Sdn. Bhd.	2	100.00	100.00	Property investment
Saluran Mesra Sdn. Bhd. ^	2	100.00	100.00	Property investment
Saluran Adiwarna Sdn. Bhd.	2	100.00	100.00	Property investment
Sejati Hati Sdn. Bhd.	2	100.00	100.00	Property investment
Suci Salju Sdn. Bhd. ^	2	100.00	100.00	Property investment
Unique Entrepreneur Sdn. Bhd. ^	2	100.00	100.00	Property investment
Scientex Auto Parts Sdn. Bhd.	2	100.00	100.00	Property investment
Scientex Duplex Board Sdn. Bhd.	2	100.00	100.00	Property investment

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The details of the subsidiaries are as follows: (cont'd)

Name of Company	Paid-up Capital (RM)	Equity Interest (%) 2004	2003	Principal Activities
Subsidiaries of TSB in Malaysia (cont'd)				
Scientex Information Technology Sdn. Bhd.	2	100.00	100.00	Property investment
Scientex Paper Mills Sdn. Bhd.	2	100.00	100.00	Property investment
Scientex Plastic Pallets Sdn. Bhd.	2	100.00	100.00	Property investment
Texland Development Sdn. Bhd.	3	100.00	100.00	Property development and general trading
Terus Kasturi Sdn. Bhd.	2	100.00	100.00	Property investment
Target Review Sdn. Bhd. ^	2	100.00	100.00	Property investment
Scientex Fabric Industries Sdn. Bhd.	1,000	100.00	100.00	Investment holding
Subsidiary of SMSB in Malaysia				
Rising Heights Development Sdn. Bhd. ("RHDSB") ##	19,420,455	-	88.92	Property investment and development
Subsidiaries of RHDSB in Malaysia				
Tri-Ivory Assets Sdn. Bhd.	2	-	100.00	General trading
Duta Ganda Alliance Sdn. Bhd.	2	-	100.00	General trading

* Audited by firms of auditors other than Ernst & Young, Malaysia.

** Audited by affiliates of Ernst & Young, Malaysia.

*** The company was formerly an associate of Scientex Incorporated Berhad. The shares in this company are quoted on the Second Board of Bursa Malaysia Securities Berhad.

+ Proposed rationalisation as disclosed in Note 37(i).

++ The company was formerly a direct subsidiary of Scientex Polymer (Japan) Co., Ltd.

+++ The company was formerly a direct subsidiary of BCSB.

^ Application under Section 308 of the Companies Act, 1965 has been submitted to the Companies Commission of Malaysia to strike off these companies from the Register. The status of the application is pending at the financial year end.

The Company have been struck off pursuant to Section 308 of the Company Act, 1965.

Equity interest of 25.92% is held under SQSB in the prior year.

~ Equity interest of 42.86% is held under WSB in the current year.

Included in the investment in subsidiaries are 7,976,079 (2003: 7,976,079) shares in Scipack costing RM7,254,995 (2003: RM7,254,995) which have been pledged for bank borrowings (Note 25).

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)**(b) Disposal of subsidiaries**

- (i) During the financial year, the Group disposed of 9,490,515 ordinary shares of RM1 each in Rising Heights Development Sdn. Bhd. ("RHDSB"), representing 52.73% equity interest. The consideration was by share swap of 1,894,150 ordinary shares of RM1 each in SQSB. As a result, RHDSB became an associate of the Group.
- (ii) On 24 May 2004, the Group disposed of 127,500 ordinary shares of RM1 each in Woventex Trading Sdn. Bhd., representing 51% equity interest for a total consideration of RM89,250.
- (iii) On 15 July 2004, the Group further disposed of 750,000 ordinary shares of RM1 each in Utas Perekas Sdn. Bhd., representing 100% equity interest for a total consideration of RM750,000.

The summary of the effects of the disposal of the subsidiaries on the financial position of the Group is as follows:

	2004 RM
Net assets/(liabilities) disposed:	
Property, plant and equipment	45,979
Land held for development	15,014,784
Other investment	10,058,522
Development expenditure	19,440,029
Trade receivables	1,030,284
Other receivables	780,201
Cash and bank balances	59,810
Trade payables	(8,445,838)
Other payables	(10,246,205)
Short term borrowings	(1,300,000)
Deferred tax	(4,069)
Minority interest (Note 31)	(3,887,423)
Net assets	22,546,074
Reserve on consolidation (Note 17)	(198,034)
Gain on disposal of subsidiaries	4,280,399
Cost of investment in associate	(9,075,978)
Total consideration	17,552,461
Satisfied by:	
Cash	839,250
Share swap of 1,894,150 ordinary share of RM1 each in SQSB	16,713,211
	17,552,461
Net cash inflow arising on disposal:	
Cash consideration	839,250
Cash and cash equivalents of subsidiaries disposed	(59,810)
	779,440

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)**(c) Acquisition of subsidiaries**

- (i) On 15 March 2004, pursuant to the proposed rationalisation of the industrial packaging business of Scipack, the Group acquired 26,156,303 ordinary shares of RM1 each in Scipack, representing 38.70% equity interest for a total consideration of RM26,156,303. The sales consideration was satisfied through the disposal of 2,000,000 ordinary shares of RM1 each in Scientex Packaging Film Sdn. Bhd. and 3,939,060 ordinary shares of RM1 each in Scientex Containers Sdn. Bhd., by subsidiaries of the Company.

The acquisition had the following effect on the Group's financial results for the year:

	RM
Revenue	50,393,230
Profit after taxation	6,270,813
Net profit for the year	3,881,337

The effect of the acquisition on the financial position of the Group as at 31 July 2004 is as follows:

	RM
Property, plant and equipment	31,487,032
Other investments	1,400,100
Inventories	5,493,698
Trade receivables	10,619,529
Other receivables	18,341,493
Cash and bank balances	2,300,832
Short term borrowings	(8,312,200)
Trade payables	(4,582,316)
Other payables	(4,978,544)
Deferred tax	(1,353,806)
Minority interest	(36,424,255)
Group's share of net assets	13,991,563

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiaries are as follows:

	Total RM
Net assets acquired:	
Property, plant and equipment	29,168,019
Investments	41,066,979
Inventories	4,876,141
Trade receivables	15,862,218
Other receivables	6,590,664
Cash and bank balances	11,244,304
Trade payables	(7,018,681)
Other payables	(3,111,070)
Short term borrowings	(1,560,000)
Taxation	(115,660)
Deferred tax	(1,258,503)
Fair value of total net assets	95,744,411
Less: Minority interest (Note 31)	(36,785,854)
Less : Transfer from investment in an associate	(27,246,428)

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)**(c) Acquisition of subsidiaries (cont'd)**

	Total RM
Group's share of net assets	31,712,129
Reserve on consolidation arising on acquisition	(5,555,826)
Total consideration	26,156,303
Satisfied by: Share swap of 26,156,303 ordinary share of RM1 each in Scipack	26,156,303
Net cash inflow arising on acquisition: Cash and cash equivalents of subsidiaries acquired	11,244,304

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
In Malaysia:				
Quoted shares, at cost	-	14,886,698	-	14,282,212
Unquoted shares, at cost	11,789,762	12,979,998	3,000,000	11,499,998
Share of post-acquisition profits and reserves, less losses	1,757,454	8,110,533	-	-
	13,547,216	35,977,229	3,000,000	25,782,210
Less: Accumulated impairment losses	-	-	-	(2,817,815)
	13,547,216	35,977,229	3,000,000	22,964,395
Market value of quoted shares	-	16,799,890	-	16,329,810

The Group's interests in the associates is analysed as follows:

	2004 RM	2003 RM
Share of net tangible assets (Reserve)/goodwill on consolidation	13,729,280 (182,064)	35,970,691 6,538
	13,547,216	35,977,229

Continued

15. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Incorporated in Malaysia

Name	Paid-up Capital (RM)	Equity Interest (%) 2004	Equity Interest (%) 2003	Financial Year End	Principal Activities
Associates of the Company					
Cosmo Scientex (M) Sdn. Bhd.	10,000,000	30.00	30.00	31 December	Manufacturing and distributing urethane prepolymer
Scipack ^	67,582,377	-	40.38	31 July	Investment holding
Rigidtex Sdn. Bhd. ("RSB")	45,000,000	-	24.29	31 December	Manufacturing rigid PVC film and sheets
Associate of WSB in Malaysia					
Woventex Trading Sdn. Bhd.	250,000	49.00	-	31 July	Trading in polypropylene and polyethylene woven bags, fabrics and bulk bags and investment holdings
Associates of SQSB in Malaysia					
Scientex Metro Holdings Sdn. Bhd. ("SMHSB")*	3,000,000	49.33	49.33	31 December	Investment holding
RHDSB *+	19,420,455	33.54	-	31 July	Property investment and development

All the associated companies were incorporated in Malaysia.

* Audited by firms of auditors other than Ernst & Young, Malaysia.

+ The company was formerly a subsidiary of Scientex Incorporated Berhad.

^ The company is a subsidiary of Scientex Incorporated Berhad in the current year.

All the financial statements of the associated companies used for equity accounting are audited except for the unaudited financial statements of SMHSB, Cosmo Scientex (M) Sdn. Bhd. and RSB, whose financial year ends differ from that of the Company by at least six months.

During the financial year, investment in RSB was diluted as a result of the increase in issued and paid-up capital of RSB from 35,000,000 ordinary shares of RM1 each to 45,000,000 ordinary shares of RM1 each.

Continued

16. OTHER INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:				
Quoted shares in Malaysia	2,550,148	1,072,138	2,372	2,372
Unquoted shares	10,341,818	1,841,820	8,697,998	198,000
Club memberships	727,728	695,728	144,728	144,728
	13,619,694	3,609,686	8,845,098	345,100
Less: Provision for impairment				
- quoted shares	(1,058,427)	(994,497)	-	-
- unquoted shares	(5,382,573)	(1,463,433)	(3,919,140)	-
- club membership	(107,000)	-	(40,000)	-
	7,071,694	1,151,756	4,885,958	345,100
Market value				
- quoted shares	1,492,556	104,462	1,874	1,730

17. INTANGIBLE ASSETS

Group	Product Development Expenditure RM	Goodwill/ (Reserve) on Consolidation RM	Total RM
Cost			
At 1 August 2003	803,018	3,422,447	4,225,465
Reserves on consolidation arising from acquisition of new subsidiaries	-	(5,555,826)	(5,555,826)
Reserves on consolidation arising from additional equity interest in existing subsidiaries	-	(421,437)	(421,437)
Reserves arising from consolidation realised (Note 5)	-	5,418,030	5,418,030
Dilution of interest in existing subsidiary	-	(2,027,810)	(2,027,810)
Reversal arising from disposal (Note 14)	-	101,024	101,024
Additions	120,257	-	120,257
At 31 July 2004	923,275	936,428	1,859,703
Accumulated Amortisation			
At 1 August 2003	-	2,047,337	2,047,337
Dilution of interest in existing subsidiary	-	(1,013,899)	(1,013,899)
Reversal arising from disposal (Note 14)	-	(97,010)	(97,010)
At 31 July 2004	-	936,428	936,428
Net Book Value			
At 31 July 2004	923,275	-	923,275
At 31 July 2003	803,018	1,375,110	2,178,128
Amortisation charge for 2003	-	193,048	193,048

Continued

18. INVENTORIES

	Group	
	2004 RM	2003 RM
At cost:		
Properties held for resale	23,923,623	20,782,683
Raw materials	19,728,217	7,419,285
Work-in-progress	4,830,462	267,126
Spare parts	407,873	2,930,053
Finished products	4,044,915	2,409,082
	52,935,090	33,808,229
At net realisable value:		
Raw materials	2,533,064	3,489,673
Properties held for resale	1,585,000	-
Finished products	2,419,937	3,533,892
	59,473,091	40,831,794

Certain properties held for resale have been pledged as securities for borrowings as disclosed in Note 25.

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM250,700,898 (2003: RM185,727,683).

19. TRADE RECEIVABLES

	Group	
	2004 RM	2003 RM
Trade receivables	77,009,680	51,143,299
Due from customers on contracts (Note 20)	1,198,398	358,969
	78,208,078	51,502,268
Less: Provision for doubtful debts	(4,581,273)	(4,040,672)
	73,626,805	47,461,596
Included in trade receivables are:		
Amounts due from associates:		
- Cosmo Scientex (M) Sdn. Bhd.	-	18,417
- Woventex Trading Sdn Bhd	8,407,248	-
Amount due from affiliated company:		
- RSB	79,100	-

The Group's normal trade credit term ranges from 14 to 130 (2003: 14 to 130) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The amounts due from associates and affiliated company are unsecured, interest-free and have no fixed terms of repayment except for the amount due from an associate which is secured on quoted shares.

Continued

20. DUE FROM CUSTOMERS ON CONTRACTS

	Group	
	2004 RM	2003 RM
Construction contract costs incurred to date	28,270,891	12,661,945
Attributable profits	2,160,503	1,420,367
	30,431,394	14,082,312
Less: Progress billings	(29,232,996)	(13,723,343)
	1,198,398	358,969
Retention sums on contracts, included within other receivables	1,260,111	866,219

21. OTHER RECEIVABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits	677,259	460,053	36,983	36,983
Prepayments	2,422,859	505,336	48,437	57,409
Prepayment for purchase of plant and machinery	1,787,432	-	-	-
Payment for the acquisition of a piece of land				
- deposit (Note 34)	3,910,599	3,910,599	-	-
- other incidental cost	-	471,369	-	-
Sundry receivables	18,275,534	5,494,058	115,237	714,069
Tax recoverable	1,979,269	1,889,955	533,519	589,853
	29,052,952	12,731,370	734,176	1,398,314
Less: Provision for doubtful debts	(2,097,233)	(1,852,870)	-	-
	26,955,719	10,878,500	734,176	1,398,314

Included in the sundry receivables are:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amounts from associates				
- RHDSB	5,084,039	-	65,835	-
- Cosmo Scientex (M) Sdn. Bhd.	20,773	2,773	-	2,773
- Woventex Trading Sdn. Bhd.	1,562,665	-	-	-
Amount due from affiliated company				
- RSB	8,280	-	-	-

Continued

21. OTHER RECEIVABLES (CONT'D)

The amounts due from associates and affiliated company are unsecured, interest-free and have no fixed terms of repayment.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

22. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an amount of RM1,085,000 as at the end of the previous year which bears interest of 10% per annum.

23. CASH AND BANK BALANCES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash in hand and at banks	19,052,882	12,699,658	345,025	18,563
Deposits with licensed banks	7,774,000	108,420	400,000	-
Cash and bank balances	26,826,882	12,808,078	745,025	18,563
Less: Bank overdraft (Note 25)	(1,137,832)	(3,002,586)	-	(254,928)
Cash and cash equivalents	25,689,050	9,805,492	745,025	(236,365)

Included in cash at banks of the Group are amounts of RM2,871,597 (2003: RM1,701,722) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Deposits with a licensed bank of RM1,084,000 (2003: Nil) are pledged as securities for borrowings as disclosed in Note 25.

Included in the cash and bank balances are cash at bank held for the sinking fund amounting to RM11,392 (2003: RM28,826).

The weighted average effective interest rates and average maturities of deposits of the Group and of the Company at the balance sheet date were 1.7% (2003: 4.0%) and 1.8% (2003: Nil), and 17 (2003: 206) and 2 (2003: Nil) days, respectively.

24. SINKING FUND

	Group	
	2004 RM	2003 RM
At beginning of year	28,826	130,427
Amounts collected	28,785	12,650
Expenses incurred	(46,219)	(114,251)
At end of year	11,392	28,826

The fund represents amounts received from residents of low cost flats and shops for future cost of maintenance of infrastructure and other expenses for the said premises, net of the expenses incurred to-date.

Continued

25. BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	444,176	634,064	-	254,928
Bankers' acceptance	6,550,000	657,000	-	-
Revolving credits	3,000,000	2,600,000	3,000,000	2,600,000
Term loans	11,177,443	6,722,228	6,177,443	5,222,228
	21,171,619	10,613,292	9,177,443	8,077,156
Unsecured:				
Bank overdrafts	693,656	2,368,522	-	-
Bankers' acceptance	37,383,147	26,166,906	-	-
Revolving credits	3,000,000	5,000,000	3,000,000	3,000,000
Trust receipts	1,003,200	-	-	-
Term loans	9,955,849	7,901,356	-	-
	52,035,852	41,436,784	3,000,000	3,000,000
	73,207,471	52,050,076	12,177,443	11,077,156
Long Term Borrowings				
Term loans, secured	10,777,772	21,955,215	10,777,772	16,955,215
Term loans, unsecured	14,368,464	11,235,766	-	-
	25,146,236	33,190,981	10,777,772	16,955,215
Total Borrowings				
Bank overdrafts (Note 23)	1,137,832	3,002,586	-	254,928
Bankers' acceptance	43,933,147	26,823,906	-	-
Revolving credits	6,000,000	7,600,000	6,000,000	5,600,000
Trust receipts	1,003,200	-	-	-
Term loans	46,279,528	47,814,565	16,955,215	22,177,443
	98,353,707	85,241,057	22,955,215	28,032,371
Maturity of borrowings				
Within one year	73,207,471	52,050,076	12,177,443	11,077,156
More than 1 year and less than 2 years	15,107,624	17,370,095	10,777,772	6,177,443
More than 2 years and less than 5 years	10,038,612	15,820,886	-	10,777,772
	98,353,707	85,241,057	22,955,215	28,032,371

Continued

25. BORROWINGS (CONT'D)

The weighted average effective interest rates at the balance sheet date for borrowings were as follows:

	Group		Company	
	2004	2003	2004 %	2003 %
Bank overdrafts	6.75 - 7.50	6.75 - 8.00	6.75	6.75
Bankers' acceptance	3.00 - 4.35	2.74 - 3.75	-	-
Revolving credits	4.50 - 5.10	4.58 - 5.50	4.81	4.81
Trust receipts	3.17	-	-	-
Term loans	2.75 - 7.25	2.75 - 7.65	6.29	6.29

The term loans, bank overdrafts and other banking facilities are secured by the following:

- By debenture for RM8,300,000 (2003: RM8,300,000) creating fixed and floating charges over all the assets of a subsidiary, Scientex Containers Sdn. Bhd.;
- By fixed charges over the freehold land with a net book value of Nil (2003: RM255,000) of a subsidiary (Note 12);
- By way of Memorandum of Deposit over 7,976,079 (2003: 7,976,079) shares in Scipack as disclosed in Note 14;
- By a fixed charge over leasehold land and building in Shah Alam with a net book value of RM25,323,390 (2003: RM25,709,260) (Note 12);
- Negative pledges on all the other assets held by 8 (2003: 9) subsidiaries and the Company;
- Fixed third party charge over freehold land of the Group with market value of RM34,000,000 (2003: RM45,400,000);
- Debenture incorporating fixed and floating charges over the entire assets of the Company and of a subsidiary, Yamatex Sdn. Bhd.;
- First and third party charge or Deed of Assignments over leasehold land of RM3,781,993 (2003: RM3,781,993) (Note 13) and certain properties held for resale as disclosed in Note 18;
- Debenture for RM2,000,000 creating fixed and floating charges over all the other assets of a subsidiary, Pan Pacific Straptex Sdn. Bhd.;
- Deposits with a licensed bank of RM1,084,000 (2003: Nil) of a subsidiary, Texland Sdn. Berhad (Note 23);
- Negative pledge on land and buildings of a subsidiary, WSB; and
- Corporate guarantee is provided by the Company for credit facilities amounting to RM37,522,970 (2003: 46,223,000) granted to subsidiaries.

26. TRADE PAYABLES

	Group 2004 RM	2003 RM
Included in the trade payables are as follows:		
Amounts due to affiliated companies:		
RSB (previously associate)	2,804,411	3,324,050
Tejana Trading Corporation Sdn. Bhd.	-	943,311
Amount due to associate:		
Cosmo Scientex (M) Sdn. Bhd.	1,885,403	-
Amounts due to subsidiary (previously affiliated) companies:		
Pan Pacific Straptex Sdn. Bhd.	-	835
Utas Pereka Sdn. Bhd.	-	2,790,985

The above amounts are unsecured, interest free and have no fixed terms of repayment.

The normal trade credit terms granted to the Group range from 30 to 120 (2003: 30 to 120) days.

Continued

27. OTHER PAYABLES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits	1,133,201	238,483	1,000	-
Accruals	6,975,118	3,518,417	411,555	277,309
Sundry payables	7,660,663	4,240,504	283,659	31,901
	15,768,982	7,997,404	696,214	309,210

Included in other payables are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Due to an associate: Cosmo Scientex (M) Sdn. Bhd.	-	844,350	-	-
Retention monies	57,217	18,218	-	2,422

The amount due to an associate in the prior year was unsecured, interest free and had no fixed terms of repayment.

28. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

29. REDEEMABLE PREFERENCE SHARES

The redeemable preference shares ("RPS") are issued by a subsidiary of the Group, Scientex Park (M) Sdn. Bhd. ("SPMSB"). The Group holds a total of 6,748,000 (2003: 13,498,000) units of the RPS.

The details of the RPS issued by SPMSB are as follows:

	Group	
	2004 RM	2003 RM
At beginning of year	9,002,000	-
Effect of adoption of MASB 24 (Note 31)	-	9,002,000
Redemption of RPS	(4,500,000)	-
At end of year	4,502,000	9,002,000

(a) The RPS are due for redemption by SPMSB on or before 1 January 2004. Any redemption made before 1 January 2004 will require the prior consent in writing of all shareholders of RPS.

(b) The shareholders of RPS have the right to receive repayment in full of an amount equal to RM1 per share in priority to any payment to the shareholders of any other class of shares in the event of winding up or other repayment of capital (other than a redemption). The shareholders of RPS are not entitled to any further participation in the assets of SPMSB.

Continued

29. REDEEMABLE PREFERENCE SHARES (CONT'D)

- (c) The shareholders of RPS have no rights in respect of distribution of dividends.
- (d) The shareholders of RPS are not entitled to receive notice of or to attend or vote at any general meeting of SPMSB.
- (e) Certain matters which vary the rights attached to the RPS can only be effective with the written consent of the shareholders of RPS, in particular matters relating to the creation and issue of additional shares which carry different voting rights and redemption of RPS.

During the year, SPMSB deferred the redemption of the RPS as follows:

- (i) Fifty percent (50%) of the RPS shall be redeemed by 31 August 2004. This amount has been fully redeemed as at 31 July 2004.
- (ii) the balance of fifty percent of the RPS shall be redeemed over a period of 12 months commencing January 2005.

30. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised: At beginning/end of year	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid: At beginning of year	61,994,400	61,982,400	61,994,400	61,982,400
Issued pursuant to ESOS	-	12,000	-	12,000
At end of year	61,994,400	61,994,400	61,994,400	61,994,400

Treasury shares

During the financial year, there was no disposal or purchase of treasury shares.

Of the total 61,994,400 (2003: 61,994,400) issued and fully paid ordinary shares as at 31 July 2004, 180,000 (2003: 180,000) are held as treasury shares by the Company. As at 31 July 2004, the number of outstanding ordinary shares in issue and fully paid is therefore 61,814,400 (2003: 61,814,400) ordinary shares of RM1 each.

The following reserve of the Company which has been applied to provide for the consideration for the purchase of the treasury shares is restricted from any distribution as at end of financial year is as follows:

	2004 RM	2003 RM
Retained profits	386,828	386,828

Continued

30. SHARE CAPITAL (CONT'D)

- (a) The Company implemented an Employees' Share Option Scheme ("ESOS") which is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 15 September 1999.

The main features of the ESOS are as follows:

- (i) Eligible persons are employees of the Group who have been confirmed in their employment in any Company in the Group and have served for at least one year of employment on the date of the offer. Employees under an employment contract are eligible for the ESOS on condition that they have been under employment within the Group for at least one year and for minimum duration of three years contract, including executive directors of any company within the Group and excluding any executive directors who are government representatives in the respective companies.
- (ii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS, which shall be in force for a period of five years from the date of the receipt of the last requisite approvals.
- (iii) The option price for each share shall be the average of the mean market quotation of the Company's shares in the daily official list issued by Bursa Malaysia Securities Berhad for five market days preceding the date of offer, or the par value of the shares of the Company of RM1, whichever is the higher.
- (iv) No option shall be granted for less than 1,000 shares nor more than the maximum allowable allocation of shares, the number of which ranges from 5,000 options to 500,000 options depending on the categories of eligible employees.
- (v) The option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company before the expiry of five years from the date of the offer in staggered basis of 20% of all options exercisable on each anniversary from the date of offer. Where the maximum percentage of an option is not exercised in full within any particular year, the balance of the option can be carried forward to the subsequent years but subject to the time limit of five years from date of offer.

The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company within the Group.

- (b) On 18 August 2000, a total of 10,396,776 SIB Warrants 1996/2001 representing 85.65% of the total SIB Warrants 1996/2001 in issue had been surrendered by the warrant holders for cancellation and replaced with SIB Warrants 2000/2006 ("Warrant B"). The remaining 1,741,824 SIB Warrants 1996/2001 which have not been surrendered will remain listed on the Main Board of the Bursa Malaysia Securities Berhad based on existing terms (subject to adjustments as provided under the existing deed poll constituting the SIB Warrant 1996/2001) and will remain valid until expiry of the exercise period on 2 December 2006.

The warrants 2000/2006 are constituted by a Deed Poll dated 17 July 2000 executed by the Company. The warrants were listed on the Bursa Malaysia Securities Berhad on 12 September 2000. The main features of the warrants 2000/2006 are as follows:

- (i) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (ii) The exercise price has been fixed at RM4.26 for Warrant A, which is at a premium of 0.2% over the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 10 September 1996.
- (iii) The exercise price has been fixed at RM2.49 for Warrant B, which is the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 3 February 2000 subject to adjustment under certain circumstances in accordance with the provision of the Deed Poll.

Continued

30. SHARE CAPITAL (CONT'D)

- (b) (iv) The warrants may be exercised at any time on or before the expiry date on 2 December 2006. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (v) The new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments or distribution on or before the record date prior to the exercise of the warrants.

For the purpose thereof, record date means the date the relevant entitlement in relation to a particular matter which as at the close of business, the warrant holder must be registered as members of the Company.

As at the balance sheet date and as at date of this report 1,741,824 (2003: 1,741,824) of Warrant A and 10,396,776 (2003: 10,396,776) of Warrant B remain unexercised.

31. MINORITY INTERESTS

	Group	
	2004 RM	2003 RM
At the beginning of year	67,906,541	73,529,520
Effect of adoption of MASB 24 (Note 29)	-	(9,002,000)
Acquisition of subsidiary during the year (Note 14)	36,785,854	3,807,266
Additional interest in existing subsidiaries	(28,371,346)	-
Issue of additional share capital in subsidiaries	-	9,038,190
Disposal of subsidiaries (Note 14)	(3,887,423)	(10,981,960)
Transfer from income statement	5,721,462	3,379,206
Share of impairment loss	(47,666)	(466,246)
Dividend paid	(46,080)	(1,397,435)
At the end of year	78,061,342	67,906,541

32. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 50% to 60% of final salary on attainment of retirement age of 55.

The amount recognised in the balance sheet are determined as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Present value of unfunded defined benefit obligations	334,492	377,512	-	-
Unrecognised past service costs	-	(41,236)	-	-
Net liability	334,492	336,276	-	-

Continued

32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Analysed as:				
Non-current:				
Later than 1 year but not later than 5 years	334,492	336,276	-	-
	334,492	336,276	-	-

The amount recognised in the income statement are as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Current service cost	67,225	63,450	-	-
Interest cost	23,539	76,453	-	-
Past service costs	41,236	373,810	-	-
Total included in staff costs	132,000	513,713	-	-

Movement in the net liability in the current year were as follows:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At the beginning of year	336,276	327,220	-	87,826
Charged to income statement (Note 5)	132,000	513,713	-	-
Paid during the year	(133,784)	(504,657)	-	(87,826)
At the end of year	334,492	336,276	-	-

Principal actuarial
assumptions used:

Discount rate	7%	7%
Expected return on plan assets	0%	0%
Expected rate of salary increases	6%	6%

Continued

33. DEFERRED TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At beginning of year	16,825,025	17,452,055	5,608,271	6,146,073
Recognised in the income statement (Note 9)	(3,053,685)	(181,427)	(34,411)	(537,802)
Disposal of subsidiaries	(4,069)	-	-	-
Acquisition of subsidiaries	1,258,503	222,000	-	-
Impairment losses	(2,279,424)	(667,603)	-	-
At end of year	12,746,350	16,825,025	5,573,860	5,608,271
Presented after appropriate offsetting as follows:				
Deferred tax assets	(12,259,316)	(8,318,326)	-	-
Deferred tax liabilities	25,005,666	25,143,351	5,573,860	5,608,271
	12,746,350	16,825,025	5,573,860	5,608,271

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM	Revaluation Surplus RM	Receivables RM	Others RM	Total RM
At beginning of year	12,508,336	12,221,518	17,362	396,135	25,143,351
Recognised in the income statement	(407,312)	(1,106,784)	36,565	(358,412)	(1,835,943)
Disposal of subsidiaries	(4,069)	-	-	-	(4,069)
Acquisition of subsidiaries	3,264,450	826,932	(109,631)	-	3,981,751
Impairment losses	-	(2,279,424)	-	-	(2,279,424)
At end of year	15,361,405	9,662,242	(55,704)	37,723	25,005,666

Deferred Tax Assets of the Group:

	Unabsorbed Tax Losses and Capital Allowances RM	Unabsorbed Reinvestment Allowances RM	Retirement Benefit Obligations RM	Others Payables RM	Total RM
At beginning of year	(2,344,066)	(5,540,530)	(94,157)	(339,573)	(8,318,326)
Recognised in the income statement	(794,051)	(312,220)	499	(111,970)	(1,217,742)
Acquisition of subsidiaries	(267,930)	(2,454,694)	-	(624)	(2,723,248)
At end of year	(3,406,047)	(8,307,444)	(93,658)	(452,167)	(12,259,316)

Continued

33. DEFERRED TAXATION (CONT'D)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM	Revaluation Surplus RM	Total RM
At beginning of year	57,340	5,550,931	5,608,271
Recognised in the income statement	28,210	(62,621)	(34,411)
At end of year	85,550	5,488,310	5,573,860

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unused tax losses	8,335,867	6,896,574	-	-
Unabsorbed capital allowances	5,948,198	6,182,843	3,570,436	3,525,381
Unabsorbed reinvestment allowances	13,303,003	10,398,161	-	-
Others	503,970	467,086	19,178	-
	28,091,038	23,944,664	3,589,614	3,525,381

The unused tax losses and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arisen in subsidiaries that have a recent history of losses.

34. CAPITAL COMMITMENTS

	Group	
	2004 RM	2003 RM
Rental of buildings and machinery		
Not later than 1 year	299,905	-
Later than 1 year and not later than 5 years	360,795	-
	660,700	-
Approved and contracted for:		
Consideration for acquisition of a piece of land	13,035,330	13,035,330
Deposit of 30% paid (Note 21)	(3,910,599)	(3,910,599)
Amount to be settled for completion of acquisition	9,124,731	9,124,731
Purchase of property, plant and equipment	7,630,400	10,000,000
Building-in-progress	3,279,000	-
	20,034,131	19,124,731
Approved but not contracted for:		
Purchase of property, plant and equipment	-	2,000,000
	20,034,131	21,124,731

Continued

35. CONTINGENT LIABILITIES

	2004 RM	Company 2003 RM
Unsecured		
Corporate guarantees for subsidiaries	37,522,970	46,223,000

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

	2004 RM	2003 RM
Group		
Sales to Cosmo Scientex (M) Sdn. Bhd.	(380,600)	-
Sales commission from RSB	(763,698)	(806,336)
Purchases of raw materials		
- RSB	6,405,848	11,411,548
- Cosmo Scientex (M) Sdn. Bhd.	5,619,947	-
Rental Income		
- Cosmo Scientex (M) Sdn. Bhd.	(32,400)	(32,400)
Management fees from associates	(190,000)	(140,000)
Company		
Rental income		
- Cosmo Scientex (M) Sdn. Bhd.	(32,400)	(32,400)
Interest income from subsidiaries	(67,667)	(71,122)
Management fees from subsidiaries	(1,240,000)	(240,000)
Management fees from associates	(190,000)	-
Proceed from disposal of subsidiary to SQSB	-	(7,001,370)
Waiver of amount due from subsidiaries	(33,540,459)	-
Dividend income from subsidiaries	(3,846,979)	(3,200,730)
Rental income from subsidiaries	(2,030,000)	(1,992,500)

Except for the dividend income which has been declared by Scipack, the directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Continued

37. SIGNIFICANT EVENTS

- (i) The rationalisation of the packaging business of the Company and Scipack was completed on the 22 March 2004. This led to the following:
 - (a) Disposal by BCSB, a wholly-owned subsidiary of the Company, the entire equity interest in Scientex Packaging Film Sdn. Bhd., a company incorporated in Malaysia, comprising 2,000,000 ordinary shares of RM1 each to Scipack for a total consideration of RM14,260,703 via the issuance of 14,260,703 new ordinary shares of RM1 each in Scipack;
 - (b) Disposal by BCSB, the entire equity interest in Scientex Resources Sdn. Bhd., a company incorporated in Malaysia, comprising the enlarged share capital of 100,000 ordinary shares of RM1 each to Scipack for a total cash consideration of RM1,422,484;
 - (c) Disposal by BCSB, the entire equity interest in Scientex Resources (Shanghai) Co., Ltd., a company incorporated in Shanghai, comprising the enlarged share capital of 250,000 ordinary shares of United States Dollar ("USD") 1 each to Scipack for a total cash consideration of RM637,617; and
 - (d) Disposal by the Company and Uniontex Containers Sdn. Bhd., a wholly-owned subsidiary of the Company, 94.87% equity interest in Scientex Containers Sdn. Bhd., a company incorporated in Malaysia, comprising 3,939,060 ordinary shares of RM1 each, for a total consideration of RM10,288,526 via the issuance of 11,895,600 new ordinary shares of RM1 each in Scipack at an issue price of RM1 each and an amount of RM1,607,074 in cash was refunded due to the difference in NTA on the date of acquisition and the original purchase consideration.
- (ii) The Company announced on 26 September 2003 that SMSB, a wholly-owned subsidiary of the Company, entered into a conditional Share Sale Agreement with Mr Wong Nam Loong ("the Purchaser") for the disposal of a total of 9,240,000 ordinary shares of RM1 each representing 51.33% of the issued and paid-up share capital of RHDSB for a total sale consideration of RM16,272,052 to be satisfied by the transfer of 1,844,150 ordinary shares of RM1 each in SQSB held by the Purchaser and his nominees to SMSB. The acquisition and disposal was completed in the financial year ended 31 July 2004.

38. SUBSEQUENT EVENTS

- (i) On 15 September 2004, a subsidiary of the Company, SQSB, acquired an additional 30,000 ordinary shares or RM1 each in Scientex Metro Holdings Sdn. Bhd. ("SMHSB") for a total consideration of RM30,000. The acquisition resulted in an increase in the equity interest in SMHSB from 49.33% to 50.33%, resulting in SMHSB becoming a subsidiary of the Company.
- (ii) As at the date of this report, the Company has increased its issued and paid-up share capital from 61,994,400 ordinary shares of RM1 each to 62,088,400 by way of issuance of 94,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM2.08 per ordinary share. The new ordinary shares issued rank pari passu in all respects with the ordinary shares of the Company as at current financial year end.

Continued

39. SEGMENTAL INFORMATION**(a) Analysis by Activity 2004**

	Manufacturing RM	Property Development RM	Trading RM	Investment Holdings RM	Eliminations RM	Consolidated RM
Revenue						
External sales	275,676,521	56,477,997	8,734,592	260,269	-	341,149,379
Inter-segment sales	-	-	129,444	4,775,127	(4,904,571)	-
Total revenue	275,676,521	56,477,997	8,864,036	5,035,396	(4,904,571)	341,149,379
Results						
Segment results	3,388,953	11,733,278	1,674,302	19,236,301	(9,885,615)	26,147,219
Finance cost, net						(3,576,273)
Share of results of associates	185,590	125,336	-	82,796	(5,000)	388,722
Taxation						(534,287)
Profit after taxation						22,425,381
Minority interests						(5,721,462)
Net profit for the year						16,703,919
Assets						
Segment assets	274,112,779	180,882,303	3,729,399	53,041,017	(23,154,245)	488,611,253
Investment in associates	2,565,143	10,982,073	-	-	-	13,547,216
Income tax assets	805,352	396,080	44,614	733,223	-	1,979,269
Consolidated total assets						504,137,738
Liabilities						
Segment liabilities	123,579,453	30,956,563	3,784,786	35,194,377	(23,371,586)	170,143,593
Income tax liabilities	4,743,979	3,537,608	11,403	5,573,860	-	13,866,850
Consolidated total liabilities						184,010,443
Other Information						
Capital expenditure	42,323,631	2,592,697	12,666	37,832	-	44,966,826
Depreciation	15,671,105	214,170	38,625	503,751	-	16,427,651
Amortisation	(2,424,676)	(206,145)	(1,256,124)	(1,577,243)	-	(5,464,188)
Impairment losses	66,970	(13,780)	-	1,216,835	-	1,270,025
Non-cash expenses other than depreciation, amortisation and impairment losses	1,184,863	565,605	1,220	473,796	-	2,225,484

Continued

39. SEGMENTAL INFORMATION (CONT'D)

(a) Analysis by Activity 2003

	Manufacturing RM	Property Development RM	Trading RM	Investment Holdings RM	Eliminations RM	Consolidated RM
Revenue						
External sales	210,636,748	31,716,577	7,503,543	3,870,178	(3,639,499)	250,087,547
Inter-segment sales	-	-	73,474	6,425,267	(6,498,741)	-
Total revenue	210,636,748	31,716,577	7,577,017	10,295,445	(10,138,240)	250,087,547
Results						
Segment results/profit from operations	7,028,705	7,319,475	958,415	15,762,233	(15,913,854)	15,154,974
Finance cost, net						(3,911,549)
Share of results of associates	(790,967)	44,295	-	(16,780)	-	(763,452)
Taxation						(3,493,393)
Profit after taxation						6,986,580
Minority interests						(3,379,206)
Net profit for the year						3,607,374
Assets						
Segment assets	181,144,042	118,807,261	2,738,538	181,952,940	(37,358,566)	447,284,215
Investment in associates	34,500,096	-	-	1,477,133	-	35,977,229
Income tax assets	597,382	33,107	-	1,259,466	-	1,889,955
Consolidated total assets						485,151,399
Liabilities						
Segment liabilities	90,889,710	30,648,452	4,366,732	45,571,130	(37,360,487)	134,115,537
Income tax liabilities	6,362,360	1,065,098	11,403	10,408,536	-	17,847,397
Consolidated total liabilities						151,962,934
Other Information						
Capital expenditure	7,829,900	249,708	1,600	66,809	-	8,148,017
Depreciation	13,626,436	177,814	39,122	579,348	-	14,422,720
Amortisation	(75,286)	1,978	(6,636)	351,235	(18,301)	252,990
Impairment losses	8,550	(27,820)	-	2,060	-	(17,210)
Non-cash expenses other than depreciation, amortisation and impairment losses	1,556,361	77,102	14,758	893,920	-	2,542,141

Continued

39. SEGMENTAL INFORMATION (CONT'D)**(b) Geographical Segments**

The Group operates in four principal geographical areas of the world

- (i) The People's Republic of China - Producing and selling pallet stretch film
- (ii) Japan - Manufacturing and marketing of carpet mats for motor vehicles
- (iii) SR of Vietnam - Manufacturing and trading of automotive tufted carpet mat, general purpose packaging products and bulk bags

	External Customers		Segment Assets		Capital Expenditure	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Malaysia	317,968,289	242,816,913	461,494,643	434,968,653	36,635,589	7,437,758
The People's Republic of China	5,068,801	3,132,798	1,957,786	1,196,423	-	4,046
Japan	18,112,289	4,099,968	9,488,848	5,648,744	161,499	489,763
SR of Vietnam	-	37,868	15,669,976	5,470,395	8,169,738	216,450
Consolidated	341,149,379	250,087,547	488,611,253	447,284,215	44,966,826	8,148,017

40. FINANCIAL INSTRUMENTS**(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 July 2004.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Chinese Renminbi and Japanese Yen. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Continued

40. FINANCIAL INSTRUMENTS (CONT'D)

- (c) The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Japanese Yen RM	Singapore Dollar RM	US Dollar RM	Total RM
At 31 July 2004				
Ringgit Malaysia	(455,459)	545,083	(3,885,045)	(3,795,421)
At 31 July 2003				
Ringgit Malaysia	271,190	367,553	(2,346,189)	(1,707,446)

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's historical experience in collection of trade receivables fall within the credit term granted. Any doubtful amounts have been reasonably provided for. Hence, the Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 31 July 2004				
Financial Asset				
Amount due from associates	15,074,725	#	65,835	#
Amount due from affiliated company	87,380	#	-	#
Non-current unquoted shares	4,959,245	*	4,778,858	*
Non-current golf club membership	620,728	679,000	104,728	100,000
Financial Liabilities				
Amount due to affiliated company	5,534,164	#	-	-
Redeemable preference shares	4,502,000	4,191,680	-	-
Term loans	25,146,236	24,422,408	10,777,772	10,663,693

Continued

40. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values (Cont'd)

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 31 July 2003				
Financial Asset				
Amount due from associates	21,190	#	2,773	#
Non-current unquoted shares	378,387	*	198,000	*
Non-current golf club membership	695,728	629,000	144,728	144,728
Financial Liabilities				
Amount due to affiliated company	7,059,181	#	-	-
Redeemable preference shares	9,002,000	8,617,827	-	-
Term loans	33,190,981	30,283,258	16,955,215	16,642,546

* It is not practicable to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

It is also not practicable to estimate the fair value of the amount due from/(to) related companies due principally to lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Non-Current Quoted Shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

41. COMPARATIVES

The following comparative amounts as at 31 July 2004 have been reclassified to restate share premium amounted to RM1,916,815 which was classified as property revaluation reserves, warrant and other reserves in the prior years.

	As Previously Stated RM	Adjustments RM	As Restated RM
At 1 August 2002			
Share premium	6,712,695	1,916,815	8,629,510
Property revaluation reserves	101,469,292	(1,717,770)	99,751,522
Warrant and other reserves	659,861	(199,045)	460,816
At 1 August 2003			
Share premium	6,725,655	1,916,815	8,642,470
Property revaluation reserves	100,644,239	(1,717,770)	98,926,469
Warrant and other reserves	659,861	(199,045)	460,816

List Of Properties Held By The Group

(as at 31 July 2004)

Location	Description/ Existing Use	Tenure	Site Area (sq.ft.)	Built-up Area (sq.ft.)	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition/ Revaluation*
P.T. No. 164 Jalan Utas 15/7 Shah Alam Selangor Darul Ehsan	Land, factory, buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 27.07.2097	312,245	217,534	24,871	34	2001*
Flat Nos. 301, 302, 401, 402 & 408, Section 24, Shah Alam Selangor Darul Ehsan	Flats used as workers' hostel	Leasehold for 99 years expiring on 05.01.2095	-	3,715	321	10	2001*
Flat Nos. 501 & 503 Section 24 Shah Alam Selangor Darul Ehsan	Flats used as workers' hostel	Leasehold for 99 years expiring on 06.06.2096	-	1,505	132	9	2001*
Lot No. 88, P.T. Nos. 168, 1267 & 12999 Senawang Industrial Estate Seremban Negeri Sembilan	Industrial land and building used as warehouse	Leasehold for 99 years and 60 years expiring on 01.01.2075, 10.02.2076 and 25.06.2052 respectively	65,340	58,242	1,468	24	2001*
Lot No. 38-40, P.T. No. 6045, Senawang Industrial Estate Seremban Negeri Sembilan	Land, factory, buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 20.09.2084	130,680	124,361	7,672	14	2001*
6 parcels of land in Taman Scientex Mukim of Plentong District of Johor Bahru Johor	Land for future mixed development	Freehold	18,909,396	-	74,814	-	2004*
Parcel No. AV011-2 First Floor, Block A Palm Spring Golf and Marina Resort Port Dickson Negeri Sembilan	Townhouse / vacant	Freehold	-	1,356	129	4	2001*
Parcel No. LA-03-05 Level 3, Kondominium Tiara, Mukim of Bukit Katil District of Melaka Tengah Melaka	Apartment / vacant	(No title issued as yet)	-	700	112	3	2002

Continued

Location	Description/ Existing Use	Tenure	Site Area (sq.ft.)	Built-up Area (sq.ft.)	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition/ Revaluation*
Parcel No. LA-03-06 Level 3, Kondominium Tiara, Mukim of Bukit Katil District of Melaka Tengah Melaka	Apartment / vacant	(No title issued as yet)	-	700	109	3	2002
Lot No. 3, Section 5 Phase 2B Pulau Indah Industrial Park Port Klang Selangor Darul Ehsan	Industrial land for future use	Leasehold (No title issued as yet)	106,113	-	2,328	-	2001*
Lot No. 4, Section 5 Phase 2B Pulau Indah Industrial Park Port Klang Selangor Darul Ehsan	Land, factory buildings, warehouse and office for industrial use	Leasehold (No title issued as yet)	191,664	68,500	11,069	4	2001 (building) 2001* (land)
Lot No. 5, Section 4 Phase 2B Pulau Indah Industrial Park Port Klang Selangor Darul Ehsan	Land, factory buildings, warehouse and office for industrial use	Leasehold (No title issued as yet)	196,020	20,000	4,337	4	2004 (building) 2003 (land)
Taman Scientex - various sub-divided lots in Mukim of Plentong, District of Johor Bahru, Johor	On-going mixed development project	Freehold	7,440,919	-	39,681	-	1993
Plaza Pandan Malim Business Park - H.S.(D) 42530, P.T. 2982 & H.S.(D) 42669, P.T.3121 in Mukim of Balai Panjang, District of Melaka Tengah, Melaka	Land for on-going commerical development	Leasehold for 99 years expiring on 09.06.2095	189,090	-	2,315	-	1994
Plaza Pandan Malim Business Park - H.S.(M) 235, P.T. 2538, Mukim of Balai Panjang, District of Melaka Tengah, Melaka	Land for future development	Leasehold for 99 years expiring on 02.06.2095	43,582	-	525	-	1994

Continued

Location	Description/ Existing Use	Tenure	Site Area (sq.ft.)	Built-up Area (sq.ft.)	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition/ Revaluation*
Lot 2379 Mukim of Tanjung Kling District of Melaka Tengah, Melaka	Industrial land, factory, buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 25.11.2056	389,621	138,606	8,176	15	1995*
Lot Nos. 2543 and 2534, Mukim of Tanjung Kling District of Melaka Tengah, Melaka	Factory building on Lot No. 2543 for industrial use and vacant land on Lot No. 2534 for future development	Freehold	38,547	38,800	198	8	1995*
Lot No. 2378, Mukim of Tanjung Kling District of Melaka Tengah, Melaka	Vacant land for future development	Leasehold for 99 years expiring on 25.11.2056	29,807	-	114	-	1995*
16, PTD 122012 Jalan Kanchil 23 Taman Scientex Pasir Gudang, Johor	1 ¹ / ₂ storey terrace house	Freehold	-	1,400	162	-	2004

Analysis Of Shareholdings/Warrantholdings

as at 28 October 2004

Authorised Share Capital	-	RM 200,000,000
Issued and Fully Paid-Up Capital	-	RM 62,088,400
Type of Shares	-	Ordinary shares of RM1.00 each
Voting Rights	-	One vote per shareholder on a show of hands
	-	One vote per ordinary share on a poll
No. of shareholders	-	3,716

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100	12	0.32	284	0.00
100 - 1,000	1,443	38.83	1,427,291	2.30
1,001 - 10,000	1,924	51.78	7,146,364	11.51
10,001 - 100,000	294	7.91	8,864,231	14.28
100,001 to less than 5% of issued shares	40	1.08	16,792,356	27.04
5% and above of issued shares	3	0.08	27,857,874	44.87
Grand Total	3,716	100.00	62,088,400	100.00

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name	No. of Shares Held		%
	Direct	Indirect	
1. Lim Teck Meng	25,000	26,415,944 *	42.55
2. Sim Swee Tin	5,000	24,208,976 **	38.99
3. Lim Peng Cheong	-	23,807,658 #	38.34
4. Lim Peng Jin	40,000	23,695,744 +	38.16
5. Scientex Holdings Sdn Berhad	18,073,874	-	-
6. Permodalan Nasional Berhad	6,484,000	-	-
7. Lim Teck Meng Sdn Bhd	3,300,000	-	-

Notes :

* Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd and Lim Teck Meng Sdn Bhd.

** Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd, Catra Management Sdn Bhd and Sim Swee Tin Sdn Bhd.

Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd, Catra Management Sdn Bhd and Paradox Corporation Sdn Bhd.

+ Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd, Catra Management Sdn Bhd and Progress Innovations Sdn Bhd.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	No. of Shares Held		%
	Direct	Indirect	
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	-	-
Lim Teck Meng	25,000	26,415,944 ^a	42.55
Lim Peng Cheong	-	23,807,658 ^b	38.34
Lim Peng Jin	40,000	23,695,744 ^c	38.16
Wong Mook Weng	410,000 ^d	-	-
Tan Beng Chai	48,000	-	-

Continued

DIRECTORS' SHAREHOLDINGS IN RELATED COMPANIES

Name	Direct	No. of Shares Held		%
		%	Indirect	
Scientex Packaging Berhad				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	72,000	0.11	-	-
Lim Teck Meng	6,000	0.01	42,742,943 ^e	63.25
Lim Peng Cheong	-	-	43,179,343 ^f	63.89
Lim Peng Jin	1,426,070	2.11	43,465,643 ^g	64.31
Tan Beng Chai	5,000	0.01	-	-
Scientex Trading Sdn Bhd				
Lim Teck Meng	300	0.03	-	-

Notes:

- ^a Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd and Lim Teck Meng Sdn Bhd.
- ^b Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd, Catra Management Sdn Bhd and Paradox Corporation Sdn Bhd.
- ^c Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Woventex Trading Sdn Bhd, Esteem Valley Sdn Bhd, Catra Management Sdn Bhd and Progress Innovations Sdn Bhd.
- ^d Held through nominee companies.
- ^e Held through Scientex Incorporated Berhad, Scientex Quatari Sdn Bhd and TM Lim Sdn Bhd.
- ^f Held through Scientex Incorporated Berhad, Scientex Quatari Sdn Bhd, TM Lim Sdn Bhd, Catra Management Sdn Bhd and Paradox Corporation Sdn Bhd.
- ^g Held through Scientex Incorporated Berhad, Scientex Quatari Sdn Bhd, TM Lim Sdn Bhd, Catra Management Sdn Bhd and Progress Innovations Sdn Bhd.

Continued

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (as at 28 October 2004)

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No	Names	No. of Shares Held	%
1	Scientex Holdings Sdn Berhad	18,073,874	29.11
2	Permodalan Nasional Berhad	6,484,000	10.44
3	Lim Teck Meng Sdn Bhd	3,300,000	5.32
4	Woventex Trading Sdn Bhd	1,987,000	3.20
5	Ang Teow Cheng & Sons Sdn Bhd	1,350,000	2.17
6	Teck Realty Sdn Bhd	1,313,070	2.11
7	Nichimen Asia Oceania Pte Ltd	1,300,000	2.09
8	Sim Swee Tin Sdn Bhd	1,020,032	1.64
9	Malacca Securities Sdn Bhd	844,400	1.36
10	Lee Chi On	828,000	1.33
11	HDM Nominees (Tempatan) Sdn Bhd - A/C Esteem Valley Sdn Bhd	660,000	1.06
12	Ang Teow Cheng	609,000	0.98
13	Teow Her Kok @ Chang Choo Chau	526,000	0.85
14	Ang Seng Chin	420,000	0.68
15	Progress Innovations Sdn Bhd	406,800	0.66
16	Yatee & Sons Sdn Bhd	400,354	0.64
17	Mayban Nominees (Tempatan) Sdn Bhd - A/C Wong Mook Weng @ Wong Tsap Loy	370,000	0.60
18	HLB Nominees (Tempatan) Sdn Bhd - A/C Paradox Corporation Sdn Bhd	355,000	0.57
19	OSK Nominees (Tempatan) Sdn Bhd - A/C Abdul Hamed Bin Sepawi	299,000	0.48
20	See Leng Tat	278,000	0.45
21	ACME Asset Holdings Sdn Bhd	277,500	0.45
22	Paradox Corporation Sdn Bhd	263,714	0.42
23	Chua Ching Geh	262,400	0.42
24	Chan Kiah Seom	235,000	0.38
25	Minsoon Motors Sendirian Berhad	234,140	0.38
26	HLB Nominees (Tempatan) Sdn Bhd - A/C Yong Sook Lan	228,000	0.37
27	JF Apex Nominees (Tempatan) Sdn Bhd - A/C Teo Siew Lai	224,000	0.36
28	The Regalis Wedding Studio Sdn Bhd	200,000	0.32
29	Bestex Holding Sdn Bhd	181,600	0.29
30	Scientex Incorporated Berhad - A/C Share Buy Back Account	180,000	0.29
	Total	43,110,884	69.43

Continued

Type of securities	-	Warrants A (1996/2006)	} in the meeting of warrantholders
Voting Rights	-	One vote per warrantholder on a show of hands One vote per warrant on a poll	
No. of Warrants (1996/2006)	-	1,741,824	
No. of Warrantholders	-	698	

DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less Than 100	24	3.44	1,142	0.07
100 - 1,000	447	64.04	285,927	16.41
1,001 - 10,000	204	29.23	797,427	45.78
10,001 - 100,000	22	3.15	561,328	32.23
100,001 to less than 5% of issued warrants	-	-	-	-
5% and above of issued warrants	1	0.14	96,000	5.51
Grand Total	698	100.00	1,741,824	100.00

LIST OF THIRTY (30) LARGEST WARRANTHOLDERS (as at 28 October 2004)

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Person)

No	Names	No. of Warrants Held	%
1	Mayban Nominees (Tempatan) Sdn Bhd - A/C Subhas A/L N K Kannan	96,000	5.51
2	Cartaban Nominees (Asing) Sdn Bhd - A/C Global Base Industries Limited	85,000	4.88
3	Cimsec Nominees (Asing) Sdn Bhd - A/C Tan Tow Hung	50,000	2.87
4	Lee Koo Chuan	42,000	2.41
5	OSK Nominees (Tempatan) Sdn Bhd - A/C Leong Ah Kow @ Leang Lean Yow	37,000	2.12
6	Sim Chun Chea	34,800	2.00
7	TCL Nominees (Tempatan) Sdn Bhd - A/C Timber Forest Products (M) Sdn Bhd	30,000	1.72
8	Harikaya Sdn Bhd	30,000	1.72
9	Chew Poh Ling	26,200	1.50
10	Wong Chiap You	25,000	1.44
11	Menteri Kewangan Malaysia A/C Section 29 (SICDA)	20,728	1.19
12	Tan Soo Im	20,000	1.15
13	Lee Chew Beng @ Lee Sew Ben	19,000	1.09
14	TA Nominees (Tempatan) Sdn Bhd - A/C Lim Kooi Hai	18,000	1.03
15	Hoo Cheek Yook @ Ho Check Yoke	18,000	1.03
16	Ng Eng Huat	17,600	1.01
17	Lee Kar Wuei	16,000	0.92
18	Koh Kok Cheng	15,000	0.86
19	Seah Wang Nge	15,000	0.86
20	Ng Sock Mooi	14,000	0.80
21	OSK Nominees (Tempatan) Sdn Bhd - A/C Low Eng Huat	14,000	0.80
22	Mayban Nominees (Tempatan) Sdn Bhd - A/C Wong Kim Kiong	12,400	0.71
23	Gnoh Chong Hock	12,000	0.69
24	Syed Mohamed Anuar Bin Syed Osman	12,000	0.69
25	Ong Peng Wah	11,600	0.67
26	Optimum Privilege Sdn Bhd	10,000	0.57
27	RHB Capital Nominees (Tempatan) Sdn Bhd - A/C Chong Mook Ching	10,000	0.57
28	JF Apex Nominees (Tempatan) Sdn Bhd - A/C Tan Zee Chow	10,000	0.57
29	HLB Nominees (Tempatan) Sdn Bhd - A/C Tan Chee Koon	10,000	0.57
30	TA Nominees (Tempatan) Sdn Bhd - A/C Cheang Vui Lik	10,000	0.57
Total		741,328	42.56

Continued

Type of securities	-	Warrants B (2000/2006)	} in the meeting of warrantheolders
Voting Rights	-	One vote per warrant holder on a show of hands One vote per warrant on a poll	
No. of Warrants (2000/2006)	-	10,396,776	
No. of Warrantheolders	-	364	

DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100	2	0.55	95	0.00
100 - 1,000	249	41	135,397	1.30
1,001 - 10,000	85	35	326,484	3.14
10,001 - 100,000	19	22	941,800	9.06
100,001 to less than 5% of issued warrants	6	1.65	1,523,000	14.65
5% and above of issued warrants	3	0.82	7,470,000	71.85
Grand Total	364	100.00	10,396,776	100.00

LIST OF THIRTY (30) LARGEST WARRANTHOLDERS (as at 28 October 2004)

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Person)

No	Names	No. of Warrants Held	%
1	Scientex Holdings Sdn Berhad	3,905,200	37.56
2	Lim Teck Meng Sdn Bhd	2,160,800	20.78
3	Permodalan Nasional Berhad	1,404,000	13.50
4	Woventex Trading Sdn Bhd	377,000	3.63
5	Progress Innovations Sdn Bhd	348,000	3.35
6	Glamour Assets Sdn Bhd	323,000	3.11
7	Scientex Leasing Sdn Bhd	300,000	2.89
8	Koay Teik Chuan	175,000	1.68
9	Teo Hock Kar	100,000	0.96
10	Cheah Siu Chone	93,000	0.89
11	Bestex Holding Sdn Bhd	83,000	0.80
12	Lim Teck Meng	82,000	0.79
13	Sim Swee Tin Sdn Bhd	75,000	0.72
14	Chua Lay Peng	73,000	0.70
15	Mohamed Tamrin Bin Munir	55,000	0.53
16	Sim Mon Mee	53,000	0.51
17	Sim Swee Peck	50,000	0.48
18	Wong Mook Weng @ Wong Tsap Loy	47,600	0.46
19	Yong Sook Lan	46,000	0.44
20	Lee Koo Chuan	37,400	0.36
21	Eng Wing Kuang	33,000	0.32
22	Mayban Nominees (Tempatan) Sdn Bhd - A/C Wong Mook Weng @ Wong Tsap Loy	26,800	0.26
23	Mayban Nominees (Tempatan) Sdn Bhd - A/C Ong Ai Peng	26,000	0.25
24	Sin Yew Seng	25,000	0.24
25	Foo Kim Fong @ Foo Ah Fook	15,000	0.14
26	Margaret Ong Suan Sim	13,000	0.13
27	Chong Sai Hwa	12,000	0.12
28	Chin Khee Fah	11,000	0.11
29	Ng Koh Heng	10,000	0.10
30	Lee Keh Hong @ Lee Ah Meng	10,000	0.10
	Total	9,969,800	95.89

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be held at Melati 1 and 2, Sheraton Subang Hotel & Towers, Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 28 December 2004 at 10.00 a.m. for the following purposes:

1. To receive the Audited Accounts for the year ended 31 July 2004 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To declare a first and final dividend of 10% less 28% tax in respect of the year ended 31 July 2004. *(Resolution 2)*
3. To re-elect the following Directors who retire by rotation in accordance with Article 93 of the Company's Articles of Association:
 - (a) Mr. Lim Teck Meng *(Resolution 3)*
 - (b) Mr. Lim Peng Cheong *(Resolution 4)*
4. To re-elect Puan Hazimah Binti Zainuddin as Director in accordance with Article 98 of the Company's Articles of Association. *(Resolution 5)*
5. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

"THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr. Wong Mook Weng, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting."
(Resolution 6)
6. To approve the payment of Directors' fees for the year ended 31 July 2004. *(Resolution 7)*
7. To re-appoint Messrs Ernst & Young, the retiring Auditors and to authorize the Directors to fix their remuneration. *(Resolution 8)*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution:

8. ORDINARY RESOLUTION - Authority to Directors to Allot and Issue Shares

"THAT subject to the provision of Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorized from time to time to allot and issue shares in the Company at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."
(Resolution 9)

9. To transact any other business of which due notice shall have been given.

Continued

NOTICE OF CLOSURE OF BOOKS

NOTICE IS HEREBY GIVEN THAT shareholders who are registered in the Register of Members and Record of Depositors at the close of business on 18 January 2005 shall be entitled to the first and final dividend which, if approved will be paid on 31 January 2005.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 18 January 2005 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 January 2005 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

TAN BENG CHAI

Secretary

Shah Alam

6 December 2004.

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if such appointer is a corporation, under its common seal or the hand of its attorney.*
3. *The form of proxy must be deposited at the Company's Registered Office at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.*
4. *Resolution on Authority to Directors to Allot and Issue Shares*
The Ordinary Resolution No.9 proposed under item 8, if passed, will give powers to the Directors to allot and issue shares up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
5. *The statement accompanying this Notice of Annual General Meeting is contained on pages 107 to 109 of the Annual Report.*

Statement Accompanying Notice Of Annual General Meeting

1. Directors who are standing for re-election.

- (i) Mr. Lim Teck Meng (retiring pursuant to Article 93 of the Articles of Association)
- (ii) Mr. Lim Peng Cheong (retiring pursuant to Article 93 of the Articles of Association)
- (iii) Puan Hazimah Binti Zainuddin (retiring pursuant to Article 98 of the Articles of Association)
- (iv) Mr. Wong Mook Weng (retiring pursuant to Section 129(6) of the Companies Act, 1965)

2. Details of attendance of Directors at Board Meetings.

Four (4) Board Meetings were held during the financial year from 1 August 2003 till 31 July 2004. Details of attendance of Directors at the Board Meetings are as follows:

Name	Attendance
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	4 meetings
Lim Teck Meng	4 meetings
Lim Peng Jin	4 meetings
Lim Peng Cheong	4 meetings
Tan Beng Chai	4 meetings
Wong Mook Weng	4 meetings
Cham Chean Fong @ Sian Chean Fong	3 meetings
Hazimah Binti Zainuddin (appointed on 27 January 2004)	2 meetings
Yasushi Hoshika (resigned on 21 May 2004)	0 meeting

3. Date, time and venue of Meeting

The 36th Annual General Meeting of the Company will be held at Melati 1 and 2, Sheraton Subang Hotel & Towers, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 28 December 2004 at 10.00 a.m.

4. Further details of Directors who are standing for re-election.

(a) Name	Lim Teck Meng			
Age	67			
Nationality	Malaysian			
Qualification	Received education in Melaka			
Position in the Company	Executive Deputy Chairman			
Working experience and occupation	Mr Lim Teck Meng is the Executive Deputy Chairman of the Company. He was appointed to the Board as Managing Director in September 1969 and he held this position until 6 November 2001 when he was appointed as an Executive Chairman. Subsequently, on 20 June 2003, he was re-designated as Executive Deputy Chairman. He has been responsible and is instrumental to the growth of the Group.			
Other directorships of public companies	None			
Securities holding in the Company and its subsidiaries (as at 31.07.2004)	<u>Securities Holdings</u>		<u>No. of Securities</u>	<u>%</u>
	Shares			
	Scientex Incorporated Berhad*	25,000 (direct)	26,155,744 (Indirect)	0.04 42.19
	Scientex Packaging Berhad*	6,000 (direct)	42,583,043 (Indirect)	0.01 63.01
	Scientex Trading Sdn Bhd	300 (direct)		0.03
	Warrants			
	Scientex Incorporated Berhad	82,000 (direct)	7,149,000 (Indirect)	0.79 68.76
	Scientex Packaging Berhad	1,600 (direct)	4,127,543 (Indirect)	0.02 41.28

Continued

Family relationship with any director and/or major shareholder of the Company	Father of Messrs. Lim Peng Cheong and Lim Peng Jin and spouse of Madam Sim Swee Tin [major shareholder]
Any conflict of interest with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None

Note: * Mr Lim Teck Meng by virtue of his interest in shares of the Company is also deemed interested in shares in all the subsidiaries of the Company to the extent the Company has an interest.

(b) Name	Lim Peng Cheong		
Age	42		
Nationality	Malaysian		
Qualification	Bachelor of Science (Honours) in Business Studies, City University, London, United Kingdom		
Position in the Company	Non-Independent Non-Executive Director		
Working experience and occupation	Mr. Lim Peng Cheong was appointed to the Board as Executive Director on 9 September 1988 and had held this position until 10 November 2003 when he was re-designated as Non-Executive Director. He is also the Non-Executive Chairman of Scientex Packaging Berhad and the Executive Director Operations of Malacca Securities Sdn Bhd, a stockbroking company in Melaka.		
Other directorships of public companies	Scientex Packaging Berhad		
Securities holding in the Company and its subsidiaries (as at 31.07.2004)	<u>Securities Holdings</u> Shares	<u>No. of Securities</u>	<u>%</u>
	Scientex Incorporated Berhad*	23,490,458 (Indirect)	37.89
	Scientex Packaging Berhad*	42,880,043 (Indirect)	63.45
	Warrants		
	Scientex Incorporated Berhad	4,991,200 (Indirect)	48.01
	Scientex Packaging Berhad	4,165,643 (Indirect)	41.67
Family relationship with any director and/or major shareholder of the Company	Eldest son of Mr. Lim Teck Meng and Madam Sim Swee Tin and the brother of Mr. Lim Peng Jin		
Any conflict of interest with the Company	None		
List of convictions for offences within the past 10 years other than traffic offences, if any	None		

Note: * Mr. Lim Peng Cheong by virtue of his interest in shares of the Company is also deemed interested in shares in all the subsidiaries of the Company to the extent the Company has an interest.

Continued

(c) Name	Hazimah Binti Zainuddin		
Age	42		
Nationality	Malaysian		
Qualification	Diploma in Business Study, Institute of Technology, MARA.		
Position in the Company	Non-Independent Non-Executive Director		
Working experience and occupation	Puan Hazimah Binti Zainuddin was appointed to the Board on 27 January 2004 as a Non-Independent Non-Executive Director. She is the Managing Director of Hyrax Oil Sdn Bhd, a private company started by her in 1991. She is also a Director of MATRADE, an organization tasked with the promotion of Malaysian exports to the rest of the world.		
Other directorships of public companies	None		
Securities holding in the Company and its subsidiaries (as at 31.07.2004)	None		
Family relationship with any director and/or major shareholder of the Company	None		
Any conflict of interest with the Company	None		
List of convictions for offences within the past 10 years other than traffic offences, if any	None		
(d) Name	Wong Mook Weng		
Age	72		
Nationality	Malaysian		
Qualification	Received early education in Kuala Lumpur		
Position in the Company	Independent Non-Executive Director		
Working experience and occupation	Mr. Wong Mook Weng was appointed to the Board on 29 November 1969. He is also a member of the Nomination Committee of the Board. He has more than 30 years of experience owning and managing businesses dealing in property development, manufacturing and trading.		
Other directorships of public companies	None		
Securities holding in the Company and its subsidiaries (as at 31.07.2004)	<u>Securities Holdings</u> Shares Scientex Incorporated Berhad	<u>No. of Securities</u> 410,000 (direct)	<u>%</u> 0.06
Family relationship with any director and/or major shareholder of the Company	None		
Any conflict of interest with the Company	None		
List of convictions for offences within the past 10 years other than traffic offences, if any	None		

Form Of Proxy



SCIENTEX INCORPORATED BERHAD

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

I/We _____
of _____

being a member/members of SCIENTEX INCORPORATED BERHAD, hereby appoint *the Chairman of the Meeting or

of _____

or failing him/her _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at Melati 1 and 2, Sheraton Subang Hotel & Towers, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Tuesday, 28 December 2004 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below :-

No.	RESOLUTION	FOR	AGAINST
1.	To receive the Accounts and Reports		
2.	To approve the declaration of a first and final dividend of 10% less 28% tax		
3.	To re-elect Mr. Lim Teck Meng		
4.	To re-elect Mr. Lim Peng Cheong		
5.	To re-elect Puan Hazimah Binti Zainuddin		
6.	To re-appoint Mr. Wong Mook Weng pursuant to Section 129(6) of the Companies Act, 1965		
7.	To approve the payment of Directors' fees		
8.	To re-appoint Messrs. Ernst & Young, the retiring Auditors and to authorise the Directors to fix their remuneration		
9.	To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the spaces provided above how you wish your votes to be cast on the resolutions specified in the Notice of Annual General Meeting. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

Dated this _____ day of _____ 2004.

No. of Shares held	
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Signature of Member(s)

NOTES:

- i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or if such appointer is a corporation, under its common seal or the hand of its attorney.
- iii) The form of proxy must be deposited at the Company's Registered Office at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.

Please Fold Here

Affix
Stamp
Here

THE COMPANY SECRETARY
SCIENTEX INCORPORATED BERHAD (7867-P)
Jalan Utas 15/7
40000 Shah Alam
Selangor Darul Ehsan

Please Fold Here