



**SCIENTEX INCORPORATED BERHAD**

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

**QUARTERLY REPORT**

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**

**For the financial quarter ended 31 January 2004**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 1/31/2004 RM'000	Preceding year corresponding quarter 1/31/2003 RM'000	Current year to date (Unaudited) 1/31/2004 RM'000	Preceding year corresponding period (Unaudited) 1/31/2003 RM'000
Revenue	71,400	56,228	143,157	116,363
Operating expenses	(68,340)	(54,910)	(135,294)	(111,491)
Other operating income	4,728	232	4,995	555
Profit from operations	7,788	1,550	12,858	5,427
Finance costs	(879)	(1,121)	(1,750)	(2,279)
Investing results	389	(138)	127	(644)
Profit before tax	7,298	291	11,235	2,504
Taxation	(961)	(531)	(1,857)	(1,474)
Profit / (loss) after tax	6,337	(240)	9,378	1,030
Minority interests	(11)	(304)	(1,057)	(1,024)
Net profit / (loss) for the period	6,326	(544)	8,321	6
Earnings per share (sen)				
(i) Basic	10.23	(0.88)	13.46	0.01
(ii) Diluted	n/a	n/a	n/a	n/a

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



**SCIENTEX INCORPORATED BERHAD**

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**CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 31 January 2004**

	<b>AS AT END OF CURRENT QUARTER 1/31/2004 RM'000 (Unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31/07/2003 RM'000 (Audited)</b>
1. Property, plant and equipment	253,509	256,900
2. Land held for development	24,931	42,891
3. Investment in associated companies	44,881	35,977
4. Other investments	1,152	1,152
5. Goodwill on consolidation	1,885	1,375
6. Intangible assets	936	803
	<b>327,294</b>	<b>339,098</b>
7. Current Assets		
Development properties	22,060	34,432
Inventories	43,563	40,832
Trade receivables	50,646	47,103
Short term deposits with banks	5,106	108
Cash and bank balances	8,967	12,700
Other receivables, deposits and prepayment	26,547	8,988
Tax recoverable	1,943	1,890
	<b>158,832</b>	<b>146,053</b>
8. Current Liabilities		
Trade payables	37,507	31,510
Other payables, provisions and accrued liabilities	11,893	8,026
Short term borrowings	51,111	52,050
Provision for taxation	1,738	1,022
Redeemable preference shares	8,602	9,002
	<b>110,851</b>	<b>101,610</b>
9. Net current assets	<b>47,981</b>	<b>44,443</b>
	<b>375,275</b>	<b>383,541</b>
10. Shareholders' Funds		
Share capital	61,994	61,994
Reserves	209,535	203,288
	<b>271,529</b>	<b>265,282</b>
11. Minority interests	47,430	67,907
12. Long term borrowings	39,227	33,191
13. Other long term liabilities	268	336
14. Deferred taxation	16,821	16,825
	<b>375,275</b>	<b>383,541</b>
15. Net tangible assets per share (RM)	4.35	4.26

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



**SCIENTEX INCORPORATED BERHAD**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2004**

	Reserves							Retained profits RM'000	Total RM'000
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Non-distributable			Warrant and other reserves RM'000		
Share buybacks reserves RM'000				Foreign exchange reserves RM'000	Treasury shares RM'000				
At 1 August, 2003	61,994	6,726	100,644	387	33	(387)	660	95,225	265,282
Net profit for the period	-	-	-	-	-	-	-	8,321	8,321
Dividend	-	-	-	-	-	-	-	(2,670)	(2,670)
Currency translation differences, representing net gain not recognised in the income	-	-	-	-	249	-	-	-	249
Share premium in associate	-	347	-	-	-	-	-	-	347
At 31 January, 2004	61,994	7,073	100,644	387	282	(387)	660	100,876	271,529
At 1 August, 2002	61,982	6,713	107,989	387	-	(387)	660	94,291	271,635
Prior year adjustment			(6,520)					(4)	(6,524)
At 1 August, 2002 (restated)	61,982	6,713	101,469	387	-	(387)	660	94,287	265,111
Net profit for the period	-	-	-	-	-	-	-	6	6
Dividend	-	-	-	-	-	-	-	(2,670)	(2,670)
At 31 January, 2003	61,982	6,713	101,469	387	-	(387)	660	91,623	262,447

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



**SCIENTEX INCORPORATED BERHAD**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**For the financial period ended 31 January, 2004**

	<b>6 MONTHS ENDED 31-01-2004 RM'000</b>	<b>6 MONTHS ENDED 31-01-2003 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,235	2,504
Adjustments for non-cash flow :		
Non-cash items	8,139	7,281
Non-operating items	(2,840)	2,493
Operating profit before working capital changes	<u>16,534</u>	<u>12,278</u>
Net change in current assets	(23,080)	5,803
Net change in current liabilities	<u>12,728</u>	<u>(70)</u>
Cash generated from operations	6,182	18,011
Interest received	67	77
Interest paid	(1,750)	(1,991)
Taxation paid	(1,170)	(1,974)
Gratuity and retirement benefits paid	<u>(134)</u>	<u>-</u>
Net cash generated from operating activities	<u>3,195</u>	<u>14,123</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	518	65
Repayment of preference shares	(400)	-
Purchase of additional shares in a subsidiary	(18,192)	(1,005)
Purchase of property, plant and equipment	(4,913)	(1,412)
Proceeds from disposal of investment	16,757	-
Proceeds from disposal of property, plant and equipment	<u>574</u>	<u>66</u>
Net cash used in investing activities	<u>(5,656)</u>	<u>(2,286)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,670)	(3,548)
Net drawdown / (repayment) of short term borrowings	6,734	(2,204)
Net repayment of term loans	<u>(335)</u>	<u>(5,519)</u>
Net cash generated from / (used in) financing activities	<u>3,729</u>	<u>(11,271)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,268	566
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>9,805</u>	<u>8,432</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>11,073</u>	<u>8,998</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	8,967	10,276
Short term deposits	5,106	1,678
Bank overdrafts	<u>(3,000)</u>	<u>(2,956)</u>
	<u>11,073</u>	<u>8,998</u>

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

# SCIENTEX INCORPORATED BERHAD

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2004

### **A1 Basis of preparation**

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

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

### **A2 Audit report**

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

### **A3 Seasonal or cyclical factors**

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

### **A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current interim period under review.

### **A5 Material changes in estimates**

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

### **A6 Changes in debts and equity securities**

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

### **A7 Dividend paid**

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

### **A8 Segment information**

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

Current year quarter 31 January 2004

	External	Inter-segment	Total
<u>Revenue</u>	RM'000	RM'000	RM'000
Manufacturing	57,381	-	57,381
Property development	12,100	-	12,100
Trading	1,830	24	1,854
Investment holdings	89	1,195	1,284
Elimination : Inter-segment revenue	-	(1,219)	(1,219)
Total revenue	<u>71,400</u>	<u>-</u>	<u>71,400</u>

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**A8 Segment information (Contd.)**

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

Current year quarter 31 January 2004

	Total RM'000
<u>Results</u>	
Manufacturing	(311)
Property development	2,380
Trading	71
Investment holdings	10,028
Elimination	<u>(4,380)</u>
Profit from operations	7,788
Finance cost	(879)
Share of results of associates	389
Taxation	<u>(961)</u>
Profit after taxation	6,337
Minority interests	<u>(11)</u>
Net profit for the period	<u>6,326</u>

Current year to date 31 January 2004

	External RM'000	Inter-segment RM'000	Total RM'000
<u>Revenue</u>			
Manufacturing	115,228	-	115,228
Property development	23,673	-	23,673
Trading	4,090	67	4,157
Investment holdings	166	1,945	2,111
Elimination : Inter-segment revenue	-	(2,012)	(2,012)
Total revenue	<u>143,157</u>	<u>-</u>	<u>143,157</u>

Results

Manufacturing	1,141
Property development	4,726
Trading	204
Investment holdings	11,343
Elimination	<u>(4,556)</u>
Profit from operations	12,858
Finance cost	(1,750)
Share of results of associates	127
Taxation	<u>(1,857)</u>
Profit after taxation	9,378
Minority interests	<u>(1,057)</u>
Net profit for the period	<u>8,321</u>

**A9 Valuation of property, plant and equipment**

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

**A10 Events subsequent to the end of the reporting period**

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

**A11 Changes in the composition of the Group**

In the current interim period under review, a wholly-owned subsidiary of the Company, Scientex Maju Sdn Bhd ("SMSB") had disposed off 9,490,515 ordinary shares, representing 52.73% equity interest in its subsidiary, Scientex Aidiros Sdn Bhd ("SASB") to third parties via a share swap of 1,894,150 ordinary shares in Scientex Quatari Sdn Bhd ("SQSB"), a subsidiary company, resulting in an increase of equity interest in SQSB from 85.05% to 95.09%. As a result, SASB became an associated company of the Group.

**A12 Contingent liabilities**

Contingent liabilities of the Group as at 19 March 2004 comprise :

	RM'000
Corporate guarantees for subsidiaries	<u>48,729</u>

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**ADDITIONAL INFORMATION REQUIRED BY THE KLSE LISTING REQUIREMENTS**

**INTERIM FINANCIAL REPORT**

**FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2004**

**B1 Review of performance**

The Group recorded a revenue of RM143.16 million for the financial period ended 31 January 2004, an increase of 23.0% compared with the preceding year corresponding financial period's revenue of RM116.36 million. The increase in revenue was mainly attributable to better performance of the property division and stretch film sector under the industrial packaging division.

Group profit before taxation for the financial period ended 31 January 2004 was RM11.24 million, which is 348.7% higher than the profit before taxation of RM2.5 million recorded in the preceding year corresponding financial period. The increase in the Group profit before taxation was in line with the higher sales achieved by the property division and stretch film products and gain on disposal of investment in a subsidiary.

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

For the current financial quarter under review, the Group recorded a profit before taxation of RM7.3 million, an increase of 85.4%, as compared with RM3.94 million in the preceding financial quarter. The substantial increase in profit before taxation was mainly contributed by the gain on disposal of a subsidiary.

**B3 Current financial year prospects**

Barring any unforeseen circumstances, the Directors anticipate that the Group's operations will continue to be profitable. Manufacturing division in particular is expected to perform better in the second half of the financial year.

**B4 Variations of actual profit from forecast profit**

This note is not applicable, as the Group did not issue and publish any profit forecast for the current interim period under review.

**B5 Taxation**

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

	3 months ended		6 months ended	
	31.01.2004	31.01.2003	31.01.2004	31.01.2003
	RM'000	RM'000	RM'000	RM'000
In respect of current period :				
- Income tax	916	311	1,774	1,051
In respect of prior year :				
- Income tax	30	171	30	364
	<u>946</u>	<u>482</u>	<u>1,804</u>	<u>1,415</u>
Share of taxation of associated companies	15	49	53	59
	<u>961</u>	<u>531</u>	<u>1,857</u>	<u>1,474</u>

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

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

In the current interim period under review, a subsidiary of the Company, SMSB, disposed off 9,490,515 ordinary shares, representing 52.73% of equity interest in SASB to third parties for a total consideration of RM16,713,211.

There was a gain of approximately RM4.3 million from the said disposal.



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### B7 Quoted securities

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

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

At cost	RM'000
Investments in :	
Associated companies	14,887
Others	77
	<u>14,964</u>
At carrying value / book value	<u>14,964</u>
At market value	<u>20,929</u>

### B8 Status of corporate proposals

The Company together with its associated company, Scientex Packaging Berhad ("SPB") (formerly known as "Woventex Corporation Berhad"), had on 21 January 2003 announced the proposed rationalisation of the industrial packaging business of the Company and SPB, which involves the Company and its wholly owned subsidiaries disposing of their respective interests in the subsidiaries, all of which are involved in the industrial packaging materials business to SPB for an aggregate consideration of RM28,216,404 to be satisfied by 26,156,303 new ordinary shares of SPB and RM2,060,101 cash. The proposal has been approved by the Securities Commission on 14 November 2003 and other relevant authorities and the shareholders' approval was obtained on 30 December 2003 at the Extraordinary General Meeting. The proposal had been completed with the issuance of 26,156,303 new ordinary shares of RM1.00 each in SPB at an issue price of RM1.00 per SPB share to the Company pursuant to the proposed disposals on 15 March 2004, and also the listing and quotation of the said shares on the Malaysia Securities Exchange Berhad on 22 March 2004.

### B9 Borrowings and debt securities

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

a) Long Term Borrowings	RM'000
Term Loan	
-Secured	21,955
-Unsecured	17,272
	<u>39,227</u>
b) Short Term Borrowings	
- Secured	
Term loan	3,361
Other bank borrowings	5,956
	<u>9,317</u>
- Unsecured	
Term loan	4,892
Other bank borrowings	36,902
	<u>41,794</u>

### B10 Off balance sheet financial instruments

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

### B11 Material litigation

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

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**B12 Dividend**

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

**B13 Earnings per share**

<b>a) Basic earnings per share</b>		3 months ended		6 months ended	
		31.01.2004	31.01.2003	31.01.2004	31.01.2003
Net profit for the period	(RM'000)	6,326	(544)	8,321	6
Weighted average number of ordinary shares in issue	('000)	61,814	61,802	61,814	61,802
Basic earnings / (loss) per share	(sen)	<u>10.23</u>	<u>(0.88)</u>	<u>13.46</u>	<u>0.01</u>

**b) Fully diluted earnings per share**

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

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

By Order of the Board

Gary Tan Beng Chai  
Company Secretary

24 March 2004