



SCIENTEX INCORPORATED BERHAD

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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 October 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial quarter ended 31 October 2004

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 10/31/2004 RM'000	Preceding year corresponding quarter 10/31/2003 RM'000	Current year to date (Unaudited) 10/31/2004 RM'000	Preceding year corresponding period (Unaudited) 10/31/2003 RM'000
Revenue	112,911	71,757	112,911	71,757
Operating expenses	(104,440)	(66,954)	(104,440)	(66,954)
Other operating income	289	267	289	267
Profit from operations	8,760	5,070	8,760	5,070
Finance costs	(956)	(871)	(956)	(871)
Investing results	515	(262)	515	(262)
Profit before tax	8,319	3,937	8,319	3,937
Taxation	(1,102)	(896)	(1,102)	(896)
Profit after tax	7,217	3,041	7,217	3,041
Minority interest	(2,244)	(1,046)	(2,244)	(1,046)
Net profit for the period	4,973	1,995	4,973	1,995
Earnings per share (sen)				
(i) Basic	8.04	3.23	8.04	3.23
(ii) Diluted	n/a	n/a	n/a	n/a

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



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 October 2004

	AS AT END OF FINANCIAL PERIOD ENDED 10/31/2004 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 7/31/2004 RM'000 (Audited)
1. Property, plant and equipment	183,091	174,898
2. Land held for development	95,696	97,902
3. Investment in associates	12,530	13,547
4. Other investments	7,158	7,072
5. Intangible assets	870	923
	299,345	294,342
6. Current Assets		
Development properties	21,651	22,913
Inventories	57,689	59,473
Trade receivables	79,277	73,627
Short term deposits with banks	9,324	7,774
Cash and bank balances	15,279	19,053
Other receivables, deposits and prepayment	21,340	24,976
Tax recoverable	1,891	1,979
	206,451	209,795
7. Current Liabilities		
Trade payables	49,024	51,173
Other payables, provisions and accruals	19,062	15,780
Short term borrowings	63,375	73,207
Provision for taxation	954	1,121
Redeemable preference shares	2,627	2,627
	135,042	143,908
8. Net current assets	71,409	65,887
	370,754	360,229
9. Shareholders' Funds		
Share capital	62,088	61,994
Reserves	185,470	180,072
	247,558	242,066
10. Minority interest	81,582	78,061
11. Long term borrowings	26,666	25,146
12. Other long term liabilities	327	335
13. Redeemable preference share	1,875	1,875
14. Deferred taxation	12,746	12,746
	370,754	360,229
15. Net tangible assets per share (RM)	3.98	3.90

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



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

	Reserves								Retained profits RM'000	Total RM'000
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Share buybacks reserves RM'000	Non-distributable			Capital redemption reserves RM'000		
Foreign exchange reserves RM'000					Treasury shares RM'000	Warrant and other reserves RM'000				
At 1 August, 2004	61,994	8,990	61,433	387	(111)	(387)	461	6,750	102,549	242,066
Net profit for the period	-	-	-	-	-	-	-	-	4,973	4,973
Currency translation differences, representing net gains not recognised in the income	-	-	-	-	323	-	-	-	-	323
Issued during the financial period pursuant to ESOS	94	102	-	-	-	-	-	-	-	196
At 31 October, 2004	62,088	9,092	61,433	387	212	(387)	461	6,750	107,522	247,558
At 1 August, 2003	61,994	8,643	98,926	387	33	(387)	461	-	95,225	265,282
Net profit for the period	-	-	-	-	-	-	-	-	1,995	1,995
Currency translation differences, representing net gains not recognised in the income	-	-	-	-	79	-	-	-	-	79
At 31 October, 2003	61,994	8,643	98,926	387	112	(387)	461	-	97,220	267,356

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



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the financial period ended 31 October 2004

	3 MONTHS ENDED 31-10-2004 RM'000	3 MONTHS ENDED 31-10-2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,319	3,937
Adjustments for :		
Non-cash items	4,911	4,079
Non-operating items	332	1,082
Operating profit before working capital changes	<u>13,562</u>	<u>9,098</u>
Net change in current assets	2,917	(8,813)
Net change in current liabilities	<u>1,421</u>	<u>839</u>
Cash generated from operations	17,900	1,124
Interest received	55	36
Interest paid	(956)	(871)
Taxation paid	(1,111)	(644)
Gratuity and retirement benefits paid	<u>(7)</u>	<u>(68)</u>
Net cash generated from/(used in) operating activities	<u>15,881</u>	<u>(423)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	1	-
Purchase of club memberships	(136)	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	(30)	-
Purchase of property, plant and equipment	(9,737)	(633)
Proceeds from disposal of other investments	50	-
Proceeds from disposal of property, plant and equipment	<u>53</u>	<u>15</u>
Net cash used in investing activities	<u>(9,799)</u>	<u>(618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(189)	-
Proceeds from issuance of shares pursuant to ESOS	196	-
Net (repayment)/drawdown of short term borrowings	(6,347)	3,826
Net repayment of term loans	<u>(1,446)</u>	<u>(3,350)</u>
Net cash (used in)/generated from financing activities	<u>(7,786)</u>	<u>476</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,704)	(565)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>25,689</u>	<u>9,805</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>23,985</u>	<u>9,240</u>
Cash and cash equivalents comprise :		
Cash and bank balances	15,279	10,262
Short term deposits	9,324	2,560
Bank overdrafts	<u>(618)</u>	<u>(3,582)</u>
	<u>23,985</u>	<u>9,240</u>

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

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2004**

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MASB 26, Interim Financial Reporting and Chapter 9 Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the year ended 31 July 2004.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 July 2004.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2004 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the current 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 and the issuance of 94,000 ordinary shares of RM1 each under the Employees' Share Option Scheme ("ESOS") at an issue price of RM2.08 per ordinary share.

A7 Dividends paid

There were no dividends paid in the current financial quarter.

A8 Segment information

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

Current year quarter ended 31 October 2004

<u>Revenue</u>	RM'000
Manufacturing	98,862
Property development	11,422
Trading	2,624
Investment holdings	893
Elimination : Inter-segment revenue	(890)
Total revenue	<u>112,911</u>

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A8 Segment information (Cont'd)

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

Current year quarter ended 31 October 2004

<u>Results</u>	RM'000
Manufacturing	6,536
Property development	2,238
Trading	167
Investment holdings	(181)
Profit from operations	<u>8,760</u>

A9 Valuation of property, plant and equipment

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

A10 Events subsequent to the end of the reporting period

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

A11 Changes in the composition of the Group

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

A12 Contingent liabilities

Contingent liabilities of the Group as at 10 December 2004 comprise :

	RM'000
Corporate guarantees for subsidiaries	<u>31,204</u>

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2004

B1 Review of performance

The Group recorded a revenue of RM112.9 million for the financial period ended 31 October 2004, an increase of 57.4% as compared with the preceding year corresponding financial period's revenue of RM71.8 million. The increase in revenue was mainly attributable to an improvement in sales in the stretch film business within the industrial packaging division and the consolidation of the results of Scientex Packaging Berhad ("SCIPACK") since March 2004 upon SCIPACK becoming a subsidiary of the Company.

Profit before taxation of the Group for the financial period ended 31 October 2004 was RM8.3 million, an increase of 111% over the profit before taxation of RM3.9 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 industrial packaging division.

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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 RM8.3 million, an increase of 30.7% as compared with RM6.4 million recorded in the preceding financial quarter. The increase in profit before taxation was mainly attributable to higher revenue and contribution from the industrial packaging division.

B3 Current financial year prospects

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

B4 Variations of actual profit from forecast profit

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

B5 Taxation

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

	3 months ended	
	31.10.2004	31.10.2003
	RM'000	RM'000
In respect of current quarter :		
- Income tax	949	858
In respect of prior year :		
- Income tax	84	-
	<u>1,033</u>	<u>858</u>
Share of taxation of associates	69	38
	<u>1,102</u>	<u>896</u>

The Group's effective tax rates for the current financial quarter is lower than the statutory income tax rate mainly due to utilisation of reinvestment allowances.

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

There was no profit or loss on sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the current interim period under review.

B7 Quoted securities

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

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

	RM'000
At cost	<u>1,492</u>
At net book value	<u>1,492</u>
At market value	<u>1,339</u>

B8 Status of corporate proposals

The Group does not have any material corporate proposal that has been announced but not completed as at the date of this quarterly report.

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B9 Borrowings and debt securities

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

a) Long Term Borrowings	RM'000
Term Loan	
- Secured	10,778
- Unsecured	15,888
	<u>26,666</u>
b) Short Term Borrowings	
- Secured	
Term loan	9,747
Other bank borrowings	9,443
	<u>19,190</u>
- Unsecured	
Term loan	8,421
Other bank borrowings	35,764
	<u>44,185</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.

B12 Dividends

The Directors do not recommend any dividends for the current quarter under review.

B13 Earnings per share

		3 months ended	
		31.10.2004	31.10.2003
a) Basic earnings per share			
Net profit for the period	(RM'000)	4,973	1,995
Weighted average number of ordinary shares in issue	('000)	61,836	61,814
Basic earnings per share	(sen)	<u>8.04</u>	<u>3.23</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

14 December 2004