

SCIENTEX INCORPORATED BERHAD

(Company No : 7867-P)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT **FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2005**

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134, 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 quarter under review.

A5 Material changes in estimates

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.

A6 Changes in debts and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter under review, except for the balance of 180,000 shares which were held as treasury shares as at the date of this quarterly report and the issuance of 94,000 ordinary shares of RM1.00 each under the Employees' Share Option Scheme ("ESOS") at an issue price of RM2.08 per ordinary share.

A7 Dividends paid

The Company had declared an interim dividend in respect of the financial year ending 31 July 2005, of 7% less 28% taxation on 61,908,400 ordinary shares, amounting to a dividend payable of RM3,120,183 (5 sen net per share). The dividend was paid on 18 May 2005.

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A8 Segment information

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

Current year quarter ended 30 April 2005

| <u>Revenue</u> | RM'000 |
|-------------------------------------|----------------|
| Manufacturing | 114,555 |
| Property development | 18,608 |
| Trading | 2,871 |
| Investment holdings | 773 |
| Elimination : Inter-segment revenue | (918) |
| Total revenue | <u>135,889</u> |

Results

| | |
|------------------------|--------------|
| Manufacturing | 5,830 |
| Property development | 4,251 |
| Trading | 119 |
| Investment holdings | 2,144 |
| Elimination | (3,565) |
| Profit from operations | <u>8,779</u> |

Current year to date ended 30 April 2005

| <u>Revenue</u> | RM'000 |
|-------------------------------------|----------------|
| Manufacturing | 318,537 |
| Property development | 48,275 |
| Trading | 7,961 |
| Investment holdings | 11,257 |
| Elimination : Inter-segment revenue | (11,396) |
| Total revenue | <u>374,634</u> |

Results

| | |
|------------------------|---------------|
| Manufacturing | 17,736 |
| Property development | 11,456 |
| Trading | 388 |
| Investment holdings | 13,185 |
| Elimination | (14,961) |
| Profit from operations | <u>27,804</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.

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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

There were no material changes in the composition of the Group during the current financial quarter under review.

A12 Changes in contingent liabilities or contingent assets of the Group

There were no contingent liabilities or assets for the Group as at the end of the current financial quarter under review.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS **OF BURSA MALAYSIA SECURITIES BERHAD** **INTERIM FINANCIAL REPORT** **FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2005**

B1 Review of performance

The Group recorded a revenue of RM374.6 million for the financial period ended 30 April 2005, an increase of 55.0% as compared with the preceding year corresponding financial period's revenue of RM241.7 million. The increase in revenue was mainly attributable to improved sales especially from the industrial packaging division as a result of increased capacity for stretch film. The property division also contributed to the increase in revenue.

Profit before taxation of the Group for the financial period ended 30 April 2005 was RM26.4 million, an increase of 48.9% over the profit before taxation of RM17.7 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 and property division. In addition, there was also an improvement in the performance of the polymer division.

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

For the current financial quarter under review, the Group recorded a profit before taxation of RM8.5 million, a decrease of 11.9% as compared with RM9.6 million recorded in the preceding financial quarter. The higher profit before taxation in the preceding financial quarter was mainly due to the gain on disposal of quoted investments which was not in the ordinary course of business. Excluding the non-operational gain in the preceding financial quarter, there is a marginal improvement in the profit before taxation in the current financial quarter.

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.

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B5 Taxation

Details of tax expense for the current financial quarter and current year to date were as follows : -

| | 3 months ended | | 9 months ended | |
|--|----------------|--------------|----------------|--------------|
| | 30.04.2005 | 30.04.2004 | 30.04.2005 | 30.04.2004 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| In respect of current quarter : | | | | |
| - Income tax | 835 | 1,147 | 3,323 | 2,921 |
| - Transfer (from) / to deferred taxation | - | (116) | - | (116) |
| In respect of prior year : | | | | |
| - Income tax | - | 23 | 84 | 53 |
| | <u>835</u> | <u>1,054</u> | <u>3,407</u> | <u>2,858</u> |
| Share of taxation of associates | 212 | 31 | 220 | 84 |
| | <u>1,047</u> | <u>1,085</u> | <u>3,627</u> | <u>2,942</u> |

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

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

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

B7 Quoted securities

(a) Total disposal of quoted securities for the current financial quarter and current year to date ended 30 April 2005 are as follows : -

| | 3 months ended | | 9 months ended | |
|-------------------------------|----------------|------------|----------------|--------------|
| | 30.04.2005 | 30.04.2005 | 30.04.2005 | 30.04.2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Total sales proceeds | | | <u>117</u> | <u>1,460</u> |
| Total gain/(loss) on disposal | | | <u>29</u> | <u>(27)</u> |

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

(b) There are no investments in quoted securities as at 30 April 2005.

B8 Status of corporate proposals

There are no material corporate proposals announced and not completed during the current financial quarter under review.

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B9 Borrowings and debt securities

The Group's borrowings as at 30 April 2005 were as follows :-

| | | |
|---|----------------|---------------|
| a) Long Term Borrowings | | RM'000 |
| Term Loan | | |
| -Secured | | 5,741 |
| -Unsecured | | 9,797 |
| | | <u>15,538</u> |
| b) Short Term Borrowings | | |
| - Secured | | |
| Term loan | | 7,307 |
| Other bank borrowings | | 1,500 |
| | | <u>8,807</u> |
| - Unsecured | | |
| Term loan | | 9,603 |
| Other bank borrowings | | 38,102 |
| | | <u>47,705</u> |
| | | RM'000 |
| Included in total borrowings are borrowings denominated in foreign currencies | | Equivalent |
| - United States Dollars | USD 1,264,000 | 4,803 |
| - Japanese Yen | Yen 60,000,000 | 2,174 |
| | | <u>6,977</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

An interim dividend of 7% less 28% tax has been declared for the financial year ending 31 July 2005.

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B13 Earnings per share

| a) Basic earnings per share | | 3 months ended | | 9 months ended | |
|---|----------|----------------|-------------|----------------|--------------|
| | | 30.04.2005 | 30.04.2004 | 30.04.2005 | 30.04.2004 |
| Net profit for the period | (RM'000) | 5,081 | 3,749 | 15,960 | 12,070 |
| Weighted average number of ordinary shares in issue | ('000) | 61,908 | 61,814 | 61,884 | 61,814 |
| Basic earnings per share | (sen) | <u>8.21</u> | <u>6.07</u> | <u>25.79</u> | <u>19.53</u> |

b) Fully diluted earnings per share

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

However, the fully diluted earnings per share is not presented as any proposed exercising of warrants would result in anti-dilutive situation, and the unexercised ESOS options have lapsed as a result of the expiry of the ESOS on 22 September 2004.

By Order of the Board

Gary Tan Beng Chai
Company Secretary

28 June 2005