



SCIENTEX INCORPORATED BERHAD

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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial year ended 31st July 2006

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 July 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.07.2006 RM'000	Preceding year corresponding quarter 31.07.2005 RM'000	Current year to date 31.07.2006 RM'000	Preceding year (Audited) 31.07.2005 RM'000
Revenue	154,540	132,940	586,119	507,572
Operating profit	12,905	10,560	47,968	38,029
Interest expense	(1,109)	(1,053)	(3,699)	(3,538)
Investing results	171	220	541	1,493
Profit before tax	11,967	9,727	44,810	35,984
Taxation	(1,517)	(170)	(7,257)	(3,368)
Profit after tax	10,450	9,557	37,553	32,616
Minority interest	(1,872)	(2,407)	(8,895)	(9,498)
Net profit for the year	8,578	7,150	28,658	23,118
Earnings per share (sen)				
(i) Basic	13.56	11.55	45.87	37.35
(ii) Diluted	13.38	11.42	45.21	n/a

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2005)



SCIENTEX INCORPORATED BERHAD

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

CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 July 2006

	AS AT END OF FINANCIAL YEAR ENDED 31.07.2006 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.07.2005 RM'000 (Restated)
Non-current assets		
Property, plant and equipment	229,713	200,898
Land held for development	109,296	100,650
Investment in associates	13,813	13,383
Other investments	4,598	5,179
Intangible assets	2,088	2,059
	359,508	322,169
Current assets		
Development properties	24,233	15,003
Inventories	61,016	66,857
Trade and other receivables	117,541	107,375
Cash and cash equivalents	25,285	20,486
	228,075	209,721
Current liabilities		
Trade payables and other payables	106,852	73,729
Borrowings	64,754	81,341
Provision for taxation	2,132	809
Redeemable preference shares	-	802
	173,738	156,681
Net current assets	54,337	53,040
	413,845	375,209
Financed by :		
Share capital	63,525	62,088
Reserves	195,011	173,203
Shareholders' equity	258,536	235,291
Minority interests	94,064	92,740
	352,600	328,031
Non-current liabilities		
Borrowings	23,985	9,411
Other long term liabilities	186	255
Deferred tax liabilities	37,074	37,512
	61,245	47,178
	413,845	375,209
Net assets per share attributable to ordinary equity holders of the parent (RM)	4.09	3.80

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 July 2005)



SCIENTEX INCORPORATED BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 July 2006**

	Reserves									Total RM'000
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Share buybacks reserves RM'000	Non-distributable			Distributable		
Foreign exchange reserves RM'000					Treasury shares RM'000	Warrant and other reserves RM'000	Capital redemption reserves RM'000	Retained profits RM'000		
At 1 August 2005	62,088	9,092	47,245	387	(375)	(387)	461	12,300	112,540	243,351
Prior year adjustments (Note A13)	-	-	-	-	-	-	-	-	(8,060)	(8,060)
At 1 August 2005 (restated)	62,088	9,092	47,245	387	(375)	(387)	461	12,300	104,480	235,291
Net profit for the year	-	-	-	-	-	-	-	-	28,658	28,658
Dividend	-	-	-	-	-	-	-	-	(8,133)	(8,133)
Redemption of preference shares	-	-	-	-	-	-	-	1,200	(1,200)	-
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(396)	-	-	-	-	(396)
Issue of share capital	1,437	2,141	-	-	-	-	-	-	-	3,578
Purchase of treasury shares	-	-	-	-	-	(462)	-	-	-	(462)
At 31 July 2006	63,525	11,233	47,245	387	(771)	(849)	461	13,500	123,805	258,536
At 1 August 2004	61,994	8,990	47,245	387	(111)	(387)	461	6,750	102,550	227,879
Net profit for the year	-	-	-	-	-	-	-	-	23,118	23,118
Dividend	-	-	-	-	-	-	-	-	(7,578)	(7,578)
Redemption of preference shares	-	-	-	-	-	-	-	5,550	(5,550)	-
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(264)	-	-	-	-	(264)
Issued during the financial period pursuant to ESOS	94	102	-	-	-	-	-	-	-	196
At 31 July 2005	62,088	9,092	47,245	387	(375)	(387)	461	12,300	112,540	243,351

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2005)



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 July 2006

	12 MONTHS ENDED 31.07.2006 RM'000	12 MONTHS ENDED 31.07.2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,810	35,984
Adjustments for :		
Non-cash items	20,559	20,786
Non-operating items	1,465	257
Operating profit before working capital changes	<u>66,834</u>	<u>57,027</u>
Net changes in working capital	20,539	(6,112)
Cash generated from operations	<u>87,373</u>	<u>50,915</u>
Interest received	291	239
Interest paid	(3,699)	(3,538)
Taxation paid	<u>(5,191)</u>	<u>(4,717)</u>
Net cash generated from operating activities	<u>78,774</u>	<u>42,899</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	45	76
Repayment of preference shares	(802)	(3,700)
Purchase of other investments	-	(136)
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(30)
Purchase of additional shares in existing subsidiaries	(5,551)	(11,477)
Purchase of property, plant and equipment	(60,665)	(41,196)
Proceeds from part disposal of shares in a subsidiary	-	7,094
Proceeds from disposal of other investments	-	1,509
Proceeds from disposal of property, plant and equipment	1,597	360
Net cash used in investing activities	<u>(65,376)</u>	<u>(47,500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(10,697)	(10,021)
Proceeds from exercise of ESOS and warrants in a subsidiary	-	15,687
Proceeds from issuance of ordinary shares arising from :		
- conversion of warrants	3,577	-
- exercise of ESOS	-	196
Repurchase of Company's share	(462)	-
Net drawdown / (repayment) of term loans	14,327	(29,181)
Net (repayment) / drawdown of short term borrowings	<u>(15,643)</u>	<u>22,102</u>
Net cash used in financing activities	<u>(8,898)</u>	<u>(1,217)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,500	(5,818)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>19,871</u>	<u>25,689</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>24,371</u>	<u>19,871</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	22,792	16,393
Short term deposits	2,493	4,093
Bank overdrafts	(914)	(615)
	<u>24,371</u>	<u>19,871</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2005)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JULY 2006

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("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 2005.

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 2005, except for the accounting policy with respect to FRS 112 Income Taxes on the treatment of deferred tax assets arising from reinvestment allowances ("RA") as disclosed below:

FRS 112: Income Taxes

The Group had in the past, under the guidance of the statutory auditors of the Group, regarded RA as unutilised tax credits, taking the interpretation of paragraph 37 FRS 112 Income Taxes and recognised the deferred tax assets arising from RA to the extent of the deferred tax liabilities. In the current period, following a recent interpretation by the Malaysian Accounting Standards Board and as advised by the statutory auditors of the Group not to recognise the deferred tax assets arising from RA, the Group have restated its prior year retained profits, minority interest and deferred tax liabilities arising therefrom.

A2 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2005 was not qualified.

A3 Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

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 financial quarter 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 financial quarter 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 except for the followings :

(i) Treasury shares

During the financial year ended 31 July 2006, the Company repurchased 167,800 ordinary shares of its issued share capital from the open market for a total cost of RM462,224. The repurchased shares are held as treasury shares. As at 31 July 2006, the number of treasury shares held is 347,800 ordinary shares.

(ii) Conversion of warrants

During the financial year ended 31 July 2006, the Company issued 1,436,700 ordinary shares of RM1 each arising from the conversion of warrants at an issue price of RM2.49 per ordinary share.

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A7 Dividends paid

A final dividend of 11% less 28% taxation in respect of the previous financial year ended 31 July 2005 had been declared on 20 December 2005. The total dividend amounted to RM4,970,529 was paid on 28 February 2006.

A first interim dividend of 5% tax exempt in respect of the financial year ended 31 July 2006 had been declared on 21 March 2006. The total dividend amounted to RM3,162,655 was paid on 15 May 2006.

A8 Segment information

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

Current financial quarter ended 31 July 2006

<u>Revenue</u>	RM'000
Manufacturing	123,407
Property development	27,291
Trading	3,840
Investment holdings	16,984
Elimination : Inter-segment revenue	(16,982)
Total revenue	<u>154,540</u>

<u>Results</u>	RM'000
Manufacturing	6,349
Property development	6,678
Trading	204
Investment holdings	14,863
Elimination	(15,189)
Profit from operations	<u>12,905</u>

Current year to date ended 31 July 2006

<u>Revenue</u>	RM'000
Manufacturing	471,180
Property development	102,099
Trading	12,833
Investment holdings	22,054
Elimination : Inter-segment revenue	(22,047)
Total revenue	<u>586,119</u>

<u>Results</u>	
Manufacturing	25,470
Property development	21,666
Trading	559
Investment holdings	15,715
Elimination	(15,442)
Profit from operations	<u>47,968</u>

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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 2005.

A10 Events subsequent to the end of the reporting period

Subsequent to the end of the current financial quarter:

(i) Treasury Shares

The Company repurchased 2,793,200 ordinary shares of its issued share capital from the open market for a total cost of approximately RM7,759,000. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 3,141,000.

(ii) Conversion of warrants

The Company issued 583,100 ordinary shares of RM1 each through the conversion of warrants at an issue price of RM2.49 per ordinary share. As a result, the total number of ordinary shares increased from 63,525,100 to 64,108,200.

(iii) Disposal of subsidiary

On 9 August 2006, a subsidiary of the Company, Scientex Metro Holdings Sdn. Bhd. ("SMHSB") entered into a Share Sale and Purchase Agreement ("Agreement") to dispose of its entire equity interest of 652,837 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital in Scientex Metro Sdn. Bhd. ("SMSB") for a total cash consideration of RM4,100,000. Upon completion of the Agreement, SMHSB shall enter into a put option agreement with the purchaser wherein SMHSB shall grant the purchaser an option to sell and the right to require SMHSB to purchase the entire issued and paid-up share capital of SMSB at an option price of RM4,100,000. The put option expires on the date of issuance of Certificate of Fitness for Occupation for any building that may be erected on the land held by SMSB or a period of two years from the date of the put option agreement, whichever is earlier.

Upon completion of the Agreement, SMSB will cease to be a subsidiary of the Group.

Other than the above, there were no material events subsequent to the end of the current financial quarter 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 Contingent liabilities

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

SCIENTEX INCORPORATED BERHAD(Company No : 7867-P)
(Incorporated in Malaysia)**A13 Comparatives**

The following comparative amounts have been restated to conform with the provisions of FRS 112 Income Taxes as explained under Note A1.

	Previously Stated RM'000	Adjustment RM'000	Restated RM'000
As at 31 July 2005			
Retained profits	112,540	(8,060)	104,480
Minority interest	97,794	(5,054)	92,740
Deferred tax liabilities (Note a)	24,398	13,114	37,512
<u>Note a</u>	Previously stated RM'000	Derecognition of DTA RM'000	Restated RM'000
Deferred tax liabilities	39,269	-	39,269
Deferred tax assets	(14,871)	13,114	(1,757)
	<u>24,398</u>	<u>13,114</u>	<u>37,512</u>

As at 31 July 2005, the Group has unabsorbed RA not recognised as deferred tax asset ("DTA") amounted to approximately RM60,843,000 which are available indefinitely to offset against future taxable profits of the Group. The increase of the unabsorbed RA from approximately RM14,008,000 to approximately RM60,843,000 is due to the reversal of unabsorbed RA recognised as DTA in the prior years amounting to approximately RM13,114,000 (RM46,835,000 @ 28%).

The effect of the prior year adjustments are as follows:

	Previously stated RM'000	Derecognition of DTA RM'000	Restated RM'000
Unabsorbed RA not recognised as DTA	14,008	46,835	60,843

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 JULY 2006

B1 Review of performance

The Group recorded a revenue of RM586.1 million for the financial year ended 31 July 2006, an increase of approximately 15.5% as compared with the preceding year corresponding financial year's revenue of RM507.6 million. The increase in revenue was mainly attributable to higher sales contribution from the property and industrial packaging division.

Profit before taxation of the Group for the financial year ended 31 July 2006 was RM44.8 million, an increase of approximately 24.5% over the profit before taxation of RM36.0 million recorded in the preceding year corresponding financial year. The higher profit before tax achieved by the Group was due to better performance by all divisions.

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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 revenue of RM154.5 million, an increase of approximately 10.7% as compared to the preceding quarter. The increase was mainly due to improvement in sales from the property and industrial packaging division.

Profit before taxation increased by 12.3%, from RM10.7 million to RM12.0 million. The increase was in line with the increase in revenue.

B3 Current financial year prospects

The Group has embarked on the investment of three new extrusion stretch film machinery which will increase the production capacity of the stretch film plant in Pulau Indah. The expansion is expected to further strengthen the Group's involvement in stretch film business. The Group has recently launched and will also be launching more new residential properties and implement more aggressive marketing strategies to increase demand for the properties in Johor.

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance for the financial year ending 31 July 2007 is expected to be satisfactory.

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 financial quarter under review.

B5 Taxation

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

	3 months ended		12 months ended	
	31.07.2006 RM'000	31.07.2005 RM'000	31.07.2006 RM'000	31.07.2005 RM'000
In respect of current quarter / year :				
- Income tax	1,744	713	7,377	4,001
- Transfer from deferred taxation	(438)	(196)	(438)	(603)
In respect of prior year :				
- Income tax	30	(356)	81	(259)
	<u>1,336</u>	<u>161</u>	<u>7,020</u>	<u>3,139</u>
Share of taxation of associates	181	9	237	229
	<u>1,517</u>	<u>170</u>	<u>7,257</u>	<u>3,368</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 tax incentives by some of the subsidiaries.

The Group has utilised approximately RM9,100,000 of RA in the current financial year. As at 31 July 2006, the Group has unabsorbed RA of approximately RM82,800,000 which are available indefinitely to offset against future taxable profits of the Group, subject to the agreement of the Inland Revenue Board.

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 financial quarter under review.

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B7 Quoted securities

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

(b) There were no investments in quoted securities as at the end of the current financial quarter under review.

B8 Status of corporate proposals

There were no material corporate proposals announced and not completed as at the date of this report.

B9 Borrowings and debt securities

The Group's borrowings as at 31 July 2006 were as follows : -

a) Long Term Borrowings	RM'000	RM'000
Term Loan		
-Secured	511	
-Unsecured	<u>23,474</u>	23,985
b) Short Term Borrowings		
- Secured		
Term loan	893	
Other bank borrowings	7,824	
- Unsecured		
Term loan	6,916	
Other bank borrowings	<u>49,121</u>	64,754
		<u>88,739</u>
Included in total borrowings are borrowings denominated in foreign currencies		RM'000
- United States Dollars		Equivalent 40,350
- Japanese Yen		<u>160</u>
		<u>40,510</u>

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B10 Off balance sheet financial instruments

As at 15 September 2006, the Group had entered into foreign exchange options to hedge its exposure in US Dollar.

Foreign Currency	Contract amount (USD'000)	Maturity Date
US Dollar	4,000	20/09/06 - 10/01/07

Foreign exchange options are entered into to hedge the Group's exposure in foreign currencies. The contracted rates will be used to convert the foreign currency amounts into Ringgit Malaysia.

The Group does not foresee any significant credit and market risks associated with the above foreign exchange options as these contracts are entered into with credit worthy financial institutions.

Any exchange differences is recognised in the income statement upon maturity of the options.

There are no cash outlay requirements for the above foreign exchange options.

Other than as disclosed above, there were no other off balance sheet financial instruments entered into by the Group as at the date of this report.

B11 Material litigation

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

B12 Dividends

In respect of the financial year ended 31 July 2006, the Directors declared a second interim dividend of 5% less 28% taxation and a special dividend of 10% less 28% taxation. The dividend will be payable on 15 November 2006.

B13 Earnings per share

		3 months ended		12 months ended	
		31.07.2006	31.07.2005	31.07.2006	31.07.2005
a) Basic earnings per share					
Net profit for the period / year	(RM'000)	8,578	7,150	28,658	23,118
Weighted average number of ordinary shares in issue	('000)	63,247	61,908	62,477	61,890
Basic earnings per share	(sen)	13.56	11.55	45.87	37.35

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B13 Earnings per share (Contd.)**b) Fully diluted earnings per share**

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the financial quarter and current year to date has been adjusted for the effects of dilutive potential ordinary shares due to the conversion of warrants into ordinary shares.

The fully diluted earnings per share is not presented for the preceding year corresponding financial year as any conversion of warrants would result in anti-dilutive situation.

		3 months ended		12 months ended	
		31.07.2006	31.07.2005	31.07.2006	31.07.2005
Net profit for the period / year	(RM'000)	8,578	7,150	28,658	23,118
Weighted average number of ordinary shares in issue	('000)	63,247	61,908	62,477	61,890
Number of shares that would have been issued due to the conversion of warrants at no consideration	('000)	881	697	907	-
Adjusted weighted average number of ordinary shares in issue	('000)	64,128	62,605	63,384	61,890
Diluted earnings per share	(sen)	13.38	11.42	45.21	n/a

By Order of the Board

Lau Wing Hong (MAICSA 7010572)
Company Secretary

22 September 2006