



SCIENTEX INCORPORATED BERHAD

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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 January 2007

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial quarter ended 31 January 2007

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31.01.2007 RM'000	Preceding year corresponding quarter 31.01.2006 RM'000	Current year to date 31.01.2007 RM'000	Preceding year corresponding period 31.01.2006 RM'000
Revenue	157,921	146,714	314,377	291,935
Operating profit	13,244	11,824	26,638	23,424
Interest expense	(1,073)	(816)	(2,212)	(1,719)
Investing results	249	210	324	482
Profit before tax	12,420	11,218	24,750	22,187
Taxation	630	(2,027)	(1,155)	(3,900)
Net profit for the period	13,050	9,191	23,595	18,287
Attributable to:				
Equity holders of the parent	10,765	6,603	18,969	13,439
Minority interest	2,285	2,588	4,626	4,848
Net profit for the period	13,050	9,191	23,595	18,287
Earnings per share attributable to equity holders of the parent (sen):				
Basic	16.35	10.66	29.46	21.70
Diluted	n/a	10.48	n/a	21.43

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2006)



SCIENTEX INCORPORATED BERHAD

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

CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 January 2007

	AS AT END OF FINANCIAL QUARTER ENDED 31.01.2007 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.07.2006 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	194,057	194,909
Land held for development	107,669	109,296
Prepaid lease payments	34,785	38,404
Investment in associates	14,188	13,813
Other investments	4,435	4,598
Intangible assets	1,640	2,088
	356,774	363,108
Current assets		
Development properties	30,908	24,233
Inventories	65,769	60,858
Trade and other receivables	123,869	117,702
Cash and cash equivalents	25,821	25,910
	246,367	228,703
Current liabilities		
Trade payables and other payables	103,795	107,430
Borrowings	78,981	65,158
Provision for taxation	1,474	2,124
	184,250	174,712
Net current assets	62,117	53,991
	418,891	417,099
Financed by :		
Share capital	70,000	63,525
Reserves	196,558	196,923
Equity attributable to equity holders of the parent	266,558	260,448
Minority interests	95,620	95,024
Total equity	362,178	355,472
Non-current liabilities		
Borrowings	19,496	23,984
Other long term liabilities	293	250
Deferred tax liabilities	36,924	37,393
	56,713	61,627
	418,891	417,099
Net assets per share attributable to ordinary equity holders of the parent (RM)	4.13	4.12

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 July 2006)



SCIENTEX INCORPORATED BERHAD
(Company No: 7867-P)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2007**

	Attributable to Equity Holders of the Parent											Total RM'000
	Reserves										Minority interests RM'000	
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Share buybacks reserves RM'000	Foreign exchange reserves RM'000	Treasury shares RM'000	Warrant and other reserves RM'000	Capital redemption reserves RM'000	Equity compensation reserve RM'000	Retained profits RM'000		
At 1 August 2006	63,525	11,232	49,613	-	(770)	(849)	461	13,500	-	123,736	95,024	355,472
Net profit for the period	-	-	-	-	-	-	-	-	-	18,969	4,626	23,595
Issued during the financial period pursuant to warrants	8,394	12,507	-	-	-	-	-	-	-	-	-	20,901
Acquisition of treasury shares	-	-	-	-	-	(22,047)	-	-	-	-	-	(22,047)
Cancellation of treasury shares	(1,919)	(5,545)	-	-	-	5,545	-	1,919	-	-	-	-
Share-based payment under ESOS	-	-	-	-	-	-	-	-	81	-	51	132
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(727)	-	-	-	-	-	-	(727)
Additional interest in existing subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,212)	(1,212)
Share of foreign exchange reserves	-	-	-	-	-	-	-	-	-	-	(320)	(320)
Dividend	-	-	-	-	-	-	-	-	-	(11,067)	(2,549)	(13,616)
At 31 January 2007	70,000	18,194	49,613	-	(1,497)	(17,351)	461	15,419	81	131,638	95,620	362,178
At 1 August 2005	62,088	9,092	47,245	387	(375)	(387)	461	12,300	-	112,540	97,794	341,145
Prior year adjustments (Note A2)	-	-	-	-	-	-	-	-	-	(8,056)	(5,054)	(13,110)
At 1 August 2005 (restated)	62,088	9,092	47,245	387	(375)	(387)	461	12,300	-	104,484	92,740	328,035
Net profit for the period	-	-	-	-	-	-	-	-	-	13,439	4,848	18,287
Issued during the financial period pursuant to warrants	652	971	-	-	-	-	-	-	-	-	-	1,623
Acquisition of treasury shares	-	-	-	-	-	(3)	-	-	-	-	-	(3)
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(148)	-	-	-	-	-	-	(148)
Additional interest in existing subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,367)	(1,367)
Share of foreign exchange reserve	-	-	-	-	-	-	-	-	-	-	(47)	(47)
Dividend	-	-	-	-	-	-	-	-	-	-	(2,499)	(2,499)
Redemption of preference shares	-	-	-	-	-	-	-	1,200	-	(1,200)	-	-
At 31 January 2006	62,740	10,063	47,245	387	(523)	(390)	461	13,500	-	116,723	93,675	343,881

(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2006)



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the financial period ended 31 January 2007

	6 MONTHS ENDED 31.01.2007 RM'000	6 MONTHS ENDED 31.01.2006 RM'000
Net cash generated from operating activities	12,118	36,342
Net cash used in investing activities	(6,936)	(31,102)
Net cash used in financing activities	(5,739)	(7,163)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(557)	(1,923)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,591	19,871
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	24,034	17,948

Cash and cash equivalents in the cash flow statement comprise :

Cash and bank balances	21,781	16,494
Short term deposits	4,040	2,093
Bank overdrafts	(1,787)	(639)
	24,034	17,948

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2006)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2007

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 2006.

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 2006, except for the adoption of the following new/revised FRSs effective for financial period beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the following revised FRS for the financial period beginning 1 August 2006.

FRS 117	Leases
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The adoption of FRS 102, 108, 110, 116, 121, 127, 128, 132, 133, 136, 138 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 2: Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

One of the Company's subsidiaries operates an equity-settled, share-based compensation plan for the employees of the Group, the Scientex Packaging Berhad Executives' Share Option Scheme ("ESOS"). Prior to 1 August 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity compensation reserve.

The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at grant date and the number of share options to be vested by vesting date. The fair value of the share option is computed using a binomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to be vested by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. The application is retrospective. The financial impact to the Group arising from this change in accounting policy is as follow:

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A1 Basis of preparation (Contd.)

(a) FRS 2: Share-based Payment (Contd.)

	3 months ended		6 months ended	
	31.01.2007	31.01.2006	31.01.2007	31.01.2006
	RM'000	RM'000	RM'000	RM'000
Decrease in net profit for the period	-	-	132	-
Decrease in net profit attributable to equity holders of the parent	-	-	81	-

(b) FRS 3: Business Combinations

The adoption of the revised FRS 3 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 August 2006, goodwill was amortised on a straight-line basis over its estimated useful life of five (5) years.

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total net profit or loss for the period. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total equity attributable to equity holders of the parent and to minority interests.

The current financial quarter's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current financial quarter's presentation.

(d) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in accounting policy relating to the classification of leasehold land. Leasehold land was previously classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses. With the adoption of FRS 117, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed under FRS 117 Paragraph 67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively. Comparatives which have been restated due to this change in accounting policy are disclosed in Note A2.

A2 Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	Previously stated	Adjustments		Restated
		FRS 2	FRS 117	
	RM'000	RM'000	RM'000	RM'000
As at 31 July 2006				
Property, plant and equipment	233,313	-	(38,404)	194,909
Prepaid lease payments	-	-	38,404	38,404

A3 Audit report

The Group's preceding annual financial statements for the financial year ended 31 July 2006 was not qualified.

A4 Seasonal or cyclical factors

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

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A5 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.

A6 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.

A7 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 following :

(a) Treasury shares

During the current financial period ended 31 January 2007, the Company repurchased 7,053,200 ordinary shares of its issued share capital from the open market for a total cost of RM22.0 million. The repurchased shares are held as treasury shares. As at 31 January 2007, the number of treasury shares held is 5,482,244 ordinary shares upon the cancellation of 1,918,756 treasury shares.

(b) Conversion of warrants

During the current financial period ended 31 January 2007, the Company issued 8,393,656 ordinary shares of RM1.00 each arising from the conversion of warrants at an issue price of RM2.49 per ordinary share. The warrants expired on 4 December 2006.

A8 Dividends paid

A final dividend of 6% tax exempt in respect of the previous financial year ended 31 July 2006 has been approved by the shareholders at the Annual General Meeting on 28 December 2006. The total dividend amounted to RM3,929,319 was paid on 30 January 2007.

A9 Segment information

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

Current financial quarter ended 31 January 2007

<u>Revenue</u>	RM'000
Manufacturing	126,317
Property development	21,703
Trading	9,897
Investment holding	5,197
Elimination : Inter-segment revenue	(5,193)
Total revenue	<u>157,921</u>
<u>Results</u>	RM'000
Manufacturing	7,452
Property development	5,580
Trading	219
Investment holding	3,621
Elimination	(3,628)
Operating profit	<u>13,244</u>

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A9 Segment information (Cont'd)

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

Current year to date ended 31 January 2007

<u>Revenue</u>	RM'000
Manufacturing	253,842
Property development	46,307
Trading	14,237
Investment holdings	6,858
Elimination : Inter-segment revenue	(6,867)
Total revenue	<u>314,377</u>
<u>Results</u>	
Manufacturing	13,983
Property development	11,510
Trading	437
Investment holdings	4,336
Elimination	(3,628)
Profit from operations	<u>26,638</u>

A10 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 2006.

A11 Events subsequent to the end of the reporting period

Subsequent to the end of the current financial quarter:

Treasury Shares

The Company repurchased 866,800 ordinary shares of its issued share capital from the open market for a total cost of approximately RM3,608,913. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 6,349,044.

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 statements for the said period as at the date of this report.

A12 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.

A13 Contingent liabilities

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

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ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD
INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2007

B1 Review of performance

The Group recorded a revenue of RM314.4 million for the financial period ended 31 January 2007, an increase of approximately 7.7% as compared with the preceding financial year corresponding period's revenue of RM291.9 million. The increase in revenue was mainly attributable to higher sales contribution from the industrial packaging division.

Profit before taxation of the Group for the financial period ended 31 January 2007 was RM24.8 million, an increase of approximately 11.6% over the profit before taxation of RM22.2 million recorded in the preceding financial year corresponding period. The higher profit before tax achieved by the Group was due to better performance by all divisions.

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

The revenue of RM157.9 million achieved by the Group in the current financial quarter was marginally higher as compared to the preceding quarter's revenue of RM156.5 million.

Profit before taxation of RM12.4 million was comparable to RM12.3 million recorded in the preceding financial quarter.

B3 Current financial year prospects

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 were as follows :-

	3 months ended		6 months ended	
	31.01.2007	31.01.2006	31.01.2007	31.01.2006
	RM'000	RM'000	RM'000	RM'000
In respect of current quarter:				
- Income tax	1,207	1,988	3,944	3,690
- Deferred taxation	433	-	(467)	-
In respect of prior years :				
- Income tax	(2,270)	-	(2,270)	117
	(630)	1,988	1,207	3,807
Share of taxation of associates	-	39	(52)	93
	(630)	2,027	1,155	3,900

The overprovision of tax in prior years arose as a result of a notice of reduced assessment dated 12 February 2007 issued by the Inland Revenue Board to a subsidiary of the Company in respect of Year of Assessment 2005 and its corresponding effect on provision previously set aside for Year of Assessment 2006.

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

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

There was no profit or loss on sale of unquoted investment 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

- (a) The Company had on 25 January 2007 announced the following proposed internal reorganisation, which had been completed.
- Business transfer from Scientex Auto Industries Sdn Bhd ("SAISB") and Yamatex (Malaysia) Sdn Bhd ("YMSB"), both wholly-owned subsidiaries of Scientex Polymer Sdn Bhd ("SPSB"), which is in turn a subsidiary of the Company, to SPSB for a total consideration equivalent to the net assets value of SAISB and YMSB respectively as at 28 February 2007.
 - Transfer of land and buildings by the Company to SPSB for a cash consideration of RM17,700,000.
- (b) The Company had on 31 January 2007 announced the following corporate proposals:-
- A share split of every one (1) existing ordinary share of RM1.00 each held in the Company ("SIB Shares") on an entitlement date to be determined later, into two (2) new ordinary shares of RM0.50 each in the Company ("Subdivided SIB Shares") ("Proposed Share Split").
 - A bonus issue of up to 70,000,000 new subdivided SIB shares to be credited as fully paid-up on the basis of one (1) new subdivided SIB share for every two (2) subdivided SIB shares held after the proposed share split, or up to 35,000,000 new SIB shares to be credited as fully paid-up on the basis of one (1) new SIB share for every two (2) SIB shares held in the event the proposed share split is not implemented.
 - An amendment to the memorandum and articles of association of the Company.
- The Company had received the following approvals:-
- The Securities Commission for the Proposed Share Split and the listing of and quotation for the Subdivided SIB Shares which was obtained on 8 March 2007.
 - The Bursa Securities for the Proposed Share Split and the listing of and quotation for the Subdivided SIB Shares and the Bonus Shares which was obtained on 23 February 2007.
- As at to date, the corporate proposals are still pending for completion.
- (c) The Company had on 8 March 2007 announced a proposed acquisition by Scientex Quatari Sdn Bhd, a wholly-owned subsidiary of the Company, of approximately 1,012,024 square metres (approximately 250 acres) of land held under HS(D) 180797 PTD 8006 in the Mukim of Sedenak, District of Johor Bahru for a total cash consideration of RM33,000,000.00.
- As at to date, the said proposed acquisition of the land is still pending fulfillment of certain terms and conditions in the Sale and Purchase Agreement.

B9 Borrowings and debt securities

The Group's borrowings as at 31 January 2007 were as follows :-

a) Long Term Borrowings	RM'000	RM'000
Term Loan		
-Secured	460	
-Unsecured	19,036	19,496
b) Short Term Borrowings		
- Secured		
Term loan	904	
Other bank borrowings	6,916	
- Unsecured		
Term loan	8,394	
Other bank borrowings	62,767	78,981
		<u>98,477</u>

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B9 Borrowings and debt securities (Cont'd)

The Group's borrowings as at 31 January 2007 were as follows :-

	RM'000
Included in total borrowings are borrowings denominated in foreign currencies	Equivalent
- United States Dollars	53,331
- Japanese Yen	144
	<u>53,475</u>

B10 Off balance sheet financial instruments

There were no 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

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

B13 Earnings per share

		3 months ended		6 months ended	
		31.01.2007	31.01.2006	31.01.2007	31.01.2006
a) Basic earnings per share					
Net profit attributable to equity holders of the parent	(RM'000)	10,765	6,603	18,969	13,439
Weighted average number of ordinary shares in issue	('000)	65,858	61,975	64,392	61,942
Basic earnings per share	(sen)	<u>16.35</u>	<u>10.66</u>	<u>29.46</u>	<u>21.70</u>

b) Fully diluted earnings per share

The calculation of fully diluted earnings per share for the current financial quarter and current financial year to date are 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 financial period.

However, the fully diluted earnings per share are not presented as the warrants of the Company had expired on 4 December 2006.

By Order of the Board

Lau Wing Hong (MAICSA 7010572)
Company Secretary

20 March 2007