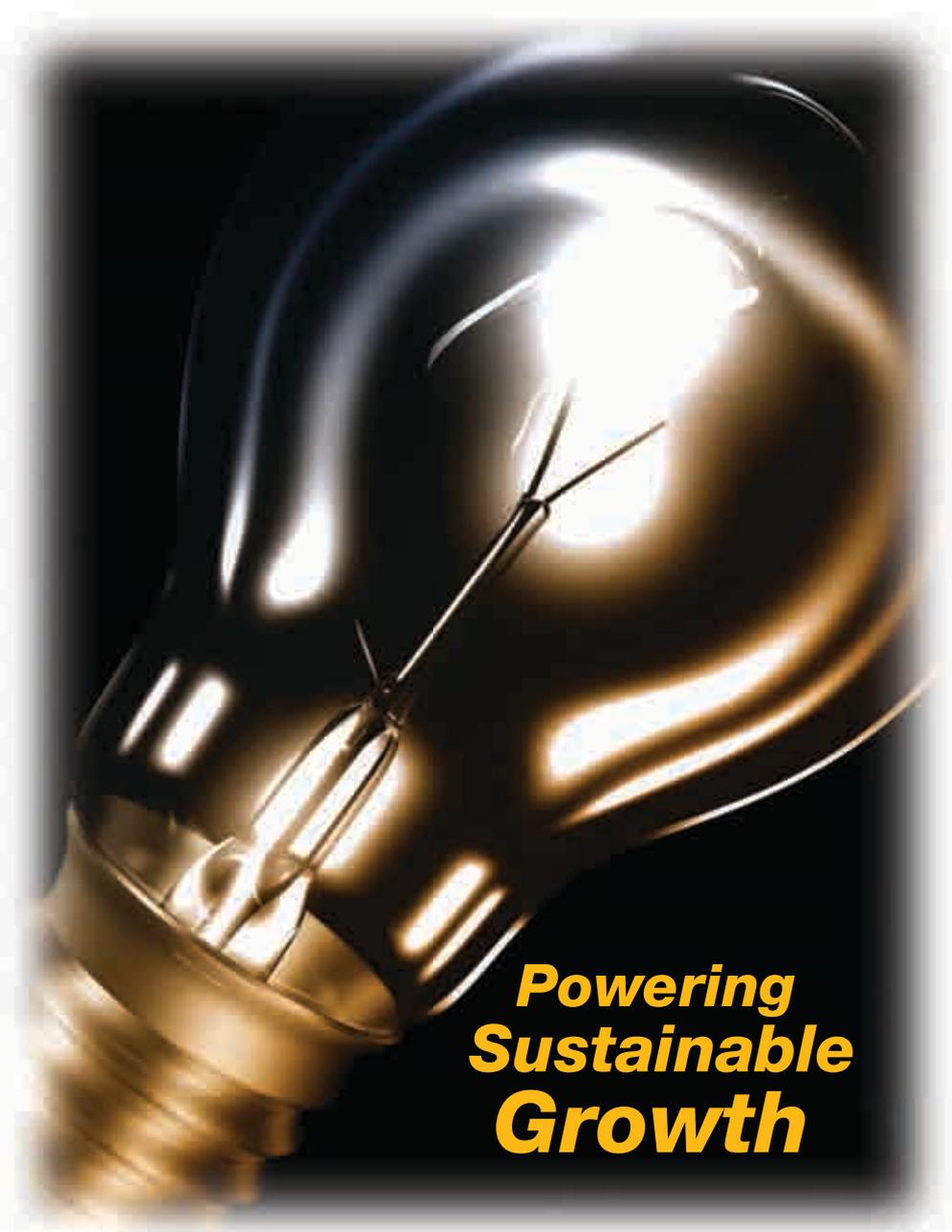


ANNUAL REPORT 2008

**40 YEARS**  
of Growth &  
Achievements  
1968 - 2008



**Powering  
Sustainable  
Growth**

**SCIENTEX**

**SCIENTEX BERHAD**

(formerly known as Scientex Incorporated Berhad)  
(Company No.: 7867-P)

# 40 YEARS

of Growth & Achievements

1968 - 2008



healthy, friendly & happy ...

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# 40 Years of Growth & Achievements

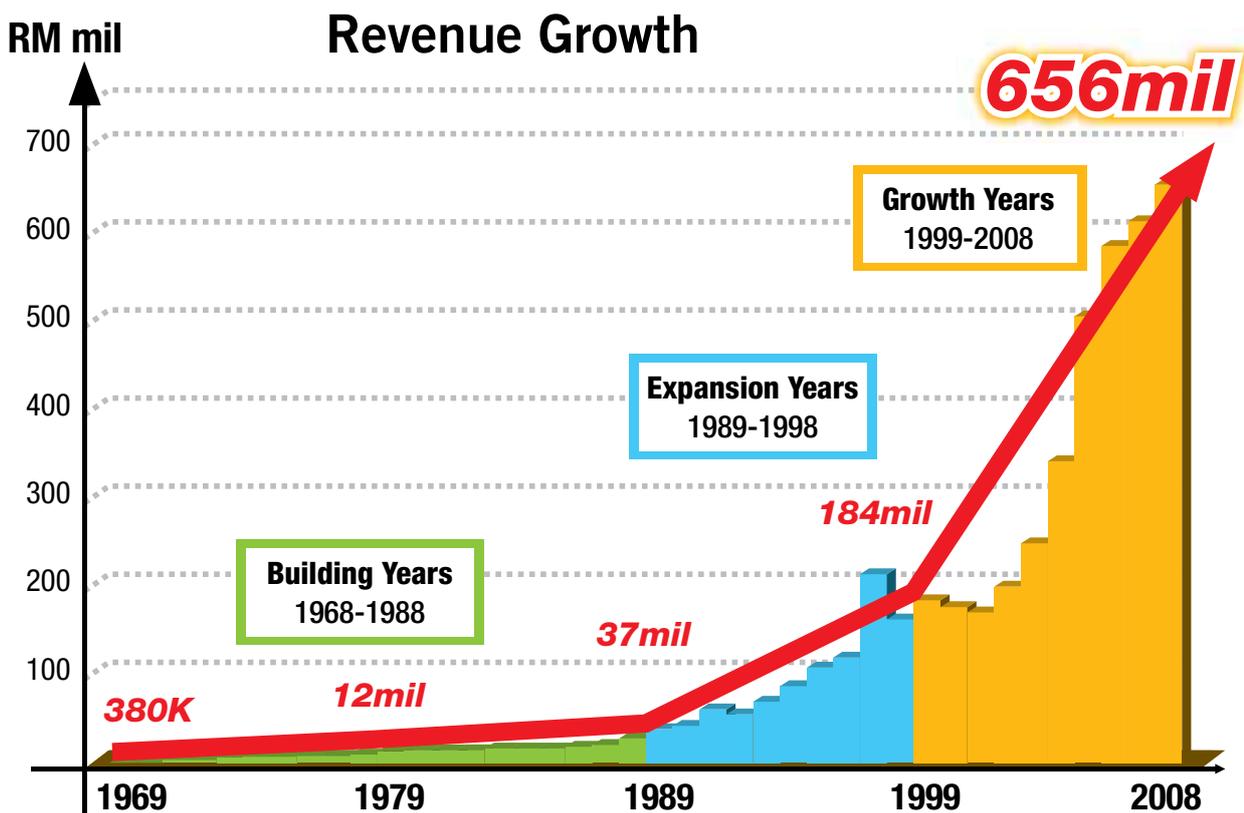


## **SCIENTEX BERHAD**

On 25 June 2008, we reached a major milestone, our 40th anniversary of corporate existence. Reflecting on our journey so far, we are proud and honoured to be able to share with you 40 years of growth and achievements which have led us to where we are today. We have indeed come a long way since our inception in 1968. During these past four decades, the Group had navigated numerous twists and turns and has grown by leaps and bounds. From our modest beginnings as a manufacturer of PVC leather cloth and sheeting, we have now diversified and expanded our operations into high-end manufacturing and property development.

The incandescent light bulb on the front cover symbolizes the inner glow, energy and innovation of Scientex Berhad. The light bulb is a great invention, giving a sense of vitality to its surroundings. The illuminating light shows the path forward to a bright future. The electricity running through the bulb signifies the positive energy and ideas that will empower Scientex to achieve sustainable growth through its highly energetic workforce that are determined to build on the successes achieved by the Group for the past 40 years.

# Corporate Milestones (1968 - 2008)



### Building Years June 25, 1968

Scientific Textile Industries Sdn Bhd was established in Johor Bahru to manufacture PVC leather & sheeting.

### 1968

Scientex began its operations with an employee size of 40 from a rented factory in Johor Bahru after purchasing a coating machine and other equipments from a defunct company.



### 1970

Scientific Textile Industries Sdn Bhd became a public company & changed its name to Scientex Industries Berhad (SIB).

### 1970

SIB acquired 3 acres of industrial land in Shah Alam for expansion & started construction of its Phase 1 factory.



### 1971

SIB acquired an additional 5 acres of industrial land in Shah Alam for its Phase 2 & 3 expansion plans.

### 1971

SIB entered into a joint venture with Nichimen Corporation and Nippon Zeon Co., Ltd to produce a wider range of PVC leather and sheeting products.



## 1971

SIB invested in Malayan Electro-Chemical Industry Co. Sdn Bhd (MECI), a PVC Resin manufacturer in Penang via a JV with MECI, Nichimen Corporation, & Nippon Zeon Co., Ltd.



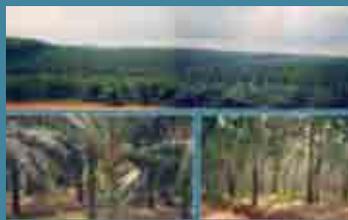
## 1974

SIB relocated its operations from Johor Bahru to Shah Alam.



## 1977

SIB diversified into plantation business by investing into Scientex Quatari Sdn Bhd which owns 1,004 acres of plantation land near Pasir Gudang, Johor.



## 1978

SIB acquired equity interest in Synthetic Resins (Malaysia) Berhad, a PVC resin manufacturer in Johor.



## Expansion Years Feb 8, 1990

SIB was listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE).



## 1990

SIB's subsidiary, Woventex Sdn Bhd commenced operations in its Melaka plant.



## 1990

SIB signed a joint venture agreement with Mitsui & Co., Ltd. and Yamato Chemical Ind. Co., Ltd. to set up Yamatex (Malaysia) Sdn Bhd to produce & market tufted carpet mats for automobiles in its Shah Alam plant.



## 1993

SIB signed a License and Technical Agreement with Yamato Chemical Ind. Co., Ltd to manufacture PVC/PP foamed sheets for automotive interior under its subsidiary, Scientex Auto Industries Sdn Bhd.



## 1993

SIB & LKN Development Pte Ltd entered into a property development joint venture to set up Scientex Park (M) Sdn Bhd to develop 328 acres of Quatari Estate called Taman Scientex.



Taman Scientex, Pasir Gudang

## 1994

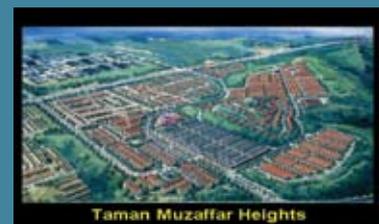
SIB invested in a subsidiary, Texland Sdn Bhd to develop 38 acres of land in Melaka into a commercial development called Plaza Pandan Malim Business Park.



Plaza Pandan Malim Business Park

## 1994

SIB invested RM18 million for acquiring a subsidiary, Scientex Aidiros Sdn Bhd to develop 186 acres of land in Ayer Keroh, Melaka into a mixed development called Taman Muzaffar Heights.



Taman Muzaffar Heights

## 1994

SIB acquired Scientex Containers Sdn Bhd which has a plant in Senawang Industrial Estate, Seremban to manufacture and market corrugated carton boxes for industrial packaging industry.



## 1995

Scientex Industries Bhd changed its name to Scientex Incorporated Bhd (SIB) to better reflect the Group's diversified activities.

## 1995

SIB entered into a joint venture with Mitsui & Co., Ltd and Tatsuta Chemical Co., Ltd to set up Rigidtex Sdn Bhd to produce general purpose calender processed PVC rigid film and sheets. The plant commenced operations in 1996.



## 1996

Opening Ceremony of Scientex Polymer (Vietnam) Co., Ltd.'s carpet mat factory in Ho Chi Minh, Vietnam. Scientex Polymer Vietnam was a joint venture between Yamato Chemical Industry Co., Ltd., Yamatex (Malaysia) Sdn Bhd & Mitsui & Co., Ltd.



## 1996

Woventex Corporation Bhd (WCB) was successfully listed on the 2nd Board of the KLSE & the company became an associate company of SIB.



## 1997

Scientex Packaging Film Sdn Bhd commissioned its 1st Stretch Film production line in its Shah Alam plant.



## 1997

Officiating the ground breaking ceremony for Taman Scientex's 5 storey low cost flats by Johor's Menteri Besar, YAB Dato' Haji Abd. Ghani bin Othman.



## 1997

WCB ventured into the manufacture of PP strapping bands through its new subsidiary, Pan Pacific Straptex Sdn Bhd, a joint venture with Tsukasa Chemical Industry Co., Ltd.



## Growth Years 1999

Scientex Packaging Film Sdn Bhd commissioned its 2nd Stretch Film production line in its Shah Alam plant.



## 2000

SIB Group entered into a new joint venture agreement with Sumitomo Bakelite Co., Ltd. and Mitsui & Co., Ltd. to develop functional purpose calender processed PVC rigid film.



## 2000

Signing ceremony for Scientex Packaging Film Sdn Bhd's new Pulau Indah Plant.



## 2001

Scientex Packaging Film Sdn Bhd set up a second stretch film plant with two new production lines in Pulau Indah, Port Klang to increase its output capacity from 16,000 MT p.a. to 40,000 MT p.a.



## 2002

SIB formed a joint venture company Cosmo Scientex (M) Sdn Bhd with Mitsui Takeda Chemicals, Inc. of Japan to set up the first urethane prepolymer adhesive plant in ASEAN to manufacture & market adhesive materials for flexible food packaging.



## 2003

Scientex Polymer Sdn Bhd acquired automotive carpet mat operations in Japan, Vietnam & Malaysia.



## 2004

WCB changed its name to Scientex Packaging Bhd (SciPack) to better reflect SciPack's Group core business of industrial packaging.

## 2004

SciPack invested in 2 new cast film extrusion lines in its Pulau Indah plant to increase output capacity from 40,000 MT to 60,000 MT p.a.



## 2005

SciPack set up its 1st overseas manufacturing plant in Vietnam to manufacture PP & PE woven bags & FIBC bags.



## 2005

Scientex Quatari Sdn Bhd expanded its land bank by acquiring 95 acres of freehold land next to Taman Scientex in Pasir Gudang, Johor.



## 2005

Scientex Packaging Film Sdn Bhd expanded its stretch film operations in Pulau Indah by investing RM50 million in 3 new stretch film lines & a new factory besides its existing factory in Pulau Indah.



## 2006

PT Scientex Indonesia (PTSI) was established for the marketing and selling of chemical products.



## 2007

Scientex Quatari Sdn Bhd further expanded its land bank by acquiring 250 acres of freehold land for RM33 million in Kulai, Johor. The land is strategically located in the Iskandar Malaysia.



### Scientex Kulai

## 2008

Grand Opening Ceremony of Scientex Kulai.



## 2008

Voluntary take-over offer to privatize SciPack was successfully completed and SciPack became a wholly-owned subsidiary of Scientex Bhd.

Scientex Incorporated Bhd changed its name to Scientex Bhd to reflect its new corporate logo with the tagline of "healthy, friendly & happy".



## 2008

Scientex Berhad signed a joint venture agreement with Tsukasa Chemical Industry Co., Ltd of Japan to manufacture HDPE raffia tape in the Vietnam plant.



**SCIENTEX**

**Foundation**

## A Care Foundation for **Healthcare & Environment**



The Scientex Foundation (SF) was incorporated on 26 June 2008 under the auspices of the Companies Act, 1965 as a registered corporate foundation driven by the increased interest and passion of its principal Scientex Berhad in the area of healthcare and environmental concerns. The establishment of SF is also to commemorate Scientex Berhad's 40 years of growth and achievements. With the formation of SF, it shall be the anointed entity to plan, implement and reflect the aspirations and commitment of Scientex Berhad to its long-term corporate responsibility initiatives.

There is an increasing awareness among the corporate world, the community and markets that businesses and society are equal partners in the advancement of a "healthy, friendly and happy" community, which is adopted by Scientex Berhad as its tagline to promote such awareness amongst its stakeholders, business partners and employees in order for all parties concerned to take joint responsibility for the future.

The SF is a non-profit charitable organization funded by contributions from Scientex Berhad as well as voluntary contributions from the interested individuals and private organizations.

## Board of Directors

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim *Chairman & Independent Non-Executive Director*

Lim Teck Meng *Executive Deputy Chairman*

Lim Peng Jin *Managing Director*

Tan Beng Chai *Executive Director*

Lim Peng Cheong *Non-Independent Non-Executive Director*

Cham Chean Fong @ Sian Chean Fong *Independent Non-Executive Director*

Wong Mook Weng @ Wong Tsap Loy *Independent Non-Executive Director*

Dato' Hazimah Binti Zainuddin *Independent Non-Executive Director*

Teow Her Kok @ Chang Choo Chau *Independent Non-Executive Director*

---

### Company Secretaries

Tan Beng Chai (MAICSA 0739863)

Lau Wing Hong (MAICSA 7010572)

### Audit Committee

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim  
Chairman

Tan Beng Chai  
Member

Cham Chean Fong @ Sian Chean Fong  
Member

Wong Mook Weng @ Wong Tsap Loy  
Member

### Nomination Committee

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim  
Chairman

Wong Mook Weng @ Wong Tsap Loy  
Member

Cham Chean Fong @ Sian Chean Fong  
Member

### Remuneration Committee

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim  
Chairman

Tan Beng Chai  
Member

Cham Chean Fong @ Sian Chean Fong  
Member

### Auditors

Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur

### Solicitors

Shearn Delamore & Co.

### Principal Bankers

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad  
RHB Bank Berhad  
CIMB Bank Berhad

### Registered Office

Jalan Utas 15/7, 40000 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-5519 1325 Fax: 03-5519 1884  
Website: [www.scientex.com.my](http://www.scientex.com.my)

### Stock Exchange Listing

Main Board of Bursa Malaysia  
Securities Berhad  
[Stock code: 4731]

### Registrars

Symphony Share Registrars Sdn Bhd  
Level 26, Menara Multi-Purpose  
Capital Square, 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel: 03-2721 2222 Fax: 03-2721 2530/31  
Website: [www.symphony.com.my](http://www.symphony.com.my)

# SCIENTEX

**Scientex Berhad**

(Company No. 7867-P)

## MANUFACTURING

### LOCAL OPERATIONS

- Scientex Packaging Film Sdn Bhd
- Scientex Resources Sdn Bhd
- Pan Pacific Straptex Sdn Bhd
- Scientex Containers Sdn Bhd
- Woventex Sdn Bhd
- Scientex Polymer Sdn Bhd
- Cosmo Scientex (M) Sdn Bhd

### OVERSEAS OPERATIONS

- Scientex Tsukasa (Vietnam) Co., Ltd.
- Scientex Polymer (Vietnam) Co., Ltd.
- Scientex Polymer (Japan) Co., Ltd.
- PT. Scientex Indonesia

## PROPERTY

### JOHOR

- Scientex Quatari Sdn Bhd
- Scientex Park (M) Sdn Bhd
- KC Contract Sdn Bhd

### MELAKA

- Texland Sdn Berhad
- Rising Heights Development Sdn Bhd

# [ 5 Years Group Financial Highlights ]

Year ended 31 July	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
<b>Results</b>					
Revenue	656,596	613,092	586,316	507,572	341,149
Operating Profit	59,282	43,765	47,467	38,029	26,147
EBITDA	84,205	65,856	68,298	59,666	42,918
Profit Before Taxation	57,414	40,219	44,048	35,984	22,960
Profit After Taxation	53,035	41,451	37,485	32,616	22,425
Net Profit	47,698	35,184	28,472	23,118	16,704
<b>Group Assets</b>					
Non-Current Assets	373,194	361,722	362,907	322,169	292,409
Current Assets	248,178	229,022	228,905	209,721	209,795
Total Assets Employed	621,372	590,744	591,812	531,890	502,204
<b>Financed by</b>					
Share Capital	115,223	100,000	63,525	62,088	61,994
Reserves	230,729	184,603	204,553	180,503	165,885
Equity attributable to equity holders of the Company	345,952	284,603	268,078	242,591	227,879
Minority Interest	34,969	102,173	99,955	97,488	78,061
Current Liabilities	183,858	169,250	174,712	156,681	143,908
Non-Current Liabilities	56,593	34,718	49,067	35,130	52,356
Total Funds Employed	621,372	590,744	591,812	531,890	502,204
<b>Performance Indicators</b>					
Earnings Per Share (Sen)*	24.14	18.29	15.19	12.45	9.01
Gross Dividend Per Share (%)*	16.00 #	11.00 ^^	17.33 ^	12.00	6.67
Net Dividend Per Share (%)*	16.00 #	9.44 ^^	14.53 ^	8.64	4.80
Net Assets Per Share (RM)*	1.61	1.50	1.41	1.31	1.23
Net Gearing Ratio (times)	0.12	0.16	0.24	0.29	0.31
Return on Equity (%)	13.79	12.36	10.62	9.53	7.33

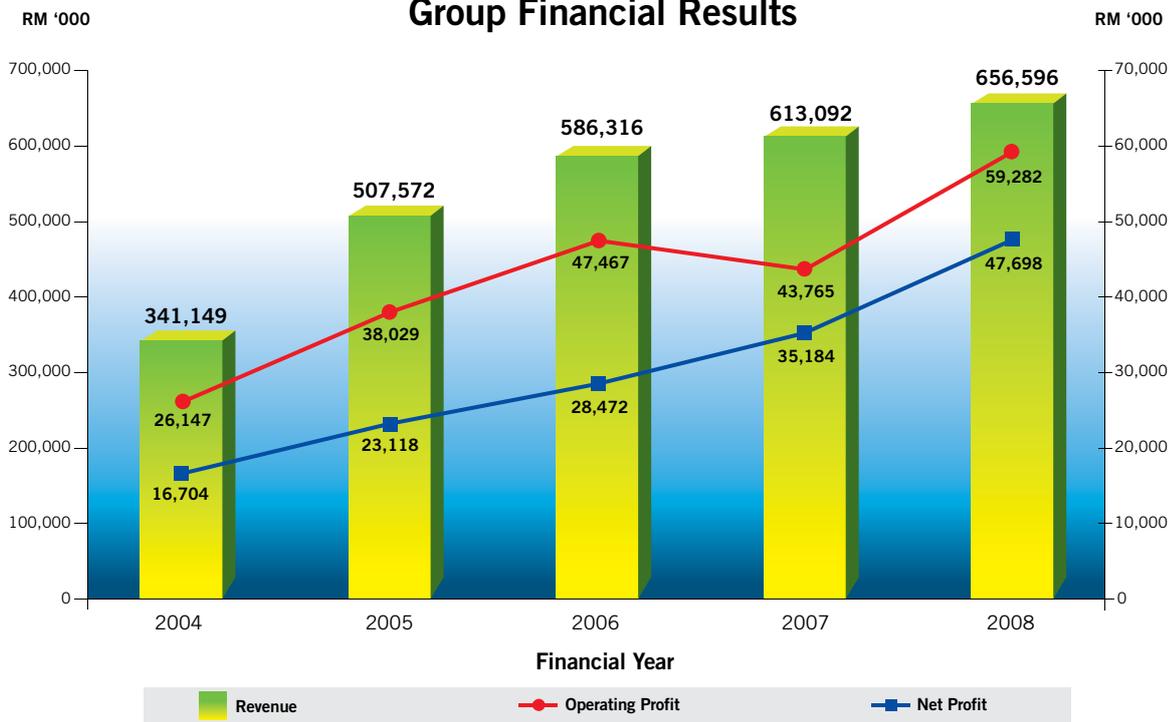
\* For year 2004 to 2006, the figures have been restated to take into account the share split and bonus issue in 2007.

^ Include a special dividend of 6.67% per share less 28% taxation.

^^ Include a share dividend on the basis of one (1) treasury share for every fifty (50) existing ordinary shares held based on market value.

# Single tier final dividend of 10% per share is proposed for shareholders' approval.

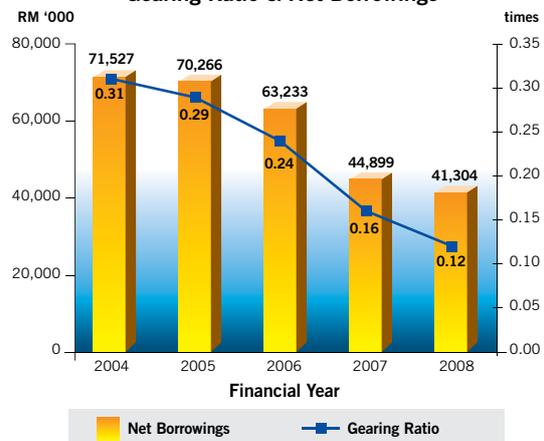
## Group Financial Results



### ROE & Shareholders' Equity



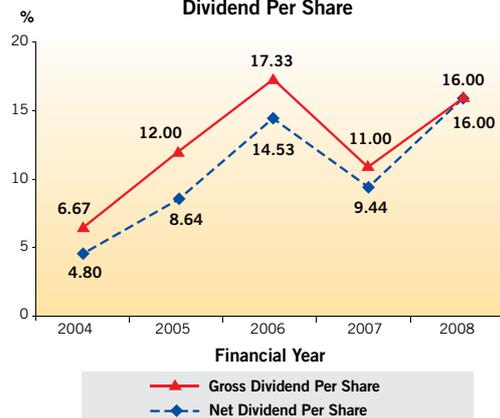
### Gearing Ratio & Net Borrowings



### Earnings Per Share



### Dividend Per Share



## [ Profile Of The Board Of Directors ]

### **Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim**

*Chairman and Independent Non-Executive Director*

Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim, a Malaysian, aged 69, is an Independent Non-Executive Director and Chairman of the Company. He was appointed to the Board as Non-Executive Chairman on 20 June 2003. He is also the Chairman of the Board's Audit Committee, Nomination Committee and Remuneration Committee.

Tan Sri Dato' Mohd Sheriff graduated with a Bachelor of Arts (Honours) Economics degree from University of Malaya in 1963 and a Diploma in Economic Development from Oxford University, United Kingdom in 1969. He graduated with a Master of Arts in Economics from Vanderbilt University, USA in 1974.

He served as the Secretary General of Treasury, Ministry of Finance for 3 years from 1991 to 1994 and as Managing Director of Khazanah Nasional Berhad for 9 years from 1994 to 2003. He was also a former Director of United Engineers (Malaysia) Berhad, RHB Bank Berhad and former Chairman of Renong Berhad. He is the Chairman of the Malaysian Institute of Economic Research and President of the Malaysian Economic Association.

He also sits on the Board of Projek Lebuhraya Utara-Selatan Berhad, PLUS Expressways Berhad, Projek Penyelenggaraan Lebuhraya Berhad, Intelligent Edge Technologies Berhad, Standard Chartered Bank Malaysia Berhad, Manulife Insurance Malaysia Berhad and Bandar Nusajaya Development Sdn Bhd as Non-Executive Director and Chairman; and Yayasan UEM as Non-Executive Director.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

### **Lim Teck Meng**

*Executive Deputy Chairman*

Lim Teck Meng, a Malaysian, aged 71, is presently the Executive Deputy Chairman of the Company. He is the founder of the Company and was appointed to the Board as Managing Director in September 1969 and he held this position until 6 November 2001 when he was appointed as an Executive Chairman of the Company. Subsequently, on 20 June 2003, he was re-designated as Executive Deputy Chairman. He received his education in Melaka and is a businessman with more than 38 years experience in the polymer industry. He also has vast experience in trading and property development. Through his entrepreneurial skills, Lim Teck Meng has been responsible and is instrumental to the growth of the Group.

He is the father of Lim Peng Cheong and Lim Peng Jin, who are also Directors and major shareholders of Scientex Berhad. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

**Lim Peng Jin**

*Managing Director*

Lim Peng Jin, a Malaysian, aged 41, is currently the Managing Director of the Company. He was appointed to the Board on 20 January 1995 as the Group Executive Director and was re-designated as Managing Director on 6 November 2001. He graduated with a Bachelor of Science (Honours) in Chemical Engineering from the University of Tokyo, Japan in 1990. He was attached to Yamato Chemical Industry Co., Ltd and Shin-Etsu Chemical Co., Ltd in Japan for a year before joining the Company in 1991. He had also completed a course in Programme Management Development at Harvard University, USA in 1998. Lim Peng Jin has local and international working experience in the field of polymer and chemicals.

He is the youngest son of Lim Teck Meng and the brother of Lim Peng Cheong, who are also Directors and major shareholders of Scientex Berhad. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

**Lim Peng Cheong**

*Non-Independent Non-Executive Director*

Lim Peng Cheong, a Malaysian, aged 46, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board as an Executive Director on 9 September 1988, and has held this position until 10 November 2003 when he was re-designated as Non-Executive Director. He graduated with a Bachelor of Science (Honours) in Business Studies from the City University, London, UK in June 1984. He is also an Executive Director Operations of Malacca Securities Sdn Bhd.

He is the eldest son of Lim Teck Meng and the brother of Lim Peng Jin, who are also Directors and major shareholders of Scientex Berhad. He has no conflict of interest with the Company and has not been convicted for any offences within the past 10 years.

**Tan Beng Chai**

*Executive Director*

Tan Beng Chai, a Malaysian, aged 57, was appointed to the Board as an Executive Director on 17 January 2003. He is also a member of the Board's Audit Committee and Remuneration Committee. He began his career in 1981 as the Company's Company Secretary cum Accountant. He is also the Joint Company Secretary of the Company.

He has more than 25 years of experience in the field of corporate secretarial services, administration, corporate finance, accounting and management. He graduated with a Higher National Diploma in Business Studies from Huddersfield Polytechnic, United Kingdom in 1975 and obtained a Master of Arts Degree in Accounting and Finance from University of Lancaster, United Kingdom in 1992. He is a Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators and a member of the National Institute of Accountants, Australia.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

**Wong Mook Weng @ Wong Tsap Loy**

*Independent Non-Executive Director*

Wong Mook Weng @ Wong Tsap Loy, a Malaysian, aged 76, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 29 November 1969. He is also a member of the Board's Audit Committee and Nomination Committee. He received his early education in Kuala Lumpur and is a businessman with over 30 years experience of owning and managing businesses dealing in property development, manufacturing and trading.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

**Cham Chean Fong @ Sian Chean Fong**

*Independent Non-Executive Director*

Cham Chean Fong @ Sian Chean Fong, a Malaysian, aged 41, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 24 May 2001 as a Non-Executive Director. He is also a member of the Board's Audit Committee, Nomination Committee and Remuneration Committee. He graduated with a LLB (Honours) from Bristol Polytechnic, U.K. in 1991 and obtained a Certificate of Legal Practice in 1993. He was called to Bar in September 1995 and since then, he has been in private practice. Currently, he is a partner of a law firm in Kuala Lumpur. He is also a Non-Executive Director of Lim Ah Soon Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.

**Dato' Hazimah Binti Zainuddin**

*Independent Non-Executive Director*

Dato' Hazimah Binti Zainuddin, Malaysian, aged 46 is an Independent Non-Executive Director of the Company. She was appointed to the Board as a Non-Independent Non-Executive Director on 27 January 2004 and has held this position until she was re-designated as Independent Non-Executive Director on 7 November 2006. She graduated with an Academically Qualified in Business Management Discipline from MARA University of Technology.

Dato' Hazimah is the Board Member of Malaysia External Trade Development Corporation (Matrade). Besides this, she is also the President of Persatuan Wanita Bumiputra Dalam Perniagaan & Profesyen Malaysia (Peniagaawati) and is actively involved with the National Association of Women Entrepreneur of Malaysia (NAWEM).

She is the Founder and Managing Director of Hyrax Oil Sdn Bhd which designs and develops top quality and high performance automotive, industrial and specialty lubricants and other petroleum derivatives. Her astute business acumen propelled Hyrax Oil Sdn Bhd to grow from strength to strength, now exporting to 33 countries including to Australia, New Zealand, Africa and the Middle East.

Over the years, Dato' Hazimah received numerous accolades for her contributions and achievements including the Ernst & Young Woman Entrepreneur Of The Year Malaysia 2002.

Through her promotion of entrepreneurship, Dato' Hazimah has inspired many budding entrepreneurs, of both genders, to venture into the business world.

She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past 10 years.

**Teow Her Kok @ Chang Choo Chau**

*Independent Non-Executive Director*

Teow Her Kok @ Chang Choo Chau, Malaysian, aged 69 is an Independent Non-Executive Director of the Company. He was appointed to the Board on 19 December 2007. He had his early education at the Royal Military College and gained his Diploma in Estate Management in the early sixties.

He was appointed as an Executive Director of the Yule Catto Plantations in 1976 after returning from the Financial/Management course at London Business School. He was the Managing Director of Revertex Malaysia Sdn Bhd ("Revertex"), a subsidiary of a British company, Yule Catto & Co. PLC, from 1990 to 2000. During that period, he was also the Managing Director of Rexplas Sdn Bhd, a joint venture company between Exxon and Revertex. He was on the Boards of Revertex Fincwater Sdn Bhd and Revertex (Guangdong) Chemicals Co. Ltd. Currently, he sits on the Board of Chemical Mate Sdn Bhd, a consultancy and trading company.

He was conferred the "Amanah Mangku Negara" (A.M.N) by His Majesty Yang Dipertuan Agung in 1990.

He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past 10 years.



## Dear Shareholders,

On behalf of the Board of Directors of Scientex Berhad, I am pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2008.

### Building Years

40 years ago, on 25 June 1968, the Company was established to manufacture and market polyvinyl chloride ("PVC") leather cloth and sheetings when Malaysia's manufacturing sector was still in its infancy. We became one of the pioneers in this field with the technical assistance and collaboration with our Japanese joint venture partners and over the years we have grown and succeeded beyond our own expectations.

The early manufacturing experience was important in helping us to establish and build on the mutual trust and friendship which we have with our Japanese counterparts and which enabled the Company to gain invaluable knowledge and expertise to venture into other manufacturing related businesses. The visionary foresight of the founder of the Group and the success of the initial joint venture laid the solid foundation and groundwork for the Group to build on and which has led to many more such successful tie ups with other foreign partners when the Group sought to diversify its manufacturing base and this strategy has enabled the Group to play its role in the industrialisation of Malaysia in the 1970s and 1980s.

## Expansion Years – Building our Assets through the Years

In 1993, we created another major milestone by diversifying into property development business through our foray in Pasir Gudang, Johor. Today, Scientex Pasir Gudang has become our flagship project in Johor and more than 5,000 residential units have been built and completed in this self-contained township. Through acquisitions of strategically located lands, the Group's total landbank has increased to 1,387 acres of development lands located in both Johor and Melaka. Our landbank will be increased to approximately 1,573 acres upon completion of the acquisition of Rising Heights Development Sdn Bhd which is scheduled to be completed by end of this year. Rising Heights Development Sdn Bhd is a property development company with a landbank of 186 acres located in Ayer Keroh, Melaka.

In 1995, we took a bold step by building a state-of-the-art stretch film manufacturing plant in Pulau Indah, Port Klang which is equipped with the latest cast-line extrusion technology derived from USA and Europe. A decade later, we embarked on a RM50 million expansion drive by investing in 3 extrusion stretch film machinery in a new factory alongside the existing plant, occupying a combined area of nearly 500,000 square feet, making us one of the world's largest producers of stretch film with an annual production capacity of 10 billion metres and securing our position as the top producer in the Asia Pacific region.

In 2005, we spread our wings overseas by constructing a manufacturing plant in Vietnam for the production of woven bags and flexible intermediate bulk container bags. The plant, which has about 107,000 square feet of built up area, represents our first step towards achieving our vision of becoming a "Global Packaging Leader".

## Making Strategic Alliances

Throughout the years, we have entered into numerous joint venture agreements with strategic partners as we recognize that strategic alliances can bring about greater growth prospects. Currently, our major partners are Mitsui & Co., Ltd, Mitsui Chemical Polyurethanes Inc., Sumitomo Bakelite Co., Ltd and Tsukasa Chemical Industry Co., Ltd ("Tsukasa")

In the second half of this year, we entered into our latest strategic alliance with Tsukasa in Vietnam to produce a variety of industrial packaging products. This strategic alliance with Tsukasa is part of our regional expansion effort to expand our businesses and to become a global player. Through such ventures, the Group is well positioned to move up the value chain and manufacture higher value-added goods as well as to collaborate with Tsukasa to jointly develop and expand our overseas markets in Japan and the Asia Pacific region.

## Powering Sustainable Growth

Moving forward, the Group's strategy to further enhance the earnings and growth prospects of the Group is summarised as follows :-

1. Diversifying our product portfolios and building up a strong SCIENTEX brand name of distinctive quality to instill customer loyalty and create a positive endorsement on our brand image. Further to the success of "Scientex Elite Stretch Film" last year, we have launched our new products range namely "Elite Plus" and "Elite Premium" which are able to give us a higher profit margin while maintaining quality. By creating innovative products through better and more efficient technology, we would be able to sustain and increase our market share in spite of an increasingly competitive environment.
2. Enhancing our manufacturing capability via continuous research and development and investing in technology and cutting edge machinery which will enable us to stay ahead of our competitors by ensuring consistent quality output and more innovative products.
3. As our people are our most valuable asset, investment in structural education and skills training programmes are crucial to enhance their skills and knowledge to optimize production efficiency.
4. Increasing our geographical presence which will help to increase the demand for our products and bring in export earnings and indirect exposure to growth abroad.
5. Continuously seeking strategic alliances for technology transfer and know-how and product development to create synergies and generate business opportunities. This will enable us to grow new capabilities to sustain our competitive edge.
6. Expanding our landbank in strategic and or prime locations for property development and investment to enhance our Group's future earnings base by leveraging on our good track record as a reliable and reputable property developer of affordable homes.

As the Group seeks sustainable growth through the above mentioned strategies, we place great emphasis and reliance on our people who are our engines of growth as we continue on our path towards sustainable growth. We have nurtured and developed a team of people who, with their integrity, enthusiasm, passion, knowledge, skills and experience imbued with a strong determination to build on the existing success of our businesses are well positioned to meet the challenges in today's highly competitive environment.

## Operating Results

For the financial year under review, we are pleased to report that :

- Group revenue of RM656.6 million was achieved, up 7% compared to RM613.1 million in 2007
- Group profit before tax was RM57.4 million, up 43% from RM40.2 million in 2007
- Group profit after taxation was RM53.0 million, up 28% from RM41.5 million in 2007
- Earnings per share was 24.1 sen, an increase of 5.8 sen from 18.3 sen
- A share dividend distribution on the basis of 1 treasury share for every 50 existing ordinary shares was distributed on 24 January 2008
- A single tier interim dividend of 6% was paid on 15 August 2008

For the first time in the Group's history, the Group achieved turnover in excess of RM650 million with a record operational profit despite the global increase in cost of raw materials and overheads. The increase in revenue was mainly attributable to higher sales contribution from the manufacturing division. In line with the higher revenue achieved, operating profit increased and there was also a significant contribution of RM11.8 million derived from negative goodwill upon completion of the corporate exercise undertaken by the Group after setting-off certain non-operating expenses incurred in respect of the financial year under review.

Our Group's balance sheet as at 31 July 2008 remained strong and healthy with shareholders' funds of RM346.0 million and total assets of RM621.4 million. Net assets per share increased to RM1.61 from RM1.50 last year. Meanwhile, the Group's net gearing ratio also improved from 0.16 to 0.12 due to scheduled bank borrowing repayments.

## Dividends

Given our outstanding financial performance, the Board is pleased to recommend a single tier final dividend of 10% for the financial year ended 31 July 2008. Together with the earlier single tier interim dividend of 6% paid in August 2008, the total dividends payable for the year amounted to 16%. This final dividend payment is subject to shareholders' approval to be obtained at the forthcoming Annual General Meeting.

The Group will continue and strive to maintain an appropriate balance of rewarding our shareholders with a reasonable rate of return through the declaration of dividends while retaining adequate funds for operational as well as investment purposes which is necessary for business growth.

## Corporate Developments

### Voluntary Take-Over Exercise

25 January 2008 marked a significant milestone as the Company served a notice of voluntary take-over offer ("Offer") on its subsidiary, Scientex Packaging Berhad ("SciPack") to acquire all the remaining ordinary shares in SciPack not already held by the Company to be satisfied by the issuance of 1 new Scientex share for every 1 existing SciPack share held. The Company received overwhelming response from SciPack's shareholders and received valid acceptances for the Offer amounting to 97.29% of the total issued and paid-up capital of SciPack.

Pursuant thereto, the Company was able to compulsorily acquire from the remaining SciPack's shareholders the balance 2.71% of the remaining SciPack shares for which acceptances were not received as provided under the law. Upon completion of the compulsory acquisition, SciPack was subsequently delisted on 28 April 2008 and is now a wholly-owned subsidiary of the Company.

The acquisition of SciPack has enabled the Group to streamline and rationalise resources to realise potential cost savings and operational efficiencies to improve the enlarged Scientex Group's earnings in the medium to long term.

In line with the acquisition to consolidate the businesses of Scientex and SciPack into a single listed entity, and to better reflect its streamlined activities, the Company had changed its name to Scientex Berhad with effect from 14 March 2008. This new corporate identity is also part of the Group's re-branding exercise to promote "Scientex" as an established brand name to our customers, suppliers, stakeholders and shareholders.

### Share Buy-Back

During the financial year ended 31 July 2008, the Company bought back a total of 8,586,700 ordinary shares of RM0.50 each from the open market for a total consideration of RM10,941,949. The cumulative total number of treasury shares held by the Company as at 31 July 2008 was 15,042,328 ordinary shares of RM0.50 each. As at 23 October 2008, the date prior to the printing of this Annual Report, treasury shares held by the Company amounted to 14,596,062 shares.

The Company has for the third time made a share cancellation whereby 446,266 treasury shares were cancelled on 24 September 2008. Hence, the issued and paid-up capital of the Company now stands at 230,000,000 ordinary shares of RM0.50 each.

### Major Business Developments

The grand opening ceremony of Scientex Kulai, Johor took place on 23 March 2008 and marked the official beginning of yet another expansion programme by the Group. This 250-acre township has an estimated gross development value of RM500 million and shall be completed in phases. Once completed, this self-contained modern township will house 4,000 units of mixed development properties with modern amenities and facilities such as schools, shopping centres, government offices, hospitals, police station and a transportation hub.

On 8 September 2008, our wholly-owned subsidiary, Scientex Quatari Sdn Bhd entered into two Sale And Purchase Agreements for the acquisition of 10,260,000 ordinary shares of RM1.00 each representing approximately 52.83% of the entire issued and paid-up capital of Rising Heights Development Sdn Bhd for a total cash consideration of RM9.25 million. Upon completion of the acquisition, Scientex Quatari Sdn Bhd's equity interest would increase from 33.54% to 86.38%. Rising Heights Development Sdn Bhd is a property development company with its prime project being the development of 186 acres of residential and commercial development known as Taman Muzaffar Heights in Ayeh Keroh, Melaka.

### Operating Environment & Prospects

The global economy which is currently weighed down by the prospect of a global slowdown arising from the financial turmoil caused by the United States ("US") subprime mortgage debacle has since transformed into a global crisis, affecting banking systems in US, Europe and the global economy. Despite this, according to the Economic Report 2008/2009 issued by the Ministry of Finance, the Malaysian economy is expected to expand moderately and the manufacturing sector is expected to grow 4.7% this year driven by higher production in the domestic-oriented industries.

The Malaysian plastics industry grew by a mere 3% in 2007 due to weaker performance of the domestic-oriented industries. The plastics industry registered a higher turnover of RM15.47 billion in 2007, compared to RM15.02 billion in 2006. Exports were, however, higher at RM8.38 billion, representing 54% of total turnover compared to RM7.85 billion in the previous year. The increases in exports is encouraging as it reflects the industry's push to compete globally. However, it is pertinent to note that higher cost of plastic resins had in effect led to higher selling prices of finished products, which contributed partially to the increase in total turnover in 2007. (source: Malaysian Plastics Manufacturers Association)

As the domestic economy is not insulated from the global financial market turmoil, the current weak global economic outlook will no doubt affect Malaysia too as we move into 2009.

Against this backdrop of economic uncertainties, the Group continues to adopt a policy of prudent management by leveraging on our existing strengths. By developing a strong brand name, cultivating and servicing our customers and clients with good after sales and technical support together with competitive market pricing strategies, I am confident that the Management, with its rich history and experience, will be able to guide and expand the business operations and achieve overall profitability for the Group.

The challenges ahead also present opportunities for the Group and we are constantly on the lookout for business opportunities that can enhance the earnings potential of the Group. With the recent consolidation of businesses under a single entity, the Group with its dynamic, dedicated and talented workforce is now in a better position to adapt itself to the changing global environment by upgrading and investing in resources to meet the changing needs of the markets. As we continue to expand our global presence and penetrate new frontiers with a competent workforce of more than 1,200 employees, our 3 core competencies of "Competitiveness, Innovation and Reliability" will ensure and power our sustainable growth the years ahead.

### Acknowledgement

On behalf of the Board, I would like to express my appreciation to our management and staff for their dedication and team work which played a very pivotal role in ensuring the continued growth of our Group. Our achievements would not be possible without the concerted effort and contribution of the entire team.

We are also grateful to our shareholders, valued customers, bankers and business partners for their continuous confidence in our Group and with their full support, the Group is confident that it is well positioned to sustain its growth momentum for greater achievements in the future.

**Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim**  
Chairman

## [ Penyata Pengerusi ]

### Pemegang-pemegang Saham yang dihormati,

Bagi pihak Lembaga Pengarah Scientex Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan dan Penyata Kewangan Teraudit Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 July 2008.

#### Tahun-tahun Membangun

40 tahun lalu, pada 25 Jun 1968, Syarikat ini telah ditubuhkan untuk mengilang dan memasarkan kain kulit dan kepingan kulit polivinil klorida ("PVC") ketika sektor pengilangan Malaysia masih di peringkat awalnya. Kami menjadi salah satu daripada perintis dalam bidang ini dengan bantuan teknikal dan kerjasama daripada rakan usahasama kami dari Jepun dan sejak sekian lama kami telah berkembang dan berjaya melangkaui jangkauan kami sendiri.

Pengalaman awal pengilangan adalah penting dalam membantu kami membina dan memupuk kepercayaan bersama dan jalinan persahabatan dengan rakan perniagaan dari Jepun yang mana Syarikat memperoleh pengetahuan dan kepakaran tidak ternilai untuk menceburi lain-lain perniagaan pengilangan yang berkaitan. Pandangan berwawasan pengasas Kumpulan dan kejayaan usahasama awal telah memberikan asas dan persediaan yang kukuh bagi Kumpulan untuk membangun dan telah membawa lebih banyak kejayaan dalam pakatan sedemikian dengan rakan-rakan kongsi asing lain apabila Kumpulan berusaha untuk mempelbagaikan asas pengilangannya dan strategi ini telah membolehkan Kumpulan memainkan peranannya dalam pengindustrian Malaysia pada tahun 1970-an dan 1980-an.

#### Tahun-tahun Pengembangan – Membangunkan Aset-aset kami sepanjang beberapa Tahun

Pada tahun 1993, kami telah mencipta satu lagi sejarah dengan mempelbagai ke dalam perniagaan pembangunan hartanah melalui penglibatan kami di Pasir Gudang, Johor. Hari ini, Scientex Pasir Gudang telah menjadi projek perdana kami di Johor dan lebih daripada 5,000 unit kediaman telah dibina dan disiapkan dalam perbandaran serba lengkap ini. Melalui pembelian tanah yang terletak secara strategik, jumlah simpanan tanah Kumpulan telah meningkat kepada 1,387 ekar tanah pembangunan yang terletak di Johor dan juga Melaka. Simpanan tanah kami akan bertambah kepada lebih kurang 1,573 ekar tanah selepas penyelesaian pengambilalihan Rising Heights Development Sdn Bhd yang dijadualkan akan selesai

dilaksanakan menjelang akhir tahun ini. Rising Heights Development Sdn Bhd adalah sebuah syarikat pembangunan hartanah dengan simpanan tanah seluas 186 ekar terletak di Ayer Keroh, Melaka.

Pada tahun 1995, kami telah mengambil langkah berani dengan membangunkan sebuah loji pengilangan saput regangan canggih di Pulau Indah, Pelabuhan Klang yang dilengkapi dengan teknologi penyemperitan talian-tuang terkini diperolehi dari USA dan Eropah. Sedekad kemudian, kami telah mengembangkan operasi saput regangan kami dengan melabur dalam 3 mesin saput regangan di sebuah kilang baru pada kos RM50 juta bersebelahan dengan loji sedia ada, menduduki kawasan tergabung seluas hampir 500,000 kaki persegi, menjadikan kami salah satu daripada pengeluar saput regangan terbesar dunia dengan keupayaan pengeluaran tahunan sebanyak 10 bilion meter dan menjamin kedudukan kami sebagai pengeluar terkemuka di rantau Asia Pasifik.

Pada tahun 2005, perindustrian kami telah diperluaskan ke luar negeri dengan pembinaan sebuah loji pengilangan di Vietnam bagi pengeluaran beg bertunen dan beg bekas pukal sederhana fleksibel. Loji tersebut, yang mempunyai kawasan dibina seluas 107,000 kaki persegi, merupakan langkah pertama kami ke arah mencapai wawasan kami sebagai "Peneraju Pembungkusan Global".

#### Membina Perikatan Strategik

Sepanjang beberapa tahun yang lepas, kami telah menandatangani beberapa perjanjian usahasama dengan rakan-rakan kongsi strategik memandangkan kami menyedari bahawa perikatan strategik boleh membawa kepada prospek pertumbuhan yang lebih cerah. Pada masa ini, rakan-rakan kongsi utama kami adalah Mitsui & Co., Ltd, Mitsui Chemical Polyurethanes Inc., Sumitomo Bakelite Co., Ltd dan Tsukasa Chemical Industry Co., Ltd ("Tsukasa").

Pada separuh kedua tahun ini, kami telah menandatangani perikatan strategik dengan Tsukasa di Vietnam untuk mengeluarkan pelbagai jenis produk pembungkusan perusahaan. Perikatan strategik dengan Tsukasa ini merupakan sebahagian daripada usaha pengembangan serantau untuk mengembangkan perniagaan kami dan untuk menjadi pengusaha global.

Melalui penceburan tersebut, Kumpulan telah bersedia untuk meningkatkan rantai nilai dan mengilang barangan tambah-nilai yang lebih tinggi serta bekerjasama dengan Tsukasa untuk mengembangkan pasaran luar negeri kami di Jepun dan rantau Asia Pasifik.

## Menguasai Pertumbuhan Mapan

Pada masa hadapan, strategi Kumpulan untuk meningkatkan lagi perolehan dan prospek pertumbuhan Kumpulan adalah diringkaskan seperti berikut :-

1. Mempelbagaikan portfolio produk kami dan membangunkan nama jenama SCIENTEX sebagai nama jenama bereputasi terunggul dan berkualiti bagi mendapatkan kesetiaan pelanggan dan seterusnya mewujudkan sokongan positif ke atas imej jenama kami. Lanjutan kepada kejayaan “Saput Regangan Elite Scientex” tahun lepas, kami telah melancarkan rangkaian produk baru kami iaitu “Elite Plus” dan “Elite Premium” yang berupaya memberikan kami margin keuntungan yang lebih tinggi di samping mengekalkan kualiti. Dengan menghasilkan produk-produk inovatif melalui teknologi yang lebih baik dan cekap, kami akan berupaya mengekalkan dan meningkatkan bahagian pasaran kami di sebalik persekitaran yang semakin berdaya saing.
2. Meningkatkan keupayaan pengilangan kami melalui penyelidikan dan pembangunan berterusan dan melabur dalam teknologi dan jentera canggih yang akan membolehkan kami untuk kekal mendahului pesaing-pesaing kami dengan memastikan hasil pengeluaran kualiti yang konsisten dan produk-produk yang lebih inovatif.
3. Memandangkan tenaga kerja kami adalah aset paling bernilai, pelaburan dalam program-program pendidikan berstruktur dan latihan kemahiran adalah penting untuk mempertingkatkan kemahiran dan pengetahuan mereka bagi mengoptimumkan kecekapan pengeluaran.
4. Meningkatkan kehadiran geografi kami yang akan membantu untuk meningkatkan permintaan bagi produk-produk kami dan menghasilkan perolehan eksport dan pendedahan tidak langsung kepada pertumbuhan luar negeri.
5. Sentiasa mencari perikatan strategik bagi pemindahan teknologi dan pengetahuan dan pembangunan produk untuk mewujudkan sinergi dan menghasilkan peluang-peluang perniagaan. Ini akan membolehkan kami untuk mengembangkan keupayaan-keupayaan baru bagi mengekalkan kelebihan daya saing kami.
6. Meluaskan simpanan tanah kami di lokasi-lokasi perdana strategik bagi pembangunan hartanah dan pelaburan untuk meningkatkan asas perolehan masa hadapan Kumpulan dengan mengambil kesempatan terhadap rekod prestasi baik kami sebagai pemaju hartanah rumah mampu milik yang boleh dipercayai dan bereputasi.

Manakala Kumpulan mencari pertumbuhan mapan melalui strategi-strategi yang tersebut di atas, kami meletakkan penekanan dan kepercayaan terhadap tenaga kerja kami yang merupakan jentera pertumbuhan utama untuk kami mengorak langkah ke arah mencapai pertumbuhan mapan. Kami telah memupuk dan membangunkan sepasukan kakitangan yang mana, dengan integriti, semangat tinggi, kehairahan, pengetahuan, kemahiran dan pengalaman mereka disertai dengan azam yang kukuh untuk meneruskan pencapaian sedia ada dalam perniagaan kami berada dalam posisi yang baik untuk menghadapi cabaran-cabaran dalam persekitaran yang sangat berdaya saing hari ini.

## Keputusan Operasi

Bagi tahun kewangan di bawah kajian, kami dengan sukacitanya melaporkan bahawa:

- Hasil Kumpulan sebanyak RM656.6 juta telah dicapai, naik 7% daripada RM613.1 juta pada tahun 2007
- Keuntungan sebelum cukai Kumpulan adalah RM57.4 juta, melonjak 43% daripada RM40.2 juta pada tahun 2007
- Keuntungan selepas cukai Kumpulan adalah RM53.0 juta, naik 28% daripada RM41.5 juta pada tahun 2007
- Perolehan setiap saham adalah 24.1 sen, peningkatan sebanyak 5.8 sen daripada 18.3 sen
- Pengagihan dividen saham berasaskan 1 saham perbendaharaan bagi setiap 50 saham biasa sedia ada telah diagihkan pada 24 Januari 2008
- Dividen interim satu peringkat sebanyak 6% telah dibayar pada 15 Ogos 2008

Buat pertama kali dalam sejarah Kumpulan, Kumpulan telah mencapai jumlah dagangan melebihi RM650 juta dengan keuntungan operasi tertinggi dicatat di sebalik kenaikan global kos bahan mentah dan operasi. Peningkatan dalam hasil adalah berpunca terutamanya daripada sumbangan jualan yang lebih tinggi daripada bahagian pengilangan. Seajar dengan peningkatan hasil, peningkatan dalam keuntungan operasi turut bertambah dan terdapat juga sumbangan sebanyak RM11.8 juta diperoleh daripada muhibah negatif selepas penyelesaian langkah korporat yang dilaksanakan oleh Kumpulan selepas mengimbangi perbelanjaan bukan operasi tertentu yang ditanggung berhubung dengan tahun kewangan di bawah kajian.

Kunci kira-kira Kumpulan kami pada 31 Julai 2008 kekal kukuh dan cergas dengan dana pemegang-pemegang saham sebanyak RM346.0 juta dan jumlah aset sebanyak RM621.4 juta. Aset-aset bersih setiap saham telah meningkat kepada RM1.61 daripada RM1.50 tahun lepas. Sementara itu, nisbah penggearing bersih Kumpulan juga bertambah baik daripada 0.16 kepada 0.12 berikutan penjadualan semula bayaran balik pinjaman bank.

## Dividen

Mengambil kira prestasi kewangan kami yang baik, Lembaga dengan sukacitanya mencadangkan dividen akhir satu peringkat sebanyak 10% bagi tahun berakhir 31 Julai 2008. Bersama dengan dividen interim satu peringkat sebelumnya sebanyak 6% yang dibayar pada Ogos 2008, jumlah dividen perlu dibayar bagi tahun ini berjumlah 16%. Dividen akhir ini tertakluk kepada kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan akan datang.

Kumpulan akan terus berusaha untuk mengekalkan keseimbangan sewajarnya dalam memberi ganjaran kepada pemegang-pemegang saham kami dengan satu kadar pulangan yang munasabah melalui pengisytiharan dividen sementara mengekalkan dana-dana yang mencukupi bagi operasi serta tujuan pelaburan yang diperlukan untuk pertumbuhan perniagaan.

## Perkembangan Korporat

### Langkah Pengambilalihan Sukarela

25 Januari 2008 menandakan pencapaian peristiwa penting apabila Syarikat menyampaikan notis tawaran pengambilalihan sukarela ("Tawaran") ke atas anak syarikatnya, Scientex Packaging Berhad ("SciPack") untuk mengambil alih semua saham-saham biasa selebihnya dalam SciPack yang belum lagi dipegang oleh Syarikat untuk dijelaskan melalui penerbitan 1 saham Scientex baru bagi setiap 1 saham SciPack sedia ada yang dipegang. Syarikat telah menerima maklum balas yang menggalakkan daripada pemegang-pemegang saham SciPack dan telah menerima penerimaan sah bagi Tawaran berjumlah 97.29% daripada jumlah modal SciPack yang diterbitkan dan berbayar.

Selaras dengan itu, Syarikat berupaya untuk mengambil alih secara wajib daripada pemegang-pemegang saham SciPack selebihnya baki 2.71% daripada saham-saham SciPack selebihnya untuk yang mana penerimaan tidak diterima sebagai diperuntukkan di bawah undang-undang. Selepas penyelesaian pengambilalihan wajib, SciPack kemudian telah dinyahsenaraikan pada 28 April 2008 dan kini merupakan anak syarikat milik penuh Syarikat.

Pengambilalihan SciPack telah membolehkan Kumpulan menyelaraskan dan merasionalkan sumber-sumber untuk merealisasikan penjimatan kos dan kecekapan operasi untuk menambah perolehan Kumpulan Scientex yang diperbesarkan dalam jangka sederhana hingga panjang.

Sejajar dengan pengambilalihan untuk menyatukan perniagaan Scientex dan SciPack ke dalam entiti tersenarai tunggal, dan untuk mencerminkan kegiatan yang diperkemaskannya dengan lebih baik, Syarikat telah menukar namanya kepada Scientex Berhad berkuatkuasa mulai 14 Mac 2008. Identiti korporat baru ini juga merupakan sebahagian daripada langkah penjenamaan semula Kumpulan untuk mempromosi "Scientex" sebagai nama jenama terkemuka kepada pelanggan-pelanggan, pembekal-pembekal, pemegang-pemegang kepentingan dan pemegang-pemegang saham kami.

### Belian Balik Saham

Dalam tahun kewangan berakhir 31 Julai 2008, Syarikat telah membeli balik sejumlah 8,586,700 saham biasa bernilai RM0.50 sesaham daripada pasaran terbuka bagi jumlah balasan sebanyak RM10,941,949. Jumlah bilangan saham perbendaharaan kumulatif yang dipegang oleh Syarikat pada 31 Julai 2008 adalah 15,042,328 saham biasa bernilai RM0.50 sesaham. Pada 23 Oktober 2008, tarikh sebelum Laporan Tahunan ini dicetak, saham-saham perbendaharaan yang dipegang oleh Syarikat berjumlah 14,596,062 saham.

Syarikat telah buat kali ketiga membuat pembatalan saham di mana 446,266 saham perbendaharaan telah dibatalkan pada 24 September 2008. Oleh yang demikian, modal saham diterbitkan dan berbayar Syarikat kini berjumlah 230,000,000 saham biasa bernilai RM0.50 sesaham.

### Pembangunan Perniagaan Utama

Majlis perasmian pembukaan Scientex Kulai, Johor dilaksanakan pada 23 Mac 2008 dan menandakan permulaan satu lagi program pengembangan oleh Kumpulan. Perbandaran seluas 250 ekar ini mempunyai anggaran nilai pembangunan kasar sebanyak RM500 juta dan akan disiapkan secara berfasa. Sebaik sahaja siap, perbandaran moden serba lengkap ini akan menempatkan 4,000 unit harta pembangunan pelbagai dengan infrastruktur dan kemudahan moden seperti sekolah, pusat beli-belah, pejabat kerajaan, hospital, balai polis dan hab pengangkutan.

Pada 8 September 2008, anak syarikat milik penuh kami, Scientex Quatari Sdn Bhd telah menandatangani Perjanjian Jual Beli bagi pengambilalihan 10,260,000 saham biasa bernilai RM1.00 sesaham mewakili lebih

kurang 52.83% daripada keseluruhan modal saham Rising Heights Development Sdn Bhd yang diterbitkan dan berbayar bagi jumlah balasan tunai sebanyak RM9.25 juta. Apabila selesai pengambilalihan, kepentingan ekuiti Scientex Quatari Sdn Bhd akan meningkat daripada 33.54% kepada 86.38%. Rising Heights Development Sdn Bhd adalah sebuah syarikat pemaju hartanah dengan projek perdananya melibatkan 186 ekar pembangunan kediaman dan komersial yang dikenali sebagai Taman Muzaffar Heights di Ayeh Keroh, Melaka.

### Persekitaran & Prospek

Ekonomi global pada masa ini mengalami kemelesetan berikutan prospek kelembapan yang timbul daripada masalah kewangan disebabkan oleh gadai janji subprima Amerika Syarikat ("US") yang telah bertukar kepada krisis global, menjangkiti sistem perbankan di US, Eropah dan ekonomi sejagat. Di sebalik keadaan ini, mengikut Laporan Ekonomi Menteri 2008/2009 yang dikeluarkan oleh Kementerian Kewangan, ekonomi Malaysia dijangka akan berkembang dengan sederhana dan sektor pengilangan dijangka akan berkembang 4.7% tahun ini dipacu oleh pengeluaran lebih tinggi dalam industri-industri berorientasikan dalam negeri.

Industri plastik Malaysia telah berkembang sebanyak 3% sahaja pada tahun 2007 disebabkan prestasi industri-industri berorientasikan dalam negeri yang lebih lemah. Industri plastik mencatat jumlah dagangan lebih tinggi sebanyak RM15.47 bilion pada tahun 2007, berbanding dengan RM15.02 bilion pada tahun 2006. Walau bagaimanapun, eksport adalah lebih tinggi sebanyak RM8.38 bilion, mewakili 54% daripada jumlah dagangan berbanding dengan RM7.85 bilion pada tahun sebelumnya. Peningkatan dalam eksport adalah menggalakkan memandangkan ia menggambarkan desakan industri untuk bersaing secara global. Walau bagaimanapun, adalah penting dinyatakan bahawa kos resin plastik yang lebih tinggi telah membawa kepada kenaikan harga jualan bagi produk-produk siap, yang menyumbang sebahagian besarnya kepada peningkatan dalam jumlah dagangan pada tahun 2007 (sumber : Persatuan Pengilang-pengilang Plastik Malaysia).

Memandangkan ekonomi dalam negeri tidak dilindungi daripada ketidakstabilan pasaran kewangan global, ekonomi global semasa yang lemah sememangnya akan turut menjejaskan Malaysia apabila kita memasuki tahun 2009.

Di sebalik keadaan ketidaktentuan ekonomi ini, Kumpulan terus menerima pakai dasar pengurusan berhemat dengan menggunakan kelebihan ke atas kekuatan sedia ada kami. Dengan membangunkan nama jenama yang kukuh, memupuk dan memberikan pelanggan dan klien kami khidmat selepas jualan dan sokongan teknikal yang baik berserta dengan strategi-

strategi peletakan harga pasaran yang berdaya saing, saya yakin bahawa Pengurusan, dengan sejarah dan pengalamannya yang luas, akan dapat memandu dan mengembangkan operasi perniagaan dan mencapai keberuntungan keseluruhan bagi Kumpulan.

Cabaran-cabaran mendatang juga memberikan peluang kepada Kumpulan dan kami sentiasa mencari peluang-peluang perniagaan yang boleh meningkatkan potensi perolehan Kumpulan. Dengan penyatuan perniagaan baru-baru ini di bawah satu entiti, Kumpulan dengan tenaga kerjanya yang dinamik, berdedikasi dan berbakat, kini dalam kedudukan yang lebih baik untuk menyesuaikan dirinya dengan perubahan persekitaran global dengan meningkatkan pretasi dan melabur dalam sumber-sumber untuk memenuhi keperluan pasaran yang berubah. Memandangkan kami terus mengembangkan kehadiran global kami dan penembusan sempadan-sempadan baru dengan tenaga kerja yang kompeten lebih daripada 1,200 pekerja, 3 kecekapan teras kami "Kecekapan, Inovasi dan Kebolehpercayaan" akan memastikan dan memantapkan pertumbuhan mapan kami pada tahun-tahun akan datang.

### Penghargaan

Bagi pihak Lembaga, saya ingin menyampaikan penghargaan kepada pengurusan dan kakitangan kami atas dedikasi dan kerja berpasukan mereka yang memainkan peranan amat penting dalam memastikan pertumbuhan berterusan Kumpulan kami. Pencapaian kami mustahil dapat dicapai tanpa usaha bersepadu dan sumbangan pasukan keseluruhan.

Kami juga sangat berterima kasih kepada pemegang-pemegang saham, pelanggan-pelanggan yang dihargai, jurubank dan rakan-rakan kongsi perniagaan kami atas keyakinan berterusan mereka dalam Kumpulan kami dan dengan sokongan penuh mereka, Kumpulan yakin bahawa ia bersedia untuk mengekalkan momentum pertumbuhannya bagi pencapaian yang lebih besar pada masa hadapan.

**Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim**  
Pengerusi

## 親愛的股東

本人謹此欣然代表森德有限公司的董事部為您提呈本公司與集團截至2008年7月31日財政年度的常年報告與已審核財務報表。

### 創業的年代

森德成立於1968年6月25日，回首40年前，當我國的製造業還是處於萌芽期的時候，我們就已經進入製造與行銷聚氯乙烯人造皮革與薄膜的行列。當年，通過日本合作夥伴在技術上的輔助與聯盟，森德成了這個領域的先鋒之一。這些年來，我們所取得的成長與成功皆超越我們的預期。

早年的這些經驗，都是促進我們與眾日本夥伴彼此信任與建立友好關係的寶貴經驗，更協助我們累積進軍其他製造業相關領域的專業知識與技術。森德公司眾創辦人的遠見與初期合作關係的成功，也為我們扎穩了基石，並帶領森德公司把業務多元化，創造更多成功的海外合作聯盟。與此同時，森德也通過這樣的一個策略，為大馬70和80年代的工業化作出了顯著的貢獻。

### 業務成長與拓展的年代

1993年，森德進軍巴西古當的產業領域，跨越了另一個重大的里程碑。如今，森德巴西古當已經成為我們的旗艦產業項目，超過5000個單位住宅已經在這個自供自給的城鎮建竣。通過收購地點適中的土地，森德在柔佛與馬六甲的發展地庫總面積已經增加至1,387英畝。森德完成收購Rising Heights Development有限公司以後，有關的面積將會提高到1,573英畝；我們估計有關的收購得以在年底完成。這家被收購的產業發展公司在馬六甲的愛極樂(Ayer Keroh)擁有186英畝的地庫。

1995年，森德也作出了大膽的嘗試，從歐洲和美國引進最先進的擠出科技設備，在西港的英達島投資巨額，建設廠房。10年以後，森德再度注資5000萬令吉，在原有地點增設廠房和3台擠出生產機械。擴充後的廠房面積達到50萬平方尺，年度拉伸膜產能高達100億公尺，促使森德成為全球最大的拉伸膜生產商，與此同時，也鞏固我們在亞太區域的領導地位。

2005年，我們將觸角伸展到越南，在越南南部平陽省設廠，這間建築面積為107,000平方尺的廠房，負責生產編織袋和太空袋。那次業務的擴充也標榜着森德朝“全球包裝領導者”目標邁進的第一步。

### 建立策略性聯盟

這些年來，我們締造了許多的策略性聯盟，因為我們意識到策略聯盟給我們帶來了更大的成長潛能。現今，我們的主要策略夥伴是日本三井物產株式會社、三井化學聚氨酯株式會社、住友電木株式會社以及司化成工業株式會社。

今年下半年，我們跟策略聯盟夥伴司化成工業株式會社攜手合作，在越南生產多種工業包裝產品。兩者的合作是森德在區域擴展業務和成為全球佼佼者的努力。通過這些合作項目，森德公司得以生產更高附加價值的產品，將森德公司推向更高的價值鏈。與此同時，也與司化成工業株式會社攜手合作，共同開發和積極擴展日本和亞太區域市場。

### 啟動持續成長動力

展望未來，森德公司將通過以下的策略，進一步提升收益以及業務成長：

將產品多元化並且致力打響森德的知名度；讓森德品牌以獨有的素質與風格深入人心，達到最佳的顧客忠實效益，並創造正面的認可形象。自高附加價值精英產品－森德精英拉伸膜“Scientex Elite Stretch Film”於去年推出以後，好評如潮，我們因此乘勝追擊，推出了新系列的精英產品，“Elite Plus”和“Elite Premium”；賺取更高利潤的同時，也維持應有的高品質。此外，採用更佳與更高效科技生產創新產品也有助於我們在競爭激烈的環境中維持甚至提高市場份額。

通過持續的研究與開發，注資購買頂尖的機械與科技來提升我們的生產能力。與此同時也確保我們得以持續生產品質高與創新的產品。

有鑒於人力資源也是我們非常寶貴的資產，因此，投資在結構性教育與技術培訓以提升員工在技術與知識上的掌握來完善生產效率也是極其重要的環節。

提高我們的地理市場分布將協助提高產品需求和引進出口盈收，間接的推高我們在海外市場的成長空間。

森德將持續在科技、知識傳播與產品開發上尋求策略性聯盟，以創造協和力與商機。這些都是加強我們在競爭中脫穎而出的有利條件。

在地點適中的黃金發展地段增購地庫，發展與投資產業項目，帶領森德公司在名聲良好，備受信賴以及產業經濟適用的名義下提高未來的收益。

當森德公司通過上述策略，尋求持續成長之際，我們也不忘了把重點和信任放在同樣是成長推動力的人力上。我們在過去的日子里栽培了正直、熱忱、掌握知識、技巧與經驗，有激發能力和堅定決心的團隊。他們不僅成就了森德的過去，更做好準備，迎戰今日高度激烈的挑戰。

### 營運業績

以下是2008財政年的財務報告：

- 森德公司營業額達到6億5660萬令吉，比2007財政年同期的6億1310萬令吉高出百分之7。
- 森德稅前盈利從去年同期的4020萬令吉，上漲至5740萬令吉，成長漲幅度達到百分之43。
- 淨盈利是5300萬令吉，與2007財政年的4150萬令吉比較，增加了百分之28。
- 每股盈利為24.1仙，增加了5.8仙，去年同期是18.3仙。
- 森德公司在2008年1月24日，以1庫存股對每50股普通股的方式派发股息。
- 2008年8月15日派发百分之6的中期淨股息

尽管全球原料成本以及经常开支增加，但是，这也是森德公司有史以来首次获取超过6亿5000万令吉的营业额，营运盈利也同时创新高。森德旗下制造业务的销售增加是营业额上扬的主要因素。森德公司在这个财政年完成企业活动并抵销非营运开销以后，总值1180万令吉的负商誉也协助推高森德公司的营运盈利。

截至2008年7月31日，森德公司的资产负债表依然保持稳健，股东权益为3亿4600万令吉，总资产为6亿2140万令吉。每股净资产值从去年的1令吉50仙增加至1令吉61仙。净资产负债比率也因为银行定期还贷的关系，从0.16改善至0.12。

## 股息

随着财务表现的标青，董事部建议在截至2008年7月31日的财政年，派发百分之10的终期净股息。连同2008年8月派发的百分之6的中期净股息，森德公司总共派发了百分之16的股息。有关终期股息的派发还有待即将来临的常年股东大会的通过。

在扩展业务的同一时间，森德公司将致力维持以合理的股息回报股东，保留足够资金作为营运与投资用途两者之间的平衡。

## 企业发展

### 自愿全面收购

2008年1月25日对森德来说，也是一个重大的里程碑。森德综合发表文告献议以换票方式，即每1股森德综合新股换1股森德包装股票，收购其未持有的森德包装股票。有关的献议获得股东的热烈反应，取得占森德包装发售额及缴足资本百分之97.29的有效接受比例。

森德随着进行强制性收购，收购剩余还未持有的森德包装百分之2.71的股权。完成全面收购以后，森德包装已正式在2008年4月28日除牌并私有化。

上述的收购有利于森德公司简化和合理化资源分配，以节省成本以及提高营运效率，并且在中长期改善森德整体的盈利。

配合这项将两家公司业务整合为一家上市公司的收购计划和更有效地反映有关的简化活动，森德综合由2008年3月14日起，易名森德公司。这项新的企业识别也是森德公司重新塑造品牌的部分努力，以在客户、供应商、股权持有者以及股东心中打响森德的知名度。

### 股票回购

森德在截至2008年7月31日的财政年，总共从公开市场回购了每股为50仙的8,586,700股普通股，总值10,941,949令吉。截至2008年7月31日，公司累积的库存股为15,042,328股普通股，每股50仙。截至2008年10月23日，年度报告书印刷之前，森德持有14,596,062股的库存股。

公司已经第3度注销回购后的库存股；2008年9月24日注销的库存股达446,266股。因此，目前森德的缴足资本是230,000,000股，每股50仙的普通股。

### 首要业务发展

森德在2008年3月23日为古来森德综合市计划主持隆重的开幕礼，正式把森德公司带入一个重大的扩展大计。占地250英亩综合城镇的发展总值估计达5亿令吉，森德将分阶段加以发展。整个计划落实之后，这个自供自给的城镇将拥有4000个综合产业发展单位，现代化的设备与基础建设，这些包括了学校、购物商场、政府办事处、医院、警察局与交通枢纽。

森德全资持有的子公司，Scientex Quatari Sdn Bhd于2008年9月8日签署了买卖合同，同意以925万令吉的代价收购Rising Heights Development有限公司每股1令吉，共10,260,000股普通股，相等于该公司百分之52.83的发售额与缴足资本。

完成这项收购以后，Scientex Quatari Sdn Bhd所持有的股权，将从百分之33.54增至百分之86.38。Rising Heights Development有限公司是一家产业发展公司，首要的发展计划是位于马六甲爱极乐的Taman Muzaffar Heights，占地186英亩的住宅与商业产业。

## 营运环境以及前景

全球经济展望受到美国次贷危机引发的金融风暴拖累而走低。这场风暴已经演变为全球经济危机，打击美国与欧洲的银行体系以及全球经济走势。虽然如此，大马财政部2008/2009经济报告的数据显示，大马的经济预期将取得温和的增长。国内主导工业的产能增加，估计将推动制造业获取百分之4.7的成长。

国内主导工业的表现较差也导致塑料工业在2007年仅取得百分之3的增长幅度。2007年塑料工业的营业额达到154亿7000万令吉，2006年则是150亿200万令吉。当中，出口显然增加，从前一年的78亿5000万令吉增长至83亿8000万，占了2007年总营业额的百分之54。出口的增长，反映了本地塑料工业正扩大全球市场，参与全球的竞争。无论如何，值得注意的是，塑料树脂的成本增加，推高塑料成品销售价格也是2007年营业额上扬的部分原因。（资料来源：马来西亚塑胶厂商公会）

全球笼罩在金融市场危机阴影之际，大马的经济也无法幸免。无疑的，迈入2009年，大马还是会受到当前全球经济低迷所影响。

在应对全球经济不明朗的当儿，森德公司将会继续采取严谨的管理政策，发挥我们最大的潜能。我有信心，通过塑造一个强势品牌，为客户提供良好的售后服务与技术支持以及执行具竞争性市场价格的策略，我们经验丰富的管理层将得以带领森德公司扩展业务并推高整体的赚幅。

前方的挑战事实上也为森德公司带来无限的商机；森德也不断的寻求得以推高盈利的商机。森德公司具备魄力、忠诚与有才干的团队，经过近期业务整合为一个主体之后，能以更好的定位去适应全球环境的转变，通过提升和注入更多的资源来迎合市场多变的需求。

在我们1200名称职团队不断开发全球市场并渗透更多全新市场之际，我们的3大核心竞争力，即“具竞争优势、创新与备受信赖”，将能确保和推动我们在未来取得持续的成长。

## 感谢篇

我谨代表董事部衷心感谢我们的管理层与员工，感谢他们热忱的付出和团队精神，他们在确保森德公司获取持续成长的过程中，扮演着举足轻重的角色。如果没有他们的同心协力与贡献，我们将无法取得这些成就。

与此同时，我们也感谢股东、忠诚客户、银行与生意伙伴对我们的信任，他们的全力支持让森德公司坚信，我们已经在维持成长动力与获取更大成就的路上，有了非常好的定位和条件。

**Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim**  
主席

## MANUFACTURING

After conclusion of our corporate exercise middle of this year, we have now streamline our principal activities into manufacturing and property development. For the year under review, our manufacturing division achieved a revenue of RM569.5 million compared with RM528.7 million in the last financial year. In line with the higher overall revenue, the operating profit increased from RM18.5 million to RM26.5 million. The increase in revenue and improved margins was attributable to a combination of factors namely our ability to sell our products at higher selling prices as well as the sales of our product mix which encompasses higher-margin products.

### Packaging

Currently, our packaging business unit produces various packaging products designed for outer, middle and inner packaging applications :-

Outer Packaging : Stretch film, stretch hood, polypropylene ("PP") & polyethylene ("PE") strapping band & high density poly ethylene ("HDPE") tying tape (raffia)

Middle Packaging : Woven bags, bulk bags & corrugated carton boxes

Inner Packaging : Adhesives, lamination film & polyvinyl chloride rigid film

Product range:

*Elite*

*Elite plus*

*Elite*  
**Premium**



Scientex Elite Stretch Film

[ Continued ]



*PP Strapping band*



*10 Straps PP Band*



*HDPE Tying Tape*

Today, we are one of the largest producers of stretch film, with an annual production capacity in excess of 10 billion metres.

Following the successful launch of our “Scientex Elite Stretch Film” last year, we have introduced two new brands to our existing range of products, namely “Elite Plus” (12 micron thickness) and “Elite Premium” (10 micron thickness). These high performance hand wrap stretch films have been designed to be thinner than the conventional stretch film (which ranges from 15 micron to 20 micron thickness) but at the same time providing comparable holding force and costs savings through the reduction of film consumption. With the growing concern in respect of the impact of plastics on the environment, this new Elite range of products seeks to address this issue by reducing the consumption of raw materials as well as the use of packaging materials, hence reducing its impact on the environment.

Since the end of last year, we have intensified the production and marketing of lamination film which is widely used in the food packaging industry for example in the packaging of dried food, snacks, liquid pouches, powdered instant beverages and pharmaceutical packaging. This will cater to meet the growing global demand for such products in the flexible food packaging converting business.

The continuing construction and expansion of petrochemical facilities within the Asian region provides good opportunity and prospects for Scientex stretch hood products that are utilized for the packaging of palletized resin packs. Stretch hood products use less plastic film per pallet wrap than the conventional shrink packaging method. Stretch hooding also require lesser energy utilization as well as enhances a safer working environment through the elimination of the use of heat sources which is required for the production of conventional shrink packaging products.

[ Continued ]



*HDPE and PP Tying Tape (raffia)*

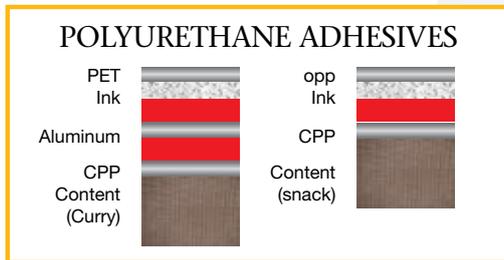
Through our 75% subsidiary Scientex Tsukasa (Vietnam) Co., Ltd (“Scientex Tsukasa”) which is a joint collaboration with Tsukasa Chemical Industry Co., Ltd (“Tsukasa”) of Japan, we have expanded our existing manufacturing plant in Vietnam which is now capable of producing HDPE tying flat tape and twine (twisted) raffia tape in addition to our existing range of products such as PP and PE woven bags, fabric and FIBC bags and lamination bags. The plant is expected to increase its production capacity to meet the growing market demand by acquiring additional production lines to produce a wider range of raffia tape in the near future.

The above mentioned products are mainly exported to the growing Japan market and the Asia Pacific region. It is our Group’s strategy to expand its businesses through the manufacture and marketing of a wider range of industrial packaging products.



*Stretch Hood*

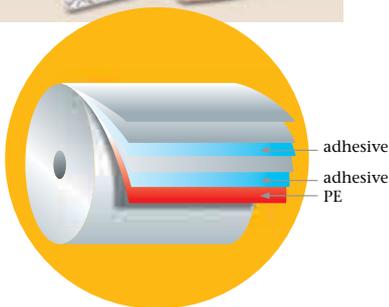
[ Continued ]



PU Adhesives

### Chemical

We are also involved in the manufacturing and marketing of urethane prepolymer adhesives for the lamination of plastic film, paper and aluminum foil through our joint venture with Mitsui Chemicals Polyurethanes, Inc. of Japan (MCPU) under the joint venture entity known as Cosmo Scientex (M) Sdn Bhd. Currently our manufacturing process is able to produce either single or two component adhesives which are widely used in flexible packaging converting business. Our current products range include dry lamination, solvent-free lamination and extrusion lamination which are used in the packaging of snack food, boiled food, retort pouch and juice and liquid products.



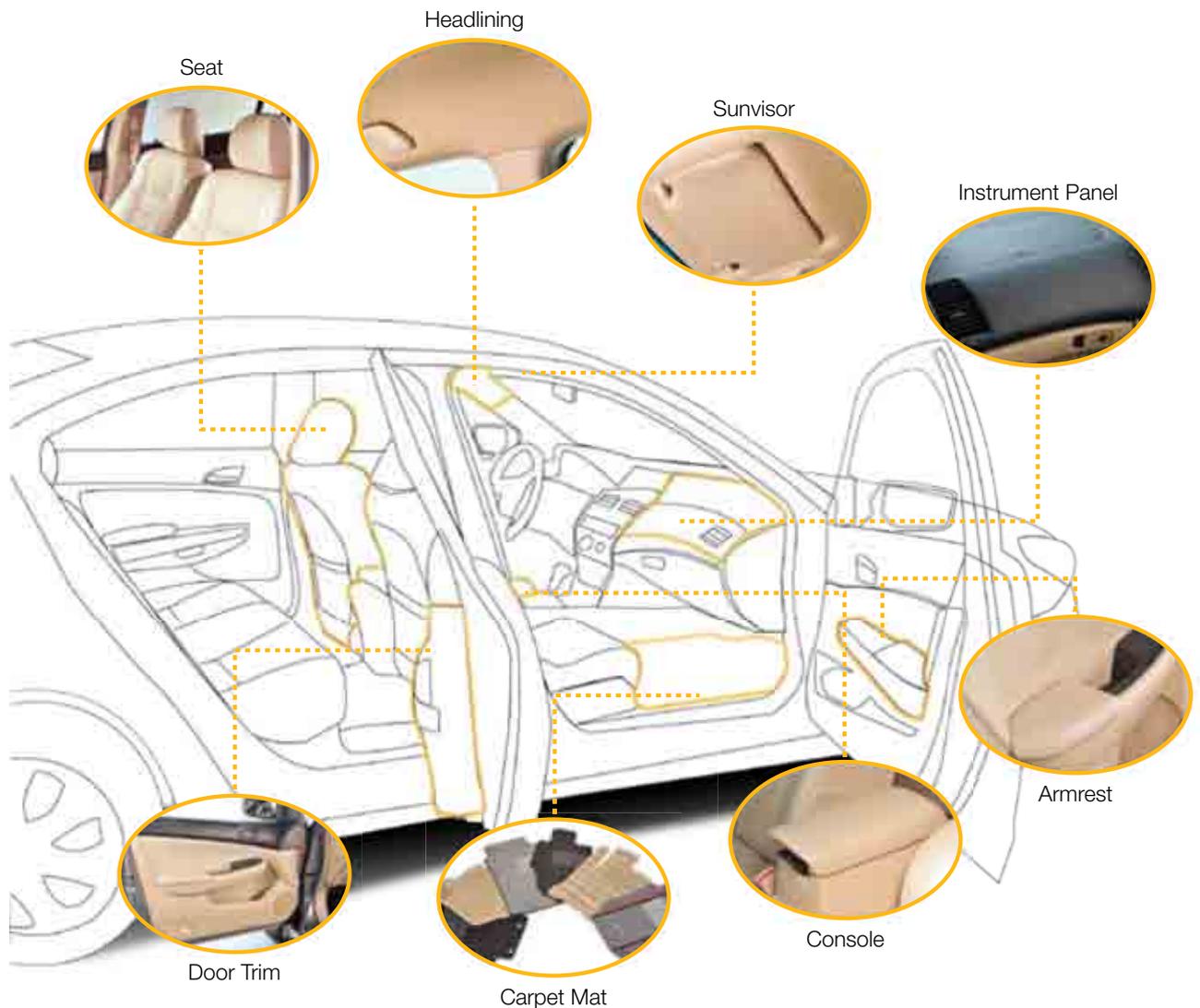
We have the largest market share in Malaysia for the sales of polyurethane adhesives with Thailand, Indonesia Philippines, Vietnam and Bangladesh being our main overseas markets. We are focusing on the production of high performance adhesives and also promoting our new solvent-free adhesives to meet the growing market demand.

In general, the demand for laminating adhesives in the region remains strong despite a challenging business environment. To expand our markets, we are focusing on the marketing of our high performance adhesives to fast-growth and new markets and emerging economies. To address the cost issue in respect of the rising cost of raw materials, we are constantly sourcing for cheaper sources and suppliers of raw materials whilst at the same time maintaining our product quality.

In terms of product development, we have launched and marketed a new solvent-free adhesive product developed by MCPU after extensive research and development and the carrying out of in-depth market surveys to determine market response. With this new product, we have created a new market niche for the Company and we are confident that this new product would contribute substantially to the Company's turnover in the future.

Meanwhile, the Company is proud to announce that it has achieved the ISO 1400 accreditation in the year 2007 for environmental management system. This accreditation is a welcome boost to the Company and would assist and enable the Company to move towards a systematic and better working environment and to build a strong team who are conscious of their work environment and surroundings. Plans are underway to further improve our safety management system by achieving the ISO 18000 certification by the end of 2008.

[ Continued ]

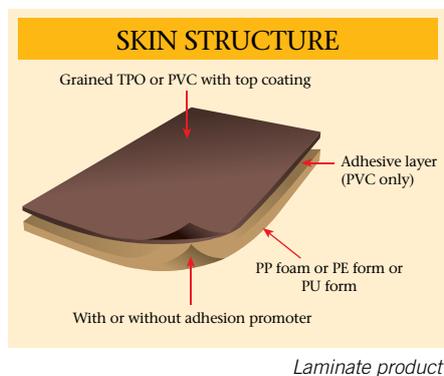


## Polymer

Our polymer business has grown to become one of the leading companies in the South East Asia region supplying automotive interior products ranging from intermediate and end customer products for both the domestic and overseas markets.

The global automotive industry demands world class standards in terms of product quality, productivity and competitiveness and requires constant innovation and continuous improvement. To achieve this goal, we have obtained the prestigious ISO/TS 16949 certification in December 2007 which specifies the quality system requirements for the design/development, production, installation and servicing of automotive-related products. This certification has brought us to be aligned with existing US, German, French and Italian automotive quality system standards within the global automotive industry.

With this certification, it has boosted our confidence in our own ability to compete in the international arena and enables us to gain the trust of all interested parties in global sourcing for such products and will no doubt place us in a better and stronger position to tap and secure future business opportunities.



[ Continued ]



*Technical Centre*



*Autograph*

Meanwhile, the Group's foreign subsidiary, Scientex Polymer (Vietnam) Co., Ltd which is involved in the manufacture of tufted carpet mats, is working towards the prestigious ISO/TS 16949 certification which is expected to be obtained by the end of 2008. Despite the tough business environment, we are pleased to inform that we have made a breakthrough in securing a new export market for our laminated product namely instrument panels and door trims for the Tata Group which is one of India's oldest and largest business conglomerates. In addition, we have started to supply tufted carpet mats to Toyota which has a car assembly plant in Vietnam.

Plans are under way to increase the production capacity of tufted carpet mats in our Shah Alam and Vietnam plants next year to meet the growing demand from established car manufacturers such as Toyota. The tufted carpet mats are manufactured employing the latest automotive technology and comply with the stringent and specific standards set by the Japanese, American and European car manufacturers.

To achieve greater market share in the automotive segment, we shall continue to invest in research and products development to meet and fulfill our customers' requirements. In this aspect, our Technical Centre plays a pivotal role as it is the heart of all new product developments for automobile applications ranging from instrument panels, door trims, headlining, carpet mats as well as upholstery for car seats. With all our testing equipments being housed under one roof, we are able to provide good and prompt technical support to our valued customers.

We will continue to service our existing markets whilst making inroads into new markets to market our products. We will also tie up and forge strategic alliances with renowned car makers and other automotive part players in order to expand our markets.

The outlook for the year 2008 and beyond is certainly becoming more challenging than ever as our export markets are expected to be impacted by the slow down in the US economy. In addition, the Group is facing stiff competition from other lower costs producers. In view of the impending global slowdown, the Group intends to remain focused in its core manufacturing activities and adopting a prudent approach in such trying times. The Group will also look into areas to cut costs especially in the procurement of raw materials and to produce higher valued added products which would enable us to command better selling prices and better profit margins.

# PROPERTY



All developments under our property division are undertaken by our wholly-owned subsidiary, Scientex Quatari Sdn Bhd and our 60% owned subsidiary, Scientex Park (M) Sdn Bhd.

Currently, we are developing two townships namely Scientex Pasir Gudang and Scientex Kulai, both in the State of Johor. Scientex Pasir Gudang comprises development projects undertaken by Scientex Quatari Sdn Bhd and Scientex Park (M) Sdn Bhd and our Scientex Kulai township is fully undertaken by Scientex Quatari Sdn Bhd.

## A Facilities & Sales Office

- A1: Wisma Scientex
- A2: Econsave
- A3: Alpinia Park
- A4: College Community Pasir Gudang
- A5: Polytechnic Johor Bahru
- A6: Show Village Scientex Pasir Gudang
- A7: Hamelia Garden
- A8: Amanpuri Park
- A9: Police Station

## B Completed & Under Construction Products

- B1: Factory
- B2: Alpinia – Double Storey Terrace Houses (788 units)
- B3: 1 1/2 & 2 1/2 Storey Shops/factory
- B4: Terrace Houses (600 units)
- B5: Casuarina – Terrace Houses (813 units)
- B6: Casuarina Centre – 1 & 2 Storey Shops (37 units)
- B7: Impiana – Cluster Semi Detached Houses (90 units)
- B8: 1 1/2 Storey Terrace Houses (99 units)
- B9: Low Cost Flat (330 units)
- B10: Cassia – Terrace Houses (222 units)
- B11: 1 1/2 Storey Low Cost Shop (77 units)
- B12: Heliconia – Terrace Houses (270 units)
- B13: Heliconia – Medium Cost Houses (320 units)
- B14: Heliconia 2 – Medium Cost Houses (192 units)
- B15: Amanpuri – Terrace Houses (352 units)
- B16: Amanpuri Elit – Terrace Houses (212 units)

## C Recent Products

- C1: Amanpuri Elit 2 – Terrace Houses (212 units)
- C2: Hamelia – Terrace Houses (304 units)
- C3: Acacia – Terrace House (363 units)
- C4: Heliconia Fasa 3 – Medium Cost Houses (192 units)

## D Proposed Development

- D1: Proposed Bungalow houses (69 units)
- D2: Proposed Cluster Semi Detached Houses (224 units)
- D3: Proposed Apartment (232 units)
- D4: Proposed Terrace Houses (2,379 units)
- D5: Proposed Medium Cost Houses (753 units)
- D6: Proposed Low Cost Flat (2,288 units)
- D7: Proposed Shops (520 units)
- D8: Proposed Commercial Centre
- D9: Proposed Primary & Secondary Schools

[ Continued ]



For the year under review, the property division continued to register a sustainable turnover. We achieved RM87.1 million of revenue and operating profit of RM20.9 million despite operating in a challenging business environment. Last year, we recorded a revenue and operating profit of RM84.4 million and RM25.3 million respectively.

### Scientex Pasir Gudang

For the period under review, Scientex Pasir Gudang held three new launches: Phase Q8C (Acacia) comprises 363 units double storey terrace houses was launched in September 2007; Phase Q8B(2) (Amanpuri Elit) comprises 212 units of double storey terrace houses was launched in December 2007 and Phase Q6C (Heliconia) comprises 192 units double storey low medium cost terrace houses was recently launched in May 2008. These launches enjoy good take up rates especially Phase Q8C which achieved 95% take up rate.

This year also saw the successful handing over of 756 units of homes to house buyers which were completed ahead of schedule. 352 units double storey terrace houses under Phase Q8A (Amanpuri) were completed and handed over in July 2007, 212 units of double storey terrace houses under Phase Q8B (Amanpuri Elit 1) were handed over in July 2008 and 192 units of double storey terrace low medium cost houses under Phase Q6B (Heliconia) in April 2008.

Phase 10A (Impiana) which comprises 56 units of double story cluster house was launched in May 2007 and it has been fully sold. This niche project is targeted at purchasers who would like to upgrade themselves from a double storey terrace house to cluster house with a bigger compound and a bigger built up area with emphasis being placed on security by having a gated and guarded community concept. Due to the overwhelming response from the public, we continued to launch our Phase 10B (Impiana) in September 2008 which comprises 34 units of double storey cluster houses to meet the market needs.



*Casuarina Double Storey Houses*



[ Continued ]



*Casuarina Double Storey Houses*

Our maiden launch of Phase K1 (Casuarina) which comprises 211 units double storey terrace houses was held in April 2008. Our Casuarina model is practically designed with 3 bed rooms located upstairs thus freeing up valuable land space on the ground floor for a spacious living area. This tastefully designed double storey house is ceramic tiled and is affordably priced from RM113,800 onwards.

The response from the public since our launch has been encouraging with a 40% take up rate for the year under review.

Going forward, our strategy remains focused and unchanged: to build affordable and quality homes with timely delivery to our buyers. Barring any unforeseen circumstances, our property division expects the market outlook for such properties to be positive.



# [ Manufacturing Facilities ]

To date, Scientex Berhad has a total of 7 manufacturing plants in Malaysia and S.R. of Vietnam for the manufacturing of various packaging products and automotive interior products.

## **Head Office, Shah Alam Scientex Berhad**

Manufacturing of stretch hood, lamination film, shrink hood, PVC leather cloth, TPO/PP & PVC/PP foam skin materials & tufted carpet mats for automotive interior



## **Pulau Indah, Port Klang Scientex Packaging Film Sdn Bhd**

Manufacturing of stretch film



## **Melaka Woventex Sdn Bhd Pan Pacific Straptex Sdn Bhd**

Manufacturing of PP & PE woven bags & fabric & PP strapping band



## **Senawang Scientex Containers Sdn Bhd**

Manufacturing of corrugated carton boxes



[ Continued ]

**Pulau Indah, Port Klang**  
**Cosmo Scientex (M) Sdn Bhd**

Manufacturing of urethane prepolymer  
adhesives for flexible food packaging



**Vietnam**  
**Scientex Tsukasa (Vietnam) Co., Ltd.**

Manufacturing of PP & PE woven bags &  
fabric, FIBC bags, HDPE & PP typing tape



**Vietnam**  
**Scientex Polymer (Vietnam) Co., Ltd**

Manufacturing of tufted carpet mats



**MALAYSIA**

**SCIENTEX**

- Shah Alam Factory
- Pulau Indah Factories
- Melaka Factory
- Senawang Factory
- S.R. of Vietnam Factories



**VIETNAM**

# [ Corporate Responsibility Statement ]

We are fully conscious to uphold our corporate responsibility and subscribe to an open and transparent business practice that is based on ethical values and respect for our employees, shareholders, the community, environment and other stakeholders.

## **Work place**

As our people are our key assets, we provide substantial training and development opportunities to our employees. Our manufacturing division has implemented on a yearly basis a structured training and development programme conducted in-house or by external consultants to provide and equip our employees with the right skills and job knowledge to enhance their efficiency and effectiveness in their work. In total, our manufacturing division has conducted about 45 training programmes during the financial year.

We reward and remunerate our people through a fair and equitable remuneration scheme and with other fringe benefits such as hospitalization insurance and medical facilities. Incentive schemes and competitive salary adjustments are accorded to those who consistently perform at a high levels as reward and recognition.

Our employees are encouraged to participate in healthy wholesome activities. The sports club at our Shah Alam's office has organised various activities such as football, badminton, bowling and futsal matches and lunch gatherings to promote team spirit and stronger bonding amongst themselves.

We believe in providing a conducive, safe and secure work environment to our employees. To safeguard our employees and to instill the value and knowledge which is essential to a healthy and safe working environment, we continuously undertake first aid training, radiation safety, fire drills and plant evacuation exercise. Our manufacturing division has conducted training on forklift operation and safety, upgraded the fire protection system with the construction of a new pump house, established a safety committee to resolve any safety issues arising, providing personal protection equipment such as earplugs and safety shoes to all workers and the placing of fire fighting squads and first aiders at each production shifts.



We care for the welfare of our people and we have in July of this year implemented a special relief allowance to partially assist our staff to alleviate their financial burden caused by the increase in fuel prices. In addition, the Group has also launched the Scientex logo which carries the tagline “healthy, friendly & happy” to instill positive corporate culture within the Group. We encourage our people to embrace a healthy lifestyle and a positive work attitude that is “healthy, friendly & happy”.

## **Marketplace**

We strive to adopt best practices in the area of corporate governance to protect and enhance our stakeholders' interests. In seeking to achieve our financial goals, ethical business values and integrity shall not be compromised. The recent collapse of the financial economy in the United States serves as a timely reminder to all of us that we must conduct our business in an appropriate manner without sacrificing our core values.

We seek to engage with our shareholders and investors through various channels of communication such as the general meetings of shareholders, announcements to Bursa Malaysia Securities Berhad, press releases, media and our updated website, [www.scientex.com.my](http://www.scientex.com.my) to enhance investor relations and shareholders communication. We have always strive to maintain an appropriate balance of providing our shareholders with a reasonable rate of return through our dividends payment whilst retaining adequate funds for reinvestment which is necessary and essential for business growth and expansion.

Over the years, we have carved a niche as a reliable and trustworthy property developer in the affordable housing segment in Pasir Gudang, Johor Bahru. As a responsible property developer, we continuously strive to deliver value for money quality houses and to provide good customer services. We have consistently delivered our completed properties to our buyers on time and on schedule based on “speed, cost & quality”.

[ Continued ]



In line with our 'healthy, friendly & happy' tagline, a sports event was held at Amanpuri Park, Scientex Pasir Gudang on 23 August 2008. A tree planting ceremony was conducted and 500 residents and people from surrounding area participated in the activities such as mini marathon, free health screening and games. These activities have allowed our sales team an opportunity to interact and obtain feedback from the customers and the community, while gauging their needs more closely.

On 19 October 2008, a family oriented activity was held at Scientex Kulai whereby about 300 people turned up to participate in various activities. The highlight of the event was the trekking activity which was held in the plantation land which forms part of the on-going development. There was a talk on healthcare as well as other activities like free skin screening, eyesight screening and healthcare screening being provided to the participants.

In our continuous effort to provide quality products, most of our manufacturing processes comply with the stringent criteria set out in the international ISO charter. In 2008, another subsidiary of our Group has joined the list of subsidiaries and associate company in achieving ISO certification of 9001.

### Community

In conjunction with the grand opening ceremony in Scientex Kulai on 23 March 2008, we have taken the opportunity to made cash donations to the following local schools:-

- a) Sekolah Agama Batu 26
- b) Sekolah Jenis Kebangsaan (Tamil)
- c) Sekolah Jenis Kebangsaan (Cina) Sawit
- d) Handicapped & Mentally Disabled Children Association Johor Bahru

In line with the Group's philosophy of giving back to the society, we have established Scientex Foundation, a charitable trust set up to fund and support corporate responsibility activities relating to healthcare and the environment. We have undertaken to contribute an initial fund of RM1 million to Scientex Foundation for its start-up operations.

### Environment

Two of our subsidiaries and an associate company are certified with ISO 14001 : 2004 (Certification of Environmental Systems). These achievements show the Group's concern for the environment by ensuring that our plants are in strict compliance with the environmental laws governing plant operation and maintenance, relating to the environmental standards, emission standards, noise level management and treatment of plant effluents and waste water. Measures are taken in accordance to environmental management system to minimize the adverse impact of the plants' operations on our environment.

Conscious of our responsibility to reduce the environmental impact and the climate change issue, our property division has introduced the "shear wall design" in the construction of terrace houses since year 2000. Besides contributing to the delivery of products with consistent and good quality finishes with reduced manpower and construction time, it has reduced the wastage of resources in terms of building materials with zero construction debris as well as the elimination of open burning thus contributing to the protection of the environment.

Our manufacturing division has launched a thinner gauge stretch film of 12 micron last year and to further reduce the film consumption, a 10 micron "Elite Premium" was introduced this year. These products are designed to promote the lesser use of raw material consumption and thus minimizing the adverse impact of plastics on the environment.

Furthermore, Scientex Foundation was established for the purpose of conservation, protection and preservation of environment and promotion and implementation of environmental awareness programmes. We will be promoting public awareness on the importance of protection, preservation and sound management of environment, consciousness amongst people towards issues concerning global environment such as climate change, environment degradation due to emission, deforestation, oil spills and use of fossil fuel energy.

# [ Audit Committee Report ]

The Board of Directors ("Board") is pleased to present the report of the Audit Committee for the financial year ended 31 July 2008.

## MEMBERSHIP

The members of the Audit Committee comprises the following Directors :

### CHAIRMAN

**Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim**  
Independent Non-Executive Director

### MEMBERS

**Tan Beng Chai**  
Executive Director

**Cham Chean Fong @ Sian Chean Fong**  
Independent Non-Executive Director

**Wong Mook Weng @ Wong Tsap Loy**  
Independent Non-Executive Director

In line with the amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the corporate governance framework, the Group is looking for a suitable new non-executive director who is a member of an accounting association or body to be an additional member of the Audit Committee to comply with the Bursa Securities's requirement of all members of the Audit Committee to be non-executive directors by 31 January 2009.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### Composition

- The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and shall consist of not less than three (3) members whereby at least one member of the Audit Committee:
  - must be a member of the Malaysian Institute of Accountants ("MIA"); or
  - if he is not a member of the MIA, he must have at least three (3) years' working experience and;
    - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - must hold a degree/master/doctorate in accounting or finance and have at least three (3) years' post qualification experience in accounting and finance; or
  - must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.
- No alternate Director is to be appointed as a member of the Audit Committee.
- The members of the Audit Committee must elect a Chairman from amongst their number who is an Independent Non-Executive Director.
- If a member of the Audit Committee resigns, dies or for any reason ceases to be a member resulting in the number of the Committee members being reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- The terms of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years.

### Authority

The Audit Committee is authorised by the Board to:

- investigate any matter within its terms of reference;
- have the resources which are required to perform its duties.
- have full and unrestricted access to any information pertaining to the Company and shall have the resources it requires to perform its duties. All employees are directed to co-operate with any request made by the Audit Committee.
- obtain outside legal or other independent professional advice as necessary to assist the Audit Committee in fulfilling its duties.
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity.
- convene any meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

### Functions and Duties

The functions and duties of the Audit Committee include the following:-

- to review the following and report the same to the Board:
  - with the external auditors, the audit plan;
  - with the external auditors, their evaluation of the system of internal controls;
  - with the external auditors, their audit report;
  - the assistance given by the employees of the Company to the external auditors;
  - the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

- g) the quarterly results and year-end financial statements of the Group and the Company, focusing particularly on:
  - changes in or implementation of accounting policies and practices;
  - significant and unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements; and
- h) any related party transactions and conflict of interest situation that may arise within the Company or Group.
- ii) to discuss problems and reservations arising from the final audit, and any matter the auditors may wish to discuss (in the absence of management where necessary).
- iii) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
- iv) to consider any other functions or duties as may be agreed to by the Audit Committee and the Board.

#### Meetings and Reporting Procedures

The Audit Committee shall meet at least four (4) times in a financial year. The Chairman may call for additional meetings at any time at his discretion or if requested to do so by any member or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee. The quorum for a meeting shall consist not less than two (2) members, the majority of those present must be Independent Directors.

The Group Financial Controller, representative of the external auditors, other Board members, employees and/or external independent professional advisers may attend meetings upon the invitation of the Audit Committee.

Notice of the proposed agenda for each meeting is distributed in a timely manner to the members of the Audit Committee. As a reporting procedure, the secretary of the Audit Committee shall keep the minutes of each meeting and circulate to the members of the Audit Committee and also to all members of the Board for notation and action, where necessary.

#### ATTENDANCE OF AUDIT COMMITTEE MEETINGS

The details of attendance of each member in the Audit Committee Meetings held during the financial year ended 31 July 2008 are as follows:-

Committee Members	Number of Meetings attended by the Committee Members / Total Number of Meetings held during the financial year ended 31 July 2008*	Percentage (%) of Attendance
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	5/5	100
Tan Beng Chai	5/5	100
Cham Chean Fong @ Sian Chean Fong	5/5	100
Wong Mook Weng @ Wong Tsap Loy	5/5	100

Notes:

\* The meetings were held on 19 September 2007, 26 October 2007, 18 December 2007, 25 March 2008 and 24 June 2008.

#### ACTIVITIES UNDERTAKEN BY AUDIT COMMITTEE

The activities of the Audit Committee during the financial year ended 31 July 2008 include the following:-

- i) reviewed the Group's unaudited quarterly financial results prior to submission to the Board for consideration and approval.
- ii) reviewed the Group's year end audited financial statements with the external auditors and recommended the same to the Board for approval.
- iii) discussed with the external auditors before the audit commences, the nature and scope of the audit plan.
- iv) discussed any issues arising from the audit exercise and reviewed the external auditors' Memorandum of Suggestion and management's response.
- v) discussed with the external auditors on matters arising from the final audit without the presence of the executive board members and management.
- vi) reviewed the duties, responsibilities, scope and authorities of internal audit department as well as the internal audit charter.
- vii) reviewed the adequacy and relevance of the scope, functions and internal audit processes as well as the internal audit plan.
- viii) reviewed the internal audit report presented by internal auditors and considered the major findings and recommendations of the internal audit consultants in the Group's operation and ensured significant findings were adequately addressed by the management.
- ix) discussed and approved the appointment of senior staff of the internal audit department.
- x) reviewed any related party transactions that may arise within the Group;
- xi) reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Internal Control for inclusion in the Annual Report;
- xii) discussed any significant accounting and auditing issues and reviewed the impact of new or proposed changes in accounting standards.

#### INTERNAL AUDIT FUNCTION

The internal audit function was previously undertaken by BDO Governance Advisory Sdn Bhd ("BDO"). To strengthen the audit function, the Group has set up an Internal Audit Department during the financial year. The Head of Internal Audit Department reports directly to the Audit Committee. The Internal Audit Department is responsible for the provisions of independent audit reports to the Audit Committee on the Group's system of internal control, risk management and governance processes, and its roles, responsibilities, scope and authorities are provided in the Internal Audit Charter.

During the financial year under review, BDO has conducted audit on certain operating units and presented its findings and recommendation for improvement to the Audit Committee for deliberations. Besides that, the Group Internal Audit team has carried out review on the internal audit programmes and processes and operations of the Group. The Head of the Internal Audit Department has presented a new internal audit charter and audit plan to the Audit Committee for deliberation and approval.

The cost incurred for the Group internal audit function during the financial year ended 31 July 2008 amounted to RM29,844.00.

# [ Statement On Corporate Governance ]

The Board of Directors (“Board”) recognises that good corporate governance to be the cornerstone of a well-managed organisation and the responsibility to observe the high standard of transparency, accountability and integrity. These will not only safeguard and enhance shareholders’ value but also ensure that the interest of the stakeholders is protected.

Set out below is the manner on how the Group has applied the principles of good governance as set out in the Malaysian Code on Corporate Governance (Revised 2007) (“the Code”).

## 1. DIRECTORS

### Board of Directors

The Board is primarily responsible for determining the Group’s strategic plans and direction, overseeing the conduct of the business, risk management, succession planning of senior management, implementing investor relations programme and ensuring the systems of internal control and management information system are in place and are effective.

The Board has within it, professionals drawn from various backgrounds bringing depth and diversity in experience, expertise and perspectives to set forth a synergy of strength in charting the directions of the Group. The profile of the directors as presented on pages 12 to 15 of this Annual Report demonstrate their range of qualifications and experiences.

### Board’s Composition and Balance

The Board currently has nine (9) members, comprising three (3) Executive Directors including the Managing Director, one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. This is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), which require that at least one-third of the total number of Directors to be independent.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations and development of business and corporate strategies. The Independent Non-Executive Directors of calibre and experience provide the necessary balance of power and authority to the Board. They do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationship with the Company in order that they are capable of exercising independent judgement and act in the best interest of the Company and its shareholders. Y.Bhg. Tan Sri Dato’ Mohd Sheriff Bin Mohd Kassim is the Senior Independent Non-Executive Director.

To maintain effective supervision and accountability of each of the Board and the Management, the position of the Chairman and Managing Director are held by separate persons to ensure a balance of power and authority. To further reinforce this separation, the Chairman of the Company is not someone who has previously served as the managing director of the Company. The Chairman plays a crucial leadership and pivotal role for ensuring the Board works effectively whilst the Managing Director has overall responsibilities to ensure the Group’s business is properly and efficiently managed and implement Board policies and decisions.

The Board is satisfied that the current composition is broadly balanced and considers its current size adequate given the present scope and nature of the Group’s business operations.

### Appointment and Re-election of Directors

The Nomination Committee is responsible for making recommendations to the Board for the appointment of new directors. All nominees to the Board are first considered by the Nomination Committee, taking into account the required mix of skills and experience and the candidates’ integrity and other qualities, before recommended to the Board. The Nomination Committee also considers, in making its recommendation, candidates for directorship proposed by the Managing Director and, within the bound of practicability, by any other senior executive or any director or shareholder.

In accordance with the Company’s Articles of Association, at every Annual General Meeting, one-third (1/3) of the Directors with a minimum of one (1) and those appointed during the year shall retire from office and shall be eligible for re-election. The Articles of Association further provide that all Directors shall retire from office at least once in every three years. The re-election of Directors ensures that shareholders have a regular opportunity to re-assess the composition of the Board.

The Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

### Supply of Information

The Directors are provided with adequate agenda and board papers sufficiently in advance for their perusal prior to the Board meetings to enable them to have ample time to study matters to be deliberated at the Board meetings and to facilitate informed decision making. These papers provide information such as quarterly financial results, internal audit report, corporate issues and minutes of meetings of Committees of the Board.

In addition, there is a schedule of matters reserved specifically for the Board’s approval amongst others, annual budgets and business plans, recommendation of dividend, financial statements and major investments.

Senior management staff may be requested to attend Board meetings to provide additional insight into matters to be discussed in the Board meetings. Advisers and professional appointed by the Company in relation to corporate proposals such as merchant bankers and solicitors may also be invited to attend Board meetings to provide the Board with their professional opinion and

explanation on corporate proposals in deliberation and to clarify any issues raised by the Board.

The Directors in their individual capacity or as a full Board have full, unrestricted and access to all information pertaining to the Group. The Directors also have the advices and services of Company Secretary and senior management staff at all times to aid in the proper discharge of their statutory and fiduciary duties. The Directors may engage independent professional advice at the Company's expense, if necessary in the course of their duties.

### Board Meetings

The Board meets regularly on a quarterly basis with additional meetings convened if there are urgent issues concerning corporate proposals or matters that require expeditious direction from the Board.

During the financial year ended 31 July 2008, the Board met six (6) times and the record of attendance of the meetings is set out below: -

	Numbers of Meetings attended by the Directors / Total Number of Meetings held during the financial year ended 31 July 2008*	Percentage (%) of Attendance
<b>Executive Directors</b>		
Lim Teck Meng	6/6	100
Lim Peng Jin	6/6	100
Tan Beng Chai	6/6	100
<b>Non-Executive Directors</b>		
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	6/6	100
Lim Peng Cheong	6/6	100
Wong Mook Weng @ Wong Tsap Loy	6/6	100
Cham Chean Fong @ Sian Chean Fong	6/6	100
Dato' Hazimah Binti Zainuddin	6/6	100
Teow Her Kok @ Chang Choo Chau (Appointed on 19 December 2007)	3/3	100

Notes:

\* The meetings were held on 19 September 2007, 26 October 2007, 18 December 2007, 25 January 2008, 25 March 2008 and 24 June 2008.

### Directors' Training

All the Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are encouraged to evaluate their own training needs on a continuous basis and determine the relevant programmes, workshop or conference to update and improve their skills and knowledge to keep abreast with the regulatory requirements and business development. In this aspect, as part of the directors' training programmes, a budgeted amount has been set aside for all the Directors to attend relevant training courses which aid the Directors in discharging their responsibilities.

### The Board Committees

The following committees have been established to support the Board to discharge its duties and responsibilities. The Board has delegated certain powers and duties to these committees, which operate within the defined terms of reference.

#### (i) Audit Committee

The Board has established an Audit Committee comprising three (3) Independent Non-Executive Directors and one (1) Executive Director.

The present members of the Audit Committee are:

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman (Independent Non-Executive Director)
Tan Beng Chai	Member (Executive Director)
Cham Chean Fong @ Sian Chean Fong	Member (Independent Non-Executive Director)
Wong Mook Weng @ Wong Tsap Loy	Member (Independent Non-Executive Director)

The full particulars of the terms of reference and report of the Audit Committee are provided on pages 40 and 41 of this Annual Report.

#### (ii) Nomination Committee

The Nomination Committee was established on 18 November 2003. The present members of the Nomination Committee are:

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman (Independent Non-Executive Director)
Cham Chean Fong @ Sian Chean Fong	Member (Independent Non-Executive Director)
Wong Mook Weng @ Wong Tsap Loy	Member (Independent Non-Executive Director)

The Nomination Committee's responsibilities, in accordance with its terms of reference, include recommending to the Board candidates for appointment as Executive and Non-Executive Directors and assisting the Board in annually reviewing the required mix of skills and experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board. The Committee is also responsible to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis.

In carrying out its functions and duties, the Nomination Committee shall in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the services of professional recruitment firms to source for the right candidate for directorship, whenever necessary.

During the financial year, a Board evaluation was carried out by way of questionnaire methodology which comprises the following evaluation:-

- performance of the Board as a whole
- performance of Audit Committee
- performance of individual director

The performance evaluation of the Board, Audit Committee and individual directors were primarily based on the answers to a set of questionnaire which had been reviewed by the Nomination Committee. The areas cover, amongst others, the Board composition, corporate strategy, corporate/management reporting, risk management, investor relations and Board meeting's arrangements.

The questionnaire was distributed to all the respective Board members to fill-up. The Company Secretary had compiled and collated the results and forwarded them to the Nomination Committee. The Chairman of the Nomination Committee had reported and tabled the results of the findings in the Board Meeting for the Directors to discuss and identify areas for improvement to strengthen the Board effectiveness.

The Nomination Committee also had a meeting to consider the appointment of Mr Teow Her Kok @ Chang Choo Chau as an additional independent non-executive director to strengthen the Board and made a recommendation to the Board for deliberation and approval thereof.

### (iii) Remuneration Committee

The Remuneration Committee was established on 18 November 2003. The present members of the Remuneration Committee are:

Members	Position
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	Chairman (Independent Non-Executive Director)
Cham Chean Fong @ Sian Chean Fong	Member (Independent Non-Executive Director)
Tan Beng Chai	Member (Executive Director)

The Remuneration Committee, in accordance with its terms of reference, shall have the function of reviewing and recommending to the Board the remuneration packages of the Executive Directors as well as fees and allowances for Non-Executive Directors. The Committee shall also adopt a formal and transparent procedure for developing policy on remuneration packages for the Directors.

In carrying out its duties and responsibilities, the Remuneration Committee shall in principle have full, free and unrestricted access to the Company's records, properties and personnel. The Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions, if required.

The Remuneration Committee has met once during the financial year to review the remuneration of the Directors and made recommendation to the Board for discussion and approval.

## 2. DIRECTORS' REMUNERATION

The Company's general policy on Directors' remuneration is to offer competitive remuneration packages, which are designed to attract and retain high calibre Directors, needed to run the Company successfully. The remuneration of the Executive Directors is structured to link rewards to financial performance of the Group and individual performance. The remuneration package comprises a number of separate elements such as basic salary, allowance, bonus and other benefits-in-kind.

In the case of Non-Executive Directors, the level of remuneration shall be linked to their experience and the level of responsibilities undertaken. The remuneration package for Non-Executive Directors shall be determined by the Board as a whole. The Director concerned shall abstain from deliberations and voting on decisions in respect of his individual remuneration package.

The details of the remuneration of the Directors are as follows :

	Salaries	Fees	Bonuses & Allowances and Other Emoluments	EPF Contribution by Employer	Total
	RM	RM	RM	RM	RM
Executive Directors	2,196,000	55,000	424,800	310,176	2,985,976
Non-Executive Directors	-	115,000	92,000	-	207,000

The number of Directors whose remuneration falls into the following bands is as follows:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,000 - RM100,000	-	2
RM250,001 - RM300,000	1	-
RM1,050,001 - RM1,100,000	1	-
RM1,600,001 - RM1,650,000	1	-

## 3. SHAREHOLDERS

### Dialogue Between The Company & Investors

The Board recognises the importance of transparency and accountability to its shareholders and maintains an effective communications policy that enables both the Board and the Management to communicate effectively with its shareholders, stakeholders and the public. The policy effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which are factored into the Group's business decision.

The Board communicates information on the operations, activities and performance of the Group to the shareholders, stakeholders and the public through the following:-

- (i) the annual report, which contains the financial and operational review of the Group's business, corporate information, financial statements, and information on Board Committees and Board of Directors;
- (ii) various corporate announcements made to the Bursa Securities, which includes timely released announcement on quarterly financial results of the Group;
- (iii) the Company's website, [www.scientex.com.my](http://www.scientex.com.my), provides a channel of communication and information dissemination. Under the section of "Investor Relations", shareholders or potential investors can request for information and download the necessary information, among others, annual reports, quarterly financial result, analyst reports and press releases.

#### **Annual General Meeting ("AGM")**

The AGM serves as an important means for shareholders' communication. Notice of the AGM and annual report are sent to shareholders twenty-one (21) days prior to the meeting. The Board ensures each item of special business included in the notice of meeting will be accompanied by an explanatory statement on the effects of the proposed resolution. At the AGM, shareholders are accorded both opportunity and time to express their views or raise questions in connection with the Company's financial performance and business operations. The Directors and senior management as well as the Auditors of the Company are present at the AGM to respond to any question raised by the shareholders.

In addition, a press conference is held immediately following the AGM where the Directors brief the press, and answer relevant questions on the Group's operations and financial performance.

#### **4. ACCOUNTABILITY AND AUDIT**

##### **Financial Reporting**

In presenting the annual audited financial statements and quarterly announcement of results to shareholders, the Board aims to present a balance and fair assessment of the Group's financial position and prospects. The Audit Committee reviews the Group's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy and completeness prior to presentation to the Board for its approval.

The Directors are required to ensure that the financial statements prepared are drawn up in accordance with the applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company and the Group. The Statement of Directors' Responsibility in relation to the Financial Statements is

presented in the appropriate section of this Annual Report.

##### **Internal Control and Risk Management**

The Board recognises the importance of risk management both at the strategic and operational level. In addition, the Board acknowledges its responsibilities in ensuring a sound system of internal control covering the financial, operational and compliance aspects of the business.

Information on the Group's internal control and risk management is presented in the Statement on Internal Control set out on page 46 of this Annual Report.

##### **Relationship with Auditors**

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's Auditors, through the Audit Committee. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters, especially those pertaining to the area of risk management and internal controls that would require their attention and response. The role of the Audit Committee in relation with the Auditors is described in the Audit Committee Report.

#### **5. DIRECTORS' RESPONSIBILITY STATEMENT**

Paragraph 15.27(a) of the Listing Requirements of Bursa Securities requires a statement explaining the Board of Directors' responsibility for preparing the financial statements.

The Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group and the Company for the financial year then ended.

In ensuring the preparation of these financial statements, the Directors have:-

- adopted suitable accounting policies and apply them consistently;
- made judgments and estimates that are reasonable and prudent; and
- ensured that applicable approved accounting standards have been complied with.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and ensuring that the financial statements comply with the Companies Act, 1965, applicable approved accounting standards in Malaysia and Listing Requirements of Bursa Securities.

This Statement on Corporate Governance was approved in accordance with the resolution of the Board on 22 October 2008.

# [ Statement On Internal Control ]

## Introduction

The Board of Directors (“Board”) is pleased to provide the following Statement on Internal Control in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies and Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad’s Listing Requirements which outlines the nature and scope of internal control of the Group during the year.

## Responsibility of Risk and Internal Control

The Board recognizes the importance of ensuring a sound system of internal controls and effective risk management practices to be in place in the organization. The principal aim of the system of internal control is the management of business risks that are significant to the fulfillment of the Group’s business objectives with a view of safeguarding shareholders’ investment and the Group’s assets. Hence, the internal control system is designed to manage rather than to eliminate the risks that may impede the achievement of the Group’s objectives. The system of internal control can only provide reasonable assurance of the Group achieving its objectives and not absolute assurance against material misstatements and loss. The system of internal control covers risk management and financial, organizational, operational and compliance controls. The senior management is accountable to the Board for monitoring the Group’s internal control system on an ongoing review basis.

## Internal Audit Function and Risk Management

Prior to May 2008, the Group has outsourced the internal audit function to BDO Governance Advisory Sdn Bhd (“BDO”) with objective to provide the Audit Committee and Board an independent and objective assurance regarding the adequacy and integrity of the internal control system. BDO has adopted a risk-based approach and the audit strategy and plan is based on the risk profiles of the major business units of the Group. Results of audit review are reported to Audit Committee.

In view of the importance and mandating requirement of the internal audit function in listed corporations, the Group has set up its in-house internal audit department in May 2008, to support the Audit Committee and the Board. The principal responsibility of the internal department is to conduct periodic audits on internal control matters to ensure their compliance with systems and standard operating procedures within each of the Group’s business units and to recommend improvements on the adequacy and effectiveness of the internal control system. The main objective of these audits is to provide reasonable assurance that these business units operated satisfactorily and effectively. The Head of Internal Audit reports directly to the Audit Committee. The audit plan covering key business processes in the Group is reviewed and approved by the Audit Committee.

## Other Key Elements of Internal Control

The other key elements of the Group’s internal control system are as follows:-

- The Group has clearly defined delegation of responsibilities to the various committees of the Board and to the management including an effective organizational structure and proper authority matrix.
- The Group has developed an Internal Control Guidelines and Procedures, which is central to the Group’s internal control system. The Internal Control Guidelines and Procedures set out the various key controls and process requirements across all functions and shall be updated annually taking into consideration the changing risk profiles as dictated by changes in the business environment, strategies and functional activities from time to time.
- The Group Managing Director, together with the respective management team, attends to various management meetings, and review financial and operations reports in order to monitor the performance and profitability as well as business issues including internal control matters and risk management of their respective business units.
- An annual budgeting process has also been established, whereby all key operating subsidiary companies of the Group are required to prepare budgets and business plan for the coming year. Actual performance compared with budget is reviewed monthly with major variances being followed up and management action taken, where necessary.
- Internal control policies and procedures are in place and are regularly updated to reflect changing risks or resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by the internal auditors to the Board via the Audit Committee.
- The Board and management are provided with quarterly performance report that gives comprehensive information on financial performance and key business indicators for monitoring.

## Conclusion

All internal control weaknesses identified during the period are being addressed and none of these weaknesses will result in any material losses, contingencies or uncertainties that would require disclosure in the Company’s Annual Report. The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group’s assets. The Board and management maintain an ongoing commitment to strengthen the Group’s internal control environment and processes.

The Statement on Internal Control is made in accordance with a resolution of the Board dated 22 October 2008.

# [ Additional Compliance Information ]

## 1. Share Buy-backs

During the financial year ended 31 July 2008, the Company bought-back 8,586,700 ordinary shares of RM0.50 each of its issued share capital which are listed and quoted on the Main Board of Bursa Malaysia Securities Berhad. On 24 January 2008, a total of 3,754,804 treasury shares were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifty (50) existing ordinary shares of RM0.50 each held on 9 January 2008.

The details of share bought-back by the Company during the financial year ended 31 July 2008 are as follows:-

Month	No. of Shares Purchased & Retained as Treasury Shares	Purchase Price Per Share (RM)			Total Consideration (RM)
		Lowest Price	Highest Price	Average Price	
August 2007	837,000	1.24	1.36	1.30	1,099,872
September 2007	75,000	1.37	1.39	1.38	103,984
October 2007	842,400	1.37	1.48	1.43	1,210,510
November 2007	131,800	1.30	1.38	1.34	174,708
December 2007	152,500	1.31	1.37	1.34	207,661
January 2008	742,000	1.25	1.35	1.30	971,393
February 2008	411,200	1.20	1.28	1.24	519,991
March 2008	1,310,100	1.14	1.28	1.21	1,580,398
April 2008	1,374,400	1.18	1.26	1.22	1,664,658
May 2008	953,500	1.23	1.32	1.28	1,226,059
June 2008	1,152,600	1.22	1.28	1.25	1,448,410
July 2008	604,200	1.18	1.24	1.21	734,305
Total	8,586,700				10,941,949

All the shares bought-back by the Company during the financial year were retained as treasury shares. As such, the Company held 15,042,328 of its 230,446,266 issued and paid-up capital as treasury shares as at 31 July 2008. None of the treasury shares held were resold or cancelled during the financial year.

## 2. Options, Warrants or Convertible Securities

There were no warrants, options or convertible securities issued by the Company.

## 3. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

## 4. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

## 5. Non-Audit Fees

The amount of non-audit fee paid to the external auditors for the financial year ended 31 July 2008 was as follows:-

Name of Auditors	Services	Fees (RM)
Ernst & Young	Review of Statement of Internal Control	8,000

**6. Profit Estimate, Forecast, Projection, and Variation in Results**

There were no variations of 10% or more between the audited results for the financial year ended 31 July 2008 and the unaudited results for the quarter ended 31 July 2008 of the Group previously announced.

The Company did not make any release on the profit estimate, forecast and projection for the financial year.

**7. Profit Guarantee**

The Company did not give any profit guarantee during the financial year ended 31 July 2008.

**8. Material Contracts**

There were no material contracts entered into by or subsisting between the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 July 2008.

**9. Revaluation Policy on Landed Properties**

The Group revalues its landed properties with sufficient regularity to ensure that the fair value of the revalued assets do not differ materially from the carrying value as at the balance sheet date. The details of the Group's properties are disclosed on page 112 of this Annual Report.



## Financial Statements

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# [ Directors' Report ]

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2008.

## CHANGE OF COMPANY'S NAME

On 14 March 2008, the Company changed its name from Scientex Incorporated Berhad to Scientex Berhad.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## RESULTS

	Group RM	Company RM
Profit for the year	53,035,189	6,106,919
Attributable to:		
Equity holders of the Company	47,697,714	6,106,919
Minority interests	5,337,475	-
	53,035,189	6,106,919

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results and the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the adoption of the new and revised FRSs and the acquisition of additional interests in an existing subsidiary as disclosed in Note 31.

## DIVIDENDS

The amount of dividends paid by the Company since 31 July 2007 were as follows:

	RM
In respect of the financial year ended 31 July 2007:	
First and final dividend of 6% less 26% taxation, on 187,750,868 ordinary shares declared on 18 December 2007 and paid on 22 January 2008	4,168,069
In respect of the financial year ended 31 July 2008:	
Single tier interim dividend of 6%, on 215,403,938 ordinary shares declared on 24 June 2008 and paid on 15 August 2008	6,462,118
	<u>10,630,187</u>

- (a) During the financial year, share dividend in respect of the year ended 31 July 2007 amounting to RM5,932,590 was distributed on 24 January 2008 on the basis of one (1) treasury share of RM0.50 each for every fifty (50) existing shares of RM0.50 each held on 9 January 2008.
- (b) At the forthcoming Annual General Meeting, a single tier final dividend of 10% in respect of the financial year ended 31 July 2008 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2009.

[ Continued ]

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Mohd Sheriff bin Mohd Kassim  
 Lim Teck Meng  
 Lim Peng Jin  
 Lim Peng Cheong  
 Wong Mook Weng @ Wong Tsap Loy  
 Cham Chean Fong @ Sian Chean Fong  
 Tan Beng Chai  
 Dato' Hazimah binti Zainuddin  
 Teow Her Kok @ Chang Choo Chau (Appointed on 19 December 2007)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	1 August 2007/Date of Appointment	Number of Ordinary Shares of RM0.50 Each			31 July 2008
		Acquired	Exchanged#	Disposed	
<b>Scientex Berhad</b>					
<b>Direct</b>					
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	152,000	3,040	91,900	-	246,940
Lim Teck Meng	75,000	1,500	7,600	-	84,100
Lim Peng Jin	120,000	2,400	1,056,070	-	1,178,470
Tan Beng Chai	132,000	2,640	5,000	-	139,640
Wong Mook Weng @ Wong Tsap Loy	1,432,200	28,644	8,000	-	1,468,844
Teow Her Kok @ Chang Choo Chau	1,089,000	21,780	-	-	1,110,780
<b>Indirect</b>					
Lim Teck Meng	95,479,632	2,017,358	1,343,400	(2,936,800)	95,903,590
Lim Peng Cheong	86,095,874	3,170,948	2,883,000	(3,486,800)	88,663,022
Lim Peng Jin	86,670,632	2,381,820	2,376,700	(2,936,800)	88,492,352
Tan Beng Chai	-	21,420	-	-	21,420
Wong Mook Weng @ Wong Tsap Loy	-	553,168	92,000	-	645,168

[ Continued ]

#### DIRECTORS' INTERESTS (CONT'D)

	1 August 2007	Number of Ordinary Shares of RM1 Each			31 July 2008
		Acquired	Exchanged#	Disposed	
<b>Scientex Packaging Berhad</b>					
<b>Direct</b>					
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	91,900	-	(91,900)	-	-
Lim Teck Meng	7,600	-	(7,600)	-	-
Lim Peng Jin	1,056,070	-	(1,056,070)	-	-
Tan Beng Chai	5,000	-	(5,000)	-	-
Wong Mook Weng @ Wong Tsap Loy	3,000	5,000	(8,000)	-	-
<b>Indirect</b>					
Lim Teck Meng	49,709,886	30,448,366	(1,343,400)	-	78,814,852
Lim Peng Cheong	50,731,586	30,966,266	(2,883,000)	-	78,814,852
Lim Peng Jin	50,745,286	30,446,266	(2,376,700)	-	78,814,852
Wong Mook Weng @ Wong Tsap Loy	-	92,000	(92,000)	-	-

# Exchanged of Scientex Packaging Berhad's shares with new shares of the Company pursuant to the voluntary take-over offer by the Company.

	Number of Ordinary Shares of RM1 Each			31 July 2008
	1 August 2007	Acquired	Disposed	
<b>Scientex Trading Sdn Bhd</b>				
<b>Direct</b>				
Lim Teck Meng	300	-	-	300

Lim Teck Meng, Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

#### ISSUE OF SHARES

During the financial year, the total issued and paid-up share capital of the Company was increased from RM100,000,000 to RM115,223,133 by way of issuance of 30,446,266 ordinary shares of RM0.50 each at an issue price of RM1.18 per ordinary share pursuant to the voluntary take-over offer by the Company to acquire all remaining shares in Scientex Packaging Berhad.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

#### TREASURY SHARES

On 18 December 2007, the shareholders of the Company renewed the Company's proposal to repurchase its own shares of up to 10% of its total issued and paid-up share capital.

During the financial year ended 31 July 2008, the Company repurchased 8,586,700 ordinary shares of RM0.50 each from the open market. The total consideration paid for the repurchase including transaction costs was RM10,941,949. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 24 January 2008, a total of 3,754,804 treasury shares at a weighted average cost of RM1.58 were distributed as share dividend to the shareholders on the basis of one (1) treasury share of RM0.50 each for every fifty (50) existing ordinary shares of RM0.50 each held on 9 January 2008.

As at 31 July 2008, the Company held 15,042,328 of its 230,446,266 issued and paid-up capital as treasury shares at carrying cost of RM21,725,238. None of the treasury shares held were resold or cancelled during the financial year.

#### **OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of provision for doubtful debts in these financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

#### **SIGNIFICANT AND SUBSEQUENT EVENTS**

Details of the significant and subsequent events are disclosed in Note 31 and Note 32 respectively to the financial statements.

#### **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 October 2008.

**LIM TECK MENG**

**LIM PENG JIN**

## [ Statement By Directors ]

Pursuant to Section 169(15) of the Companies Act, 1965

We, Lim Teck Meng and Lim Peng Jin, being two of the directors of Scientex Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 56 to 111 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 22 October 2008.

**LIM TECK MENG**

**LIM PENG JIN**

## [ Statutory Declaration ]

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chang Siew Sian, being the officer primarily responsible for the financial management of Scientex Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 111 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Chang Siew Sian at  
Shah Alam in the State of Selangor  
Darul Ehsan on 22 October 2008

**CHANG SIEW SIAN**

Before me,  
Hj Jaafar Hj Bahaman (B171)  
Commissioner for Oaths  
Shah Alam

# [ Report Of The Auditors ]

## Independent Auditors' Report To The Members Of Scientex Berhad

We have audited the financial statements of Scientex Berhad (formerly known as Scientex Incorporated Berhad), which comprises the balance sheets as at 31 July 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 56 to 111.

### Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

### Report on other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanation required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### ERNST & YOUNG

AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
22 October 2008

#### KUA CHOO KAI

No. 2030/03/10(J)  
Chartered Accountant

# [ Consolidated Income Statement ]

For the year ended 31 July 2008

	Note	2008 RM	2007 RM
Revenue	3	656,595,502	613,091,500
Cost of sales	4	(568,217,425)	(533,052,723)
<hr/>			
Gross profit		88,378,077	80,038,777
Other income		35,883,165	15,006,817
Selling and distribution expenses		(29,463,391)	(25,067,503)
Administrative expenses		(35,515,881)	(26,213,499)
<hr/>			
Operating profit		59,281,970	43,764,592
Finance costs	5	(3,327,059)	(4,275,456)
Share of profit of associates		1,459,128	729,567
<hr/>			
Profit before taxation	6	57,414,039	40,218,703
Income tax (expense)/benefit	9	(4,378,850)	1,231,997
<hr/>			
Profit for the year		53,035,189	41,450,700
<hr/>			
Attributable to:			
Equity holders of the Company		47,697,714	35,184,445
Minority interests		5,337,475	6,266,255
<hr/>			
		53,035,189	41,450,700
<hr/>			
Earnings per share attributable to equity holders of the Company (sen):			
Basic	10	24	18

# [ Consolidated Balance Sheet ]

as at 31 July 2008

	Note	2008 RM	2007 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	180,803,693	195,373,556
Land held for property development	13	140,298,560	112,408,739
Prepaid land lease payments	14	33,712,843	34,411,533
Investment in associates	16	15,957,924	14,498,796
Other investments	17	781,114	3,389,896
Intangible assets	18	1,639,969	1,639,969
		373,194,103	361,722,489
<b>Current assets</b>			
Property development costs	13	29,383,746	23,432,109
Inventories	19	77,232,976	69,966,914
Trade and other receivables	20	112,091,971	106,257,644
Cash and bank balances	21	29,469,130	29,364,879
		248,177,823	229,021,546
<b>TOTAL ASSETS</b>		<b>621,371,926</b>	<b>590,744,035</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	22	115,223,133	100,000,000
Reserves		230,728,133	184,602,764
		345,951,266	284,602,764
<b>Minority interests</b>		<b>34,969,216</b>	<b>102,172,892</b>
<b>Total equity</b>		<b>380,920,482</b>	<b>386,775,656</b>
<b>Non-current liabilities</b>			
Borrowings	23	32,151,869	14,157,044
Retirement benefit obligations	24	5,535,073	345,673
Deferred tax liabilities	25	18,906,390	20,215,433
		56,593,332	34,718,150
<b>Current liabilities</b>			
Borrowings	23	38,621,704	60,106,964
Retirement benefit obligations	24	249,218	-
Trade and other payables	26	143,888,179	107,233,096
Income tax payable		1,099,011	1,910,169
		183,858,112	169,250,229
<b>Total liabilities</b>		<b>240,451,444</b>	<b>203,968,379</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>621,371,926</b>	<b>590,744,035</b>

The accompanying notes form an integral part of the financial statements.

# [ Consolidated Statement Of Changes In Equity ]

For the year ended 31 July 2008

	Attributable to Equity Holders of the Company					Distributable			Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	Share Premium RM	Capital Redemption Reserve (Note 28(a)) RM	Property Revaluation Surplus RM	Foreign Exchange Reserve RM	Treasury Shares RM	Equity Compensation Reserve (Note 28(b)) RM	Other Reserves RM			
	Non-Distributable										
<b>At 1 August 2006</b>	63,525,100	11,232,198	13,500,000	49,612,577	(769,538)	(849,054)	118,692	460,816	131,246,876	99,954,929	368,032,596
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(970,507)	-	-	-	-	(455,518)	(1,426,025)
Realisation of revaluation reserves	-	-	-	(8,609,476)	-	-	-	8,609,476	-	-	-
Acquisition of additional interest in existing subsidiary	-	-	-	-	-	-	-	-	-	(1,081,184)	(1,081,184)
Acquisition of treasury shares	-	-	-	-	-	(27,399,598)	-	-	-	-	(27,399,598)
Issuance of ordinary shares pursuant to warrants	8,393,656	12,506,550	-	-	-	-	-	-	-	-	20,900,206
Cancellation of treasury shares	(3,744,234)	(5,545,205)	3,744,234	-	-	11,532,773	-	-	(5,987,568)	-	-
Bonus issue	31,825,478	(15,929,205)	-	-	-	-	-	-	(16,078,321)	-	(182,048)
Share based payment under ESOS	-	-	-	-	-	-	59,346	-	-	37,356	96,702
Profit for the year	-	-	-	-	-	-	-	35,184,445	35,184,445	6,266,255	41,450,700
Dividends (Note 11)	-	-	-	-	-	-	-	(11,066,747)	(11,066,747)	(2,548,946)	(13,615,693)
<b>At 31 July 2007</b>	100,000,000	2,264,338	17,244,234	41,003,101	(1,740,045)	(16,715,879)	178,038	460,816	141,908,161	102,172,892	386,775,656
Currency translation differences, representing net gain not recognised in the income statement	-	-	-	-	270,009	-	-	-	-	(218,104)	51,905
Realisation of revaluation reserves	-	-	-	(2,899,770)	-	-	-	-	2,899,770	-	-
Acquisition of additional interest in an existing subsidiary	15,223,133	19,729,782	-	-	-	-	-	-	-	(70,800,733)	(35,847,818)
Acquisition of treasury shares	-	-	-	-	-	(10,941,949)	(178,038)	-	-	-	(10,941,949)
Cancellation of ESOS	-	-	-	-	-	-	-	178,038	-	-	-
Profit for the year	-	-	-	-	-	-	-	47,697,714	47,697,714	5,337,475	53,035,189
Dividends (Note 11)	-	-	-	-	-	5,932,590	-	-	(16,562,777)	(1,522,314)	(12,152,501)
<b>At 31 July 2008</b>	115,223,133	21,994,120	17,244,234	38,103,331	(1,470,086)	(21,725,238)	-	460,816	176,120,906	34,969,216	380,920,482

The accompanying notes form an integral part of the financial statements.

# [ Consolidated Cash Flow Statement ]

For the year ended 31 July 2008

	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	57,414,039	40,218,703
Adjustments for:		
Depreciation of property, plant and equipment	22,967,055	20,213,567
Amortisation of prepaid land lease payments	497,055	476,131
Amortisation of intangible assets	-	448,323
Goodwill on consolidation written off	-	224,209
Reserve on consolidation recognised	(34,411,390)	(189,393)
Provision for retirement benefits	5,723,163	117,227
Allowance for doubtful debts	380,942	3,205,060
Write back of allowance for doubtful debts	(157,425)	(242,293)
Share of profit from associates	(1,459,128)	(729,567)
Property, plant and equipment written off	312,622	132,735
Interest expense	3,327,059	4,275,456
Dividend (gross) income	(28,807)	(30,608)
Provision for impairment of other investments:		
- unquoted shares	2,475,782	1,044,728
- club memberships	99,000	-
(Gain)/loss on disposal of:		
- property, plant and equipment	(12,047)	(100,000)
- club memberships	5,000	-
- shares in a subsidiary	-	(897,277)
Loss on dilution arising from additional shares issued by a subsidiary (Note 15 (b))	637,993	-
Share options granted under ESOS in a subsidiary	-	96,702
Interest income	(700,242)	(524,985)
Inventories written down	624,714	478,086
Unrealised gain on foreign exchange	(479,379)	(124,108)
Operating profit before working capital changes	57,216,006	68,092,696
Increase in inventories	(5,453,108)	(9,586,555)
Increase in development properties	(2,276,864)	(2,311,561)
(Increase)/decrease in receivables	(6,163,482)	12,701,648
Increase/(decrease) in payables	30,463,217	(1,007,387)
Cash generated from operations	73,785,769	67,888,841
Tax paid	(6,782,598)	(4,287,218)
Tax refunded	226,225	992,184
Gratuity and retirement benefits paid (Note 24)	(284,545)	(21,398)
Net cash generated from operating activities	66,944,851	64,572,409

[ Continued ]

	2008 RM	2007 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of club membership	-	(38,000)
Purchase of additional shares in existing subsidiaries (Note 15)	(4,197,051)	(1,196,000)
Purchase of property, plant and equipment (Note 12)	(9,319,827)	(21,629,872)
Purchase of land held for property development	(29,700,000)	-
Deposit paid for purchase of land held for property development (Note 20)	-	(3,300,000)
Proceeds from disposal of:		
- property, plant and equipment	35,496	140,350
- other investment	29,000	-
- subsidiary	-	4,099,979
Dividend (net) received	26,465	71,382
Interest received	700,242	524,985
Net cash used in investing activities	(42,425,675)	(21,327,176)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares in a subsidiary	-	80,000
Proceeds from issuance of shares	-	20,900,206
Acquisition of treasury shares	(10,941,949)	(27,399,598)
Bonus issue and share split expenses	-	(182,048)
Voluntary take-over expenses	(1,127,371)	-
Dividends paid to:		
- shareholders of the Company (Note 11)	(4,168,069)	(11,066,747)
- minority shareholders of subsidiaries	(1,522,314)	(2,548,946)
Net drawdown/(repayment) of term loans	16,172,414	(8,224,778)
Net repayment of short term borrowings	(17,791,653)	(5,816,835)
Interest paid	(4,329,318)	(5,069,510)
Net cash used in financing activities	(23,708,260)	(39,328,256)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	810,916	3,916,977
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	28,508,214	24,591,237
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 21)</b>	29,319,130	28,508,214

# [ Income Statement ]

For the year ended 31 July 2008

	Note	2008 RM	2007 RM
Revenue	3	22,126,820	20,094,362
Other income		4,409	637,716
Administrative expenses		(12,499,476)	(5,999,039)
<hr/>			
Operating profit		9,631,753	14,733,039
Finance costs	5	(511,426)	(226,350)
<hr/>			
Profit before taxation	6	9,120,327	14,506,689
Income tax expense	9	(3,013,408)	(3,046,714)
<hr/>			
Profit for the year		6,106,919	11,459,975

The accompanying notes form an integral part of the financial statements.

# [ Balance Sheet ]

as at 31 July 2008

	Note	2008 RM	2007 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	3,451,658	3,722,918
Prepaid land lease payments	14	3,989,108	4,033,929
Investment in subsidiaries	15	174,804,222	135,238,196
Investment in associates	16	3,000,000	3,000,000
Other investments	17	279,728	2,778,510
		185,524,716	148,773,553
<b>Current assets</b>			
Trade and other receivables	20	5,866,240	8,988,325
Cash and bank balances	21	166,583	356,039
		6,032,823	9,344,364
<b>TOTAL ASSETS</b>		191,557,539	158,117,917
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	22	115,223,133	100,000,000
Reserves		35,075,106	30,662,941
<b>Total equity</b>		150,298,239	130,662,941
<b>Non-current liabilities</b>			
Retirement benefit obligations	24	1,089,591	-
Deferred tax liabilities	25	1,285,690	1,299,327
		2,375,281	1,299,327
<b>Current liabilities</b>			
Borrowings	23	11,900,000	7,900,000
Retirement benefit obligations	24	20,731	-
Trade and other payables	26	26,963,288	18,255,649
		38,884,019	26,155,649
<b>Total liabilities</b>		41,259,300	27,454,976
<b>TOTAL EQUITY AND LIABILITIES</b>		191,557,539	158,117,917

# [ Statement Of Changes In Equity ]

For the year ended 31 July 2008

# [ Cash Flow Statement]

For the year ended 31 July 2008

	2008 RM	2007 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,120,327	14,506,689
Adjustments for:		
Depreciation of property, plant and equipment	373,456	497,716
Amortisation of prepaid land lease payments	44,821	119,107
Property, plant and equipment written off	-	116,345
Provision for impairment losses of other investment in:		
- unquoted shares	2,475,782	1,044,728
- club memberships	21,000	-
Provision for retirement benefits	1,110,322	-
Allowance for doubtful debts	382,823	-
Interest expense	511,426	226,350
Dividend (gross) income (Note 3)	(16,833,866)	(14,839,564)
Gain on disposal of:		
- property, plant and equipment	-	(137,676)
- prepaid land lease payments	-	(74,286)
Interest income	(4,409)	(27,776)
Operating (loss)/profit before working capital changes	(2,798,318)	1,431,633
Decrease/(increase) in receivables	2,796,654	(6,938,525)
Increase/(decrease) in payables	2,245,525	(13,969,325)
Cash generated from/(used in) operations	2,243,861	(19,476,217)
Taxes recovered	85,693	936,045
Net cash generated from/(used in) operating activities	2,329,554	(18,540,172)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of additional shares in a subsidiary	(3,489,851)	-
Proceeds from disposal of:		
- property, plant and equipment	-	7,591,400
- prepaid land lease payments	-	10,140,000
- other investment	2,000	-
Purchase of property, plant and equipment (Note 12)	(96,565)	(346,248)
Dividends (net) received	13,658,101	11,817,692
Interest received	4,409	27,776
Net cash generated from investing activities	10,078,094	29,230,620
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	-	20,900,206
Acquisition of treasury shares	(10,941,949)	(27,399,598)
Bonus issue and share split expenses	-	(182,048)
Voluntary take-over offer expenses	(975,660)	-
Dividends paid (Note 11)	(4,168,069)	(11,066,747)
Net drawdown of borrowings	4,000,000	4,200,000
Interest paid	(511,426)	(226,350)
Net cash used in financing activities	(12,597,104)	(13,774,537)
<b>NET CHANGE IN CASH AND BANK BALANCES</b>	(189,456)	(3,084,089)
<b>CASH AND BANK BALANCES AT BEGINNING OF YEAR</b>	356,039	3,440,128
<b>CASH AND BANK BALANCES AT END OF YEAR (NOTE 21)</b>	166,583	356,039

The accompanying notes form an integral part of the financial statements.

# [ Notes To The Financial Statements ]

31 July 2008

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are investment holding, letting of properties and provision of management services.

The principal activities of the subsidiaries are stated in Note 15.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 October 2008.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 October 2006 as described fully in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM).

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group had such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

#### (c) Intangible Assets

##### (i) Goodwill/(reserves) on consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Reserves on consolidation, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Reserves on consolidation in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that the reserves arising from consolidation relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of reserves on consolidation is recognised in the income statement when the future losses and expenses are recognised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (c) Intangible Assets (Cont'd)

##### (ii) Product development expenditure

All research costs are recognised in the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditures which do not meet these criteria are expensed when incurred.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five year. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

#### (d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Staff quarters and apartment	2%
Plant and machinery, tools and equipment	5% - 20%
Motor vehicles	20% - 25%
Office equipment, furniture and fittings	5% - 33%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (e) Land Held for Property Development and Property Development Costs

##### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

#### (f) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

#### (g) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (g) Impairment of Non-Financial Assets (Cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average or first-in first-out method, as appropriate. Cost incurred in bringing the following inventories to their present location and condition is determined as follows:

Raw materials and consumables	Cost of purchase.
Work-in-progress and finished products	Cost of raw materials, direct labour, other direct costs and proportion of production overheads based on normal activity.
Properties held for sale	Cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (i) Financial Instruments (Cont'd)

##### (i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

##### (ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

##### (iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

##### (iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

##### (v) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

##### (vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by re-sale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### (j) Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

##### (ii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (m) Provisions for Liabilities

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

#### (n) Employee Benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (n) Employee Benefits (Cont'd)

##### (iii) Defined benefit plans

The Group's obligation under defined benefit plans is determined based on actuarial computations by independent actuaries using the Projected Unit Credit Method, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations.

##### (iv) Share based compensation

The subsidiary's Executive Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the subsidiary's employees to acquire ordinary shares of the subsidiary. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

#### (o) Foreign Currencies

##### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### (ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (o) Foreign Currencies (Cont'd)

##### (ii) Foreign currency transactions (Cont'd)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

#### (p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Sale of goods

Revenue is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(e)(ii).

##### (iii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(f).

##### (iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

##### (v) Management fees

Revenue from services rendered is recognised as and when the services are performed.

##### (vi) Rental income

Rental income are recognised on an accrual basis.

##### (vii) Interest income

Interest income from short-term deposits on maturity and sundry interest is recognised on receipt basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (q) Affiliated Companies

Affiliated companies refer to companies with common directors.

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 August 2007, the Group and the Company adopted the following revised FRS and amendment to FRS:

FRS, Amendments to FRS and Interpretations	Effective for Financial Periods Beginning on or After
FRS 124 - Related Party Disclosures	1 October 2006
FRS 6 - Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 <sup>2004</sup> - Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 107 - Cash Flow Statements	1 July 2007
FRS 111 - Construction Contracts	1 July 2007
FRS 112 - Income Taxes	1 July 2007
FRS 118 - Revenue	1 July 2007
FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134 - Interim Financial Reporting	1 July 2007
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration & Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities & Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests Arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities Arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 <sup>2004</sup> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The adoption of the above FRSs does not result in significant changes in accounting policies of the Group and the Company, or any significant impact on the financial results and financial position of the Group and the Company, other than the adoption of FRS 124 which gives rise to additional disclosures.

### 2.4 Standards and Interpretations Issued but not yet Effective

At the date of authorisation of these financial statements, FRS 139 - Financial Instruments: Recognition and Measurement which is effective for financial periods beginning on or after 1 January 2010 has not been applied by the Group and the Company.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

### 2.5 Significant Accounting Estimates and Judgements

#### (a) Critical Judgements Made in Applying Accounting Policies

There is no critical judgement made by management in the process of applying the Group's accounting policies that has a significant effect on the amounts recognised in the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

#### (b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet dates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Depreciation of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (ii) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

##### (iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level and future taxable profits together with future tax planning strategies.

## 3. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	569,381,150	528,591,800	-	-
Sale of properties	85,404,727	83,017,464	-	-
Gross dividends from:				
Subsidiaries	-	-	16,814,066	14,759,764
Associate	-	-	-	60,000
Unquoted shares in Malaysia	19,800	19,800	19,800	19,800
Rental income	1,669,825	1,342,436	32,400	152,400
Project management income from subsidiaries	-	-	4,230,554	4,062,398
Management fees from:				
Subsidiaries	-	-	910,000	920,000
Associate	120,000	120,000	120,000	120,000
	656,595,502	613,091,500	22,126,820	20,094,362

[ Continued ]

#### 4. COST OF SALES

	Group	
	2008 RM	2007 RM
Property development costs	54,496,467	52,993,498
Cost of inventories sold	513,720,958	480,059,225
	568,217,425	533,052,723

#### 5. FINANCE COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest expense on:				
Bank overdrafts	21,851	48,856	1,938	-
Term loans	2,100,212	1,817,914	-	-
Bankers' acceptance	1,123,111	2,215,680	-	-
Revolving credits	1,084,144	987,060	509,488	226,350
	4,329,318	5,069,510	511,426	226,350
Less: Amount capitalised in qualifying assets:				
Property, plant and equipment (Note 12)	-	(756,944)	-	-
Land held for property development and property development costs (Note 13)	(1,002,259)	(37,110)	-	-
	3,327,059	4,275,456	511,426	226,350

#### 6. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Staff costs (Note 7)	44,588,149	34,122,719	5,464,761	2,798,497
Directors' fees	220,000	175,000	135,000	90,000
Non-executive directors' other remuneration (Note 8)	92,000	114,400	36,000	36,000
Auditors' remuneration				
- statutory audits	243,848	272,985	17,000	15,000
- other services	8,000	14,000	8,000	8,000
Insurance claims	(42,950)	(10,814,408)	-	(397,978)
Amortisation of intangible assets (Note 18)	-	448,323	-	-
Goodwill on consolidation written off (Note 18)	-	224,209	-	-
Reserve on consolidation recognised	(34,411,390)	(189,393)	-	-
Depreciation of property plant and equipment	22,967,055	20,213,567	373,456	497,716
Amortisation of prepaid land lease payments (Note 14)	497,055	476,131	44,821	119,107
Property, plant and equipment written off	312,622	132,735	-	116,345
Inventories written down	624,714	478,086	-	-

[ Continued ]

## 6. PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Allowance for doubtful debts:				
- trade debts	380,942	3,179,398	-	-
- non-trade debts	-	25,662	382,823	-
Write back of allowance for doubtful debts	(157,425)	(242,293)	-	-
Bad debts recovered	-	(15,071)	-	-
Rent of land and buildings	496,023	539,395	-	-
Rent of plant, machinery and motor vehicles	345,678	387,060	-	-
Net unrealised gain on foreign exchange	(479,379)	(124,108)	-	-
Net realised gain on foreign exchange	(31,463)	(1,837,165)	-	-
Provision for impairment losses of investment:				
- unquoted shares	2,475,782	1,044,728	2,475,782	1,044,728
- club memberships	99,000	-	21,000	-
Rental income	(151,986)	(159,304)	-	-
Interest income	(700,242)	(524,985)	(4,409)	(27,776)
Gross dividends from:				
- unquoted shares in Malaysia	(9,007)	(10,808)	-	-
Loss on dilution arising from additional shares issued by a subsidiary (Note 15(b))	637,993	-	-	-
(Gain)/loss on disposal of:				
- property, plant and equipment	(12,047)	(100,000)	-	(137,676)
- prepaid land lease	-	-	-	(74,286)
- subsidiary	-	(897,277)	-	-
- club membership	5,000	-	-	-

## 7. STAFF COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages, salaries and other emoluments	36,097,188	31,288,184	3,913,094	2,500,150
Employees Provident Fund - defined contribution plan	2,767,798	2,620,606	441,345	298,347
Provision for retirement benefits (Note 24)	5,723,163	117,227	1,110,322	-
Share options granted under ESOS in a subsidiary	-	96,702	-	-
	44,588,149	34,122,719	5,464,761	2,798,497

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM4,792,426 (2007: RM4,614,634) and RM593,600 (2007: RM571,200) respectively.

[ Continued ]

## 8. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	2,620,800	2,556,401	530,000	510,000
Fees	55,000	45,000	45,000	35,000
Employees Provident Fund - defined contribution plan	310,176	304,104	63,600	61,200
	2,985,976	2,905,505	638,600	606,200
Non-Executive (Note 6):				
Other emoluments	92,000	114,400	36,000	36,000
Fees	115,000	80,000	90,000	55,000
	207,000	194,400	126,000	91,000
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and other emoluments	1,680,970	1,676,338	-	-
Fees	20,000	20,000	-	-
Employees Provident Fund - defined contribution plan	187,988	168,013	-	-
	1,888,958	1,864,351	-	-
Non-Executive:				
Fees	30,000	30,000	-	-
<b>Total</b>	<b>5,111,934</b>	<b>4,994,256</b>	<b>764,600</b>	<b>697,200</b>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive directors:		
RM250,001 - RM300,000	1	1
RM1,050,001 - RM1,100,000	1	1
RM1,550,001 - RM1,600,000	-	1
RM1,600,001 - RM1,650,000	1	-
Non-Executive directors:		
Below RM50,000	4	3
RM50,000 - RM100,000	2	1
RM100,001 - RM150,000	-	1

[ Continued ]

## 9. INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax expense for the year:				
Malaysian income tax				
- Current year	4,985,925	5,498,532	3,051,354	3,018,442
- Under/(over) provision in prior years	575,383	(2,193,696)	(24,309)	46,092
Foreign tax	124,774	68,021	-	-
	5,686,082	3,372,857	3,027,045	3,064,534
Deferred tax (Note 25):				
Relating to origination and reversal of temporary difference	(217,252)	(2,812,468)	171,352	(303,602)
(Over)/underprovision in prior years	(1,089,980)	(1,804,708)	(184,989)	285,782
	(1,307,232)	(4,617,176)	(13,637)	(17,820)
Real property gain tax	-	12,322	-	-
Tax expense/(benefit) for the year	4,378,850	(1,231,997)	3,013,408	3,046,714

Domestic income tax of companies in the Group, being Malaysian resident companies with paid-up capital of less than RM2.5 million, is calculated at the following rates:

	2008	2007
On the first RM500,000 chargeable income	20%	20%
In excess of RM500,000 chargeable income	26%	27%

The domestic statutory rate will be reduced to 25% from the current year's rate of 26% effective from year of assessment 2009.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense/(benefit) applicable to profit before taxation and share of results of associates at the statutory income tax rate to income tax expense/(benefit) at the effective income tax rate of the Group and of the Company are as follows:

	2008 RM	2007 RM
<b>Group</b>		
Profit before taxation and share of results of associates	55,954,911	39,489,136
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	14,548,277	10,662,067
Income not subject to tax	(11,752,453)	(4,573,086)
Effect on income of first RM500,000 subject to tax rate of 20%	(42,288)	(137,753)
Effect of different tax rates in other countries	(148,217)	(112,393)
Real property gain tax	-	12,322
Expenses not deductible for tax purposes	2,321,258	744,611
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(279,743)	(289,317)
Utilisation of previously unrecognised unabsorbed reinvestment allowances	-	(292,962)
Utilisation of current year's reinvestment allowances	(236,266)	(269,613)
Deferred tax assets recognised on reinvestment allowances	(2,315,774)	(6,010,433)
Deferred tax assets not recognised during the year	2,798,653	3,032,964
Overprovision of deferred tax in prior years	(1,089,980)	(1,804,708)
Under/(over) provision of income tax in prior years	575,383	(2,193,696)
Tax expense/(benefit) for the year	4,378,850	(1,231,997)

[ Continued ]

## 9. INCOME TAX EXPENSE/(BENEFIT) (CONT'D)

Company	2008 RM	2007 RM
Profit before taxation	9,120,327	14,506,689
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	2,371,285	3,916,806
Income not subject to tax	(1,201,041)	(1,074,958)
Expenses not deductible for tax purposes	940,596	162,309
Deferred tax assets not recognised during the year	1,176,747	-
Utilisation of previously unrecognised deferred tax assets	(64,881)	(289,317)
(Over)/Under provision of deferred tax in prior years	(184,989)	285,782
(Over)/under provision of income tax in prior years	(24,309)	46,092
Tax expense for the year	3,013,408	3,046,714

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the Section 108 balance as at 31 December 2007. Hence, the Company will be able distribute dividends out of its entire retained earnings under the single tier system.

## 10. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2008	2007
Profit for the year attributable to equity shareholders (RM)	47,697,714	35,184,445
Weighted average number of ordinary shares in issue	197,583,810	192,388,887
Basic earnings per share (sen)	24	18

The Company does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings per share is not presented.

**11. DIVIDENDS**

	Amount		Net Dividends	
	2008 RM	2007 RM	2008 %	2007 %
Second interim dividend of 5% less 28% taxation in respect of the financial year ended 31 July 2006	-	2,379,142	-	4
Special dividend of 10% less 28% taxation in respect of the financial year ended 31 July 2006	-	4,758,286	-	7
Final dividend of 6% tax exempt in respect of the financial year ended 31 July 2006	-	3,929,319	-	6
First and final dividend of 6% less 26% taxation in respect of the financial year ended 31 July 2007	4,168,069	-	4	-
Single tier interim dividend of 6% in respect of the financial year ended 31 July 2008	6,462,118	-	6	-
	10,630,187	11,066,747	10	17

- (a) During the financial year, share dividend in respect of the year ended 31 July 2007 of 3,754,804 treasury shares at a weighted average cost of RM1.58 amounting to RM5,932,590 was distributed on 24 January 2008 on the basis of one (1) treasury share of RM0.50 each for every fifty (50) existing shares of RM0.50 each held on 9 January 2008.
- (b) At the forthcoming Annual General Meeting, a single tier final dividend of 10% in respect of the financial year ended 31 July 2008 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2009.

[ Continued ]

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>Group</b>						
<b>At 31 July 2008</b>						
<b>Cost or valuation</b>						
At 1 August 2007	59,533,648	251,337,049	18,380,705	4,082,744	600,978	333,935,124
Additions	109,730	8,042,237	362,634	409,512	395,714	9,319,827
Disposals	-	(411,066)	( 2,088)	(66,673)	-	(479,827)
Write off	-	(3,980,220)	(18,714)	-	(291,960)	(4,290,894)
Transfer	-	164,900	-	-	(164,900)	-
Exchange differences	(106,329)	(816,832)	5,932	(13,136)	-	(930,365)
At 31 July 2008	59,537,049	254,336,068	18,728,469	4,412,447	539,832	337,553,865
Representing:						
At cost	2,554,846	254,336,068	18,728,469	4,412,447	539,832	280,571,662
At valuation	56,982,203	-	-	-	-	56,982,203
At 31 July 2008	59,537,049	254,336,068	18,728,469	4,412,447	539,832	337,553,865
<b>Accumulated depreciation and impairment</b>						
At 1 August 2007	7,967,210	118,207,009	9,578,851	2,808,498	-	138,561,568
Depreciation charge for the year	1,313,185	19,693,774	1,543,711	416,385	-	22,967,055
Disposals	-	(388,174)	(1,531)	(66,673)	-	(456,378)
Write off	-	(3,968,223)	(10,049)	-	-	(3,978,272)
Exchange - differences	(83,697)	(257,573)	7,087	(9,618)	-	(343,801)
At 31 July 2008	9,196,698	133,286,813	11,118,069	3,148,592	-	156,750,172
<b>Analysed as:</b>						
Accumulated depreciation	8,822,348	133,286,813	11,118,069	3,148,592	-	156,375,822
Accumulated impairment	374,350	-	-	-	-	374,350
At 31 July 2008	9,196,698	133,286,813	11,118,069	3,148,592	-	156,750,172
<b>Net carrying amount</b>						
At cost	2,378,050	121,049,255	7,610,400	1,263,855	539,832	132,841,392
At valuation	47,962,301	-	-	-	-	47,962,301
At 31 July 2008	50,340,351	121,049,255	7,610,400	1,263,855	539,832	180,803,693

[ Continued ]

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and buildings* RM	Plant and machinery, tools and equipment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>Group (Cont'd)</b>						
<b>At 31 July 2007</b>						
<b>Cost or valuation</b>						
At 1 August 2006	58,505,063	216,176,208	16,962,882	4,374,134	22,000,378	318,018,665
Additions	1,438,754	14,615,286	1,788,494	148,950	3,638,388	21,629,872
Disposals	-	(792,514)	(10,850)	(425,148)	-	(1,228,512)
Write off	-	(2,755,114)	(334,689)	-	-	(3,089,803)
Transfer	-	25,026,767	-	-	(25,026,767)	-
Exchange differences	(410,169)	(933,584)	(25,132)	(15,192)	(11,021)	(1,395,098)
At 31 July 2007	59,533,648	251,337,049	18,380,705	4,082,744	600,978	333,935,124
Representing:						
At cost	2,445,116	251,337,049	18,380,705	4,082,744	600,978	276,846,592
At valuation	57,088,532	-	-	-	-	57,088,532
At 31 July 2007	59,533,648	251,337,049	18,380,705	4,082,744	600,978	333,935,124
<b>Accumulated depreciation and impairment</b>						
At 1 August 2006	6,819,430	105,259,410	8,190,120	2,841,162	-	123,110,122
Depreciation charge for the year	1,244,553	16,943,882	1,620,462	404,670	-	20,213,567
Disposals	-	(756,903)	( 6,112)	(425,147)	-	(1,188,162)
Write off	-	(2,751,979)	( 205,089)	-	-	(2,957,068)
Exchange differences	(96,773)	(487,401)	(20,530)	(12,187)	-	(616,891)
At 31 July 2007	7,967,210	118,207,009	9,578,851	2,808,498	-	138,561,568
<b>Analysed as:</b>						
Accumulated depreciation	7,592,860	118,207,009	9,578,851	2,808,498	-	138,187,218
Accumulated impairment	374,350	-	-	-	-	374,350
At 31 July 2007	7,967,210	118,207,009	9,578,851	2,808,498	-	138,561,568
<b>Net carrying amount</b>						
At cost	2,330,656	133,130,040	8,801,854	1,274,246	600,978	146,137,774
At valuation	49,235,782	-	-	-	-	49,235,782
At 31 July 2007	51,566,438	133,130,040	8,801,854	1,274,246	600,978	195,373,556

[ Continued ]

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<b>Land and Buildings*</b>				
	<b>Freehold land RM</b>	<b>Buildings RM</b>	<b>Staff quarters and apartment RM</b>	<b>Total RM</b>
<b>Group (Cont'd)</b>				
<b>At 31 July 2008</b>				
<b>Cost or valuation</b>				
At 1 August 2007	1,901,814	56,625,472	1,006,362	59,533,648
Additions	-	109,730	-	109,730
Exchange difference	-	(106,329)	-	(106,329)
At 31 July 2008	1,901,814	56,628,873	1,006,362	59,537,049
Representing:				
At cost	-	1,548,484	1,006,362	2,554,846
At valuation	1,901,814	55,080,389	-	56,982,203
At 31 July 2008	1,901,814	56,628,873	1,006,362	59,537,049
<b>Accumulated depreciation and impairment</b>				
At 1 August 2007	-	7,865,310	101,900	7,967,210
Charge for the year	-	1,293,057	20,128	1,313,185
Exchange differences	-	(83,697)	-	(83,697)
At 31 July 2008	-	9,074,670	122,028	9,196,698
<b>Analysed as:</b>				
Accumulated depreciation	-	8,700,320	122,028	8,822,348
Accumulated impairment	-	374,350	-	374,350
At 31 July 2008	-	9,074,670	122,028	9,196,698
<b>Net carrying amount</b>				
At cost	-	1,493,716	884,334	2,378,050
At valuation	1,901,814	46,060,487	-	47,962,301
At 31 July 2008	1,901,814	47,554,203	884,334	50,340,351

[ Continued ]

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Land and Buildings*	Freehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
<b>Group (Cont'd)</b>				
<b>At 31 July 2007</b>				
<b>Cost or valuation</b>				
At 1 August 2006	1,901,814	55,596,887	1,006,362	58,505,063
Additions	-	1,438,754	-	1,438,754
Exchange difference	-	(410,169)	-	(410,169)
At 31 July 2007	1,901,814	56,625,472	1,006,362	59,533,648
Representing:				
At cost	-	1,438,754	1,006,362	2,445,116
At valuation	1,901,814	55,186,718	-	57,088,532
At 31 July 2007	1,901,814	56,625,472	1,006,362	59,533,648
<b>Accumulated depreciation and impairment</b>				
At 1 August 2006	-	6,737,657	81,773	6,819,430
Charge for the year	-	1,224,426	20,127	1,244,553
Exchange differences	-	(96,773)	-	(96,773)
At 31 July 2007	-	7,865,310	101,900	7,967,210
<b>Analysed as:</b>				
Accumulated depreciation	-	7,490,960	101,900	7,592,860
Accumulated impairment	-	374,350	-	374,350
At 31 July 2007	-	7,865,310	101,900	7,967,210
<b>Net carrying amount</b>				
At cost	-	1,426,194	904,462	2,330,656
At valuation	1,901,814	47,333,968	-	49,235,782
At 31 July 2007	1,901,814	48,760,162	904,462	51,566,438

[ Continued ]

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

<b>Company</b>	<b>Buildings RM</b>	<b>Staff quarters and apartment RM</b>	<b>Office equipment, furniture and fittings RM</b>	<b>Motor vehicles RM</b>	<b>Total RM</b>
<b>At 31 July 2008</b>					
<b>Cost or valuation</b>					
At 1 August 2007	1,957,917	481,000	1,416,856	1,428,007	5,283,780
Additions	-	-	96,565	-	96,565
Transfer	-	-	7,393	-	7,393
At 31 July 2008	1,957,917	481,000	1,520,814	1,428,007	5,387,738
<b>Representing:</b>					
At cost	-	481,000	1,520,814	1,428,007	3,429,821
At valuation	1,957,917	-	-	-	1,957,917
At 31 July 2008	1,957,917	481,000	1,520,814	1,428,007	5,387,738
<b>Accumulated depreciation</b>					
At 1 August 2007	234,951	57,720	641,826	626,365	1,560,862
Depreciation charge for the year	39,158	9,620	115,725	208,953	373,456
Transfer	-	-	1,762	-	1,762
At 31 July 2008	274,109	67,340	759,313	835,318	1,936,080
<b>Net carrying amount</b>					
At cost	-	413,660	761,501	592,689	1,767,850
At valuation	1,683,808	-	-	-	1,683,808
At 31 July 2008	1,683,808	413,660	761,501	592,689	3,451,658

[ Continued ]

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<b>Company (Cont'd)</b>					
<b>At 31 July 2007</b>					
<b>Cost or valuation</b>					
At 1 August 2006	10,359,028	481,000	1,327,049	1,681,962	13,849,039
Additions	-	-	340,635	5,613	346,248
Disposal	(8,401,111)	-	(10,850)	(259,568)	(8,671,529)
Write off	-	-	(239,978)	-	(239,978)
At 31 July 2007	1,957,917	481,000	1,416,856	1,428,007	5,283,780
<b>Representing:</b>					
At cost	-	481,000	1,416,856	1,428,007	3,325,863
At valuation	1,957,917	-	-	-	1,957,917
At 31 July 2007	1,957,917	481,000	1,416,856	1,428,007	5,283,780
<b>Accumulated depreciation</b>					
At 1 August 2006	1,035,903	48,100	643,133	677,448	2,404,584
Depreciation charge for the year	151,173	9,620	128,438	208,485	497,716
Disposal	(952,125)	-	(6,112)	(259,568)	(1,217,805)
Write off	-	-	(123,633)	-	(123,633)
At 31 July 2007	234,951	57,720	641,826	626,365	1,560,862
<b>Net carrying amount</b>					
At cost	-	423,280	775,030	801,642	1,999,952
At valuation	1,722,966	-	-	-	1,722,966
At 31 July 2007	1,722,966	423,280	775,030	801,642	3,722,918

(a) Net carrying amount of property, plant and equipment pledged for borrowings as referred to in Note 23 are as follows:

	Group	
	2008 RM	2007 RM
Plant and machinery	546,143	1,418,864

Assets of a subsidiary have been charged for a debenture of RM2 million (2007: RM2 million) (Note 23).

[ Continued ]

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Freehold land and buildings were revalued during the financial year ended 31 July 2006 by Bock Chek Hai, an independent professional Registered Valuer with Raine & Horne International Zaki & Partners Sdn. Bhd. Valuations were made based on open market value.

Buildings in The Socialist Republic of Vietnam were revalued during the financial year ended 31 July 2006 by Tran Nam Ha and Vo Xuan An, independent professional Registered Valuers with Hoang Quan Appraisal Company Limited. Valuations were made based on open market value.

Had the revalued properties been carried at historical cost, the net book value of the properties that would have been included in the financial statements of the Group and of the Company as at 31 July 2008 would be as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Freehold land	198,038	198,038	-	-
Buildings	35,654,608	36,854,989	1,025,552	1,053,247
	<b>35,852,646</b>	<b>37,053,027</b>	<b>1,025,552</b>	<b>1,053,247</b>

(c) Interest expense capitalised under plant and machinery of the Group in the prior year amounted to RM756,944.

## 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

### (a) Land Held for Property Development

	Freehold Land RM	Leasehold Land RM	Total RM
<b>Group</b>			
<b>At 31 July 2008</b>			
<b>Cost</b>			
At 1 August 2007	109,561,803	2,846,936	112,408,739
Additions	42,984,221	-	42,984,221
Transfer to property development costs (Note 13(b))	(15,094,400)	-	(15,094,400)
At 31 July 2008	137,451,624	2,846,936	140,298,560
<b>Carrying amount at 31 July 2008</b>	<b>137,451,624</b>	<b>2,846,936</b>	<b>140,298,560</b>
<b>At 31 July 2007</b>			
<b>Cost</b>			
At 1 August 2006	106,449,357	2,846,936	109,296,293
Additions	10,579,646	-	10,579,646
Transfer to property development costs (Note 13(b))	(7,467,200)	-	(7,467,200)
At 31 July 2007	109,561,803	2,846,936	112,408,739
<b>Carrying amount at 31 July 2007</b>	<b>109,561,803</b>	<b>2,846,936</b>	<b>112,408,739</b>

[ Continued ]

### 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

#### (b) Property Development Costs

	Freehold Land RM	Leasehold Land RM	Development Costs RM	Total RM
<b>Group</b>				
<b>At 31 July 2008</b>				
<b>Cumulative property development costs</b>				
At 1 August 2007	7,808,000	2,676,988	54,308,407	64,793,395
Costs incurred during the year	-	-	46,937,630	46,937,630
Transfer from land held for property development (Note 13(a))	15,094,400	-	-	15,094,400
Reversal of completed projects	(9,069,649)	(193,533)	(59,838,125)	(69,101,307)
Unsold units transferred to inventories	(858,351)	(37,327)	(8,111,167)	(9,006,845)
<b>At 31 July 2008</b>	<b>12,974,400</b>	<b>2,446,128</b>	<b>33,296,745</b>	<b>48,717,273</b>
<b>Cumulative costs recognised in income statement</b>				
At 1 August 2007	(5,486,095)	(136,829)	(35,738,362)	(41,361,286)
Recognised during the year	(6,453,001)	(56,704)	(40,563,843)	(47,073,548)
Reversal of completed projects	9,069,649	193,533	59,838,125	69,101,307
<b>At 31 July 2008</b>	<b>(2,869,447)</b>	<b>-</b>	<b>(16,464,080)</b>	<b>(19,333,527)</b>
<b>Property development costs at 31 July 2008</b>	<b>10,104,953</b>	<b>2,446,128</b>	<b>16,832,665</b>	<b>29,383,746</b>
<b>At 31 July 2007</b>				
<b>Cumulative property development costs</b>				
At 1 August 2006	11,491,932	2,676,988	57,838,837	72,007,757
Costs incurred during the year	-	-	49,045,127	49,045,127
Transfer from land held for property development (Note 13(a))	7,467,200	-	-	7,467,200
Reversal of completed projects	(10,000,872)	-	(47,339,048)	(57,339,920)
Unsold units transferred to inventories	(1,150,260)	-	(5,236,509)	(6,386,769)
<b>At 31 July 2007</b>	<b>7,808,000</b>	<b>2,676,988</b>	<b>54,308,407</b>	<b>64,793,395</b>
<b>Cumulative costs recognised in income statement</b>				
At 1 August 2006	(8,495,949)	(58,594)	(39,220,218)	(47,774,761)
Recognised during the year	(6,991,018)	(78,235)	(43,857,192)	(50,926,445)
Reversal of completed projects	10,000,872	-	47,339,048	57,339,920
<b>At 31 July 2007</b>	<b>(5,486,095)</b>	<b>(136,829)</b>	<b>(35,738,362)</b>	<b>(41,361,286)</b>
<b>Property development costs at 31 July 2007</b>	<b>2,321,905</b>	<b>2,540,159</b>	<b>18,570,045</b>	<b>23,432,109</b>

[ Continued ]

### 13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

#### (b) Property Development Costs (Cont'd)

Freehold land of the Group amounting to RM5,700,000 (2007: RM5,700,000) has been charged as security for borrowings (Note 23).

Included in the land held for property development and property development costs of the Group is interest capitalised during the year amounting to RM1,002,259 (2007: RM37,110) and directors' remuneration and staff costs of RM18,633 (2007: RM168,401).

### 14. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At the beginning of year	34,411,533	38,404,242	4,033,929	14,218,750
Amortisation for the year	(497,055)	(476,131)	(44,821)	(119,107)
Disposal	-	-	-	(10,065,714)
Disposal of subsidiary	-	(3,202,702)	-	-
Exchange differences	(201,635)	(313,876)	-	-
At the end of year	33,712,843	34,411,533	3,989,108	4,033,929

Prepaid land lease payments with an aggregate carrying value of RM2,251,599 (2007: RM2,296,008) are pledged as securities for borrowings (Note 23).

Prepaid land lease payments were last revalued during the financial year ended 31 July 2006.

### 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Quoted shares in Malaysia at cost		
At beginning of year	54,389,622	54,389,622
Addition	36,076,175	-
Less: Transfer to unquoted shares (a)	(90,465,797)	-
At end of year	-	54,389,622
Unquoted shares at cost		
At beginning of year	81,048,575	81,048,575
Addition	3,489,851	-
Transfer from quoted shares (a)	90,465,797	-
	175,004,223	81,048,575
Less: Accumulated impairment losses	(200,001)	(200,001)
At end of year	174,804,222	80,848,574
	174,804,222	135,238,196
Market value of quoted shares in Malaysia	-	76,906,052

(a) The entire issued and paid-up share capital of Scientex Packaging Berhad was removed and delisted from the Second Board of Bursa Malaysia Securities Berhad on 28 April 2008 pursuant to the voluntary take-over offer by the Company.

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest	
		2008 %	2007 %
<b>Subsidiaries of the Company in Malaysia</b>			
Scientex Packaging Berhad <sup>^+</sup> (“SciPack”)	Investment holding and the provision of management services	100.00	61.37
Scientex Polymer Sdn. Bhd. # (“SPSB”)	Manufacturing and distribution of polyvinyl chloride (“PVC”) leather cloth and PVC sheeting, thermoplastic olefins (“TPO”)/ polypropylene (“PP”) and PVC/PP foam skin materials and tufted carpet mats for automotive interior and investment holding	100.00	75.00
Scientex Trading Sdn. Bhd. (“STSB”)	Investment holding	98.89	98.89
Scientex Quatari Sdn. Bhd. (“SQSB”)	Investment holding, property investment and development	100.00	100.00
Scientex Enterprise Sdn. Bhd.	Investment holding	100.00	100.00
Scientex Management Sdn. Bhd.	Rendering of management services	100.00	100.00
<b>Subsidiaries of SciPack in Malaysia</b>			
Woventex Sdn. Bhd. (“WSB”)	Manufacturing of PP and polyethylene (“PE”) woven bags and fabrics	100.00	100.00
Scientex Packaging Film Sdn. Bhd.	Manufacturing of stretch film	100.00	100.00
Scientex Resources Sdn. Bhd.	Selling and marketing of packaging related materials	100.00	100.00
Scientex Containers Sdn. Bhd.	Manufacturing of fibre containers and printing of corrugated carton boxes	94.87	94.87
<b>Subsidiaries of SciPack outside Malaysia</b>			
(i) The People’s Republic of China			
Scientex Resources (Shanghai) Co., Ltd. *^^	Producing and selling of palletised stretch film	100.00	100.00

[ Continued ]

## 15. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest	
		2008 %	2007 %
<b>Subsidiaries of SciPack outside Malaysia (Cont'd)</b>			
(ii) The Socialist Republic of Vietnam			
Scientex Tsukasa (Vietnam) Co., Ltd. *++ (formerly known as Woventex (Vietnam) Co., Ltd.)	Manufacturing of PP and PE woven bags and fabrics, flexible intermediate bulk containers and raffia tape	75.00	100.00
(iii) Indonesia			
PT. Scientex Indonesia ** (formerly known as PT. Jadychem Indonesia)	Sales and marketing of laminating polyurethane adhesives	100.00	-
<b>Subsidiary of WSB in Malaysia</b>			
Pan Pacific Straptex Sdn. Bhd.	Manufacturing of PP strapping band	65.00	65.00
<b>Subsidiaries of SPSB in Malaysia</b>			
Scientex Auto Industries Sdn. Bhd.	Ceased operation	100.00	100.00
Yamatex (Malaysia) Sdn. Bhd.	Ceased operation	100.00	100.00
Scientex Wonpoong (M) Sdn. Bhd.	Dissolved	-	55.00
<b>Subsidiaries of SPSB outside Malaysia</b>			
(i) Japan			
Scientex Polymer (Japan) Co., Ltd. *	Manufacturing and marketing of tufted carpet mats for motor vehicles and research and development of polymer automotive interior materials	100.00	100.00
(ii) The Socialist Republic of Vietnam			
Scientex Polymer (Vietnam) Co., Ltd. *	Manufacturing and export of carpet mats for motor vehicles	100.00	100.00

**15. INVESTMENT IN SUBSIDIARIES (CONT'D)**

Details of the subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Proportion of Ownership Interest	
		2008 %	2007 %
<b>Subsidiaries of STSB in Malaysia</b>			
Scientex Chemical Sdn. Bhd. ("SCSB") <sup>^^@</sup>	Sales and marketing of laminating polyurethane adhesives	100.00	75.00
KC Contract Sdn. Bhd.	Property construction	65.00	65.00
<b>Subsidiaries of SQSB in Malaysia</b>			
Scientex Development (Pasar Gudang) Sdn. Bhd.	Property investment holding	100.00	100.00
Scientex Property Sdn. Bhd.	Investment holding	100.00	100.00
Scientex Metro Holdings Sdn. Bhd.	Investment holding	85.00	85.00
Scientex Park (M) Sdn. Bhd.	Property investment and development	60.00	60.00
Texland Sdn. Berhad	Property investment and development	90.00	90.00
Scientex Air Keroh Sdn. Bhd.	Inactive since incorporation	100.00	100.00
<b>Subsidiaries of SCSB outside Malaysia</b>			
(i) Indonesia			
PT. Scientex Indonesia <sup>**</sup> (formerly known as PT. Jadychem Indonesia)	Sales and marketing of laminating polyurethane adhesives	-	100.00

<sup>^</sup> The Company acquired additional 38.63% equity interest in SciPack via the voluntary take-over offer exercise by the Company which was satisfied by the issuance of one new ordinary share in the Company for every one existing SciPack share.

<sup>+</sup> Removed and delisted from the Second Board of Bursa Malaysia Securities Berhad on 28 April 2008.

<sup>^^</sup> During the financial year, the subsidiaries have turned dormant.

<sup>\*</sup> Audited by firms of auditors other than Ernst & Young.

<sup>\*\*</sup> SciPack acquired the entire equity interest in PT. Scientex Indonesia from SCSB for cash consideration of USD41,160.

<sup>#</sup> The Company acquired additional 25% equity interest in SPSB for cash consideration of RM3,489,851.

<sup>@</sup> STSB acquired additional 25% equity interest in SCSB for cash consideration of RM707,200.

<sup>++</sup> SciPack purchased an additional 1,000,000 ordinary shares of USD1.00 each in Scientex Tsukasa (Vietnam) Co., Ltd. ("Scientex Tsukasa (Vietnam)") for a total consideration of RM3,250,000. The ordinary share capital of Scientex Tsukasa (Vietnam) has increased from USD2,000,000 to USD4,000,000. However, the total shares held by the Company is USD3,000,000, hence, the shareholdings have decreased from 100% to 75%.

[ Continued ]

## 16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
In Malaysia:				
Unquoted shares, at cost	10,309,762	10,309,762	3,000,000	3,000,000
Share of post-acquisition reserves	5,648,162	4,189,034	-	-
	15,957,924	14,498,796	3,000,000	3,000,000

Details of the associates are as follows:

### Incorporated in Malaysia

Name of Associates	Principal Activities	Proportion of Ownership Interest	
		2008 %	2007 %
<b>Associate of the Company</b>			
Cosmo Scientex (M) Sdn. Bhd.	Manufacturing and distributing urethane prepolymer	30.00	30.00
<b>Associate of SQSB</b>			
Rising Heights Development Sdn. Bhd. *	Property development	33.54	33.54

\* Audited by firm of auditors other than Ernst & Young.

The financial statements of the above associates are coterminous with those of the Group, except for Cosmo Scientex (M) Sdn. Bhd. which has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the audited financial statements of Cosmo Scientex (M) Sdn. Bhd. for the year ended 31 December 2007 have been used and appropriate adjustments have been made for the effect of significant transactions between 31 July 2008 and that date.

The summarised financial information of the associates are as follows:

	Group	
	2008 RM	2007 RM
<b>Assets and liabilities</b>		
Current assets	70,389,176	69,426,592
Non-current assets	22,760,657	38,940,436
Total assets	93,149,833	108,367,028
<b>Liabilities</b>		
Current liabilities	41,527,299	46,796,962
Non-current liabilities	51,622,534	61,570,066
Total liabilities	93,149,833	108,367,028
<b>Results</b>		
Revenue	87,749,506	70,580,886
Profit for the year	4,805,885	2,384,172

[ Continued ]

## 17. OTHER INVESTMENT

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>At cost:</b>				
Unquoted shares	8,876,384	8,878,384	8,695,998	8,697,998
Club memberships	543,728	575,728	144,728	144,728
	9,420,112	9,454,112	8,840,726	8,842,726
Less: Provision for impairment				
- unquoted shares	(8,499,998)	(6,024,216)	(8,499,998)	(6,024,216)
- club memberships	(139,000)	(40,000)	(61,000)	(40,000)
	781,114	3,389,896	279,728	2,778,510

## 18. INTANGIBLE ASSETS

Group	Product development expenditure RM	Goodwill on consolidation RM	Total RM
<b>Cost</b>			
At 1 August 2006	1,107,619	3,018,841	4,126,460
Arising from additional equity interest in subsidiary	-	224,209	224,209
Written off	(1,107,619)	(957,121)	(2,064,740)
At 31 July 2007 / 31 July 2008	-	2,285,929	2,285,929
<b>Accumulated amortisation</b>			
At 1 August 2006	659,296	1,378,872	2,038,168
Charge for the year	448,323	-	448,323
Written off	(1,107,619)	(732,912)	(1,840,531)
At 31 July 2007 / 31 July 2008	-	645,960	645,960
<b>Net carrying amount</b>			
At 31 July 2008	-	1,639,969	1,639,969
At 31 July 2007	-	1,639,969	1,639,969

### Impairment tests for goodwill

In the prior year, goodwill arose from the investment in SciPack. The recoverable amount of SciPack is determined based on the fair value less costs to sell. The basis used to determine fair value is by reference to the closing market price of the shares that are traded on Bursa Securities at the balance sheet date. The fair value less costs to sell is higher than the carrying amount of investment in SciPack.

During the current financial year, SciPack shares have been removed from the Official List of Bursa Securities. The recoverable amount is determined by applying value-in-use based on future cash flow projections.

[ Continued ]

## 19. INVENTORIES

	Group	
	2008 RM	2007 RM
<b>Cost</b>		
Properties held for sale	22,826,022	20,768,561
Raw materials	32,857,791	29,045,702
Work-in-progress	7,914,716	6,596,166
Spare parts	733,435	709,055
Finished products	6,907,567	7,459,661
	71,239,531	64,579,145
<b>Net realisable value</b>		
Properties held for sale	3,262,733	3,544,690
Raw materials	2,084,054	609,319
Work-in-progress	247,592	477,925
Finished products	399,066	755,835
	5,993,445	5,387,769
	77,232,976	69,966,914

## 20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Current</b>				
<b>Trade receivables</b>				
External parties	104,450,758	102,413,479	-	-
Associate	-	15,990	-	-
Affiliated company	-	74,000	-	-
	104,450,758	102,503,469	-	-
Less: Allowance for doubtful debts	(1,649,894)	(5,813,867)	-	-
Trade receivables, net	102,800,864	96,689,602	-	-
<b>Other receivables</b>				
Due from subsidiaries	-	-	5,976,035	8,811,158
Due from associates	91,397	46,876	40,697	12,543
Deposits	1,573,570	2,165,031	37,373	36,509
Deposit on purchase of land (Note 29)	-	3,300,000	-	-
Prepayments	1,882,874	1,300,271	42,808	38,992
Sundry receivables	5,129,020	2,200,752	-	-
Tax recoverable	1,496,250	1,437,116	152,150	89,123
	10,173,111	10,450,046	6,249,063	8,988,325
Less: Allowance for doubtful debts	(882,004)	(882,004)	(382,823)	-
Other receivables, net	9,291,107	9,568,042	5,866,240	8,988,325
	112,091,971	106,257,644	5,866,240	8,988,325

**20. TRADE AND OTHER RECEIVABLES (CONT'D)****(a) Credit Risk**

The Group's normal trade credit term ranges from 14 to 130 (2007: 14 to 130) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

**(b) Due from Related Companies**

Related companies refers to companies within the Scientex Berhad group.

The amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

Included in trade receivables are retention sums on property development activity amounting to RM3,473,684 (2007: RM3,635,433).

**21. CASH AND BANK BALANCES**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash in hand and at banks	14,419,130	24,427,379	166,583	356,039
Deposits with licensed banks	15,050,000	4,937,500	-	-
Cash and bank balances	29,469,130	29,364,879	166,583	356,039

For the purposes of the cash flow statements, cash and cash equivalents comprise of the following as at the balance sheet date:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	29,469,130	29,364,879	166,583	356,039
Bank overdraft (Note 23)	(150,000)	(856,665)	-	-
Cash and cash equivalents	29,319,130	28,508,214	166,583	356,039

Included in cash at banks of the Group are amounts of RM986,817 (2007: RM2,704,049) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Included in cash and bank balances are cash at bank held for the sinking fund amounting to RM78,681 (2007: RM48,667).

Other information on financial risks of cash and cash equivalents is disclosed in Note 35.

The weighted average effective interest rates and average maturities of deposits of the Group at the balance sheet date were 2.1% (2007: 3.5%) and 4 days (2007: 11) respectively.

[ Continued ]

## 22. SHARE CAPITAL

	Par Value	Number of Ordinary Shares		Amount	
	RM	2008	2007	2008 RM	2007 RM
<b>Authorised</b>					
At beginning of year	1.00	-	200,000,000	-	200,000,000
	0.50	400,000,000	-	200,000,000	-
Resultant share capital pursuant to share split and alteration of capital	0.50	-	400,000,000	-	200,000,000
At end of year	0.50	400,000,000	400,000,000	200,000,000	200,000,000
<b>Issued and fully paid</b>					
At beginning of year	1.00	-	63,525,100	-	63,525,100
Issuance of shares pursuant to conversion of warrants	0.50	200,000,000	-	100,000,000	-
Cancellation of treasury shares	1.00	-	8,393,656	-	8,393,656
	1.00	-	(1,918,756)	-	(1,918,756)
Total before share split and bonus issue	1.00	-	70,000,000	-	70,000,000
Resultant share capital pursuant to share split	0.50	-	140,000,000	-	70,000,000
Bonus issue	0.50	-	63,650,956	-	31,825,478
Cancellation of treasury shares	0.50	-	(3,650,956)	-	(1,825,478)
Issuance of shares pursuant to voluntary take-over offer	0.50	30,446,266	-	15,223,133	-
At end of year	0.50	230,446,266	200,000,000	115,223,133	100,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Company as prescribed in the Articles of Association of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

### (a) Issue of Shares

During the financial year, the total issued and paid-up share capital of the Company was increased from RM100,000,000 to RM115,223,133 by way of issuance of 30,446,266 ordinary shares of RM0.50 each at an issue price of RM1.18 per ordinary share pursuant to the voluntary take-over offer by the Company to acquire all remaining shares in SciPack.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

Subsequent to the balance sheet date and up to the date of this report, the Company cancelled 446,266 treasury shares of RM0.50 each. As at the date of this report, the total issued and paid-up share capital of the Company is RM115,000,000 divided into 230,000,000 ordinary shares of RM0.50 each.

**22. SHARE CAPITAL (CONT'D)****(b) Treasury Shares**

On 18 December 2007 the shareholders of the Company renewed the Company's proposal to repurchase its own shares of up to 10% of its total issued and paid-up share capital.

During the financial year ended 31 July 2008, the Company repurchased 8,586,700 ordinary shares RM0.50 each from the open market. The total consideration paid for the repurchase including transaction costs was RM10,941,949. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 24 January 2008, a total of 3,754,804 treasury shares at a weighted average cost of RM1.58 were distributed as share dividend to the shareholders on the basis of one (1) treasury share of RM0.50 each for every fifty (50) existing ordinary shares of RM0.50 each held on 9 January 2008.

As at 31 July 2008, the Company held 15,042,328 of its 230,446,266 issued and paid-up capital as treasury shares at carrying cost of RM21,725,238. None of the treasury shares held were resold or cancelled during the financial year.

Subsequent to the end of the financial year and at the date of this report, the Company cancelled 446,266 treasury shares of RM0.50 each. As at the date of this report, the total number of treasury shares held is 14,596,062.

**23. BORROWINGS**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Short term borrowings</b>				
<b>Secured:</b>				
Bank overdrafts	-	79,722	-	-
Bankers' acceptance	-	-	-	-
Term loans	184,600	619,480	-	-
	184,600	699,202	-	-
<b>Unsecured:</b>				
Bank overdrafts	150,000	776,943	-	-
Bankers' acceptance	13,150,229	29,713,644	-	-
Revolving credits	19,075,000	20,500,000	11,900,000	7,900,000
Term loans	6,061,875	8,417,175	-	-
	38,437,104	59,407,762	11,900,000	7,900,000
	38,621,704	60,106,964	11,900,000	7,900,000
<b>Long term borrowings</b>				
Term loans, secured	93,275	290,700	-	-
Term loans, unsecured	32,058,594	13,866,344	-	-
	32,151,869	14,157,044	-	-
<b>Total borrowings</b>				
Bank overdrafts (Note 21)	150,000	856,665	-	-
Bankers' acceptance	13,150,229	29,713,644	-	-
Revolving credits	19,075,000	20,500,000	11,900,000	7,900,000
Term loans	38,398,344	23,193,699	-	-
	70,773,573	74,264,008	11,900,000	7,900,000

[ Continued ]

### 23. BORROWINGS (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Maturity of borrowings</b>				
Within one year	38,621,704	60,106,964	11,900,000	7,900,000
More than 1 year and less than 2 years	10,155,150	6,566,495	-	-
More than 2 years and less than 5 years	21,996,719	7,590,549	-	-
	70,773,573	74,264,008	11,900,000	7,900,000

The effective interest rates at the balance sheet date for borrowings were as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Bank overdrafts	3.13	6.79	-	-
Bankers' acceptance	3.80	4.82	-	-
Revolving credits	4.69	4.69	4.71	4.61
Term loans	4.50	6.28	-	-

The term loans, bank overdrafts and other banking facilities are secured by the following:

- Fixed third party charge over freehold land of the Group with carrying value of RM5,700,000 (2007: RM5,700,000);
- First legal charge over leasehold land of RM2,251,599 (2007: RM2,296,008) of a subsidiary, WSB (Note 14);
- Mortgage of machinery of RM546,143 (2007: RM1,418,864) of a subsidiary, Scientex Tsukasa (Vietnam) Co., Ltd (Note 12);
- Debenture for RM2,000,000 (2007: RM2,000,000) creating fixed and floating charges over all the other assets of a subsidiary, Pan Pacific Straptex Sdn. Bhd.; and
- Negative pledges on all the other assets held by 8 (2007: 9) subsidiaries and the Company.

### 24. RETIREMENT BENEFIT OBLIGATIONS

The Company operates an unfunded Defined Benefit Lump Sum Plan. A lump sum benefit is payable to the employees at the normal retirement age of 55. The plan is applicable to employees who have a minimum 5 years of service.

#### (a) Balance Sheet

The amounts recognised in the balance sheets are determined as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Present value of unfunded defined benefit	5,842,009	345,673	1,110,322	-
Unrecognised actuarial losses	(57,718)	-	-	-
	5,784,291	345,673	1,110,322	-
Analysed as:				
Current:	249,218	-	20,731	-

**24. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)****(a) Balance Sheet (Cont'd)**

The amount recognised in the balance sheets are determined as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-current:				
Later than 1 year but not later than 5 years	1,493,563	345,673	169,918	-
Later than 5 years	4,041,510	-	919,673	-
	5,535,073	345,673	1,089,591	-
	5,784,291	345,673	1,110,322	-

The movement in the present value of the defined benefit obligations over the year is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At beginning of year	345,673	249,844	-	-
Current service cost	5,723,163	117,227	1,110,322	-
Paid during the year	(284,545)	(21,398)	-	-
At end of year	5,784,291	345,673	1,110,322	-

**(b) Income Statement**

The amounts recognised in the income statement are included in the following line items:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cost of sales	3,026,580	117,227	-	-
Administrative expenses	1,833,201	-	1,110,322	-
Selling and distribution expenses	863,382	-	-	-
	5,723,163	117,227	1,110,322	-

**(c) Actuarial Assumptions**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Discount rate	6%	5.5%	6%	-
Future salary increases	5%	5%	5%	-

[ Continued ]

## 25. DEFERRED TAX LIABILITIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At beginning of year	20,215,433	24,832,609	1,299,327	4,609,842
Recognised in the income statement (Note 9)	(1,307,232)	(4,617,176)	(13,637)	(17,820)
Recognised in equity	-	-	-	(3,292,695)
Exchange differences	(1,811)	-	-	-
At end of year	18,906,390	20,215,433	1,285,690	1,299,327
Presented after appropriate offsetting as follows:				
Deferred tax assets	(18,814,103)	(18,675,888)	-	-
Deferred tax liabilities	37,720,493	38,891,321	1,285,690	1,299,327
	18,906,390	20,215,433	1,285,690	1,299,327

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM	Revaluation of Land and Building RM	Others RM	Total RM
At 1 August 2007	24,569,005	14,068,361	253,955	38,891,321
Recognised in the income statement	(21,309)	(1,122,883)	(24,375)	(1,168,567)
Exchange differences	-	-	(2,261)	(2,261)
At 31 July 2008	24,547,696	12,945,478	227,319	37,720,493
At 1 August 2006	18,024,053	21,024,502	408,856	39,457,411
Recognised in the income statement	6,544,952	(6,956,141)	(154,901)	(566,090)
At 31 July 2007	24,569,005	14,068,361	253,955	38,891,321

### Deferred tax assets of the Group:

	Unabsorbed Reinvestment Allowances RM	Unabsorbed Tax Losses and Capital Allowances RM	Others RM	Total RM
At 1 August 2007	(15,649,778)	(1,899,595)	(1,126,515)	(18,675,888)
Recognised in the income statement	(211,687)	735,256	(662,234)	(138,665)
Exchange differences	-	-	450	450
At 31 July 2008	(15,861,465)	(1,164,339)	(1,788,299)	(18,814,103)
At 1 August 2006	(12,561,840)	(1,437,090)	(625,872)	(14,624,802)
Recognised in the income statement	(3,087,938)	(462,505)	(500,643)	(4,051,086)
At 31 July 2007	(15,649,778)	(1,899,595)	(1,126,515)	(18,675,888)

[ Continued ]

## 25. DEFERRED TAX LIABILITIES (CONT'D)

### Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM	Revaluation of Land and Building RM	Total RM
At 1 August 2007	43,041	1,256,286	1,299,327
Recognised in the income statement	2,938	(16,575)	(13,637)
At 31 July 2008	45,979	1,239,711	1,285,690
At 1 August 2006	60,861	4,548,981	4,609,842
Recognised in the income statement	(17,820)	-	(17,820)
Recognised in equity	-	(3,292,695)	(3,292,695)
At 31 July 2007	43,041	1,256,286	1,299,327

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unabsorbed tax losses	3,911,748	4,576,028	-	-
Unabsorbed capital allowances	2,111,911	2,513,954	2,100,592	2,350,134
Unabsorbed reinvestment allowances	27,477,855	30,701,981	-	-
Others	5,230,210	158,469	4,525,950	-
	38,731,724	37,950,432	6,626,542	2,350,134

The availability of the unabsorbed tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective companies is subject to there being no substantial change in shareholders of the companies.

The unabsorbed reinvestment allowances are available for offsetting against future taxable profits of the respective companies in which it arose.

## 26. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Current</b>				
<b>Trade payables</b>				
External parties	102,717,334	73,790,035	-	-
Associate	2,139,002	6,475,440	-	-
Affiliated company	2,197,576	2,893,321	-	-
Due to customers on contracts (Note 27)	1,661,625	1,308,452	-	-
	108,715,537	84,467,248	-	-

[ Continued ]

## 26. TRADE AND OTHER PAYABLES (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Other payables</b>				
Amounts due to subsidiaries	-	-	17,354,901	17,512,674
Deposits	644,245	804,597	-	-
Accruals	17,166,012	7,282,796	3,053,380	600,225
Sundry payables	10,821,586	14,629,788	92,889	142,750
Dividend payable	6,462,118	-	6,462,118	-
Sinking fund	78,681	48,667	-	-
	35,172,642	22,765,848	26,963,288	18,255,649
	143,888,179	107,233,096	26,963,288	18,255,649

### (a) Trade Payables

The normal trade credit terms granted to the Group range from 30 to 120 (2007: 30 to 120) days.

### (b) Due to Related Companies

Amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

### (c) Sinking Fund

The fund represents amounts received from residents of low cost flats and shops for future cost of maintenance of infrastructure and other expenses for the said premises, net of the expenses incurred to-date.

## 27. DUE TO CUSTOMERS ON CONTRACTS

	Group	
	2008 RM	2007 RM
Construction contract costs incurred to date	21,377,088	18,350,757
Attributable profits	1,092,319	1,005,821
	22,469,407	19,356,578
Less: Progress billings	(24,131,032)	(20,665,030)
	(1,661,625)	(1,308,452)

## 28. RESERVES

### (a) Capital Redemption Reserves

Capital redemption reserves arose from the cancellation of preference shares and treasury shares in a subsidiary and the Company, respectively.

### (b) Equity Compensation Reserves

The equity compensation reserves relates to the SciPack ESOS approved by the shareholders at an Extraordinary General Meeting held on 18 May 2005. The ESOS was implemented on 1 June 2005 and is to be in force for a period of 5 years from the date of implementation.

The options have lapsed due to the voluntary take-over offer dated 25 January 2008 by the Company.

**29. CAPITAL COMMITMENTS**

	Group	
	2008 RM	2007 RM
<b>Approved and contracted for:</b>		
Rental of buildings and machinery		
Not later than 1 year	255,360	276,486
Later than 1 year and not later than 5 years	292,630	290,590
	547,990	567,076
Consideration for acquisition of a piece of land	-	33,000,000
Deposit of 10% paid (Note 20)	-	(3,300,000)
Amount to be settled for completion of acquisition	-	29,700,000

The acquisition was completed on 29 August 2008.

**30. CONTINGENT LIABILITIES**

	Company	
	2008 RM	2007 RM
<b>Unsecured</b>		
Corporate guarantees for subsidiaries	40,372,000	21,504,943

**31. SIGNIFICANT EVENT**

During the financial year, the Company acquired all the remaining 30,446,266 ordinary shares of RM1.00 each in its subsidiary, SciPack not already owned by the Company for a total cost of RM36,076,175 via a voluntary take-over offer, satisfied through the issuance of 30,446,266 ordinary shares of RM0.50 each in the Company at an average issue price of RM1.18. The costs of the exercise to the Group and the Company was RM1,127,371 and RM975,660 respectively, which had been offset against the share premium.

The entire issued and paid-up share capital of SciPack was removed from the Official List of Bursa Malaysia Securities Berhad on 28 April 2008.

The voluntary take-over offer was completed on 27 May 2008 and SciPack became a wholly owned subsidiary of the Company.

**32. SUBSEQUENT EVENTS**

- (a) On 8 September 2008, the Company announced that SQSB, its wholly owned subsidiary, has entered into a Share Sale and Purchase Agreement with a third party individual, Wong Nam Loong to acquire a total of 10,260,000 ordinary shares of RM1.00 each, representing approximately 52.83% of the entire issued and paid-up capital of Rising Heights Development Sdn Bhd ("Rising Heights") for a total cash consideration of RM9,252,468.

Upon completion of the acquisition of Rising Heights, SQSB's equity interest in Rising Heights will increase from 33.54% to 86.38% and accordingly, Rising Heights will become a subsidiary of the Company.

The acquisition of Rising Heights is still pending fulfillment of certain terms and conditions in the Share Sale and Purchase Agreement.

- (b) On 24 September 2008, the Company cancelled 446,266 treasury shares of RM0.50 each.

[ Continued ]

### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2008 RM	2007 RM
<b>Group</b>		
Sales to affiliated companies		
- Rigidtex Sdn. Bhd.	(59,000)	(280,500)
- Cosmo Scientex (M) Sdn. Bhd.	-	(221,100)
Sales commission from affiliated company	(634,417)	(753,487)
Purchases from affiliated companies		
- Rigidtex Sdn. Bhd.	7,714,291	9,849,614
- Cosmo Scientex (M) Sdn. Bhd.	34,142,965	23,638,318
Management fees from associated company		
- Cosmo Scientex (M) Sdn. Bhd.	(120,000)	(120,000)
Rental income from associated company		
- Cosmo Scientex (M) Sdn. Bhd.	(176,400)	(176,400)
<b>Company</b>		
Rental income from associated company		
- Cosmo Scientex (M) Sdn. Bhd.	(32,400)	(32,400)
Management fees from subsidiaries	(910,000)	(920,000)
Management fees from associate		
- Cosmo Scientex (M) Sdn. Bhd.	(120,000)	(120,000)
Dividend income from subsidiaries	(16,814,066)	(14,759,764)
Dividend income from associate	-	(60,000)
Rental income from subsidiaries	-	(120,000)
Project management fees from subsidiaries	(4,230,554)	(4,062,398)

#### (b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages and salaries	6,222,780	5,910,079	1,775,970	1,409,100
Fees	220,000	175,000	135,000	90,000
Other emoluments	92,000	114,400	36,000	36,000
Pension cost - defined contribution plans	740,424	704,756	213,132	169,092
	7,275,204	6,904,235	2,160,102	1,704,192

[ Continued ]

### 34. SEGMENTAL INFORMATION

#### (a) Analysis by Activity

	Manufacturing RM	Property Development RM	Consolidated RM
<b>31 July 2008</b>			
<b>Revenue</b>	569,520,950	87,074,552	656,595,502
<b>Results</b>			
Segment results	26,526,188	20,923,570	47,449,758
Unallocated profit	-	-	11,832,212
Finance cost			59,281,970 (3,327,059)
Share of results of associates	1,294,626	164,502	1,459,128
Profit before taxation			57,414,039
Income tax expense			(4,378,850)
<b>Profit for the year</b>			53,035,189
<b>Assets</b>			
Segment assets	359,842,470	244,075,282	603,917,752
Investment in associates	5,074,245	10,883,679	15,957,924
Income tax assets	1,329,824	166,426	1,496,250
Consolidated total assets			621,371,926
<b>Liabilities</b>			
Segment liabilities	148,149,053	72,296,990	220,446,043
Income tax liabilities	3,751,751	16,253,650	20,005,401
Consolidated total liabilities			240,451,444
<b>Other Information</b>			
Capital expenditure	8,805,663	514,164	9,319,827
Depreciation	22,131,788	835,267	22,967,055
Amortisation of prepaid land lease	452,234	44,821	497,055
Reserve on consolidation recognised	(34,411,390)	-	(34,411,390)
Impairment losses	-	2,475,782	2,475,782
Non-cash expenses other than depreciation, amortisation and impairment losses	4,625,614	1,878,023	6,503,637

[ Continued ]

### 34. SEGMENTAL INFORMATION (CONT'D)

#### (a) Analysis by Activity (Cont'd)

	Manufacturing RM	Property Development RM	Consolidated RM
<b>31 July 2007</b>			
<b>Revenue</b>	528,731,600	84,359,900	613,091,500
<b>Results</b>			
Segment results	18,483,435	25,281,157	43,764,592
Finance cost			(4,275,456)
Share of results of associates	593,937	135,630	729,567
Profit before taxation			40,218,703
Income tax benefit			1,231,997
<b>Profit for the year</b>			41,450,700
<b>Assets</b>			
Segment assets	359,543,487	215,264,636	574,808,123
Investment in associates	3,779,620	10,719,176	14,498,796
Income tax assets	1,192,577	244,539	1,437,116
Consolidated total assets			590,744,035
<b>Liabilities</b>			
Segment liabilities	144,503,743	37,339,034	181,842,777
Income tax liabilities	7,412,598	14,713,004	22,125,602
Consolidated total liabilities			203,968,379
<b>Other Information</b>			
Capital expenditure	21,083,051	546,821	21,629,872
Depreciation	19,270,119	943,448	20,213,567
Amortisation of prepaid land lease	357,024	119,107	476,131
Amortisation of intangible assets	448,323	-	448,323
Goodwill on consolidation written off	-	224,209	224,209
Reserve on consolidation recognised	(189,393)	-	(189,393)
Impairment losses	-	1,044,728	1,044,728
Non-cash expenses other than depreciation, amortisation and impairment losses	3,187,482	475,927	3,663,409

**34. SEGMENTAL INFORMATION (CONT'D)****(b) Geographical Segments**

The Group operates in four principal geographical areas of the world.

Other than its home country Malaysia, the Group also operates in other countries in the Asia Pacific Region:

- (i) The People's Republic of China - Producing and selling of palletised stretch film
- (ii) Japan - Manufacturing and marketing of tufted carpet mats for motor vehicles
- (iii) The Socialist Republic of Vietnam - Manufacturing and trading of automotive tufted carpet mat, general purpose packaging products and bulk bags
- (iv) Indonesia - Sales and marketing of laminating polyurethane adhesives

	External Customers		Segment Assets		Capital Expenditure	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Malaysia	612,371,392	582,586,838	558,017,670	544,650,682	6,977,667	19,898,091
The People's Republic of China	2,771,944	7,934,132	249,132	2,259,003	-	8,735
Japan	10,087,058	10,591,734	3,648,313	3,479,973	-	-
The Socialist Republic of Vietnam	8,100,683	2,482,504	32,720,504	18,393,697	2,323,294	1,566,543
Indonesia	23,264,425	9,496,292	9,282,133	6,024,768	18,866	156,503
Consolidated	656,595,502	613,091,500	603,917,752	574,808,123	9,319,827	21,629,872

**35. FINANCIAL INSTRUMENTS****(a) Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

**(b) Interest Rate Risk**

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 July 2008.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

**35. FINANCIAL INSTRUMENTS (CONT'D)****(c) Foreign Exchange Risk**

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Indonesian Rupiah, Singapore Dollar and Japanese Yen. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Japanese Yen RM	Indonesian Rupiah RM	Singapore Dollar RM	US Dollar RM	Total RM
<b>At 31 July 2008</b>					
United States Dollar	-	1,438,330	-	199,514	1,637,844
Ringgit Malaysia	48,922	-	523,420	(35,492,828)	(34,920,486)
<hr/>					
<b>At 31 July 2007</b>					
United States Dollar	-	481,972	-	-	481,972
Ringgit Malaysia	(619,495)	-	1,034,282	(37,661,220)	(37,246,433)
<hr/>					

**(d) Liquidity Risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

**(e) Credit Risk**

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group's historical experience in collection of trade receivables fall within the credit term granted. Any doubtful amounts have been reasonably provided for. Hence, the Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

**35. FINANCIAL INSTRUMENTS (CONT'D)****(f) Fair Values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>At 31 July 2008</b>				
<b>Financial Assets</b>				
Amounts due from subsidiaries	-	-	5,976,035	#
Amounts due from related companies	91,397	#	40,697	#
Non-current unquoted shares	376,386	*	196,000	*
Non-current golf club memberships	404,728	505,000	83,728	99,000
<b>Financial Liabilities</b>				
Amounts due to subsidiaries	-	-	17,354,901	#
Amounts due to related companies	4,336,578	#	-	-
<b>At 31 July 2007</b>				
<b>Financial Assets</b>				
Amounts due from subsidiaries	-	-	8,811,158	#
Amounts due from related companies	136,866	#	12,543	#
Non-current unquoted shares	2,854,168	*	2,673,782	*
Non-current golf club memberships	535,728	595,000	104,728	115,000
<b>Financial Liabilities</b>				
Amounts due to subsidiaries	-	-	17,512,674	#
Amounts due to related companies	9,368,761	#	-	-

\* It is not practicable to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

# It is also not practicable to estimate the fair value of the amounts due from/to related companies due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

**(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables**

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

**(ii) Non-Current Quoted Shares**

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

**(iii) Borrowings**

The carrying value of the Group's borrowings which are mainly variable-rate borrowings, is considered to be a reasonable estimate of the fair values as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

# [ List Of Properties Held By The Group ]

as at 31 July 2008

Location	Description/ Existing Use	Tenure	Site Area (sq.ft.)	Built-up Area (sq.ft.)	Net Book Value RM'000	Age of Building (Years)	Year of Acquisition/ Revaluation*
6 parcels of land in Taman Scientex Mukim of Plentong District of Johor Bahru Johor	Land for future mixed development	Freehold	9,841,238	-	61,691	-	2004*
H.S. (D) 180797 PTD 8006 Mukim of Sedenak District of Johor Bahru Johor	Land for future mixed development	Freehold	10,892,964	-	39,106	-	2007
Taman Scientex - various sub-divided lots in Mukim of Plentong District of Johor Bahru Johor	On-going mixed development project	Freehold	5,575,680	-	38,062	-	1993
Lots No. 3, 4 & 5 Section 5, Phase 2B Pulau Indah Industrial Park Port Klang Selangor Darul Ehsan	Land, factory buildings, warehouse and office for industrial use	Leasehold (No title issued as yet)	493,797	88,500	25,935	5-7	2006*
P.T. No. 164 Jalan Utas 15/7 Shah Alam Selangor Darul Ehsan	Land, factory buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 27.07.2097	355,844	229,706	25,524	18-38	2006*
Grant 88223 (formerly 18364) Lot No. 1949 Mukim of Plentong District of Johor Bahru Johor	Land for future mixed development	Freehold	4,137,111	-	11,382	-	2005
Lot 2379 Mukim of Tanjung Kling District of Melaka Tengah Melaka	Industrial land, factory buildings, warehouse and office for industrial use	Leasehold for 99 years expiring on 25.11.2056	389,621	138,606	8,956	19	2006*
Lot No. 38-40 P.T. No. 6045 Senawang Industrial Estate Seremban Negeri Sembilan	Land, factory, warehouse and office for industrial use	Leasehold for 99 years expiring on 20.09.2084	130,680	124,361	7,094	18	2006*
Lot 316-317 Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Vietnam	Industrial land, factory buildings, warehouse and office for industrial use	Leasehold for 42 years expiring on 11.02.2046	266,848	159,248	6,647	4	2006*
H.S. (D) 255019 P.T. No. 121208 Mukim of Plentong District of Johor Bahru Johor	Commercial land for future development	Freehold	388,953	-	6,352	-	2004

# [ Analysis Of Shareholdings ]

as at 16 October 2008

Authorised Share Capital	-	RM 200,000,000
Issued and Fully Paid-Up Capital	-	RM 115,000,000
Type of Shares	-	Ordinary Shares of RM0.50 each
Voting Rights	-	One vote per shareholder on a show of hands
	-	One vote per ordinary share on a poll
No. of Shareholders	-	4,844

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	Total Holdings	%
Less than 100	174	3.59	6,132	#
100 - 1,000	511	10.55	432,916	0.20
1,001 - 10,000	3,112	64.25	12,552,671	5.83
10,001 - 100,000	891	18.39	23,247,742	10.79
100,001 to less than 5% of issued shares	153	3.16	104,848,891	48.68
5% and above of issued shares	3	0.06	74,315,586	34.50
<b>Total</b>	<b>4,844</b>	<b>100.00</b>	<b>215,403,938 *</b>	<b>100.00</b>

Notes :

# Less than 0.01%.

\* Excluding a total of 14,596,062 shares bought-back by the Company and retained as treasury shares.

## SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name	Direct	No. of Shares Held		%
		%	Indirect	
1 Lim Teck Meng	84,100	0.04	96,420,130 <sup>A</sup>	44.76
2 Sim Swee Tin	20,460	0.01	90,058,067 <sup>B</sup>	41.81
3 Lim Peng Cheong	-	-	86,082,562 <sup>C</sup>	39.96
4 Lim Peng Jin	1,178,470	0.55	87,514,052 <sup>D</sup>	40.63
5 Scientex Holdings Sdn Berhad	36,946,054	17.15	-	-
6 Scientex Leasing Sdn Bhd	21,762,630	10.10	-	-
7 Lim Teck Meng Sdn Bhd	15,606,902	7.25	-	-

Notes :

<sup>A</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Lim Teck Meng Sdn Bhd and Scientex Leasing Sdn Bhd.

<sup>B</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Sim Swee Tin Sdn Bhd and Scientex Leasing Sdn Bhd.

<sup>C</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Paradox Corporation Sdn Bhd and Scientex Leasing Sdn Bhd.

<sup>D</sup> Deemed interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Progress Innovations Sdn Bhd and Scientex Leasing Sdn Bhd.

## DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Name	Direct	No. of Shares Held		%
		%	Indirect	
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	246,940	0.11	-	-
Lim Teck Meng	84,100	0.04	96,440,590 <sup>a</sup>	44.77
Lim Peng Cheong	-	-	87,700,022 <sup>b</sup>	40.71
Lim Peng Jin	1,178,470	0.55	87,529,352 <sup>c</sup>	40.63
Wong Mook Weng @ Wong Tsap Loy	1,468,844 <sup>d</sup>	0.68	641,168 <sup>e</sup>	0.30
Tan Beng Chai	139,640	0.06	21,420 <sup>f</sup>	0.01
Teow Her Kok @ Chang Choo Chau	1,110,780	0.52	-	-
Dato' Hazimah Binti Zainuddin	-	-	-	-
Cham Chean Fong @ Sian Chean Fong	-	-	-	-

[ Continued ]

#### DIRECTORS' SHAREHOLDINGS IN RELATED COMPANIES

Name	No. of Shares Held			
	Direct	%	Indirect	%
<b>Scientex Packaging Berhad</b>				
Tan Sri Dato' Mohd Sheriff Bin Mohd Kassim	-	-	-	-
Lim Teck Meng	-	-	78,814,852 <sup>g</sup>	100.00
Lim Peng Cheong	-	-	78,814,852 <sup>g</sup>	100.00
Lim Peng Jin	-	-	78,814,852 <sup>g</sup>	100.00
Wong Mook Weng @ Wong Tsap Loy	-	-	-	-
Tan Beng Chai	-	-	-	-
Teow Her Kok @ Chang Choo Chau	-	-	-	-
Dato' Hazimah Binti Zainuddin	-	-	-	-
Cham Chean Fong @ Sian Chean Fong	-	-	-	-
<b>Scientex Trading Sdn Bhd</b>				
Lim Teck Meng	300	0.03	-	-

Notes:

- a Deemed/indirect interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Lim Teck Meng Sdn Bhd, Scientex Leasing Sdn Bhd and Sim Swee Tin.
- b Deemed/indirect interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Paradox Corporation Sdn Bhd, Scientex Leasing Sdn Bhd and Yong Sook Lan.
- c Deemed/indirect interest through Scientex Holdings Sdn Berhad, TM Lim Sdn Bhd, Bestex Holding Sdn Bhd, Teck Management Sdn Bhd, Scientex Realty Sdn Bhd, Catra Management Sdn Bhd, Progress Innovations Sdn Bhd, Scientex Leasing Sdn Bhd and Lee Chung Yau.
- d Held through nominee company(ies).
- e Indirect interest through Wong Kar Wai.
- f Indirect interest through Lim Siew Kiat.
- g Deemed interest through Scientex Berhad.

#### LIST OF THIRTY (30) LARGEST SHAREHOLDERS

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Person)

No.	Names	No. of Shares Held*	%*
1	Scientex Holdings Sdn Berhad	36,946,054	17.15
2	Scientex Leasing Sdn Bhd	21,762,630	10.10
3	Lim Teck Meng Sdn Bhd	15,606,902	7.25
4	Malacca Securities Sdn Bhd	8,535,372	3.96
5	Sim Swee Tin Sdn Bhd	7,371,915	3.42
6	Ardent Synergy Sdn Bhd	5,898,280	2.74
7	FELDA Holdings Bhd	5,000,000	2.32
8	Ang Teow Cheng @ Sons Sdn Bhd	4,131,000	1.92
9	Teck Realty Sdn Bhd	3,590,214	1.67
10	Seng Leng Tat	3,220,000	1.49
11	Progress Innovations Sdn Bhd	2,900,100	1.35
12	Scientex Realty Sdn Bhd	2,810,500	1.30
13	HLB Nominees (Tempatan) Sdn Bhd - A/C Paradox Corporation Sdn Bhd	2,099,006	0.97
14	Ang Teow Cheng	1,892,100	0.88
15	Catra Management Sdn Bhd	1,872,924	0.87
16	Saw Soon Lin	1,833,858	0.85
17	Lee Chi On	1,754,400	0.81
18	Malacca Equity Nominees (Tempatan) Sdn Bhd - A/C Koay Teik Chuan	1,684,200	0.78
19	Progress Innovations Sdn Bhd	1,621,800	0.75
20	HLB Nominees (Tempatan) Sdn Bhd - A/C Yong Sook Lan	1,613,400	0.75
21	Quah Lake Jen	1,342,596	0.62
22	Paradox Corporation Sdn Bhd	1,297,404	0.60
23	Yatee & Sons Sdn Bhd	1,224,000	0.57
24	Mayban Nominees (Tempatan) Sdn Bhd - A/C Wong Mook Weng @ Wong Tsap Loy	1,214,208	0.56
25	Ang Seng Chin	1,209,000	0.56
26	Amanah Raya Nominees (Tempatan) Sdn Bhd - A/C Skim Amanah Saham Bumiputera	1,202,000	0.56
27	Lim Peng Jin	1,178,470	0.55
28	Teow Her Kok @ Chang Choo Chau	1,110,780	0.52
29	Apollo Management Sdn Bhd	1,098,000	0.51
30	Ardent Square Sdn Bhd	1,065,208	0.49
<b>Total</b>		<b>144,086,321</b>	<b>66.87</b>

Notes:

- \* Excluding a total of 14,596,062 shares bought-back by the Company and retained as treasury shares.

# [ Notice Of Annual General Meeting ]

**NOTICE IS HEREBY GIVEN THAT** the Fortieth Annual General Meeting of the Company will be held at Melati 1, 2 & 3, Sheraton Subang Hotel & Towers, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 17 December 2008 at 10.00 a.m. for the following purposes:-

## **AGENDA**

1. To receive the Audited Financial Statements for the year ended 31 July 2008 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To declare a single tier final dividend of 10% in respect of the year ended 31 July 2008. **(Resolution 2)**
3. To re-elect the following Directors who retire by rotation in accordance with Article 92 of the Company's Articles of Association and being eligible, have offered themselves for re-election:
  - (a) Mr Lim Peng Jin **(Resolution 3)**
  - (b) Mr Cham Chean Fong @ Sian Chean Fong **(Resolution 4)**
4. To re-elect Mr Teow Her Kok @ Chang Choo Chau in accordance with Article 97 of the Company's Articles of Association. **(Resolution 5)**
5. To consider and if thought fit, to pass the following Resolutions pursuant to Section 129(6) of the Companies Act, 1965:
  - (a) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Lim Teck Meng who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." **(Resolution 6)**
  - (b) "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Mr Wong Mook Weng @ Wong Tsap Loy, who is over the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting." **(Resolution 7)**
6. To approve the payment of Directors' fees of RM135,000.00 for the year ended 31 July 2008. **(Resolution 8)**
7. To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

## **AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following Resolutions:

### **8. ORDINARY RESOLUTION I**

#### **Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"THAT subject to the provision of Section 132D of the Companies Act, 1965 and the approvals of the relevant governmental/regulatory authorities, where necessary, the Directors be and are hereby authorised from time to time to allot and issue shares in the Company at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 10)**

### **9. ORDINARY RESOLUTION II**

#### **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965 ("Act"), provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by law, to purchase on the market and/or hold such number of the Company's issued and paid-up ordinary shares of RM0.50 each ("Scientex Shares") through the Bursa Securities ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that:-

- (a) The maximum number of Scientex Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities; and

- (b) The maximum fund to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the total retained profits and/or share premium account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 31 July 2008, the audited retained profits and share premium account of the Company was RM29,899,208 and RM19,877,382 respectively.

THAT the shares purchased by the Company pursuant to the Proposed Share Buy-Back be dealt with in all or any of the following manner (as selected by the Company):-

- (i) the shares so purchased may be cancelled; and/or
- (ii) the shares so purchased may be retained in treasury for distribution as share dividends to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
- (iii) part of the shares so purchased may be retained as treasury shares with the remaining being cancelled; and/or
- (iv) in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or expiration of the period within which the next Annual General Meeting after that date is required by law to be held, whichever occurs first and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authority, but so as not to prejudice the completion of a purchase made before such expiry date.

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities.” **(Resolution 11)**

#### **NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS HEREBY GIVEN THAT** subject to the approval of the shareholders, the proposed single tier final dividend will be paid on 15 January 2009 to shareholders whose names appeared in the Record of Depositors on 26 December 2008.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 23 December 2008 in respect of shares exempted from mandatory deposit;
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 26 December 2008 in respect of ordinary transfers; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

**TAN BENG CHAI (MAICSA 0739863)**  
**LAU WING HONG (MAICSA 7010572)**  
Secretaries

Shah Alam  
25 November 2008

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of its attorney.
3. The form of proxy must be deposited at the Company's Registered Office at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.
4. Explanatory Statement on Special Business:
  - (i) **Resolution on Authority to Directors to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution No. 10 proposed under item 8, if passed, will give powers to the Directors to allot and issue shares up to a maximum of ten percent (10%) of the total issued and paid-up share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
  - (ii) **Resolution on Proposed Renewal of Share Buy-Back Authority**

The Ordinary Resolution No. 11 proposed under item 9, if passed, will empower the Company to purchase and/or hold the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority unless renewed, revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 25 November 2008 which is dispatched together with the Company's Annual Report 2008.
5. The statement accompanying this Notice of Annual General Meeting is contained on page 118 of this Annual Report.

# [ Statement Accompanying Notice Of Annual General Meeting ]

## **1. Directors who are standing for re-election:-**

- (i) Mr Lim Peng Jin (retiring pursuant to Article 92 of the Company's Articles of Association)
- (ii) Mr Cham Chean Fong @ Sian Chean Fong (retiring pursuant to Article 92 of the Company's Articles of Association)
- (iii) Mr Teow Her Kok @ Chang Choo Chau (retiring pursuant to Article 97 of the Company's Articles of Association)
- (iv) Mr Lim Teck Meng (retiring pursuant to Section 129(6) of the Companies Act, 1965)
- (v) Mr Wong Mook Weng @ Wong Tsap Loy (retiring pursuant to Section 129(6) of the Companies Act, 1965)

The details of the five (5) Directors seeking re-election or re-appointment are set out in their respective profiles which appear in the Profile of the Board of Directors on pages 12 to 15 of this Annual Report. Their securities holdings in the Company and its subsidiaries are set out in the Analysis of Shareholdings on pages 113 and 114 of this Annual Report.

## **2. Details of attendance of Directors at Board Meetings.**

Six (6) Board Meetings were held during the financial year from 1 August 2007 till 31 July 2008. The details of attendance of Directors at the Board Meetings is set out in the Statement of Corporate Governance on page 43 of this Annual Report.

## **3. Date, time and venue of Meeting**

The Fortieth Annual General Meeting of the Company will be held at Melati 1, 2 & 3, Sheraton Subang Hotel & Towers, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 17 December 2008 at 10.00 a.m.

# Form Of Proxy



**SCIENTEX BERHAD**  
(formerly known as Scientex Incorporated Berhad)  
(Company No. 7867-P)

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of SCIENTEX BERHAD, hereby appoint the Chairman of the Meeting or \_\_\_\_\_  
of \_\_\_\_\_  
and/or failing him/her \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Melati 1, 2 & 3, Sheraton Subang Hotel & Towers, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 17 December 2008 at 10.00 a.m. and at any adjournment thereof and to vote as indicated below :-

No.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 July 2008 together with the Reports of the Directors and Auditors thereon		
2.	To approve the declaration of a single tier final dividend of 10%		
3.	To re-elect Lim Peng Jin as Director of the Company		
4.	To re-elect Cham Chean Fong @ Sian Chean Fong as Director of the Company		
5.	To re-elect Teow Her Kok @ Chang Choo Chau as Director of the Company		
6.	To re-appoint Lim Teck Meng as Director of the Company		
7.	To re-appoint Wong Mook Weng @ Wong Tsap Loy as Director of the Company		
8.	To approve the payment of Directors' fees of RM135,000.00		
9.	To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors to fix their remuneration		
10.	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
11.	To approve the Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the spaces provided above how you wish your votes to be cast on the Resolutions specified in the Notice of Annual General Meeting. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

No. of Shares held	
CDS Account No.	

\_\_\_\_\_  
Signature of Member(s)

#### NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, under its common seal or the hand of its attorney.
- The form of proxy must be deposited at the Company's Registered Office at Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof.

*Please Fold Here*

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Affix  
Stamp  
Here

THE COMPANY SECRETARY  
**SCIENTEX BERHAD (7867-P)**  
Jalan Utas 15/7  
40000 Shah Alam  
Selangor Darul Ehsan

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*Please Fold Here*