

# SCIENTEX



## SCIENTEX INCORPORATED BERHAD

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

### QUARTERLY REPORT

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

The figures have not been audited.

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial quarter ended 31 October 2007

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding corresponding period
	31.10.2007 RM'000	31.10.2006 RM'000	31.10.2007 RM'000	31.10.2006 RM'000
<b>Revenue</b>	<b>155,902</b>	<b>156,456</b>	<b>155,902</b>	<b>156,456</b>
<b>Operating profit</b>	<b>9,688</b>	<b>13,394</b>	<b>9,688</b>	<b>13,394</b>
Interest expense	(1,009)	(1,139)	(1,009)	(1,139)
Investing results	276	127	276	127
<b>Profit before tax</b>	<b>8,955</b>	<b>12,382</b>	<b>8,955</b>	<b>12,382</b>
Taxation	(1,185)	(1,837)	(1,185)	(1,837)
<b>Profit for the period</b>	<b>7,770</b>	<b>10,545</b>	<b>7,770</b>	<b>10,545</b>
<b>Attributable to:</b>				
Equity holders of the Company	6,456	8,204	6,456	8,204
Minority interest	1,314	2,341	1,314	2,341
<b>Profit for the period</b>	<b>7,770</b>	<b>10,545</b>	<b>7,770</b>	<b>10,545</b>
Earnings per share attributable to equity holders of the Company (sen):				
Basic	3.42	4.35	3.42	4.35
Diluted	3.42	4.32	3.42	4.32

*(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2007)*

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## SCIENTEX INCORPORATED BERHAD

(Company No.7867-P)  
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### CONDENSED CONSOLIDATED BALANCE SHEET As at 31 October 2007

	AS AT END OF FINANCIAL QUARTER ENDED 31.10.2007 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31.07.2007 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	192,795	195,373
Land held for property development	146,619	112,409
Prepaid land lease payments	34,305	34,411
Investment in associates	14,775	14,499
Other investments	3,390	3,390
Intangible assets	1,640	1,640
	393,524	361,722
<b>Current assets</b>		
Property development costs	24,463	23,432
Inventories	67,507	69,967
Trade and other receivables	108,073	106,258
Cash and bank balances	25,540	29,365
	225,583	229,022
<b>TOTAL ASSETS</b>	<b>619,107</b>	<b>590,744</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	100,000	100,000
Reserves	188,811	184,603
	288,811	284,603
Minority interests	102,808	102,173
<b>Total equity</b>	<b>391,619</b>	<b>386,776</b>
<b>Non-current liabilities</b>		
Borrowings	37,285	14,157
Retirement benefit obligations	241	346
Deferred tax liabilities	20,215	20,215
	57,741	34,718
<b>Current liabilities</b>		
Borrowings	53,782	60,107
Trade and other payables	114,200	107,233
Income tax payable	1,765	1,910
	169,747	169,250
<b>Total liabilities</b>	<b>227,488</b>	<b>203,968</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>619,107</b>	<b>590,744</b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.54	1.50

*(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 July 2007)*



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SCIENTEX INCORPORATED BERHAD  
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2007

	Attributable to Equity Holders of the Company											
	Reserves								Retained earnings	Total	Minority interests	Total equity
	Non-distributable				Distributable							
Issued capital	Share premium	Property revaluation surplus	Foreign exchange reserve	Treasury shares	Warrant and other reserves	Capital redemption reserve	Equity compensation reserve	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 August 2007	100,000	2,264	41,003	(1,740)	(16,716)	461	17,244	178	141,908	284,602	102,173	386,775
Profit for the period	-	-	-	-	-	-	-	-	6,456	6,456	1,314	7,770
Acquisition of treasury shares	-	-	-	-	(2,414)	-	-	-	-	(2,414)	-	(2,414)
Currency translation differences, representing net gain not recognised in the income statement	-	-	-	167	-	-	-	-	-	167	58	225
Additional interest in existing subsidiary	-	-	-	-	-	-	-	-	-	-	(737)	(737)
At 31 October 2007	100,000	2,264	41,003	(1,573)	(19,130)	461	17,244	178	148,364	288,811	102,808	391,619
At 1 August 2006	63,525	11,232	49,613	(770)	(849)	461	13,500	119	131,247	268,078	99,955	368,033
Profit for the period	-	-	-	-	-	-	-	-	8,204	8,204	2,341	10,545
Issuance of ordinary shares pursuant to warrants	5,793	8,631	-	-	-	-	-	-	-	14,424	-	14,424
Acquisition of treasury shares	-	-	-	-	(8,012)	-	-	-	-	(8,012)	-	(8,012)
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	(145)	-	-	-	-	-	(145)	(54)	(199)
Additional interest in existing subsidiary	-	-	-	-	-	-	-	-	-	-	(972)	(972)
At 31 October 2006	69,318	19,863	49,613	(915)	(8,861)	461	13,500	119	139,451	282,549	101,270	383,819

*(The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2007)*

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## SCIENTEX INCORPORATED BERHAD

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### CONDENSED CONSOLIDATED CASH FLOW STATEMENT For the financial quarter ended 31 October 2007

	3 MONTHS ENDED 31.10.2007 RM'000	3 MONTHS ENDED 31.10.2006 RM'000
Net cash generated from operating activities	15,334	10,839
Net cash used in investing activities	(33,547)	(2,383)
Net cash generated from/(used in) financing activities	14,547	(1,137)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,666)</b>	<b>7,319</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>28,508</b>	<b>24,591</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>24,842</b>	<b>31,910</b>

Cash and cash equivalents in the cash flow statement comprise :

Cash and bank balances	19,557	28,914
Short term deposits	5,983	3,443
Bank overdrafts	(698)	(447)
	<b>24,842</b>	<b>31,910</b>

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 July 2007)*

## SCIENTEX INCORPORATED BERHAD

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### **NOTES TO THE INTERIM FINANCIAL REPORT** **FOR THE FINANCIAL QUARTER ENDED 31 OCTOBER 2007**

#### **A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134, Interim Financial Reporting and Chapter 9 Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the year ended 31 July 2007.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 July 2007, except for the adoption of the following new/revised FRSs effective for financial period beginning on or after 1 October 2006:

FRS 124:	Related Party Disclosures
Amendment to FRS 107:	Cash Flow Statements
Amendment to FRS 111:	Construction Contracts
Amendment to FRS 118:	Revenue
Amendment to FRS 119:	Employee Benefits
Amendment to FRS 121:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
Amendment to FRS 126:	Accounting and Reporting by Retirement Benefit Plans
Amendment to FRS 134:	Interim Financial Reporting
Amendment to FRS 137:	Provision, Contingent Liabilities and Contingent Assets

The above FRS, amendment to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application except for the Amendment to FRS 121. However, it is not possible to reasonably estimate the exchange rates applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have a material impact on the consolidated financial statements for the year ending 31 July 2008.

#### **A2 Comparatives**

Following the bonus issue and share split on 13 April 2007 and in accordance to FRS 133, the following comparative amounts have been restated:

	Previously stated	Restated
<b>Financial quarter ended 31 October 2006</b>		
Earnings per share attributable to equity holders of the Company (sen):		
- Basic	13.04	4.35
- Diluted	12.97	4.32

#### **A3 Audit report**

The Group's preceding annual financial statements for the financial year ended 31 July 2007 was not qualified.

#### **A4 Seasonal or cyclical factors**

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

#### **A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current financial quarter under review.

#### **A6 Material changes in estimates**

There were no changes in estimates of amounts reported in prior interim periods that have a material effect in the current financial quarter under review.

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### A7 Changes in debts and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares except for the following :

During the current financial quarter ended 31 October 2007, the Company repurchased 1,754,400 ordinary shares of RM0.50 each from the open market for a total cost of RM2.4 million. The repurchased shares are held as treasury shares. As at 31 October 2007, the number of treasury shares held is 11,964,832 ordinary shares of RM0.50 each.

### A8 Dividends paid

No dividend has been paid in the current financial quarter under review.

### A9 Segment information

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

#### Current financial quarter ended 31 October 2007

<u>Revenue</u>	RM'000
Manufacturing	126,565
Property development	20,655
Trading	8,685
Investment holding	1,643
Elimination : Inter-segment revenue	<u>(1,646)</u>
Total revenue	<u>155,902</u>
<u>Results</u>	RM'000
Manufacturing	4,468
Property development	4,799
Trading	187
Investment holding	<u>234</u>
Operating profit	<u>9,688</u>

### A10 Valuation of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the audited financial statements for the year ended 31 July 2007.

### A11 Events subsequent to the end of the reporting period

Subsequent to the end of the current financial quarter:

#### Treasury Shares

The Company repurchased 238,300 ordinary shares of RM0.50 each from the open market for a total cost of approximately RM319,000. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 12,203,132.

Other than the above, there were no material events subsequent to the end of the current financial quarter that have not been reflected in the financial statements for the said period as at the date of this report.

### A12 Changes in the composition of the Group

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

### A13 Contingent liabilities

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

**SCIENTEX INCORPORATED BERHAD**

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

**B1 Review of performance**

The Group recorded a revenue of RM155.9 million for the current financial quarter ended 31 October 2007 as compared with the preceding financial year corresponding quarter's revenue of RM156.5 million.

Profit before taxation of the Group for the current financial quarter ended 31 October 2007 was RM9.0 million, a decrease of 27.7% compared with RM12.4 million recorded in the preceding financial year corresponding quarter. The lower profit before taxation was due to higher raw material prices and increase in operating cost.

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

For the current financial quarter under review, the Group recorded a marginal increase in revenue from RM148.4 million in the preceding financial quarter to RM155.9 million in the current financial quarter.

Profit before taxation for the current financial quarter under review is RM9.0 million, an increase of 27.0% compared with RM7.1 million recorded in the preceding financial quarter. The increase is mainly attributable to higher profitability in the industrial packaging division.

**B3 Current financial year prospects**

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance for the financial year ending 31 July 2008 is expected to be satisfactory.

**B4 Variations of actual profit from forecast profit**

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

**B5 Taxation**

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

	3 months ended	
	31.10.2007	31.10.2006
	RM'000	RM'000
In respect of current quarter:		
- Income tax	1,185	2,737
- Deferred taxation	-	(900)
	<u>1,185</u>	<u>1,837</u>

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

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

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

**B7 Quoted securities**

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

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

**B8 Status of corporate proposals**

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

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**B9 Borrowings and debt securities**

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

a) Long Term Borrowings	RM'000	RM'000
Term Loan		
-Secured	242	
-Unsecured	37,043	37,285
	<hr/>	
b) Short Term Borrowings		
- Secured		
Term loan	460	
- Unsecured		
Term loan	8,155	
Other bank borrowings	45,167	53,782
	<hr/>	<hr/>
		91,067
		RM'000
Included in total borrowings are borrowings denominated in foreign currencies		Equivalent
- United States Dollars		21,346
- Japanese Yen		150
		<hr/>
		21,496

**B10 Off balance sheet financial instruments**

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

**B11 Material litigation**

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

**B12 Dividends**

a) In respect of the financial year ended 31 July 2007, the Board of Directors declared a first and final dividend of 3 sen per share less 26% taxation. The dividend has been approved by the shareholders at the Annual General Meeting held on 18 December 2007 and is payable on 22 January 2008 to shareholders whose names appear in the Record of Depositors on 7 January 2008.

b) The Board of Directors has declared a share dividend distribution on the basis of one (1) treasury share for every fifty (50) existing ordinary shares held by entitled shareholders on 9 January 2008, subject to the approval from Bursa Malaysia Depository Sdn Bhd.

**B13 Earnings per share**

		3 months ended	
		31.10.2007	31.10.2006
<b>a) Basic earnings per share</b>			
Profit attributable to equity holders of the parent	(RM'000)	6,456	8,204
Weighted average number of ordinary shares in issue	('000)	188,916	188,777
Basic earnings per share	(sen)	3.42	4.35

**b) Fully diluted earnings per share**

There is no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 October 2007.

By Order of the Board

Lau Wing Hong (MAICSA 7010572)  
Company Secretary

18 December 2007