

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 2006.

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 14 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 after taxation	37,066,596	9,250,678
Minority interests	(8,867,454)	-
Net profit for the year	28,199,142	9,250,678

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 July 2005 were as follows:

	RM
In respect of the financial year ended 31 July 2005 as reported in the directors' report of that year:	
Final dividend of 11% less 28% taxation declared on 20 December 2005	4,970,529
In respect of the financial year ended 31 July 2006:	
First interim dividend of 5% tax exempt declared on 21 March 2006	3,162,655
	<u>8,133,184</u>

On 22 September 2006, the directors of the Company have declared a second interim dividend of 5% less 28% taxation and a special dividend of 10% less 28% taxation amounting to a total dividend payable of approximately RM7,137,000 (11 sen net per share). The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2007.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2006, of 6% tax exempt 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 2007.

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
 Cham Chean Fong @ Sian Chean Fong
 Tan Beng Chai
 Hazimah Binti Zainuddin

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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, other than as may arise from the warrants issued by the Company.

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 as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) 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 36 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, options over shares and warrants of the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			31 July 2006
	1 August 2005	Acquired	Disposed	
Scientex Incorporated Berhad				
Direct				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	20,000	17,000	-	37,000
Lim Teck Meng	25,000	-	-	25,000
Lim Peng Jin	40,000	-	-	40,000
Tan Beng Chai	48,000	-	(9,000)	39,000
Wong Mook Weng	410,000	-	-	410,000
Indirect				
Lim Teck Meng	27,253,344	1,381,400	-	28,634,744
Lim Peng Cheong	24,042,058	1,113,600	-	25,155,658
Lim Peng Jin	24,058,644	1,150,600	-	25,209,244
Scientex Trading Sdn. Bhd.				
Direct				
Lim Teck Meng	300	-	-	300
Scientex Packaging Berhad				
Direct				
Tan Sri Dato' Mohd Sheriff bin Mohd Kassim	63,500	44,600	-	108,100
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	3,000	-	-	3,000
Indirect				
Lim Teck Meng	46,388,486	3,023,500	-	49,411,986
Lim Peng Cheong	47,259,186	3,121,500	-	50,380,686
Lim Peng Jin	47,425,886	3,021,500	-	50,447,386

Continued

DIRECTORS' INTERESTS (CONT'D)

	Exercise Price	Number of Warrants "B" 2000/2006*			31 July 2006
		1 August 2005	Acquired	Disposed/ Exercised	
Scientex Incorporated Berhad					
Direct					
Lim Teck Meng	RM2.49	82,000	-	-	82,000
Lim Peng Jin	RM2.49	8,000	-	-	8,000
Tan Beng Chai	RM2.49	5,000	-	-	5,000
Wong Mook Weng	RM2.49	67,400	-	-	67,400
Indirect					
Lim Teck Meng	RM2.49	6,826,000	3,905,200	(6,344,200)	4,387,000
Lim Peng Cheong	RM2.49	4,668,200	3,905,200	(5,943,400)	2,630,000
Lim Peng Jin	RM2.49	5,016,200	3,905,200	(5,943,400)	2,978,000

* Warrants "B" 2000/2006 will expire on 4 December 2006.

Lim Teck Meng, Lim Peng Jin and Lim Peng Cheong by virtue of their interest in shares in the Company are 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, warrants and options over shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM62,088,400 to RM63,525,100 by way of the issuance of 1,436,700 ordinary shares of RM1 each for cash arising from the conversion of Warrants "B" 2000/2006 at an exercise price of RM2.49 per share. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

TREASURY SHARES

On 20 December 2005, the shareholders of the Company approved 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 2006, the Company repurchased 167,800 ordinary shares of its issued share capital from the open market at an average price of RM2.75 per share. The total consideration paid for the repurchase including transaction costs was RM462,226. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 31 July 2006, the Company held 347,800 of its 63,525,100 issued and paid-up capital as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

WARRANTS

The warrants 2000/2006 are constituted by a Deed Poll dated 17 July 2000 executed by the Company. The warrants were listed on Bursa Malaysia Securities Berhad on 12 September 2000.

On 18 August 2000, a total of 10,396,776 SIB Warrants 1996/2001 representing 85.65% of the total SIB Warrants 1996/2001 in issue had been surrendered by the warrant holders for cancellation and replaced with SIB Warrants 2000/2006 ("Warrant B"). The remaining 1,741,824 SIB Warrants 1996/2001 which have not been surrendered ("Warrant A") will remain listed on the Main Board of Bursa Malaysia Securities Berhad based on existing terms, and will remain valid until expiry of exercise period that is extended to 4 December 2006.

The salient features and other terms of the warrants 2000/2006 are set out in Note 30 to the financial statements.

Continued

WARRANTS (CONT'D)

The movement in the Company's warrants during the financial year were as follows:

	Exercise Price	1 August 2005	Warrants Converted	31 July 2006
Warrant A	RM4.26	1,741,824	-	1,741,824
Warrant B	RM2.49	10,396,776	(1,436,700)	8,960,076

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 value 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 the 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 and 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.

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SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Notes 37 and 38 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

LIM TECK MENG

Shah Alam, Malaysia
7 November 2006

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 Incorporated Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 41 to 93 are drawn up in accordance with applicable MASB Approved Accounting 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 2006 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

LIM TECK MENG

Shah Alam, Malaysia
7 November 2006

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 Incorporated Berhad, do solemnly and sincerely declare that the financial statements set out on pages 41 to 93 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 7 November 2006

CHANG SIEW SIAN

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

Report Of The Auditors

To The Members Of Scientex Incorporated Berhad (Incorporated in Malaysia)

We have audited the accompanying financial statements set out on pages 41 to 93. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 July 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of subsidiaries of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements 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 explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
7 November 2006

GEORGE KOSHY
No. 1846/07/07(J)
Partner

Consolidated Income Statement

For the year ended 31 July 2006

	Note	2006 RM	2005 RM
Revenue	3	586,315,822	507,572,330
Cost of sales	4	(488,463,419)	(423,558,554)
<hr/>			
Gross profit		97,852,403	84,013,776
Other income		2,749,859	4,191,812
Selling and distribution expenses		(26,714,636)	(22,197,489)
Administration expenses		(26,323,747)	(27,979,046)
<hr/>			
Profit from operations	5	47,563,879	38,029,053
Finance costs	8	(3,708,774)	(3,537,732)
Share of profit from associates		521,075	1,492,558
<hr/>			
Profit before taxation		44,376,180	35,983,879
Taxation	9	(7,309,584)	(4,972,642)
<hr/>			
Profit after taxation		37,066,596	31,011,237
Minority interests	31	(8,867,454)	(8,886,995)
<hr/>			
Net profit for the year		28,199,142	22,124,242
<hr/>			
Basic earnings per share (sen)	10	45	36

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

Consolidated Balance Sheet

As at 31 July 2006

	Note	2006 RM	2005 RM
NON-CURRENT ASSETS			
Property, plant and equipment	12	233,312,785	200,897,800
Land held for development	13	109,296,293	100,649,780
Investment in associates	15	13,813,029	13,382,871
Other investments	16	4,597,924	5,179,287
Intangible assets	17	2,088,292	2,058,899
		363,108,323	322,168,637
CURRENT ASSETS			
Property development costs	13	24,232,996	15,003,258
Inventories	18	60,858,447	66,857,353
Trade receivables	19	101,282,324	96,506,895
Other receivables	21	16,420,016	10,867,630
Cash and bank balances	23	25,909,642	20,485,877
		228,703,425	209,721,013
CURRENT LIABILITIES			
Sinking fund	24	24,477	4,973
Short term borrowings	25	65,157,706	81,340,816
Trade payables	26	88,343,560	59,823,065
Other payables	27	19,062,266	13,901,750
Tax payable		2,124,172	808,543
Redeemable preference shares	29	-	802,000
		174,712,181	156,681,147
NET CURRENT ASSETS		53,991,244	53,039,866
		417,099,567	375,208,503
FINANCED BY:			
Share capital	30	63,525,100	62,088,400
Reserves		196,923,114	173,206,164
Shareholders' equity		260,448,214	235,294,564
Minority interests	31	95,024,223	92,739,909
		355,472,437	328,034,473
Long term borrowings	25	23,984,518	9,411,044
Retirement benefit obligations	32	249,844	255,242
Deferred tax liabilities	33	37,392,768	37,507,744
Non-current liabilities		61,627,130	47,174,030
		417,099,567	375,208,503

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

Consolidated Statement Of Changes In Equity

For the year ended 31 July 2006

	Reserves									Total RM
	Non-Distributable					Distributable				
	Share Capital RM	Share Premium RM	Capital Redemption Reserves RM	Property Revaluation Surplus RM	Share Buyback Reserves RM	Foreign Exchange Reserves RM	Treasury Shares RM	Warrant and Other Reserves RM	Retained Profits RM	
At 1 August 2004										
As previously stated	61,994,400	8,989,993	6,750,000	47,245,125	386,828	(111,191)	(386,828)	460,816	102,549,401	227,878,544
Prior year adjustment (Note 40)	-	-	-	-	-	-	-	-	(7,062,726)	(7,062,726)
As restated	61,994,400	8,989,993	6,750,000	47,245,125	386,828	(111,191)	(386,828)	460,816	95,486,675	220,815,818
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	-	(263,428)	-	-	-	(263,428)
Redemption of preference shares	-	-	5,550,000	-	-	-	-	-	(5,550,000)	-
Issuance of ordinary shares pursuant to ESOS	94,000	101,520	-	-	-	-	-	-	-	195,520
Net profit for the year	-	-	-	-	-	-	-	-	22,124,242	22,124,242
Dividends (Note 11)	-	-	-	-	-	-	-	-	(7,577,588)	(7,577,588)
At 31 July 2005	62,088,400	9,091,513	12,300,000	47,245,125	386,828	(374,619)	(386,828)	460,816	104,483,329	235,294,564
At 1 August 2005										
As previously stated	62,088,400	9,091,513	12,300,000	47,245,125	386,828	(374,619)	(386,828)	460,816	112,539,629	243,350,864
Prior year adjustment (Note 40)	-	-	-	-	-	-	-	-	(8,056,300)	(8,056,300)
As restated	62,088,400	9,091,513	12,300,000	47,245,125	386,828	(374,619)	(386,828)	460,816	104,483,329	235,294,564
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	-	(394,919)	-	-	-	(394,919)
Redemption of preference shares	-	-	1,200,000	-	-	-	-	-	(1,200,000)	-
Revaluation of land and building	-	-	-	1,898,882	-	-	-	-	-	1,898,882
Transfer from deferred taxation	-	-	-	468,570	-	-	-	-	-	468,570
Acquisition of treasury shares	-	-	-	-	-	-	(462,226)	-	-	(462,226)
Transfer of share buyback reserves	-	-	-	-	(386,828)	-	-	-	386,828	-
Issuance of ordinary shares pursuant to warrants	1,436,700	2,140,685	-	-	-	-	-	-	-	3,577,385
Net profit for the year	-	-	-	-	-	-	-	-	28,199,142	28,199,142
Dividends (Note 11)	-	-	-	-	-	-	-	-	(8,133,184)	(8,133,184)
At 31 July 2006	63,525,100	11,232,198	13,500,000	49,612,577	-	(769,538)	(849,054)	460,816	123,736,115	260,448,214

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

Consolidated Cash Flow Statement

For the year ended 31 July 2006

	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	44,376,180	35,983,879
Adjustments for:		
Depreciation of property, plant and equipment	19,917,744	19,852,223
Reserves arising from consolidation realised	-	(116,184)
Amortisation of intangible assets	762,599	339,141
Amortisation of premium on acquisition of associates	(140,471)	(46,823)
Provision for retirement benefits	64,343	100,933
Provision for doubtful debts	165,973	70,082
Write back of provision for doubtful debts	(87,357)	(548,653)
Share of profit from associates	(521,075)	(1,492,558)
Property, plant and equipment written off	11,168,795	8,528
Impairment losses on building	374,350	-
Interest expense	3,708,774	3,537,732
Dividend (gross) income	(82,847)	(98,026)
Bad debts written off	163,409	24,845
Provision for impairment of investments in unquoted shares	576,390	483,958
(Gain)/loss on disposal of:		
- property, plant and equipment	(1,315,459)	(309,774)
- quoted shares	(399)	23,805
- subsidiaries	-	(1,165,089)
Interest income	(278,476)	(238,749)
Inventories written down	2,807,822	581,533
Unrealised (gain)/loss on foreign exchange	(734,011)	36,370
Operating profit before working capital changes	80,926,284	57,027,173
Decrease/(increase) in inventories	3,191,082	(7,965,794)
(Increase)/decrease in development properties	(7,428,999)	7,377,494
Increase in receivables	(11,499,784)	(5,951,088)
Increase in payables	33,221,189	6,502,746
Net movement in sinking fund	19,505	(6,420)
Cash generated from operations	98,429,277	56,984,111
Tax paid	(5,190,661)	(4,717,210)
Gratuity and retirement benefits paid (Note 32)	(69,741)	(180,183)
Net cash generated from operating activities	93,168,875	52,086,718

Continued

	2006 RM	2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(29,955)
Proceeds from disposal of subsidiaries	-	1,037
Redemption of redeemable preference shares (Note 29)	(802,000)	(3,700,000)
Purchase of club membership	-	(136,000)
Purchase of additional shares in existing subsidiaries	(5,551,123)	(4,383,036)
Purchase of property, plant and equipment (Note 12)	(61,119,500)	(41,195,956)
Purchase of land held for development (Note 13)	(10,447,250)	(5,779,400)
Proceeds from disposal of other investments	409	1,509,407
Proceeds from disposal of property, plant and equipment	1,806,170	360,366
Dividend (net) received	65,194	76,307
Expenditure incurred on product development (Note 17)	(73,008)	(111,336)
Interest received	278,476	238,749
Net cash used in investing activities	(75,842,632)	(53,149,817)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares in a subsidiary arising from:		
- conversion of warrants	-	12,639,341
- exercise of ESOS	-	3,048,100
Proceeds from issuance of shares	3,577,383	195,520
Acquisition of treasury shares	(462,226)	-
Dividends paid to:		
- shareholders of the Company (Note 11)	(8,133,184)	(7,577,588)
- minority shareholders of subsidiaries (Note 31)	(2,563,419)	(2,443,701)
Net drawdown/(repayment) of term loans	14,326,688	(29,180,642)
Net (repayment)/drawdown of short term borrowings	(15,642,757)	22,102,034
Interest paid	(3,708,774)	(3,537,732)
Net cash used in financing activities	(12,606,289)	(4,754,668)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,719,954	(5,817,767)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,871,283	25,689,050
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 23)	24,591,237	19,871,283

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

Income Statement

For the year ended 31 July 2006

	Note	2006 RM	2005 RM
Revenue	3	20,428,012	21,909,646
Other income		49,359	20,175,624
Administration expenses		(4,853,651)	(7,785,746)
Other operating expenses		(2,611,312)	(24,583,974)
Profit from operations	5	13,012,408	9,715,550
Finance costs	8	(574,885)	(1,071,009)
Profit before taxation		12,437,523	8,644,541
Taxation	9	(3,186,845)	(3,392,046)
Net profit for the year		9,250,678	5,252,495

Balance Sheet

As at 31 July 2006

	Note	2006 RM	2005 RM
NON-CURRENT ASSETS			
Property, plant and equipment	12	25,663,205	25,566,210
Investment in subsidiaries	14	135,238,196	129,682,073
Investment in associates	15	3,000,000	3,000,000
Other investments	16	3,823,238	4,399,628
		167,724,639	162,647,911
CURRENT ASSETS			
Other receivables	21	1,754,839	1,129,037
Amounts due from subsidiaries	22	1,273,668	17,853,071
Cash and bank balances	23	3,440,128	463,849
		6,468,635	19,445,957
CURRENT LIABILITIES			
Short term borrowings	25	3,700,000	21,200,000
Other payables	27	1,375,691	1,217,651
Amounts due to subsidiaries	28	30,849,283	25,110,170
		35,924,974	47,527,821
NET CURRENT LIABILITIES		(29,456,339)	(28,081,864)
		138,268,300	134,566,047
FINANCED BY:			
Share capital	30	63,525,100	62,088,400
Reserves		70,133,358	66,958,323
Shareholders' equity		133,658,458	129,046,723
Deferred tax liabilities	33	4,609,842	5,519,324
		138,268,300	134,566,047

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

Statement Of Changes In Equity

For the year ended 31 July 2006

	Reserves							Total RM
	Non-Distributable			Distributable				
	Share Capital RM	Share Premium RM	Property Revaluation Surplus RM	Share Buyback Reserves RM	Warrant and Other Reserves RM	Treasury Shares RM	Retained Profits RM	
At 1 August 2004	61,994,400	6,725,655	14,636,085	386,828	68,735	(386,828)	47,751,421	131,176,296
Issuance of ordinary shares pursuant to ESOS	94,000	101,520	-	-	-	-	-	195,520
Net profit for the year	-	-	-	-	-	-	5,252,495	5,252,495
Dividends (Note 11)	-	-	-	-	-	-	(7,577,588)	(7,577,588)
At 31 July 2005	62,088,400	6,827,175	14,636,085	386,828	68,735	(386,828)	45,426,328	129,046,723
Shares buyback	-	-	-	-	-	(462,226)	-	(462,226)
Transfer of share buyback reserves	-	-	-	(386,828)	-	-	386,828	-
Transfer from deferred taxation	-	-	379,082	-	-	-	-	379,082
Issuance of ordinary shares pursuant to warrants	1,436,700	2,140,685	-	-	-	-	-	3,577,385
Net profit for the year	-	-	-	-	-	-	9,250,678	9,250,678
Dividends (Note 11)	-	-	-	-	-	-	(8,133,184)	(8,133,184)
At 31 July 2006	63,525,100	8,967,860	15,015,167	-	68,735	(849,054)	46,930,650	133,658,458

Cash Flow Statement

For the year ended 31 July 2006

	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,437,523	8,644,541
Adjustments for:		
Depreciation of property, plant and equipment	516,369	458,497
Property, plant and equipment written off	576,875	-
Provision for impairment losses of investment in:		
- subsidiaries	-	2
- unquoted shares	576,390	483,958
Provision for doubtful debts - related company	-	632,650
Bad debts written off	-	13,217
Interest expense	574,885	1,071,009
Gain on disposal of subsidiaries	-	(3,226,205)
Loss on disposal of quoted shares	-	229
Dividend (gross) income (Note 3)	(14,088,139)	(16,890,233)
Waiver of amounts due from/(to) subsidiaries	2,034,922	(16,938,460)
Write off of investment in subsidiaries	-	24,100,006
Loss on disposal of property, plant and equipment	359	-
Interest income	(7,145)	(7,895)
Operating profit/(loss) before working capital changes	2,622,039	(1,658,684)
(Increase)/decrease in receivables	(565,013)	65,444
Increase in payables	158,040	521,437
Net changes in related companies balances	20,283,594	3,501,954
Cash generated from operations	22,498,660	2,430,151
Taxes recovered	161,100	42,000
Net cash generated from operating activities	22,659,760	2,472,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of additional investments	(5,556,123)	(11,297,977)
Proceeds from disposal of shares in subsidiaries	-	6,124,205
Proceeds from disposal of quoted shares	-	2,143
Purchase of property, plant and equipment (Note 12)	(1,190,598)	(309,430)
Dividends (net) received	10,149,005	12,928,129
Interest received	7,145	7,895
Net cash generated from investing activities	3,409,429	7,454,965
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	3,577,385	195,520
Acquisition of treasury shares	(462,226)	-
Dividends paid (Note 11)	(8,133,184)	(7,577,588)
Net repayment of borrowings	(17,500,000)	(1,755,215)
Interest paid	(574,885)	(1,071,009)
Net cash used in financing activities	(23,092,910)	(10,208,292)
NET CHANGE IN CASH AND BANK BALANCES	2,976,279	(281,176)
CASH AND BANK BALANCES AT BEGINNING OF YEAR	463,849	745,025
CASH AND BANK BALANCES AT END OF YEAR (NOTE 23)	3,440,128	463,849

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

Notes To The Financial Statements

31 July 2006

1. CORPORATE INFORMATION

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 14.

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

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 number of employees in the Group and in the Company at the end of the financial year were 1,245 (2005: 1,237) and 38 (2005: 34) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 November 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company 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 MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates.

Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Goodwill/(Reserve) on Consolidation

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Goodwill is amortised on a straight-line basis over its estimated useful life of 5 years.

Reserve on consolidation represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.

Reserve 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. Reserve 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 reserve on 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 reserve on consolidation is recognised in the income statement when the future losses and expenses are recognised.

(d) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment and Depreciation (Cont'd)

Freehold land and capital-work-in-progress are not depreciated. Long term leasehold land is depreciated over the period of the respective leases which range from 52 years to 99 years.

Depreciation of other property, plant and equipment are 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%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(f) Product Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is also recognised as an expense in the period incurred except when the expenditure meet the following criteria where it will be capitalised as intangible assets:

- (i) the product or process is clearly defined and costs are separately identified and measured reliably;
- (ii) the technical feasibility of the product is demonstrated;
- (iii) the product or process will be sold or used in-house;
- (iv) the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness in case of internal use is demonstrated); and
- (v) adequate technical, financial and other resources required for completion of the project are available.

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense in the income statement based on a straight-line basis over 5 years commencing in the financial year in which the related sales of the products are recognised. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

(g) Land Held for Development and Property Development Costs

(i) Land held for development

Land held for 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p).

Land held for 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.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Land Held for Development and Property Development Costs (Cont'd)

(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.

(h) 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.

(i) 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.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of change in value, net of outstanding bank overdrafts.

(k) Provision for Liabilities

Provisions for liabilities 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, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(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, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 not recognised if the temporary difference arises from goodwill or reserve on consolidation or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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 in the income statement, 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 reserve on consolidation.

(m) 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 of the Group. 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

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service, which is based on number of years employed and equivalent factoring units.

The cost of retirement benefits under this scheme is determined based on actuarial valuation which is conducted once in every five years using the Projected Unit Credit Method. Past service costs and experience adjustments in respect of the retirement benefit scheme are dealt with through the income statement systematically over the expected remaining service lives of members and the current service cost are dealt with in the income statement.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee Benefits (Cont'd)

(iv) Equity compensation benefits

The Group's ESOS allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(n) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

(ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2(g).

(iii) Building and civil works

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(h).

(iv) Dividend income

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

(v) Rental and interest income

Rental and interest income from subsidiaries are recognised on an accrual basis; and interest income from short-term deposits on maturity and sundry interest is recognised on receipt basis.

(vi) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(o) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Foreign Currencies (Cont'd)

(ii) Foreign entities (Cont'd)

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2006 RM	2005 RM
United States Dollar	3.66	3.75
Singapore Dollar	2.32	2.25
Yuan Renminbi	0.46	0.46
Japanese Yen	0.03	0.03

(p) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(q) Affiliated Companies

Affiliated companies refer to companies with common directors.

(r) 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.

(i) 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 income statement.

(ii) 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.

(iii) 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.

(iv) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

Continued

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Financial Instruments (Cont'd)

(v) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawn down from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vi) Redeemable preference shares

Redeemable preference shares are classified as liabilities in the balance sheet.

(vii) Equity instruments

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

3. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	483,851,909	436,690,211	-	-
Sale of properties	101,264,313	69,930,259	-	-
Gross dividends from:				
Subsidiaries	-	-	14,068,339	16,870,313
Quoted shares in Malaysia	-	1,160	-	120
Unquoted shares in Malaysia	19,800	19,800	19,800	19,800
Rental income	1,059,800	810,900	212,400	632,400
Project management income from subsidiaries	-	-	5,047,473	3,487,013
Management fees from:				
Subsidiaries	-	-	960,000	780,000
Others	120,000	120,000	120,000	120,000
	586,315,822	507,572,330	20,428,012	21,909,646

4. COST OF SALES

The cost of sales represents the cost of inventories sold and services rendered, construction contracts and property development cost.

Continued

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Staff costs (Note 6)	34,269,537	32,651,990	2,649,094	2,421,955
Directors' fees	172,500	165,000	90,000	90,000
Non-executive directors' other remuneration	114,400	114,400	36,000	36,000
Auditors' remuneration:				
- statutory audits	276,120	271,136	15,000	15,000
- other services	111,000	14,000	65,000	8,000
Amortisation of intangible assets (Note 17)	762,599	339,141	-	-
Amortisation of premium on acquisition of associates	(140,471)	(46,823)	-	-
Insurance claims	(13,670,672)	-	(576,875)	-
Depreciation of property plant and equipment	19,917,744	19,852,223	516,369	458,497
Property, plant and equipment written off	11,168,795	8,528	576,875	-
Impairment losses on building	374,350	-	-	-
Provision for retirement benefits (Note 32)	64,343	100,933	-	-
Inventories written down	2,807,822	581,533	-	-
Provision for doubtful debts:				
- trade debts	165,973	38,694	-	-
- non-trade debts	-	31,388	-	632,650
Write back of provision for doubtful debts	(87,357)	(548,653)	-	-
Bad debts written off	163,409	24,845	-	13,217
Bad debts recovered	(16,789)	-	-	-
Rental of land and buildings	601,271	603,433	-	-
Rental of plant, machinery and motor vehicles	402,373	277,405	-	-
Provision for impairment losses of investment in unquoted shares	576,390	483,958	576,390	483,958
Waiver of amounts due from/ (to) subsidiaries	-	-	2,034,922	(16,938,460)
Write off of investment in subsidiaries	-	-	-	24,100,006
Net realised loss/(gain) on foreign exchange	373,736	(439,011)	-	-
Unrealised (gain)/loss on foreign exchange	(734,011)	36,370	-	-
Rental income	(162,225)	(163,900)	-	-
Interest income	(278,476)	(238,749)	(7,145)	(7,895)
Gross dividends from:				
- quoted shares in Malaysia	-	(1,340)	-	-
- unquoted shares in Malaysia	(63,047)	(75,726)	-	-
Reserves arising from consolidation realised	-	(116,184)	-	-
(Gain)/loss on disposal of:				
- property, plant and equipment	(1,315,459)	(309,774)	359	-
- subsidiaries	-	(1,165,089)	-	(3,226,205)
- quoted shares in Malaysia	(399)	23,805	-	229

Continued

6. STAFF COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Wages, salaries and other emoluments	31,574,965	30,032,896	2,367,769	2,168,391
Employees Provident Fund - defined contribution plan	2,694,572	2,619,094	281,325	253,564
	34,269,537	32,651,990	2,649,094	2,421,955

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM4,850,072 (2005: RM4,350,055) and RM582,400 (2005: RM589,132) respectively.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	2,600,000	2,371,315	520,000	526,000
Fees	45,000	45,000	35,000	35,000
Employees Provident Fund - defined contribution plan	312,002	271,443	62,400	63,132
	2,957,002	2,687,758	617,400	624,132
Non-Executive (Note 5):				
Other emoluments	106,000	106,000	36,000	36,000
Fees	80,000	80,000	55,000	55,000
Employees Provident Fund - defined contribution plan	8,400	8,400	-	-
	194,400	194,400	91,000	91,000
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	1,780,160	1,558,113	-	-
Fees	20,000	20,000	-	-
Employees Provident Fund - defined contribution plan	157,910	149,184	-	-
	1,958,070	1,727,297	-	-
Non-Executive Fees	27,500	20,000	-	-
Total	5,136,972	4,629,455	708,400	715,132

Continued

7. DIRECTORS' REMUNERATION (CONT'D)

The number of directors of the Company whose total remuneration receivable from the Company and its subsidiaries during the financial year fall within the following bands as analysed below:

	Number of Directors	
	2006	2005
Executive directors:		
RM150,001 - RM200,000	1	1
RM1,000,001 - RM1,050,000	-	1
RM1,050,001 - RM1,100,000	1	-
RM1,450,001 - RM1,500,000	-	1
RM1,700,001 - RM1,750,000	1	-
Non-Executive directors:		
Below RM50,000	3	3
RM50,000 - RM100,000	1	1
RM100,001 - RM150,000	1	1

8. FINANCE COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest expense on:				
Bank overdrafts	59,896	57,434	937	3,629
Term loans	820,910	1,914,182	-	693,899
Other banking facilities	2,833,248	1,721,035	573,948	373,481
	3,714,054	3,692,651	574,885	1,071,009
Less: Amount capitalised in qualifying assets:				
Property development costs (Note 13)	(5,280)	(154,919)	-	-
	3,708,774	3,537,732	574,885	1,071,009

Continued

9. TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Tax expense for the year:				
Malaysian income tax				
- Current year	7,404,049	3,929,396	3,807,350	3,432,720
- Under/(over)provided in prior years	26,055	(258,927)	(90,105)	13,862
Foreign tax	17,223	71,124	-	-
	7,447,327	3,741,593	3,717,245	3,446,582
Deferred tax (Note 33):				
Relating to origination and reversal of temporary difference	(190,778)	949,861	(456,826)	(56,926)
(Over)/underprovided in prior years	(178,353)	52,547	(73,574)	2,390
	(369,131)	1,002,408	(530,400)	(54,536)
Share of taxation of associates	231,388	228,641	-	-
	7,309,584	4,972,642	3,186,845	3,392,046

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:

On the first RM500,000 chargeable income	20%
In excess of RM500,000 chargeable income	28%

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

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group	2006 RM	2005 RM
Profit before taxation	44,376,180	35,983,879
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	12,425,330	10,075,486
Income not subject to tax	(1,246,231)	(1,579,158)
Effect on income of first RM500,000 subject to tax rate of 20%	(190,955)	(238,617)
Effect of different tax rates in other countries	4,673	(56,912)
Double deduction on expenses	(137,985)	-
Expenses not deductible for tax purposes	1,122,551	666,171
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(456,296)	(144,005)
Utilisation of previously unrecognised unabsorbed reinvestment allowances	(2,017,106)	(2,844,373)
Utilisation of current year's reinvestment allowances	(2,142,169)	(1,209,918)
Deferred tax assets not recognised during the year	100,070	597,362
Effect of utilisation of previously unrecognised other deductible temporary differences	-	(87,014)
(Over)/underprovision of deferred tax in prior years	(178,353)	52,547
Under/(over)provision of income tax in prior years	26,055	(258,927)
Tax expense for the year	7,309,584	4,972,642

Continued

9. TAXATION (CONT'D)

Company	2006 RM	2005 RM
Profit before taxation	12,437,523	8,644,541
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	3,482,506	2,420,471
Income not subject to tax	(26,030)	(6,413,286)
Expenses not deductible for tax purposes	304,541	7,183,182
Deferred tax assets not recognised	-	185,427
Utilisation of previously unrecognised deferred tax assets	(410,493)	-
(Over)/underprovision of deferred tax in prior years	(73,574)	2,390
(Over)/underprovision of income tax in prior years	(90,105)	13,862
Tax expense for the year	3,186,845	3,392,046

Tax savings during the financial year arising from:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Utilisation of current year tax losses	-	419,247	-	408,696
Utilisation of tax losses brought forward from previous years	424,174	236,332	-	-

As at 31 July 2006, the Company has tax exempt profits available for distribution of approximately RM8,402,000 (2005: RM11,545,000), subject to the agreement of the Inland Revenue Board.

As at 31 July 2006, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends amounting to RM16,494,000 (2005: RM14,421,000) out of its retained profits. If the balance of the retained profits of RM30,437,000 (2005: RM31,005,000) were to be distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 shortfall of approximately RM8,218,000 (2005: RM8,682,000).

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2006	2005
Net profit for the year (RM)	28,199,142	22,124,242
Weighted average number of ordinary shares in issue	62,477,028	61,890,115
Basic earnings per share (sen)	45	36

Continued

10. EARNINGS PER SHARE (CONT'D)

(b) Fully diluted

Diluted earnings per share is calculated by dividing the adjusted net profit for the year by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

The Group has potentially dilutive ordinary shares arising from the conversion of warrants. The basis for the maximum number of ordinary shares of RM1 each to be issued on the conversion of the warrants, the respective latest dates for conversion and their respective prices are mentioned in Note 30.

	2006	2005
Net profit for the year (RM)	28,199,142	22,124,242
Weighted average number of ordinary shares in issue	62,477,028	61,890,115
Number of shares that would have been issued due to the conversion of warrants at no consideration	907,441	-
Adjusted weighted average number of ordinary shares in issue	63,384,469	61,890,115
Diluted earnings per share (sen)	44	36

In the prior year, the outstanding warrants had been excluded from the computation of fully diluted earnings per RM1 ordinary share as their conversion to ordinary shares should be anti-dilutive. The assumed conversion would be anti-dilutive as the conversion price is higher than the fair value of the ordinary shares.

11. DIVIDENDS

	Amount		Net Dividends per Share	
	2006 RM	2005 RM	2006 Sen	2005 Sen
Final dividend of 10% less 28% taxation in respect of the financial year ended 31 July 2004	-	4,457,405	-	7
Interim dividend of 7% less 28% taxation in respect of the financial year ended 31 July 2005	-	3,120,183	-	5
Final dividend of 11% less 28% taxation in respect of the financial year ended 31 July 2005	4,970,529	-	8	-
First interim dividend of 5% tax exempt in respect of the financial year ended 31 July 2006	3,162,655	-	5	-
	8,133,184	7,577,588	13	12

On 22 September 2006, the directors of the Company have declared a second interim dividend of 5% less 28% taxation and a special dividend of 10% less 28% taxation amounting to a total dividend payable of approximately RM7,137,000 (11 sen net per share). The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 July 2007.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 July 2006, of 6% tax exempt 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 2007.

Continued

12. PROPERTY, PLANT AND EQUIPMENT

Group	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
Cost/Valuation						
At 1 August 2005	88,030,453	210,280,061	13,302,996	4,085,577	15,193,009	330,892,096
Additions	8,464,673	29,463,835	4,962,538	1,068,477	17,159,977	61,119,500
Disposals	(234,566)	(3,006,848)	(140,475)	(747,226)	-	(4,129,115)
Write off	(640,972)	(30,317,404)	(1,268,362)	(15,000)	-	(32,241,738)
Revaluation	4,579,195	-	-	-	-	4,579,195
Transfer from capital work-in-progress	72,946	10,145,398	126,130	-	(10,344,474)	-
Exchange differences	(271,769)	(388,834)	(19,945)	(17,694)	(8,134)	(706,376)
At 31 July 2006	99,999,960	216,176,208	16,962,882	4,374,134	22,000,378	359,513,562
Representing:						
At cost	1,006,362	216,176,208	16,962,882	4,374,134	22,000,378	260,519,964
At valuation	98,993,598	-	-	-	-	98,993,598
	99,999,960	216,176,208	16,962,882	4,374,134	22,000,378	359,513,562
Accumulated Depreciation and Impairment Losses						
At 1 August 2005						
Accumulated depreciation	7,218,479	111,905,005	7,701,373	3,169,439	-	129,994,296
Charge for the year	1,652,557	16,466,857	1,517,182	281,148	-	19,917,744
Disposals	(186,644)	(2,763,642)	(108,966)	(579,153)	-	(3,638,405)
Write off	(64,097)	(20,086,593)	(907,253)	(15,000)	-	(21,072,943)
Impairment losses	374,350	-	-	-	-	374,350
Revaluation	978,169	-	-	-	-	978,169
Exchange differences	(62,729)	(262,217)	(12,216)	(15,272)	-	(352,434)
At 31 July 2006	9,910,085	105,259,410	8,190,120	2,841,162	-	126,200,777

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
Group (Cont'd)						
Accumulated Depreciation and Impairment Losses						
Analysed as:						
Accumulated depreciation	9,535,735	105,259,410	8,190,120	2,841,162	-	125,826,427
Accumulated impairment losses	374,350	-	-	-	-	374,350
	9,910,085	105,259,410	8,190,120	2,841,162	-	126,200,777
Net Book Value						
At 31 July 2006						
At cost	924,589	110,916,798	8,772,762	1,532,972	22,000,378	144,147,499
At valuation	89,165,286	-	-	-	-	89,165,286
	90,089,875	110,916,798	8,772,762	1,532,972	22,000,378	233,312,785
At 31 July 2005						
At cost	41,329,101	98,375,056	5,601,623	916,138	15,193,009	161,414,927
At valuation	39,482,873	-	-	-	-	39,482,873
	80,811,974	98,375,056	5,601,623	916,138	15,193,009	200,897,800
Depreciation charge for 2005	1,475,478	16,558,686	1,457,485	360,574	-	19,852,223
Details at 1 August 2004						
Cost	32,329,253	174,377,784	11,689,954	4,151,726	22,847,407	245,396,124
Valuation	43,387,176	-	-	-	-	43,387,176
Accumulated depreciation	7,364,940	96,436,701	6,674,779	3,409,161	-	113,885,581

Continued

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

Land and Buildings*

Group	Freehold land RM	Long term leasehold land RM	Buildings RM	Staff quarters and apartment RM	Total RM
Cost/Valuation					
At 1 August 2005	1,828,737	37,546,414	47,648,940	1,006,362	88,030,453
Additions	-	-	8,464,673	-	8,464,673
Disposals	-	-	(234,566)	-	(234,566)
Write off	-	-	(640,972)	-	(640,972)
Revaluation	73,077	4,059,433	446,685	-	4,579,195
Transfer from capital work-in-progress	-	-	72,946	-	72,946
Exchange differences	-	(110,950)	(160,819)	-	(271,769)
At 31 July 2006	1,901,814	41,494,897	55,596,887	1,006,362	99,999,960
Representing:					
At cost	-	-	-	1,006,362	1,006,362
At valuation	1,901,814	41,494,897	55,596,887	-	98,993,598
	1,901,814	41,494,897	55,596,887	1,006,362	99,999,960
Accumulated Depreciation and Impairment Losses					
At 1 August 2005	-	1,906,938	5,249,046	62,495	7,218,479
Accumulated depreciation Charge for the year	-	558,299	1,074,980	19,278	1,652,557
Disposals	-	-	(186,644)	-	(186,644)
Write off	-	-	(64,097)	-	(64,097)
Impairment losses	-	-	374,350	-	374,350
Revaluation	-	642,463	335,706	-	978,169
Exchange differences	-	(17,045)	(45,684)	-	(62,729)
At 31 July 2006	-	3,090,655	6,737,657	81,773	9,910,085
Analysed as:					
Accumulated depreciation	-	3,090,655	6,363,307	81,773	9,535,735
Accumulated impairment losses	-	-	374,350	-	374,350
	-	3,090,655	6,737,657	81,773	9,910,085
Net Book Value					
At 31 July 2006					
At cost	-	-	-	924,589	924,589
At valuation	1,901,814	38,404,242	48,859,230	-	89,165,286
	1,901,814	38,404,242	48,859,230	924,589	90,089,875
At 31 July 2005					
At cost	1,828,737	13,360,751	25,195,746	943,867	41,329,101
At valuation	-	22,278,725	17,204,148	-	39,482,873
	1,828,737	35,639,476	42,399,894	943,867	80,811,974
Depreciation charge for 2005	-	420,651	1,035,549	19,278	1,475,478
Details at 1 August 2004					
Cost	198,038	11,017,873	20,106,980	1,006,362	32,329,253
Valuation	-	23,711,883	19,675,293	-	43,387,176
Accumulated depreciation	-	1,891,821	5,429,902	43,217	7,364,940

Continued

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

Company	Long term leasehold land RM	Buildings RM	Staff quarters and apartment RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost/Valuation						
At 1 August 2005	15,000,000	11,000,000	481,000	1,178,064	642,810	28,301,874
Additions	-	-	-	151,446	1,039,152	1,190,598
Disposal	-	-	-	(2,461)	-	(2,461)
Write off	-	(640,972)	-	-	-	(640,972)
At 31 July 2006	15,000,000	10,359,028	481,000	1,327,049	1,681,962	28,849,039
Representing:						
At cost	-	-	481,000	1,327,049	1,681,962	3,490,011
At valuation	15,000,000	10,359,028	-	-	-	25,359,028
	15,000,000	10,359,028	481,000	1,327,049	1,681,962	28,849,039
Accumulated Depreciation						
At 1 August 2005	625,000	880,000	38,480	549,374	642,810	2,735,664
Charge for the year	156,250	220,000	9,620	95,861	34,638	516,369
Disposal	-	-	-	(2,102)	-	(2,102)
Write off	-	(64,097)	-	-	-	(64,097)
At 31 July 2006	781,250	1,035,903	48,100	643,133	677,448	3,185,834
Net Book Value						
At 31 July 2006						
At cost	-	-	432,900	683,916	1,004,514	2,121,330
At valuation	14,218,750	9,323,125	-	-	-	23,541,875
	14,218,750	9,323,125	432,900	683,916	1,004,514	25,663,205
At 31 July 2005						
At cost	-	-	442,520	628,690	-	1,071,210
At valuation	14,375,000	10,120,000	-	-	-	24,495,000
	14,375,000	10,120,000	442,520	628,690	-	25,566,210
Depreciation charge for 2005						
	156,250	220,000	9,620	72,627	-	458,497
Details at 1 August 2004						
Cost	-	-	481,000	868,634	642,810	1,992,444
Valuation	15,000,000	11,000,000	-	-	-	26,000,000
Accumulated depreciation	468,750	660,000	28,860	476,747	642,810	2,277,167

Continued

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

(a) Net book values of property, plant and equipment pledged for borrowings as referred to in Note 25 are as follows:

	Group	
	2006 RM	2005 RM
Long term leasehold land and buildings	2,334,441	1,159,906
Plant and machinery	1,701,812	1,928,393

Assets of a subsidiary (2005: a subsidiary) have been charged for a debenture of RM2.0 million (2005: RM2.0 million) (Note 25).

(b) Freehold and leasehold land and buildings in Malaysia 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.

Leasehold land and 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 2006 would be as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Freehold land	198,038	-	-	-
Leasehold land and buildings	54,574,436	14,079,707	5,909,697	5,560,058

(c) Interest expense capitalised under plant and machinery of the Group amounted to RM459,054 (2005: RM23,369).

13. LAND HELD FOR DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Group	
	2006 RM	2005 RM
Land Held For Development		
At beginning of year:		
Freehold land	79,044,864	72,516,354
Long term leasehold land	1,355,200	1,355,200
Development costs	20,249,717	22,097,214
	100,649,781	95,968,768
Costs incurred during the year:		
Freehold land	10,447,250	5,779,400
Development costs	10,098,631	1,991,853
	20,545,881	7,771,253
Transfer:		
To property development costs	(11,899,369)	(1,459,542)
To property, plant and equipment	-	(1,630,699)
	(11,899,369)	(3,090,241)
At end of year	109,296,293	100,649,780

Continued

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

	Group	
	2006 RM	2005 RM
Property Development Costs		
At beginning of year:		
Freehold land	9,548,590	10,382,616
Long term leasehold land	2,677,898	2,677,898
Development costs	41,208,076	14,979,327
	53,434,564	28,039,841
Costs incurred during the year:		
Development costs	57,698,634	38,925,631
Costs reversed during the year due to completion of project	(49,486,535)	(13,821,466)
	8,212,099	25,104,165
Costs recognised in income statement:		
At beginning of year	(38,431,307)	(5,126,779)
Recognised during the year	(58,829,991)	(47,125,994)
Eliminated due to completion of project	49,486,535	13,821,466
At end of year	(47,774,763)	(38,431,307)
Transfer:		
From land held for development	11,899,369	1,459,542
To inventories	(1,538,273)	(1,168,983)
	10,361,096	290,559
At end of year	24,232,996	15,003,258

Freehold land of the Group amounting to RM5,700,000 (2005: RM5,700,000) has been charged as security for borrowings (Note 25).

Included in the property development costs of the Group is interest capitalised during the year amounting to RM5,280 (2005: RM154,919) and directors' remuneration and staff cost of RM184,672 (2005: Nil).

Continued

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Quoted shares in Malaysia at cost		
At beginning of year	48,838,499	40,438,515
Addition	5,551,123	11,297,977
Disposal	-	(2,897,993)
At end of year	54,389,622	48,838,499
Unquoted shares at cost		
At beginning of year	81,043,575	111,702,804
Addition	5,000	-
Disposal	-	(7)
Write off	-	(30,659,222)
Less: Accumulated impairment losses	81,048,575 (200,001)	81,043,575 (200,001)
At end of year	80,848,574	80,843,574
	135,238,196	129,682,073
Market value of quoted shares in Malaysia	89,481,884	95,692,981

Details of the subsidiaries are as follows:

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Principal Activities
		2006	2005	
Subsidiaries of the Company in Malaysia				
Scientex Packaging Berhad + ("Scipack")	78,814,852	61.37	57.82	Investment holding and the provision of management services
Scientex Polymer Sdn. Bhd. ("SPSB")	43,623,145	75.00	75.00	Manufacturing of polyvinyl chloride ("PVC") and polyurethane ("PU") leather sheeting and investment holding
Scientex Trading Sdn. Bhd. ("STSB")	999,375	98.89	98.89	Trading in building materials and textile products
Scientex Quatari Sdn. Bhd. ("SQSB")	18,868,000	100.00	100.00	Investment holding, property investment and development
Scientex Enterprise Sdn. Bhd.	200,000	100.00	100.00	Investment holding
Scientex Management Sdn. Bhd.	2	100.00	100.00	Rendering of management services

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Principal Activities
		2006	2005	
Subsidiaries of the Company in Malaysia (Cont'd)				
Bestex Corporation Sdn. Bhd. #	17,500,002	100.00	100.00	In members' voluntary winding-up
Scientex Land Sdn. Bhd.	1,750,000	-	100.00	Dissolved
Bestex Packaging Sdn. Bhd.	1,000,000	-	100.00	Dissolved
Uniontex Containers Sdn. Bhd. #	6,600,000	100.00	100.00	In members' voluntary winding-up
Subsidiaries of Scipack in Malaysia				
Woventex Sdn. Bhd. ("WSB")	16,180,000	100.00	100.00	Manufacturing of polypropylene ("PP") and polyethylene ("PE") woven bags and fabrics
Scientex Packaging Film Sdn. Bhd.	20,000,000	100.00	100.00	Manufacturing of stretch film
Scientex Resources Sdn. Bhd.	100,000	100.00	100.00	Selling and marketing of packaging related materials
Scientex Containers Sdn. Bhd.	4,152,136	94.87	94.87	Manufacturing of fibre containers and printing of corrugated carton boxes
Subsidiaries of Scipack outside Malaysia				
(i) The People's Republic of China				
Scientex Resources (Shanghai) Co., Ltd.*	USD250,000	100.00	100.00	Producing and selling of palletised stretch film
(ii) The Socialist Republic of Vietnam				
Woventex (Vietnam) Co., Ltd. *	USD2,000,000	100.00	100.00	Manufacturing of PP and PE woven bags and fabrics and flexible intermediate bulk containers

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Principal Activities
		2006	2005	
Subsidiary of WSB in Malaysia				
Pan Pacific Straptex Sdn. Bhd.	4,000,000	65.00	65.00	Manufacturing of PP strapping band
Subsidiaries of SPSB in Malaysia				
Scientex Auto Industries Sdn. Bhd.	5,600,000	100.00	100.00	Manufacturing of PVC, thermoplastic olefins and PP foamed sheets for automobiles
Yamatex (Malaysia) Sdn. Bhd.	1,500,000	100.00	100.00	Manufacturing and trading of automotive tufted carpet mats
Scientex Marketing Sdn. Bhd. ^	300,000	-	100.00	Ceased operation
Scientex Wonpoong (M) Sdn. Bhd.	2,430,000	55.00	55.00	In members' voluntary winding-up
Scientex Permanja Sdn. Bhd.	1,860,000	-	100.00	Dissolved
Subsidiaries of SPSB outside Malaysia				
(i) Japan				
Scientex Polymer (Japan) Co., Ltd. *	JY100,000,000	100.00	100.00	Manufacturing and marketing of tufted carpet mats for motor vehicles and research and development of polymer automotive interior materials
(ii) The Socialist Republic of Vietnam				
Scientex Polymer (Vietnam) Co., Ltd.*	USD700,000	100.00	100.00	Manufacturing and export of carpet mats for motor vehicles
Subsidiaries of STSB in Malaysia				
Jadychem (M) Sdn. Bhd.	800,000	60.00	60.00	Trading of chemicals and packaging materials
KC Contract Sdn. Bhd.	750,000	65.00	65.00	Property construction

Continued

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Principal Activities
		2006	2005	
Subsidiaries of SQSB in Malaysia				
Scientex Development (Pasir Gudang) Sdn. Bhd.	2,000,000	100.00	100.00	Property investment holding
Scientex Property Sdn. Bhd.	10,000,000	100.00	100.00	Investment holding
Scientex Metro Holdings Sdn. Bhd. ("SMHSB")	3,000,000	50.33	50.33	Investment holding
Scientex Park (M) Sdn. Bhd.	22,500,000	60.00	60.00	Property investment and development
Texland Sdn. Berhad	3,000,000	90.00	90.00	Property investment and development
Scientex Air Keroh Sdn. Bhd.	2	100.00	100.00	Inactive since incorporation
Subsidiary of SMHSB in Malaysia				
Scientex Metro Sdn. Bhd.	652,837	100.00	100.00	Property investment

Notes:

* Audited by firms of auditors other than Ernst & Young, Malaysia.

+ Quoted on the Second Board of Bursa Malaysia Securities Berhad.

^ Disposed to third parties.

These companies have held its Final General Meeting and shall be dissolved on the expiration of three months after the lodgement of the Return by Liquidator Relating to Final Meeting in accordance with Section 272(5) of the Companies Act 1965.

15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
In Malaysia:				
Unquoted shares, at cost	10,309,762	10,309,762	3,000,000	3,000,000
Share of post-acquisition profits and reserves, less losses	3,503,267	3,073,109	-	-
	13,813,029	13,382,871	3,000,000	3,000,000

The Group's interests in the associates are analysed as follows:

	2006 RM	2005 RM
Share of net tangible assets	13,813,029	13,523,342
Reserve on consolidation	-	(140,471)
	13,813,029	13,382,871

Continued

15. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Incorporated in Malaysia

Name of Company	Paid-up Capital (RM)	Equity Interest (%)		Financial Year End	Principal Activities
		2006	2005		
Associate of the Company					
Cosmo Scientex (M) Sdn. Bhd.	10,000,000	30.00	30.00	31 December	Manufacturing and distributing urethane prepolymer
Associate of WSB					
Woventex Trading Sdn. Bhd.	250,000	49.00	49.00	31 July	Investment holding
Associate of SQSB					
Rising Heights Development Sdn. Bhd. ("RHDSB") *	19,420,455	33.54	33.54	31 July	Property investment and development

* Audited by firm of auditor other than Ernst & Young, Malaysia.

All the financial statements of the associates used for equity accounting are audited except for the unaudited financial statements of Cosmo Scientex (M) Sdn. Bhd., whose financial year end differs from that of the Company.

16. OTHER INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost:				
Unquoted shares	8,878,384	10,411,574	8,697,998	8,697,998
Club memberships	739,028	743,991	144,728	144,728
	9,617,412	11,155,565	8,842,726	8,842,726
Less: Provision for impairment				
- unquoted shares	(4,979,488)	(5,936,278)	(4,979,488)	(4,403,098)
- club memberships	(40,000)	(40,000)	(40,000)	(40,000)
	4,597,924	5,179,287	3,823,238	4,399,628

Continued

17. INTANGIBLE ASSETS

Group	Product development expenditure RM	Goodwill on consolidation RM	Total RM
Cost			
At 1 August 2005	1,034,611	2,299,857	3,334,468
Goodwill on consolidation arising from additional equity interest in subsidiary	-	718,984	718,984
Additions	73,008	-	73,008
At 31 July 2006	1,107,619	3,018,841	4,126,460
Accumulated Amortisation			
At 1 August 2005	251,312	1,024,257	1,275,569
Charge for the year	407,984	354,615	762,599
At 31 July 2006	659,296	1,378,872	2,038,168
Net Book Value			
At 31 July 2006	448,323	1,639,969	2,088,292
At 31 July 2005	783,299	1,275,600	2,058,899
Amortisation charge for 2005	251,312	87,829	339,141

18. INVENTORIES

	Group	
	2006 RM	2005 RM
At cost:		
Properties held for sale	16,055,546	20,871,261
Raw materials	26,565,972	25,064,574
Work-in-progress	5,419,711	7,936,263
Spare parts	722,173	509,559
Finished products	6,921,400	7,601,395
	55,684,802	61,983,052
At net realisable value:		
Raw materials	497,470	562,106
Finished products	783,175	419,195
Properties held for sale	3,893,000	3,893,000
	5,173,645	4,874,301
	60,858,447	66,857,353

Inventories written off arising from a fire at the premises of a subsidiary amounted to RM2,501,877 (2005: Nil).

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM420,378,232 (2005: RM377,376,474).

Continued

19. TRADE RECEIVABLES

	Group	
	2006 RM	2005 RM
Trade receivables	104,256,763	99,132,798
Due from customers on contracts (Note 20)	-	303,474
	104,256,763	99,436,272
Less: Provision for doubtful debts	(2,974,439)	(2,929,377)
	101,282,324	96,506,895
Included in trade receivables are:		
Amount due from associate	9,373,485	9,718,056
Amount due from affiliated company	221,000	184,920

The Group's normal trade credit term ranges from 14 to 130 (2005: 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.

The amounts due from associate and affiliated company are unsecured, interest-free and have no fixed terms of repayment except for the amount due from an associate which is secured on quoted shares.

Included in trade receivables are retention sums amounting to RM1,993,842 (2005: RM1,989,036).

20. DUE (TO)/FROM CUSTOMERS ON CONTRACTS

	Group	
	2006 RM	2005 RM
Construction contract costs incurred to date	32,302,126	22,374,243
Attributable profits	1,975,411	1,728,854
	34,277,537	24,103,097
Less: Progress billings	(36,486,394)	(23,799,623)
	(2,208,857)	303,474

21. OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits	1,101,986	580,938	36,509	36,509
Prepayments	1,258,467	1,160,550	61,983	38,054
Deposit for the acquisition of a piece of land (Note 34)	-	3,910,599	-	-
Sundry receivables	2,003,969	3,566,897	11,642	47,433
Insurance claims recoverable	11,170,672	-	576,875	-
Tax recoverable	1,741,264	2,664,651	1,067,830	1,007,041
	17,276,358	11,883,635	1,754,839	1,129,037
Less: Provision for doubtful debts	(856,342)	(1,016,005)	-	-
	16,420,016	10,867,630	1,754,839	1,129,037

Continued

21. OTHER RECEIVABLES (CONT'D)

The Group and the Company are finalising their insurance claims as a result of losses suffered arising from a fire which occurred during the financial year. The final quantum to be recovered cannot be ascertained currently. The amounts recognised represent estimated amounts by the directors to be recovered based on discussions with the insurers as a result of damage to:

	Group RM	Company RM
Property, plant and equipment	11,168,795	576,875
Inventories	2,501,877	-
	13,670,672	576,875
Interim payment received	(2,500,000)	-
	11,170,672	576,875

Subsequent to the year end, a further interim payment of RM7,500,000 was received.

Also included in sundry receivables are:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Amounts due from associates	18,156	1,088,820	11,940	25,835

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

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

22. AMOUNTS DUE FROM SUBSIDIARIES

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

23. CASH AND BANK BALANCES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash in hand and at banks	23,817,142	16,393,377	3,440,128	463,849
Deposits with licensed banks	2,092,500	4,092,500	-	-
Cash and bank balances	25,909,642	20,485,877	3,440,128	463,849
Less: Bank overdraft (Note 25)	(1,318,405)	(614,594)	-	-
Cash and cash equivalents	24,591,237	19,871,283	3,440,128	463,849

Included in cash at banks of the Group are amounts of RM3,097,754 (2005: RM1,589,200) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Deposits with a licensed bank of RM92,500 (2005: RM92,500) are pledged as securities for borrowings as disclosed in Note 25.

Included in cash and bank balances are cash at bank held for the sinking fund amounting to RM24,477 (2005: RM4,973).

The weighted average effective interest rates and average maturities of deposits of the Group at the balance sheet date were 3.2% (2005: 2.3%) and 19 days (2005: 11) respectively.

Continued

24. SINKING FUND

	Group	
	2006 RM	2005 RM
At beginning of year	4,973	11,392
Amounts collected	27,954	13,985
Expenses incurred	(8,450)	(20,404)
At end of year	24,477	4,973

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.

25. BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Short Term Borrowings				
Secured:				
Bank overdrafts	316,849	-	-	-
Bankers' acceptance	6,507,000	4,654,000	-	-
Term loans	893,040	228,764	-	-
	7,716,889	4,882,764	-	-
Unsecured:				
Bank overdrafts	1,001,556	614,594	-	-
Bankers' acceptance	30,823,480	36,181,180	-	-
Revolving credits	18,700,000	31,200,000	3,700,000	21,200,000
Term loans	6,915,781	8,462,278	-	-
	57,440,817	76,458,052	3,700,000	21,200,000
	65,157,706	81,340,816	3,700,000	21,200,000
Long Term Borrowings				
Term loans, secured	510,936	1,438,588	-	-
Term loans, unsecured	23,473,582	7,972,456	-	-
	23,984,518	9,411,044	-	-
Total Borrowings				
Bank overdrafts (Note 23)	1,318,405	614,594	-	-
Bankers' acceptance	37,330,480	40,835,180	-	-
Revolving credits	18,700,000	31,200,000	3,700,000	21,200,000
Term loans	31,793,339	18,102,086	-	-
	89,142,224	90,751,860	3,700,000	21,200,000
Maturity of borrowings				
Within one year	65,157,706	81,340,816	3,700,000	21,200,000
More than 1 year and less than 2 years	9,335,006	4,736,191	-	-
More than 2 years and less than 5 years	14,649,512	4,674,853	-	-
	89,142,224	90,751,860	3,700,000	21,200,000

Continued

25. BORROWINGS (CONT'D)

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

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Bank overdrafts	2.63 - 7.75	6.73 - 7.25	7.00 - 7.50	6.75 - 7.00
Bankers' acceptance	3.11 - 5.30	3.11 - 4.35	-	-
Revolving credits	4.25 - 5.85	4.25 - 5.00	4.25 - 5.85	4.25 - 5.00
Term loans	4.65 - 7.19	2.63 - 5.50	-	-

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 market value of RM5,700,000 (2005: RM5,700,000);
- Deposits with a licensed bank of RM92,500 (2005: RM92,500) of a certain subsidiary (Note 23);
- First legal charge over land and buildings of RM2,334,441 (2005: RM1,159,906) of a subsidiary, WSB (Note 12);
- Mortgage of machinery of RM1,701,812 (2005: RM1,928,393) of a subsidiary; Woventex (Vietnam) Co., Ltd (Note 12);
- Debenture for RM2,000,000 (2005: 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 7 (2005: 7) subsidiaries and the Company.

26. TRADE PAYABLES

	Group	
	2006 RM	2005 RM
Trade payables	86,134,703	59,823,065
Due to customers on contracts (Note 20)	2,208,857	-
	88,343,560	59,823,065
Included in trade payables are:		
Amount due to an affiliated company	3,547,964	4,030,466
Amount due to an associate	1,706,764	1,432,306

The above amounts are unsecured, interest-free and have no fixed terms of repayment.

The normal trade credit terms granted to the Group range from 30 to 120 (2005: 30 to 120) days.

27. OTHER PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits	968,810	1,096,849	1,000	1,000
Accruals	8,064,807	6,314,818	856,149	634,218
Sundry payables	10,028,649	6,490,083	518,542	582,433
	19,062,266	13,901,750	1,375,691	1,217,651

Continued

28. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

29. REDEEMABLE PREFERENCE SHARES

The redeemable preference shares ("RPS") are issued by a subsidiary, Scientex Park (M) Sdn. Bhd. ("SPMSB"). The Group holds a total of Nil (2005: 1,198,000) units of the RPS.

The details of the RPS issued by SPMSB are as follows:

	Group	
	2006 RM	2005 RM
At beginning of year	802,000	4,502,000
Redemption of RPS	(802,000)	(3,700,000)
At end of year	-	802,000

- (a) The RPS are due for redemption by SPMSB on or before 1 January 2004. Any redemption made before 1 January 2004 will require the prior consent in writing of all shareholders of RPS.
- (b) The shareholders of RPS have the right to receive repayment in full of an amount equal to RM1 per share in priority to any payment to the shareholders of any other class of shares in the event of winding up or other repayment of capital (other than a redemption). The shareholders of RPS are not entitled to any further participation in the assets of SPMSB.
- (c) The shareholders of RPS have no rights in respect of distribution of dividends.
- (d) The shareholders of RPS are not entitled to receive notice of or to attend or vote at any general meeting of SPMSB.
- (e) Certain matters which vary the rights attached to the RPS can only be effective with the written consent of the shareholders of RPS, in particular matters relating to the creation and issue of additional shares which carry different voting rights and redemption of RPS.

On 5 November 2004, the holders of RPS approved to revise the deferment of the redemption of the RPS as follows:

- (i) RM9,250,000 of the RPS balance as at 1 August 2004 shall be fully redeemed from November 2004 to July 2005 by way of cash payment amounting to RM2,250,000 in November 2004 followed by an equal monthly cash payment of RM1,000,000 from January 2005 to July 2005. This amount has been fully redeemed as at 31 July 2005.
- (ii) RM2,000,000 of the RPS balance shall be redeemed on equal cash payment of RM1,000,000 in August 2005 and September 2005 respectively.

All RPS issued by SPMSB have been fully redeemed on 26 September 2005.

30. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006 RM	2005 RM
Authorised:				
At beginning/end of year	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid:				
At beginning of year	62,088,400	61,994,400	62,088,400	61,994,400
Issued pursuant to ESOS	-	94,000	-	94,000
Issued pursuant to warrants	1,436,700	-	1,436,700	-
At end of year	63,525,100	62,088,400	63,525,100	62,088,400

Continued

30. SHARE CAPITAL (CONT'D)

Issuance of Ordinary Shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM62,088,400 to RM63,525,100 by way of the issuance of 1,436,700 ordinary shares of RM1 each for cash arising from the conversion of Warrants "B" 2000/2006 at an exercise price of RM2.49 per share. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Warrants

The warrants 2000/2006 are constituted by a Deed Poll dated 17 July 2000 executed by the Company. The warrants were listed on Bursa Malaysia Securities Berhad on 12 September 2000.

On 18 August 2000, a total of 10,396,776 SIB Warrants 1996/2001 representing 85.65% of the total SIB Warrants 1996/2001 in issue had been surrendered by the warrant holders for cancellation and replaced with SIB Warrants 2000/2006 ("Warrant B"). The remaining 1,741,824 SIB Warrants 1996/2001 which have not been surrendered ("Warrant A") will remain listed on the Main Board of Bursa Malaysia Securities Berhad based on existing terms, and will remain valid until expiry of exercise period that is extended to 4 December 2006.

The main features of the warrants 2000/2006 are as follows:

- (a) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, subject to adjustment in accordance with the provision of the Deed Poll.
- (b) The exercise price has been fixed at RM4.26 for Warrant A, which is at a premium of 0.2% over the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 10 September 1996.
- (c) The exercise price has been fixed at RM2.49 for Warrant B, which is the weighted average price of the Company's shares for the five market days prior to the price-fixing date on 3 February 2000 subject to adjustments under certain circumstances in accordance with the provision of the Deed Poll.
- (d) The warrants may be exercised at any time on or before the expiry date on 4 December 2006. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (e) The new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments or distribution on or before the record date prior to the exercise of the warrants.

The movement in the Company's warrants during the financial year were as follows:

	Exercise Price	1 August 2005	Warrants Converted	31 July 2006
Warrant A	RM4.26	1,741,824	-	1,741,824
Warrant B	RM2.49	10,396,776	(1,436,700)	8,960,076

Treasury Shares

On 20 December 2005, the shareholders of the Company approved 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 2006, the Company repurchased 167,800 ordinary shares of its issued share capital from the open market at an average price of RM2.75 per share. The total consideration paid for the repurchase including transaction costs was RM462,226. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year.

Of the total 63,525,100 (2005: 62,088,400) issued and fully paid ordinary shares of RM1 each as at 31 July 2006, 347,800 (2005: 180,000) are held as treasury shares by the Company. As at 31 July 2006, the number of outstanding ordinary shares in issue and fully paid is therefore 63,177,300 (2005: 61,908,400) ordinary shares of RM1 each.

Continued

31. MINORITY INTERESTS

	Group	
	2006 RM	2005 RM
At beginning of year	92,739,909	73,618,985
Acquisition of subsidiary during the year	-	1,464,924
Additional interest in existing subsidiaries	(4,832,148)	(368,184)
Issue of additional share capital in a subsidiary	-	11,726,029
Transfer from income statement	8,867,454	8,886,995
Dividend paid	(2,563,419)	(2,443,701)
Share of revaluation of land and building	979,418	-
Share of foreign exchange reserves	(166,991)	(145,139)
At end of year	95,024,223	92,739,909

32. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 50% to 60% of final salary on attainment of retirement age of 55.

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

	Group	
	2006 RM	2005 RM
Present value of unfunded defined benefit obligations	249,844	255,242
Analysed as:		
Non-current:		
Later than 1 year but not later than 5 years	249,844	255,242

The amount recognised in the income statement are as follows:

	Group	
	2006 RM	2005 RM
Current service cost	64,343	100,933

Continued

32. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Movement in the net liability in the current year were as follows:

	Group	
	2006 RM	2005 RM
At beginning of year	255,242	334,492
Charged to income statement (Note 5)	64,343	100,933
Paid during the year	(69,741)	(180,183)
At end of year	249,844	255,242
	2006	2005
Discount rate	7%	7%
Expected rate of salary increases	6%	6%

33. DEFERRED TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At beginning of year	37,507,744	36,505,336	5,519,324	5,573,860
Recognised in the income statement (Note 9)	(369,131)	1,002,408	(530,400)	(54,536)
Recognised in equity	254,155	-	(379,082)	-
At end of year	37,392,768	37,507,744	4,609,842	5,519,324
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,062,960)	(1,761,308)	-	-
Deferred tax liabilities	39,455,728	39,269,052	4,609,842	5,519,324
	37,392,768	37,507,744	4,609,842	5,519,324

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 Surplus RM	Receivables RM	Others RM	Total RM
At 1 August 2005	16,379,353	22,823,829	65,870	-	39,269,052
Recognised in the income statement	97,879	(878,378)	(8,084)	721,104	(67,479)
Recognised in equity	-	254,155	-	-	254,155
At 31 July 2006	16,477,232	22,199,606	57,786	721,104	39,455,728

Continued

33. DEFERRED TAXATION (CONT'D)

Deferred Tax Liabilities of the Group (Cont'd):

	Accelerated Capital Allowances RM	Revaluation Surplus RM	Receivables RM	Others RM	Total RM
At 1 August 2004	16,688,281	21,916,143	57,786	37,724	38,699,934
Recognised in the income statement	(308,928)	907,686	8,084	(37,724)	569,118
At 31 July 2005	16,379,353	22,823,829	65,870	-	39,269,052

Deferred Tax Assets of the Group:

	Unabsorbed Tax Losses and Capital Allowances RM	Retirement Benefit Obligations RM	Other Payables RM	Receivables RM	Total RM
At 1 August 2005	(1,307,759)	(76,840)	(187,068)	(189,641)	(1,761,308)
Recognised in the income statement	(129,331)	11,882	(11,617)	(172,586)	(301,652)
At 31 July 2006	(1,437,090)	(64,958)	(198,685)	(362,227)	(2,062,960)
At 1 August 2004	(1,535,283)	(93,658)	(175,757)	(389,900)	(2,194,598)
Recognised in the income statement	227,524	16,818	(11,311)	200,259	433,290
At 31 July 2005	(1,307,759)	(76,840)	(187,068)	(189,641)	(1,761,308)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM	Revaluation Surplus RM	Total RM
At 1 August 2005	93,634	5,425,690	5,519,324
Recognised in the income statement	(32,773)	(497,627)	(530,400)
Recognised in equity	-	(379,082)	(379,082)
At 31 July 2006	60,861	4,548,981	4,609,842
At 1 August 2004	85,550	5,488,310	5,573,860
Recognised in the income statement	8,084	(62,620)	(54,536)
At 31 July 2005	93,634	5,425,690	5,519,324

Continued

33. DEFERRED TAXATION (CONT'D)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unabsorbed tax losses	4,928,885	5,349,417	-	-
Unabsorbed capital allowances	3,546,235	4,410,711	3,538,128	5,004,174
Unabsorbed reinvestment allowances	82,774,814	62,332,358	-	-
Others	293,932	281,158	-	-
	91,543,866	72,373,644	3,538,128	5,004,174

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.

34. CAPITAL COMMITMENTS

	Group	
	2006 RM	2005 RM
Rental of buildings and machinery		
Not later than 1 year	378,117	273,328
Later than 1 year and not later than 5 years	338,326	162,357
	716,443	435,685
Approved and contracted for:		
Consideration for acquisition of a piece of land	-	5,214,132
Deposit of 30% paid (Note 21)	-	(3,910,599)
Amount to be settled for completion of acquisition	-	1,303,533
Purchase of property, plant and equipment	-	43,336,000
	-	44,639,533
Approved but not contracted for:		
Purchase of property, plant and equipment	-	6,900,000
	-	51,539,533

35. CONTINGENT LIABILITIES

	Company	
	2006 RM	2005 RM
Unsecured		
Corporate guarantees for subsidiaries	30,164,126	29,156,150

Continued

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

Group	2006 RM	2005 RM
Sales to affiliated companies	(1,383,445)	(1,617,109)
Sales commission from affiliated company	(1,414,313)	(1,423,119)
Purchases from affiliated companies	21,522,023	19,279,286
Management fees from associated company	(120,000)	(120,000)
Rental income from associated company	(176,400)	(176,400)
<hr/>		
Company		
Rental income from associated company	(32,400)	(32,400)
Management fees from subsidiaries	(960,000)	(780,000)
Management fees from associated company	(120,000)	(120,000)
Waiver of amounts due from/(to) subsidiaries	2,034,922	(16,938,460)
Dividend income from subsidiaries	(14,068,339)	(16,870,313)
Rental income from subsidiaries	(180,000)	(600,000)
Project management fees from subsidiaries	(5,047,473)	(3,487,013)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business.

37. SIGNIFICANT EVENTS

On 3 September 2005, a subsidiary of the Company, SQSB, entered into a sales and purchase agreement with Kai Jin Development Sdn. Bhd. for the proposed acquisition of freehold land measuring approximately 94.969 acres in the Mukim of Plentong, District of Johor Bahru, State of Johor, for a total cash consideration of RM10,447,250. The acquisition was completed on 30 June 2006.

38. SUBSEQUENT EVENTS

Subsequent to the end of the financial year and at the date of this report,

(i) Treasury Shares

The Company repurchased 3,561,000 ordinary shares of its issued share capital from the open market for a total cost of approximately RM9,895,000. The repurchased shares are held as treasury shares. As at the date of this report, the total number of treasury shares held is 3,908,800.

(ii) Conversion of warrants

The Company issued 5,793,200 ordinary shares of RM1 each through the conversion of warrants at an exercise price of RM2.49 per ordinary share. As a result, the total number of ordinary shares increased from 63,525,100 to 69,318,300.

As at the date of this report, the total number of Warrant A and Warrant B not exercised is 1,741,824 and 3,166,876 respectively.

Continued

38. SUBSEQUENT EVENTS (CONT'D)

(iii) Disposal of subsidiary

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

The Agreement was completed on 20 October 2006. Subsequently, SMSB ceased to be a subsidiary of the Group.

(iv) Incorporation of subsidiary

On 19 October 2006, the Company announced that its subsidiary, Jadychem (M) Sdn. Bhd., incorporated a subsidiary, namely PT. Jadychem Indonesia in Jakarta, Indonesia with an issued and paid-up capital of USD100,000. Jadychem (M) Sdn. Bhd. holds the entire equity interest in PT. Jadychem Indonesia. The principal activity of PT. Jadychem Indonesia is sales and marketing of polyurethane adhesives.

39. PRIOR YEAR ADJUSTMENT

In prior years, the Group recognised deferred tax assets on unabsorbed reinvestment allowances. During the current year, the Group changed its accounting policy and accordingly, deferred tax assets on unabsorbed reinvestment allowances are no longer recognised.

40. COMPARATIVE FIGURES

The effects arising from the above mentioned changes on the comparative amounts are as follows:

As at 31 July 2005	Group		As restated RM
	As previously stated RM	Adjustments RM	
Income statement			
Taxation	(3,367,731)	(1,604,911)	(4,972,642)
Minority interests	(9,498,332)	611,337	(8,886,995)
Net profit for the year	23,117,816	(993,574)	22,124,242
Earnings per share (sen)	37	(1)	36
<hr/>			
Balance sheet			
Reserves	181,262,464	(8,056,300)	173,206,164
Minority interests	97,793,603	(5,053,694)	92,739,909
Deferred tax liabilities	24,397,750	13,109,994	37,507,744

Continued

41. SEGMENTAL INFORMATION

(a) Analysis by Activity 2006

	Manufacturing RM	Property Development RM	Trading RM	Investment Holdings RM	Eliminations RM	Consolidated RM
Revenue						
External sales	471,183,981	102,291,713	12,667,928	172,200	-	586,315,822
Inter-segment sales	-	-	165,500	21,891,791	(22,057,291)	-
Total revenue	471,183,981	102,291,713	12,833,428	22,063,991	(22,057,291)	586,315,822
Results						
Segment results	25,260,300	21,280,430	558,820	15,724,963	(15,260,634)	47,563,879
Finance cost, net						(3,708,774)
Share of results of associates	60,545	460,530	-	-	-	521,075
Taxation						(7,309,584)
Profit after taxation						37,066,596
Minority interests						(8,867,454)
Net profit for the year						28,199,142
Assets						
Segment assets	359,651,516	194,417,073	4,108,999	39,710,541	(21,630,674)	576,257,455
Investment in associates	3,229,482	10,583,547	-	-	-	13,813,029
Income tax assets	569,273	21,799	82,362	1,067,830	-	1,741,264
Consolidated total assets						591,811,748
Liabilities						
Segment liabilities	154,355,066	35,477,890	2,807,454	25,399,526	(21,217,565)	196,822,371
Income tax liabilities	17,779,396	17,083,385	44,316	4,609,843	-	39,516,940
Consolidated total liabilities						236,339,311
Other Information						
Capital expenditure	59,433,752	491,492	3,658	1,190,598	-	61,119,500
Depreciation	18,970,065	417,170	9,827	601,138	(80,456)	19,917,744
Amortisation	407,984	(140,471)	-	354,615	-	622,128
Impairment losses	-	374,350	-	576,390	-	950,740
Non-cash expenses other than depreciation, amortisation and impairment losses	(308,750)	163,410	23,645	-	-	(121,695)

Continued

41. SEGMENTAL INFORMATION (CONT'D)

(a) Analysis by Activity 2005

	Manufacturing RM	Property Development RM	Trading RM	Investment Holdings RM	Eliminations RM	Consolidated RM
Revenue						
External sales	426,247,338	70,709,798	10,442,874	172,320	-	507,572,330
Inter-segment sales	-	31,640	298,508	31,837,205	(32,167,353)	-
Total revenue	426,247,338	70,741,438	10,741,382	32,009,525	(32,167,353)	507,572,330
Results						
Segment results	22,682,339	15,920,674	545,955	25,237,621	(26,357,536)	38,029,053
Finance cost, net						(3,537,732)
Share of results of associates	704,142	788,416	-	-	-	1,492,558
Taxation						(4,972,642)
Profit after taxation						31,011,237
Minority interests						(8,886,995)
Net profit for the year						22,124,242
Assets						
Segment assets	304,673,103	187,686,963	3,524,019	53,665,680	(33,707,637)	515,842,128
Investment in associates	3,269,282	10,113,589	-	-	-	13,382,871
Income tax assets	1,284,176	322,361	51,073	1,007,041	-	2,664,651
Consolidated total assets						531,889,650
Liabilities						
Segment liabilities	118,616,129	39,538,613	2,785,920	37,984,872	(33,386,644)	165,538,890
Income tax liabilities	16,896,281	15,877,526	23,155	5,519,325	-	38,316,287
Consolidated total liabilities						203,855,177
Other Information						
Capital expenditure	37,832,986	3,034,732	11,644	316,594	-	41,195,956
Depreciation	18,927,503	323,660	35,347	580,965	(15,252)	19,852,223
Amortisation	135,128	(26,131)	-	67,137	-	176,134
Impairment losses	-	-	-	483,958	-	483,958
Non-cash expenses other than depreciation, amortisation and impairment losses	(174,613)	424,024	8,518	15,709	-	273,638

Continued

41. 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

	External Customers		Segment Assets		Capital Expenditure	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Malaysia	564,237,255	476,719,275	550,536,498	487,859,523	59,410,972	36,239,223
The People's Republic of China	8,532,424	10,896,866	1,564,625	2,687,521	-	1,095
Japan	13,202,623	19,929,939	5,175,577	7,755,685	87,680	45,272
The Socialist Republic of Vietnam	343,520	26,250	18,980,755	17,539,399	1,620,848	4,910,366
Consolidated	586,315,822	507,572,330	576,257,455	515,842,128	61,119,500	41,195,956

42. 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 2006.

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.

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Chinese Renminbi 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.

Continued

42. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign Exchange Risk (Cont'd)

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	Singapore Dollar RM	US Dollar RM	Total RM
At 31 July 2006				
Ringgit Malaysia	(573,831)	852,932	(27,615,983)	(27,336,882)
At 31 July 2005				
Ringgit Malaysia	(966,849)	1,010,474	(9,238,235)	(9,194,610)

As at the balance sheet date, the Group had entered into the following foreign exchange option contracts with a licensed bank:

At 31 July 2006

Currency	Settlement Dates	Total Contracted Amount (USD)	Total Notional Amount (RM)
United States Dollar	14 August 2006 - 12 January 2007	5,500,000	20,129,500

In the prior year, there were no foreign exchange contracts entered into.

(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.

Continued

42. 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
At 31 July 2006				
Financial Assets				
Amounts due from associates	9,391,641	#	11,940	#
Amount due from an affiliated company	221,000	#	-	-
Non-current unquoted shares	3,898,896	*	3,718,510	*
Non-current golf club memberships	699,028	781,300	104,728	100,000
Financial Liabilities				
Amount due to an associate	1,706,764	#	-	-
Amount due to an affiliated company	3,547,964	#	-	-
At 31 July 2005				
Financial Assets				
Amounts due from associates	10,806,876	#	25,835	#
Amount due from an affiliated company	184,920	#	-	-
Non-current unquoted shares	4,475,296	*	4,294,900	*
Non-current golf club memberships	703,991	761,263	104,728	90,000
Financial Liabilities				
Amount due to an associate	1,432,306	#	-	-
Amount due to an affiliated company	4,030,466	#	-	-

* 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.

Continued

42. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values (Cont'd)

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 and Short Term Borrowings

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 fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.