



SCIENTEX INCORPORATED BERHAD

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

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 31 Jan 2006

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial quarter ended 31 Jan 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 1/31/2006 RM'000	Preceding year corresponding quarter 1/31/2005 RM'000	Current year to date 1/31/2006 RM'000	Preceding year corresponding period 1/31/2005 RM'000
Revenue	146,714	125,834	291,935	238,745
Operating profit	11,824	10,265	23,424	19,025
Interest expense	(816)	(874)	(1,719)	(1,830)
Investing results	210	210	482	725
Profit before tax	11,218	9,601	22,187	17,920
Taxation	(2,027)	(1,478)	(3,900)	(2,580)
Profit after tax	9,191	8,123	18,287	15,340
Minority interest	(2,588)	(2,217)	(4,848)	(4,461)
Net profit for the period	6,603	5,906	13,439	10,879
Earnings per share (sen)				
(i) Basic	10.66	9.54	21.70	17.58
(ii) Diluted	10.48	n/a	21.43	n/a

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



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 Jan 2006

	AS AT END OF FINANCIAL QUARTER ENDED 1/31/2006 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 7/31/2005 RM'000 (Audited)
Non-current assets		
Property, plant and equipment	220,821	200,898
Land held for development	98,564	100,650
Investment in associates	13,795	13,383
Other investments	5,179	5,179
Intangible assets	1,971	2,059
	340,330	322,169
Current assets		
Development properties	22,386	15,003
Inventories	60,764	66,857
Trade and other receivables	112,618	107,375
Cash and cash equivalents	18,587	20,486
	214,355	209,721
Current liabilities		
Trade payables and other payables	86,376	73,729
Borrowings	64,293	81,341
Provision for taxation	2,183	809
Redeemable preference shares	-	802
	152,852	156,681
Net current assets	61,503	53,040
	401,833	375,209
Shareholders' funds		
Share capital	62,740	62,088
Reserves	195,522	181,263
	258,262	243,351
Minority interests	98,727	97,794
	356,989	341,145
Non-current liabilities		
Borrowings	20,204	9,411
Other long term liabilities	242	255
Deferred taxation	24,398	24,398
	44,844	34,064
	401,833	375,209
Net assets per share (RM)	5.71	5.51

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



SCIENTEX INCORPORATED BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2006**

					Reserves			Distributable		Total RM'000
	Issued capital RM'000	Share premium RM'000	Property revaluation surplus RM'000	Share buybacks reserves RM'000	Foreign exchange reserves RM'000	Treasury shares RM'000	Warrant and other reserves RM'000	Capital redemption reserves RM'000	Retained profits RM'000	
At 1 August 2005	62,088	9,092	47,245	387	(375)	(387)	461	12,300	112,540	243,351
Net profit for the period	-	-	-	-	-	-	-	-	13,439	13,439
Redemption of preference shares	-	-	-	-	-	-	-	1,200	(1,200)	-
Currency translation differences, representing net loss not recognised in the income statement	-	-	-	-	(148)	-	-	-	-	(148)
Issue of share capital	652	971	-	-	-	-	-	-	-	1,623
Purchase of treasury shares	-	-	-	-	-	(3)	-	-	-	(3)
At 31 Jan 2006	62,740	10,063	47,245	387	(523)	(390)	461	13,500	124,779	258,262
At 1 August 2004	61,994	8,990	61,433	387	(111)	(387)	461	6,750	102,549	242,066
Net profit for the period	-	-	-	-	-	-	-	-	10,879	10,879
Dividend	-	-	-	-	-	-	-	-	(4,457)	(4,457)
Redemption of preference shares	-	-	-	-	-	-	-	1,950	(1,950)	-
Currency translation differences, representing net gain not recognised in the income statement	-	-	-	-	523	-	-	-	-	523
Issued during the financial period pursuant to ESOS	94	102	-	-	-	-	-	-	-	196
At 31 Jan 2005	62,088	9,092	61,433	387	412	(387)	461	8,700	107,021	249,207

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



SCIENTEX INCORPORATED BERHAD

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the financial period ended 31 Jan 2006

	6 MONTHS ENDED 31-01-2006 RM'000	6 MONTHS ENDED 31-01-2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,187	17,920
Adjustments for :		
Non-cash items	10,883	9,827
Non-operating items	(220)	252
Operating profit before working capital changes	<u>32,850</u>	<u>27,999</u>
Net changes in working capital	7,205	1,162
Cash generated from operations	40,055	29,161
Interest received	75	135
Interest paid	(1,719)	(1,830)
Taxation paid	(2,056)	(1,702)
Gratuity and retirement benefits paid	(13)	(92)
Net cash generated from operating activities	<u>36,342</u>	<u>25,672</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	45	56
Repayment of preference shares	(802)	(1,300)
Purchase of other investments	-	(136)
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(30)
Purchase of additional shares in existing subsidiary	(1,644)	-
Purchase of property, plant and equipment	(30,342)	(20,757)
Proceeds from part disposal of shares in a subsidiary	-	7,094
Proceeds from disposal of other investments	-	1,392
Proceeds from disposal of property, plant and equipment	1,641	121
Net cash used in investing activities	<u>(31,102)</u>	<u>(13,560)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(2,499)	(6,832)
Proceeds from exercise of ESOS and warrants in a subsidiary	-	3,122
Proceeds from issuance of ordinary shares arising from :		
- conversion of warrants	1,623	-
- exercise of ESOS	-	196
Repurchase of Company's share	(3)	-
Drawdown of term loans	10,792	1,723
Net repayment of short term borrowings	(12,319)	(8,432)
Repayment of term loans	(4,757)	(9,036)
Net cash used in financing activities	<u>(7,163)</u>	<u>(19,259)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,923)	(7,147)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	19,871	25,689
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>17,948</u>	<u>18,542</u>
Cash and cash equivalents in the cash flow statement comprise :		
Cash and bank balances	16,494	17,019
Short term deposits	2,093	1,900
Bank overdrafts	(639)	(377)
	<u>17,948</u>	<u>18,542</u>

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

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FINANCIAL QUARTER ENDED 31 JANUARY 2006**

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 (formerly known as MASB 26), Interim Financial Reporting and Chapter 9 Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the year ended 31 July 2005.

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 July 2005.

A2 Audit report

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

A3 Seasonal or cyclical factors

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

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A5 Material changes in estimates

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

A6 Changes in debts and equity securities

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

- a) The Company had repurchased 1,000 ordinary shares of its issued share capital from the open market for a total cost of RM2,780. The repurchased shares are held as treasury shares. As at 31 January 2006, the number of treasury shares held is 181,000 ordinary shares.
- b) The Company issued 651,800 ordinary shares of RM1 each arising from the conversion of warrants at an issue price of RM2.49 per ordinary share.

A7 Dividends paid

A final dividend of 11% less taxation in respect of the previous financial year ended 31 July 2005 has been declared by the Directors. The dividend was approved by the shareholders on 20 December 2005 and was paid on 28 February 2006.

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A8 Segment information

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

Current financial quarter ended 31 January 2006

<u>Revenue</u>	RM'000
Manufacturing	121,658
Property development	22,456
Trading	2,586
Investment holdings	1,564
Elimination : Inter-segment revenue	(1,550)
Total revenue	<u>146,714</u>

<u>Results</u>	RM'000
Manufacturing	7,127
Property development	4,612
Trading	38
Investment holdings	127
Elimination	(80)
Profit from operations	<u>11,824</u>

Current year to date ended 31 January 2006

<u>Revenue</u>	RM'000
Manufacturing	235,920
Property development	50,309
Trading	5,692
Investment holdings	3,402
Elimination : Inter-segment revenue	(3,388)
Total revenue	<u>291,935</u>

<u>Results</u>	
Manufacturing	12,957
Property development	9,734
Trading	241
Investment holdings	647
Elimination	(155)
Profit from operations	<u>23,424</u>

A9 Valuation of property, plant and equipment

The valuation of land and buildings have been brought forward, without amendment from the audited financial statements for the year ended 31 July 2005.

A10 Events subsequent to the end of the reporting period

Subsequent to the end of the reporting period, the Company issued 200,000 ordinary shares of RM1 each through the conversion of warrants at an issue price of RM2.49 per ordinary share. As a result, the total number of ordinary shares increased from 62,740,200 to 62,940,200.

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

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A11 Changes in the composition of the Group

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

A12 Contingent liabilities

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

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

B1 Review of performance

The Group recorded a revenue of RM291.9 million for the six-month financial period ended 31 January 2006, an increase of 22.3% as compared with the preceding year corresponding financial period's revenue of RM238.7 million. The increase in revenue was mainly attributable to improvement in sales from the industrial packaging division as a result of increased capacity for stretch film. The property division also contributed to the increase in revenue.

Profit before taxation of the Group for the six-month financial period ended 31 January 2006 was RM22.2 million, an increase of 23.8% over the profit before taxation of RM17.9 million recorded in the preceding year corresponding financial period. The increase in the Group profit before taxation was in line with the higher sales achieved by the industrial packaging division and property division.

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

For the current financial quarter under review, the Group recorded a profit before taxation of RM11.2 million, an increase of 2.3% as compared with RM11.0 million recorded in the preceding financial quarter.

B3 Current financial year prospects

The Group has embarked on the investment of three new extrusion stretch film machinery which will increase the production capacity of the stretch film plant in Pulau Indah by 70%, from 60,000 metric tonnes to 100,000 metric tonnes per annum. The expansion which is expected to further strengthen the Group's involvement in stretch film business and achieve better economies of scale, is targeted for completion in mid-2006. The Group will also be launching new residential properties and implement more aggressive marketing strategies to increase demand for the properties in Johor.

Barring any unforeseen circumstances, the Directors are of the opinion that the Group's overall performance for the financial year ending 31 July 2006 will be satisfactory.

B4 Variations of actual profit from forecast profit

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

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B5 Taxation

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

	3 months ended		6 months ended	
	31.01.2006	31.01.2005	31.01.2006	31.01.2005
	RM'000	RM'000	RM'000	RM'000
In respect of current period :				
- Income tax	1,988	1,539	3,690	2,488
In respect of prior year :				
- Income tax	-	-	117	84
	<u>1,988</u>	<u>1,539</u>	<u>3,807</u>	<u>2,572</u>
Share of taxation of associates	39	(61)	93	8
	<u>2,027</u>	<u>1,478</u>	<u>3,900</u>	<u>2,580</u>

The Group's effective tax rates for the current financial quarter and current year to date are lower than the statutory income tax rate mainly due to utilisation of tax incentives.

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

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

B7 Quoted securities

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

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

B8 Status of corporate proposals

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

B9 Borrowings and debt securities

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

a) Long Term Borrowings		RM'000
Term Loan		
-Secured		1,439
-Unsecured		<u>18,765</u>
		<u>20,204</u>
b) Short Term Borrowings		
- Secured		
Term loan		229
Other bank borrowings		<u>9,172</u>
		<u>9,401</u>
- Unsecured		
Term loan		3,709
Other bank borrowings		<u>51,183</u>
		<u>54,892</u>
		RM'000
Included in total borrowings are borrowings denominated in foreign currencies	'000	Equivalent
- United States Dollars	USD 4,054	15,344
- Japanese Yen	Yen 5,000	<u>163</u>
		<u>15,507</u>

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B10 Off balance sheet financial instruments

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

B11 Material litigation

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

B12 Dividends

The Board of Directors has approved a first tax exempt interim dividend of 5% for the financial year ending 31 July 2006 which will be paid on 15 May 2006.

B13 Earnings per share

		3 months ended		6 months ended	
		31.01.2006	31.01.2005	31.01.2006	31.01.2005
a) Basic earnings per share					
Net profit for the period	(RM'000)	6,603	5,906	13,439	10,879
Weighted average number of ordinary shares in issue	('000)	61,975	61,908	61,942	61,872
Basic earnings per share	(sen)	10.66	9.54	21.70	17.58

b) Fully diluted earnings per share

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

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

		3 months ended		6 months ended	
		31.01.2006	31.01.2005	31.01.2006	31.01.2005
Net profit for the period	(RM'000)	6,603	5,906	13,439	10,879
Weighted average number of ordinary shares in issue	('000)	61,975	61,908	61,942	61,872
Number of shares that would have been issued due to the conversion of warrants at no consideration	('000)	1,055	-	757	-
Adjusted weighted average number of ordinary shares in issue	('000)	63,030	61,908	62,699	61,872
Diluted earnings per share	(sen)	10.48	n/a	21.43	n/a

By Order of the Board

Lau Wing Hong (MAICSA 7010572)
Company Secretary

21 March 2006