

DXN HOLDINGS BHD.
(Company No : 363120-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2006

| | 31-Aug-06 RM'000 | 31-Aug-05 RM'000 |
|---------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Cash flow from operating activities | | |
| Profit before taxation | 14,536 | 16,074 |
| Adjustments for: - | | |
| Non-cash items | 2,685 | 2,304 |
| Non-operating items | 587 | (36) |
| | <u>3,272</u> | <u>2,268</u> |
| Operating profit before changes in working capital | 17,808 | 18,342 |
| Changes in working capital: - | | |
| Net change in current assets | (31,105) | (5,813) |
| Net change in current liabilities | (284) | 1,308 |
| | <u>(31,389)</u> | <u>(4,505)</u> |
| Cash (used in)/generated from operations | (13,581) | 13,837 |
| Tax paid | (4,406) | (2,459) |
| <i>Net cash (used in)/generated from operating activities</i> | (17,987) | 11,378 |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (9,095) | (8,984) |
| Proceeds from disposal of subsidiary | - | 260 |
| Proceeds from disposal of other investment | 729 | - |
| Share buy back | (106) | - |
| Interest Income | 516 | 223 |
| <i>Net cash outflow from investing activities</i> | <u>(7,956)</u> | <u>(8,501)</u> |
| Cash flow from financing activities | | |
| Borrowings | 10,806 | 1,244 |
| Withdrawal/(Placement) of pledged fixed deposit | 5,359 | (4,519) |
| Issue of shares - ESOS | - | 9 |
| Interest paid | (1,103) | (187) |
| Dividend paid | (2,142) | (1,300) |
| <i>Net cash inflow/(outflow) from financing activities</i> | <u>12,920</u> | <u>(4,753)</u> |
| Net decrease in cash and cash equivalents | (13,023) | (1,876) |
| Cash and cash equivalents at beginning of the period | 42,024 | 29,302 |
| Effect of foreign exchange rate changes on cash balances | (321) | (262) |
| Cash and cash equivalents at end of the period | <u><u>28,680</u></u> | <u><u>27,164</u></u> |

Note :

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated cash flow statement comprise the following :

| | RM'000 | RM'000 |
|------------------------------------|----------------------|----------------------|
| Cash and bank balances | 20,663 | 20,483 |
| Fixed deposits with licensed banks | 9,758 | 15,894 |
| | <u>30,421</u> | <u>36,377</u> |
| Less : Pledged fixed deposits | (1,736) | (7,442) |
| Bank overdraft | (5) | (1,771) |
| Cash and cash equivalents | <u><u>28,680</u></u> | <u><u>27,164</u></u> |

The notes set out on pages 5 to 12 form an integral part of, and should be read in conjunction with, this interim financial report.