

**GUAN CHONG BERHAD**(Company No. 646226-K)  
(Incorporated in Malaysia)**QUARTERLY REPORT****CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2006**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-JUN-06 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-JUN-05 RM'000	CURRENT YEAR TO-DATE ENDED 30-JUN-06 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-JUN-05 RM'000
Revenue	88,653	102,342	179,766	205,548
Cost of sales	(80,823)	(93,695)	(164,757)	(188,006)
<b>Gross profit</b>	<b>7,830</b>	<b>8,647</b>	<b>15,009</b>	<b>17,542</b>
Other income	581	429	1,472	516
Selling and distribution expenses	(1,421)	(1,346)	(2,914)	(2,926)
Administrative expenses	(1,149)	(1,489)	(2,384)	(2,465)
Other expenses	(75)	(112)	(166)	(157)
Finance costs	(968)	(964)	(1,889)	(1,987)
Share of profit of associates	369	-	519	-
<b>Profit before tax</b>	<b>5,167</b>	<b>5,165</b>	<b>9,647</b>	<b>10,523</b>
Tax expense	(535)	(529)	(1,095)	(1,074)
<b>Profit for the period</b>	<b>4,632</b>	<b>4,636</b>	<b>8,552</b>	<b>9,449</b>
Attributable to:				
Equity holders of the parent	4,459	4,564	8,411	9,368
Minority interest	173	72	141	81
	<b>4,632</b>	<b>4,636</b>	<b>8,552</b>	<b>9,449</b>
Basic earnings per share (sen)	1.86	1.92	3.50	4.64
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**GUAN CHONG BERHAD**

(Company No. 646226-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 30 JUNE 2006****(The figures have not been audited)**

	<b>AS AT END OF CURRENT QUARTER 30-JUN-06 RM'000</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31-DEC-05 RM'000 (RESTATED)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	63,607	61,764
Lease rental paid in advance	4,699	1,858
Investment in associates	4,071	-
Investment	-	5
	<u>72,377</u>	<u>63,627</u>
<b>Current assets</b>		
Inventories	83,119	83,155
Trade and other receivables	30,406	39,104
Deposits, bank and cash balances	11,739	8,853
	<u>125,264</u>	<u>131,112</u>
<b>TOTAL ASSETS</b>	<b><u>197,641</u></b>	<b><u>194,739</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	60,000	60,000
Share premium	7,718	7,718
Other reserve	(66)	*
Retained profits	20,965	12,554
	<u>88,617</u>	<u>80,272</u>
<b>Minority interest</b>	<u>1,167</u>	<u>1,026</u>
<b>Total equity</b>	<b><u>89,784</u></b>	<b><u>81,298</u></b>
<b>Non-current liabilities</b>		
Bank borrowings	524	578
Hire purchase payable	151	274
Deferred tax liabilities	8,089	7,851
	<u>8,764</u>	<u>8,703</u>
<b>Current liabilities</b>		
Trade and other payables	22,521	27,452
Bank borrowings	76,279	76,876
Hire purchase payable	245	239
Tax payable	48	171
	<u>99,093</u>	<u>104,738</u>
<b>Total liabilities</b>	<b><u>107,857</u></b>	<b><u>113,441</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>197,641</u></b>	<b><u>194,739</u></b>
Net assets per share (sen)	<u>36.92</u>	<u>33.45</u>

Note:

\* Amount less than RM 1,000

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**GUAN CHONG BERHAD**

(Company No. 646226-K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 JUNE 2006**

(The figures have not been audited)

	← Attributable To Equity Holders Of The Parent →				Total RM'000	Minority Interest RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Reserve On Consolidation RM'000	Other Reserve RM'000				Distributable Retained Profits/(Loss) RM'000
<b>Balance at 1 January 2006</b>	60,000	7,718	3,443	*	9,111	80,272	1,026	81,298
Effect of adopting: -FRS 3	-	-	(3,443)	-	3,443	-	-	-
<b>Restated balance</b>	60,000	7,718	-	*	12,554	80,272	1,026	81,298
Foreign currency translation	-	-	-	(66)	-	(66)	-	(66)
Profit for the period	-	-	-	-	8,411	8,411	141	8,552
Dividends	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2006</b>	60,000	7,718	-	(66)	20,965	88,617	1,167	89,784
<b>Balance at 1 January 2005</b>	**	-	-	-	(6)	(6)	-	(6)
Acquisition of subsidiary companies	31,088	-	3,443	-	-	34,531	846	35,377
Rights Issue	22,912	-	-	-	-	22,912	-	22,912
Public Issue	6,000	9,600	-	-	-	15,600	-	15,600
Listing expenses written off against share premium	-	(1,882)	-	-	-	(1,882)	-	(1,882)
Foreign currency translation	-	-	-	*	-	-	-	-
Profit for the financial year	-	-	-	-	17,037	17,037	180	17,217
Dividends	-	-	-	-	(7,920)	(7,920)	-	(7,920)
<b>Balance at 31 December 2005</b>	60,000	7,718	3,443	*	9,111	80,272	1,026	81,298

Note:

\* Amount less than RM 1,000

\*\* This represents RM2 of 8 ordinary shares of RM0.25 each.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**GUAN CHONG BERHAD**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2006**

(The figures have not been audited)

	<b>CUMULATIVE CURRENT YEAR TO DATE 30-JUN-06 RM'000</b>	<b>CUMULATIVE PRECEDING YEAR QUARTER 30-JUN-05 RM'000</b>
Net cash from/(used in) operating activities	15,513	(29,766)
Net cash (used in)/from investing activities	(11,794)	4,400
Net cash (used in)/from financing activities	(587)	65,263
Net increase in cash and cash equivalents	3,132	39,897
Effect of exchange rate changes	(66)	-
Cash and cash equivalents at the beginning of financial period/year	5,660	*
Cash and cash equivalents at the end of financial period/year	<b>8,726</b>	<b>39,897</b>
<b>Cash and cash equivalents at the end of financial period comprise of:</b>		
Deposits, bank and cash balances	11,739	39,997
Bank overdrafts	(2,913)	-
	<b>8,826</b>	<b>39,997</b>
Less : Non-cash and cash equivalents		
Fixed deposit pledged to bank as collateral	(100)	(100)
	<b>8,726</b>	<b>39,897</b>

Note :

\* This represents RM2.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.