

GUAN CHONG BERHAD

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

QUARTERLY REPORT**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------|--|---|---|---|
| | Current Quarter Ended 31-Mar-07 RM'000 | Preceding Year Corresponding Quarter 31-Mar-06 RM'000 | Current Year To-Date Ended 31-Mar-07 RM'000 | Preceding Year To-Date Ended 31-Mar-06 RM'000 |
| Revenue | 105,544 | 91,113 | 105,544 | 91,113 |
| Cost of sales | <u>(96,377)</u> | <u>(83,934)</u> | <u>(96,377)</u> | <u>(83,934)</u> |
| Gross profit | 9,167 | 7,179 | 9,167 | 7,179 |
| Operating expenses | (3,371) | (2,819) | (3,371) | (2,819) |
| Other income | 934 | 891 | 934 | 891 |
| Finance costs | (1,437) | (921) | (1,437) | (921) |
| Share of profit of associate | <u>244</u> | <u>150</u> | <u>244</u> | <u>150</u> |
| Profit before tax | 5,537 | 4,480 | 5,537 | 4,480 |
| Tax expense | <u>(655)</u> | <u>(560)</u> | <u>(655)</u> | <u>(560)</u> |
| Profit for the period | <u>4,882</u> | <u>3,920</u> | <u>4,882</u> | <u>3,920</u> |
| Attributable to: | | | | |
| Equity holders of the parent | 5,003 | 3,952 | 5,003 | 3,952 |
| Minority interest | <u>(121)</u> | <u>(32)</u> | <u>(121)</u> | <u>(32)</u> |
| | <u>4,882</u> | <u>3,920</u> | <u>4,882</u> | <u>3,920</u> |
| Basic earnings per share (sen) | 2.08 | 1.65 | 2.08 | 1.65 |
| Diluted earnings per share (sen) | 2.06 | 1.65 | 2.06 | 1.65 |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

GUAN CHONG BERHAD

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007**

(The figures have not been audited)

| | As At End Of Current Quarter 31-Mar-07 RM'000 | As At End of Preceding financial Year 31-Dec-06 RM'000 |
|--|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 76,589 | 74,650 |
| Lease rental paid in advance | 5,851 | 5,793 |
| Investment in associates | 4,068 | 4,317 |
| | <u>86,508</u> | <u>84,760</u> |
| Current assets | | |
| Inventories | 88,404 | 103,841 |
| Trade and other receivables | 49,926 | 46,696 |
| Deposits, bank and cash balances | 7,613 | 2,791 |
| | <u>145,943</u> | <u>153,328</u> |
| TOTAL ASSETS | <u>232,451</u> | <u>238,088</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 60,000 | 60,000 |
| Share premium | 7,718 | 7,718 |
| Share options reserve | 541 | 480 |
| Foreign currency translation reserve | (265) | (177) |
| Retained profits | 25,277 | 20,274 |
| | <u>93,271</u> | <u>88,295</u> |
| Minority interest | <u>1,205</u> | <u>1,326</u> |
| Total equity | <u>94,476</u> | <u>89,621</u> |
| Non-current liabilities | | |
| Bank borrowings | 457 | 471 |
| Hire purchase payable | 851 | 882 |
| Deferred tax liabilities | 9,695 | 9,495 |
| | <u>11,003</u> | <u>10,848</u> |
| Current liabilities | | |
| Trade and other payables | 28,819 | 33,349 |
| Bank borrowings | 97,505 | 103,543 |
| Hire purchase payable | 443 | 461 |
| Tax payable | 205 | 266 |
| | <u>126,972</u> | <u>137,619</u> |
| Total liabilities | <u>137,975</u> | <u>148,467</u> |
| TOTAL EQUITY AND LIABILITIES | <u>232,451</u> | <u>238,088</u> |
| | | |
| Net assets per share (sen) | <u>38.86</u> | <u>36.79</u> |

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

GUAN CHONG BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

(The figures have not been audited)

| | Attributable To Equity Holders Of The Parent | | | | | | Minority Interest | Total Equity | |
|--|--|-------------------------|------------------------------------|--|---------------------------------|-----------------------------------|-------------------|--------------|---------------|
| | ← | | Non-Distributable | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Reserve On Consolidation RM'000 | Foreign Currency Translation Reserve RM'000 | Share Options Reserve RM'000 | Retained Profits/(Loss) RM'000 | Total RM'000 | RM'000 | RM'000 |
| Balance at 1 January 2007 | 60,000 | 7,718 | - | (177) | 480 | 20,274 | 88,295 | 1,326 | 89,621 |
| Foreign currency translation reserve | - | - | - | (88) | - | - | (88) | - | (88) |
| Profit for the financial year | - | - | - | - | - | 5,003 | 5,003 | (121) | 4,882 |
| Share options granted under ESOS | - | - | - | - | 61 | - | 61 | - | 61 |
| Balance at 31 March 2007 | 60,000 | 7,718 | - | (265) | 541 | 25,277 | 93,271 | 1,205 | 94,476 |
| Balance at 1 January 2006 | 60,000 | 7,718 | 3,443 | - | - | 9,111 | 80,272 | 1,026 | 81,298 |
| Effect of adopting: -FRS 3 | - | - | (3,443) | - | - | 3,443 | - | - | - |
| Balance at 1 January 2006 - as restated | 60,000 | 7,718 | - | - | - | 12,554 | 80,272 | 1,026 | 81,298 |
| Profit for the year | - | - | - | - | - | 3,952 | 3,952 | (32) | 3,920 |
| Dividends | - | - | - | - | - | - | - | - | - |
| Balance at 31 March 2006 | 60,000 | 7,718 | - | - | - | 16,506 | 84,224 | 994 | 85,218 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2007**

(The figures have not been audited)

| | Cumulative Current Year To-Date 31-Mar-07 RM'000 | Cumulative Preceding Year To-Date 31-Mar-06 RM'000 |
|--|---|---|
| Net cash from operating activities | 14,228 | 2,523 |
| Net cash (used in) investing activities | (3,148) | (8,114) |
| Net cash (used in)/from financing activities | (4,171) | 6,525 |
| Net increase in cash and cash equivalents | 6,909 | 934 |
| Effect of exchange rate changes | (88) | * |
| Cash and cash equivalents at the beginning of financial period | 792 | 5,660 |
| Cash and cash equivalents at the end of financial period | 7,613 | 6,594 |
| Cash and cash equivalents at the end of financial period comprise of: | | |
| Deposits, bank and cash balances | 7,613 | 10,432 |
| Bank overdrafts | - | (3,738) |
| | 7,613 | 6,694 |
| Less : Non-cash and cash equivalents | | |
| Fixed deposit pledged to bank as collateral | - | (100) |
| | 7,613 | 6,594 |

Note :

* Amounts less than RM 1,000

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.