

CHANGHUAT CORPORATION BERHAD
(Company No : 333769-X)
(Incorporated In Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED
30 SEPTEMBER 2005
THE FIGURES HAVE NOT BEEN AUDITED
CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/09/2005 RM'000	PRECEDING YEAR QUARTER 30/09/2004 RM'000	CURRENT YEAR TO DATE 30/09/2005 RM'000	PRECEDING YEAR TO DATE 30/09/2004 RM'000
Revenue	24,812	35,406	24,812	35,406
Other operating income	194	560	194	560
Operating expenses	(26,829)	(33,853)	(26,829)	(33,853)
Profit / (Loss) from operation	(1,823)	2,113	(1,823)	2,113
Finance costs	(362)	(374)	(362)	(374)
Profit / (Loss) before income tax	(2,185)	1,739	(2,185)	1,739
Income tax	(94)	(332)	(94)	(332)
Net profit / (loss) for the period	(2,279)	1,407	(2,279)	1,407
Earnings per share				
Basic (sen) Based 41,998,950 ordinary shares	(5.43)	3.35	(5.43)	3.35
Fully diluted (sen) Based 41,998,950 ordinary shares	N/A	N/A	N/A	N/A

The condensed consolidated income statement should be read in conjunction with the annual financial statement for the year ended 30 June 2005.

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CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 30/09/2005 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 30/06/2005 RM'000 (Audited)
Property, plant and equipment	76,087	77,127
Investment property	-	-
Deferred tax asset	541	541
Long term investment	-	-
Goodwill on consolidation	-	-
Intangible assets	-	-
Other long term assets	-	-
Current Assets		
Inventories	19,374	20,053
Trade and other receivables	24,132	27,169
Tax recoverable	910	1,089
Cash & bank balances	4,056	3,152
	48,472	51,463
Current Liabilities		
Short Term Borrowings	20,247	20,935
Trade and other payables	16,991	17,744
Provision for Taxation	-	3
	37,238	38,682
Net Current Assets	11,234	12,781
	<u>87,862</u>	<u>90,449</u>
Shareholders' Funds		
Share capital	41,999	41,999
Reserves		
Share premium	9,532	9,532
Revaluation Reserve	-	-
Capital Reserve	-	-
Statutory Reserve	-	-
Exchange Reserve	1,955	1,676
Retained Profit	20,380	22,659
	73,866	75,866
Minority Interest	-	-
Long Term Borrowings	6,552	7,139
Other Long Term Liabilities	-	-
Deferred taxation	7,444	7,444
	<u>87,862</u>	<u>90,449</u>
Net tangible assets per share (RM)	<u>1.75</u>	<u>1.79</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THREE MONTHS ENDED 30 SEPTEMBER 2005

	Share capital	Non Distributable Share Premium reserve	Translation reserve	Distributable Retained profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2005	41,999	9,532	1,676	22,659	75,866
Net loss for the period	-	-	-	(2,279)	(2,279)
Translation diff on opening shareholders fund	-	-	279	-	279
As at 30 September 2005	41,999	9,532	1,955	20,380	73,866

FOR THREE MONTHS ENDED 30 SEPTEMBER 2004

	Share capital	Non Distributable Share Premium reserve	Translation reserve	Distributable Retained profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2004	41,999	9,532	919	28,974	81,424
Net profit for the period	-	-	-	1,407	1,407
Translation diff on opening shareholders fund	-	-	(52)	-	(52)
As at 30 September 2004	41,999	9,532	867	30,381	82,779

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	THREE MONTH ENDED 30/09/2005 RM'000	THREE MONTH ENDED 30/09/2004 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(2,185)	1,739
Adjustment for		
Non cash items	1,816	2,250
Non operating items	341	414
Operating (loss) / profit before taxation	<u>(28)</u>	<u>4,403</u>
Net change in current assets	3,964	(8,917)
Net change in current liabilities	(1,484)	4,007
Cash generated from / (used in) operations	<u>2,452</u>	<u>(507)</u>
Interest paid	(343)	(414)
Taxation paid	(87)	55
Net cash from / (absorbed in) operating activities	<u>2,022</u>	<u>(866)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	(271)	(1,242)
Net cash used in investing activities	<u>(271)</u>	<u>(1,242)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Bank borrowings	(1,277)	5,800
Net cash (used in) / from financing activities	<u>(1,277)</u>	<u>5,800</u>
NET INCREASE IN CASH AND CASH EQUIVALENT	474	3,692
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE QUARTER	1,318	(1,908)
EFFECT OF EXCHANGE RATE CHANGES	(22)	-
CASH AND CASH EQUIVALENT AT THE END OF THE QUARTER	<u>1,770</u>	<u>1,784</u>

The condensed consolidated income statement should be read in conjunction with the annual financial statement for the year ended 30 June 2005.

CHANGHUAT CORPORATION BERHAD**(Company No : 333769-X)****(Incorporated In Malaysia)****QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED****30 SEPTEMBER 2005****THE FIGURES HAVE NOT BEEN AUDITED****NOTES TO CONDENSED ACCOUNTS****1) Accounting Policies**

The interim financial report has been prepared in accordance with MASB 26 : Interim Financial Reporting. For this quarter, the group has adopted all extant approved accounting standards.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2005. The accounting policies adopted in the quarterly financial statements are in accordance with the accounting policies stated in the annual financial statements of the Group for the year ended 30 June 2005.

2) Preceding annual statements

The preceding annual statements for the year ended 30 June 2005 was unqualified.

3) Seasonal Or Cyclical Factors

There was no material seasonal or cyclical factors that has affected the financial performance of the Group. However, demand for the Group's products is generally dependent on consumers' demand for electronic or electrical product and global economy.

4) Exceptional Items

There were no exceptional item for the quarter ended 30 September 2005.

5) Changes in estimates

There were no changes in accounting estimates for the quarter ended 30 September 2005.

6) Changes in debt and equity

There were no issuances, cancellations, repurchases, resales and repayment of debts and equity securities for the quarter ended 30 September 2005.

7) Dividends paid

No Dividend was paid in the quarter ended 30 September 2005.

8) Segmental Reporting

	TURNOVER	TURNOVER	PROFIT/ (LOSS) BEFORE TAX	PROFIT/ (LOSS) BEFORE TAX	TOTAL ASSET EMPLOYED	TOTAL ASSET EMPLOYED
	30/09/2005	30/09/2004	30/09/2005	30/09/2004	30/09/2005	30/09/2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	20,390	31,156	(1,437)	1,882	101,486	119,792
Singapore	-	-	(34)	(7)	789	1,263
Indonesia	2,641	3,514	(506)	122	10,461	13,400
Thailand	1,781	736	(208)	(258)	12,364	10,632
	<u>24,812</u>	<u>35,406</u>	<u>(2,185)</u>	<u>1,739</u>	<u>125,100</u>	<u>145,087</u>

The Group did not prepare segmental information by activities because the Group's activity is predominantly in manufacturing and processing of plastic injection molded parts.

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9) **Valuation of property, plant and equipment**

Most landed properties of the Group have not been revalued since they were first revalued in 1997. The Directors have not adopted a policy of regular revaluations of such asset. As permitted under the transitional provisions of MASB 15, these assets continue to be stated at their 1997 valuation less accumulated depreciation.

10) **Material events subsequent to the end of the reporting quarter**

There was no material events subsequent to the end of the period reported.

11) **Changes in composition of the Group**

There were no other business combination, acquisition or disposal of subsidiaries or long term investment, restructuring or discontinuing operation.

12) **Contingent liabilities or contingent assets**

The company has granted unsecured corporate guarantee amounting to RM60.1 million to secure banking facilities for its subsidiaries. At the end of the quarter, only RM 27 million was utilised. Trade disputes and disputed late payment interest amounting RM 538,000 and disputed utility charges amounting to RM 2.8 million were not provided for in the financial statement. Labour dispute in Indonesia which amounts to RM 96,000.

ADDITIONAL NOTES AS REQUIRED BY BURSA MALAYSIA BERHAD

13) **Taxation**

	INDIVIDUAL PERIOD QUARTER 30/09/2004 RM'000	CUMULATIVE PERIOD QUARTER 30/09/2004 RM'000
Malaysian taxation		
- Current Year	94	332
- Prior Year	-	-
	94	332
Deferred tax	-	-
Foreign tax	-	-
	94	332

The disproportionate tax charged for the current quarter was mainly due to the unavailability of the group relief for unabsorbed tax losses of certain subsidiaries within the Group and with utilisation of reinvestment allowance.

14) **Profit on Sales of Unquoted Investment or Properties**

There was no profit on sales of investment or properties for the quarter ended 30 September 2005.

15) **Purchase or Disposals of Quoted Investment**

There was no purchase or disposal of quoted investment for the quarter ended 30 September 2005. The Company and the Group did not hold any quoted investment.

16) **Corporate Proposal**

Employee Share Option Scheme (ESOS) was approved on 23 April 2004. As at 30 September 2005; 2,835,000 share options were offered under ESOS with 2,433,000 share option accepted. None of the ESOS has been exercised and 651,000 ESOS has lapsed.

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17) **Group Borrowings**

	AS AT END OF CURRENT QUARTER 30/09/2005 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2005 RM'000
Secured Loans	19,752	20,276
Unsecured Loans	7,047	7,798
	26,799	28,074
Short term	20,247	20,935
Long term	6,552	7,139
	26,799	28,074
Foreign borrowings in Ringgit equivalent are as follows :		
Thai Baht	2,637	2,477

18) **Off Balance Sheet Financial Instrument**

The Group does not hold any financial instrument for the financial quarter ended 30 September 2005.

19) **Material Litigation**

There is no material litigation as at the date of this report except for labour dispute in Indonesia which amounts to RM 96,000 and disputed trade claims in Malaysia of RM 250,000.

20) **Comparison with the preceding Quarterly Result**

Turnover has decreased by RM 2.77 million or 10% as compared to the preceding quarter. The Group posted a net loss before tax of RM 2.19 million against a net loss before tax of RM 4.52 million in the previous quarter.

21) **Review Of Performance**

Increased competition and weaker market indicators has resulted in lower sales, coupled with rising production cost have squeezed into our profit margin.

22) **Commentary on the Outlook for the Group**

Despite unfavourable market conditions and weaker market indicators, the Group will seek to improve its operational efficiency and performance.

23) **Variance from Profit Forecast & Shortfall on Profit Guarantee**

There is no profit forecast nor profit guarantee issued by the Group.

24) **Dividend**

The Board of Directors does not recommend any dividend for the quarter ended 30 September 2005.

25) **Earnings Per Share**

The calculation of earnings per share for the period is based on loss after taxation of RM 2.28 million and 41,998,950 shares.

BY ORDER OF THE BOARD

Lim Lai Huat
Group Managing Director

Johor Bahru
29 November 2005