

CHANGHUAT CORPORATION BERHAD
(Company No : 333769-X)
(Incorporated In Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED
30 JUNE 2006
THE FIGURES HAVE NOT BEEN AUDITED
CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/06/2006 RM'000	PRECEDING YEAR QUARTER 30/06/2005 RM'000	CURRENT YEAR TO DATE 30/06/2006 RM'000	PRECEDING YEAR TO DATE 30/06/2005 RM'000
Revenue	24,509	27,581	97,887	126,343
Other operating income	159	573	1,700	1,417
Operating expenses	(22,487)	(32,477)	(99,521)	(132,811)
Profit / (Loss) from operation	2,181	(4,323)	66	(5,051)
Finance costs	(616)	(390)	(1,316)	(1,424)
Profit / (Loss) before income tax	1,565	(4,713)	(1,250)	(6,475)
Income tax	1,311	642	1,104	579
Net profit / (loss) for the period	2,876	(4,071)	(146)	(5,896)
(Loss)/earnings per share				
Basic (sen) Based 41,998,950 ordinary shares	6.85	(9.69)	(0.35)	(14.04)
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 30/06/2006 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR END 30/06/2005 RM'000 (Audited)
Property, plant and equipment	72,310	77,127
Deferred tax asset	-	541
Current Assets		
Inventories	19,030	20,052
Trade and other receivables	22,601	27,169
Tax recoverable	799	1,089
Cash & bank balances	5,249	3,152
	47,679	51,462
Current Liabilities		
Short Term Borrowings	16,942	20,935
Trade and other payables	15,950	17,743
Provision for Taxation	160	3
	33,052	38,681
Net Current Assets	14,627	12,781
	<u>86,937</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	1,552	1,676
Retained Profit	22,513	22,659
	75,596	75,866
Minority Interest	-	-
Long Term Borrowings	5,739	7,139
Other Long Term Liabilities	-	-
Deferred taxation	5,602	7,444
	<u>86,937</u>	<u>90,449</u>
Net assets per share (RM)	<u>1.80</u>	<u>1.79</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR TWELVE MONTHS ENDED 30 JUNE 2006

	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	-	-	-	(146)	(146)
Translation diff on opening shareholders fund	-	-	(124)	-	(124)
As at 30 June 2006	41,999	9,532	1,552	22,513	75,596

FOR TWELVE MONTHS ENDED 30 JUNE 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 2004	41,999	9,532	919	28,975	81,425
Net loss for the period	-	-	-	(5,896)	(5,896)
Dividend	-	-	-	(420)	(420)
Translation diff on opening shareholders fund	-	-	757	-	757
As at 30 June 2005	41,999	9,532	1,676	22,659	75,866

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	TWELVE MONTHS ENDED 30/06/2006 RM'000	TWELVE MONTHS ENDED 30/06/2005 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,250)	(6,475)
Adjustment for		
Non cash items	6,608	8,568
Non operating items	1,152	2,276
Operating profit before taxation	<u>6,510</u>	<u>4,369</u>
Net change in current assets	4,583	7,332
Net change in current liabilities	(1,792)	(3,618)
Cash generated from / (used in) operations	<u>9,301</u>	<u>8,083</u>
Interest paid	(1,205)	(1,264)
Taxation refunded	383	1,419
Net cash from / (absorbed in) operating activities	<u>8,479</u>	<u>8,238</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Other investment	(369)	(11,854)
Net cash from / (used in) investing activities	<u>(369)</u>	<u>(11,854)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	-	(420)
Bank borrowings	(6,329)	3,545
Net cash (used in) / from financing activities	<u>(6,329)</u>	<u>3,125</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENT	1,781	(491)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE QUARTER	1,318	1,675
EFFECT OF EXCHANGE RATE CHANGES	125	524
CASH AND CASH EQUIVALENT AT THE END OF THE QUARTER	<u>3,224</u>	<u>1,708</u>

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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED

30 JUNE 2006

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 June 2006.

5) Changes in estimates

There were no changes in accounting estimates for the quarter ended 30 June 2006.

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 June 2006.

7) Dividends paid

No Dividend was paid in the quarter ended 30 June 2006.

8) Segmental Reporting

	TURNOVER	TURNOVER	PROFIT/ (LOSS)	PROFIT/ (LOSS)	TOTAL	TOTAL
	30/06/2006	30/06/2005	BEFORE	BEFORE	ASSET	ASSET
	RM'000	RM'000	TAX	TAX	EMPLOYED	EMPLOYED
	30/06/2006	30/06/2005	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	74,683	111,837	(656)	(1,399)	93,220	105,986
Singapore	-	-	(5)	(53)	738	763
Indonesia	14,133	9,918	(47)	(4,023)	12,523	11,367
Thailand	9,071	4,588	(542)	(1,000)	13,508	12,151
	<u>97,887</u>	<u>126,343</u>	<u>(1,250)</u>	<u>(6,475)</u>	<u>119,989</u>	<u>130,267</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**

The 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 RM49 million to secure banking facilities for its subsidiaries. At the end of the quarter, only RM 23 million was utilised. Trade disputes and disputed late payment interest amounting RM 357,000 and disputed utility charges amounting to RM 2.8 million were not provided for in the financial statement. Employee's claim in Indonesia amounting to RM96,000 is subject to appeal and pending court decision.

ADDITIONAL NOTES AS REQUIRED BY BURSA MALAYSIA BERHAD

13) **Taxation**

	INDIVIDUAL PERIOD QUARTER 30/06/2006 RM'000	CUMULATIVE PERIOD QUARTER 30/06/2006 RM'000
Malaysian taxation		
- Current Year	302	238
- Prior Year	(208)	(349)
	94	(111)
Deferred tax	(1,198)	(510)
Foreign tax	-	42
	(1,104)	(579)

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 June 2006.

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

There was no purchase or disposal of quoted investment for the quarter ended 30 June 2006. 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 June 2006; 2,835,000 share options were offered under ESOS with 2,433,000 share option accepted. None of the ESOS has been exercised and 1,014,000 ESOS has lapsed.

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17) **Group Borrowings**

	AS AT END OF CURRENT QUARTER 30/06/2006 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/06/2005 RM'000
Secured Loans	20,226	21,437
Unsecured Loans	2,455	6,637
	<u>22,681</u>	<u>28,074</u>
Short term	16,942	20,935
Long term	5,739	7,139
	<u>22,681</u>	<u>28,074</u>
Foreign borrowings in Ringgit equivalent are as follows :		
Thai Baht	<u>2,963</u>	<u>2,477</u>

18) **Off Balance Sheet Financial Instrument**

The Group does not hold any financial instrument for the financial quarter ended 30 June 2006.

19) **Material Litigation**

There is no material litigation as at the date of this report except for employee's claim in Indonesia which amounts to RM 96,000 and disputed trade claims in Malaysia of RM 235,000.

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

The Group recorded a profit before tax of RM 1.57 million for the quarter ended 30 June 2006 as compared to RM 240,000 for the preceding quarter ended 31 March 2006 was due to higher profit contribution from Malaysia operations.

21) **Review Of Performance**

The revenue and profit before tax of the Group was RM 24.5 million and RM 1.57 million respectively for the quarter ended 30 June 2006, as compared to RM 27.6 million and loss before tax of RM 4.7 million respectively for last year's corresponding period. Despite the lower turnover, The Group recorded an improvement in the results for the current quarter, the improvement in profitability was attributable from cost reduction exercise and improved production efficiency.

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

The Group will continue to focus on its operations in Thailand and Indonesia and streamlining of the production activities in the Malaysian factories.

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 June 2006.

25) **(Loss)/earnings Per Share**

The calculation of (loss)/earnings per share for the period is based on profit after taxation of RM 2,876,000 and 41,998,950 shares.

BY ORDER OF THE BOARD

Lim Lai Huat
Group Managing Director

Johor Bahru
29 August 2006