

THONG GUAN INDUSTRIES BERHAD

(Company No. 324203-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2005

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 31 Mar 2005 RM'000 | 31 Mar 2004 RM'000 |
|--|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 6,828 | 6,082 |
| Adjustment for : | | |
| Non-cash items | 2,591 | 2,162 |
| Non-operating items | 292 | 163 |
| Operating profit before working capital changes | 9,711 | 8,407 |
| Changes in working capital | (2,530) | (11,097) |
| Cash generated from operating activities | 7,181 | (2,690) |
| Interest paid | (392) | (226) |
| Tax paid | (746) | (411) |
| Net cash generated from/(used in) operating activities | 6,043 | (3,327) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (4,336) | (2,000) |
| Proceeds from disposal of fixed assets | 105 | 31 |
| Interest received | 22 | 38 |
| Net cash used in investing activities | (4,209) | (1,931) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from exercise of ESOS | - | 415 |
| Proceeds from issued share capital | 8,800 | - |
| Repayment of term loans | (558) | (1,582) |
| Short term bank borrowings, net | (4,403) | 6,170 |
| Others | 273 | 7 |
| Net cash generated from financing activities | 4,112 | 5,010 |
| Net increase/(decrease) in cash and cash equivalents | 5,946 | (248) |
| Cash and cash equivalents at 1 January | 9,292 | 12,311 |
| Cash and cash equivalents at 31 March | 15,238 | 12,063 |
| Notes : | | |
| Cash and cash equivalents in the cash flow statement comprise the following :- | | |
| Short term deposit with licensed bank | 9,950 | 6,900 |
| Cash and bank balances | 9,192 | 6,526 |
| Bank overdrafts | (3,904) | (1,363) |
| | 15,238 | 12,063 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004