

THONG GUAN INDUSTRIES BERHAD

(Company No. 324203-K)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2006****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Three months ended 31 Mac 2006 RM'000	Three months ended 31 Mac 2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,740	6,828
Adjustment for :		
Non-cash items	3,141	2,591
Non-operating items	429	292
Operating profit before working capital changes	9,310	9,711
Changes in working capital	(6,265)	(2,530)
Cash generated from operating activities	3,045	7,181
Interest paid	(489)	(392)
Tax paid	(1,049)	(746)
Net cash generated from operating activities	1,507	6,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,724)	(4,336)
Proceeds from disposal of fixed assets	32	105
Interest received	38	22
Net cash used in investing activities	(3,654)	(4,209)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issued share capital	-	8,800
Drawdown of term loans	5,180	-
Repayment of term loans	(977)	(558)
Short term bank borrowings, net	(3,155)	(4,403)
Dividend paid	-	-
Others	120	273
Net cash generated from financing activities	1,168	4,112
Exchange difference on translation of the financial statement of foreign entity	7	-
Net (decrease)/increase in cash and cash equivalents	(972)	5,946
Cash and cash equivalents at 1 January	12,045	9,292
Cash and cash equivalents at 31 December	11,073	15,238
Note :		
Cash and cash equivalents in the consolidated cash flow statement comprise the following :-		
Short term deposit with licensed bank	6,481	9,950
Cash and bank balances	9,823	9,192
Bank overdrafts	(5,231)	(3,904)
	11,073	15,238

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.