

THONG GUAN INDUSTRIES BERHAD

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 Jun 2006	Six months ended 30 Jun 2005
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,071	14,110
Adjustment for :		
Non-cash items	6,269	5,202
Non-operating items	1,119	(80)
Operating profit before working capital changes	20,459	19,232
Changes in working capital	(21,141)	(17,879)
Cash generated from operating activities	(682)	1,353
Interest paid	(1,222)	(764)
Tax paid	(1,843)	(1,220)
Net cash generated from operating activities	(3,747)	(631)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(13,928)	(15,787)
Proceeds from disposal of fixed assets	38	1,562
Interest received	59	59
Net cash used in investing activities	(13,831)	(14,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issued share capital	-	8,800
Drawdown of term loans	5,180	1,520
Repayment of term loans	(1,895)	(1,120)
Short term bank borrowings, net	14,521	1,557
Dividend paid	-	-
Others	61	208
Net cash generated from financing activities	17,867	10,965
Exchange difference on translation of the financial statement of foreign entity	178	-
Net increase/(decrease) in cash and cash equivalents	467	(3,832)
Cash and cash equivalents at 1 January	12,045	9,292
Cash and cash equivalents at 30 June	12,512	5,460
Note :		
Cash and cash equivalents in the consolidated cash flow statement comprise the following :-		
Short term deposit with licensed bank	8,000	3,650
Cash and bank balances	10,891	6,577
Bank overdrafts	(6,379)	(4,767)
	12,512	5,460

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.