

THONG GUAN INDUSTRIES BERHAD

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Six months ended 30 Sept 2007 | Six months ended 30 Sept 2006 |
|---|-------------------------------------|-------------------------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 12,762 | 20,527 |
| Adjustment for : | | |
| Non-cash items | 10,561 | 9,638 |
| Non-operating items | 2,343 | 1,858 |
| Operating profit before working capital changes | 25,666 | 32,023 |
| Changes in working capital | 4,740 | (13,326) |
| Cash generated from operating activities | 30,406 | 18,697 |
| Interest paid | (2,471) | (2,068) |
| Tax paid | (4,311) | (2,811) |
| Net cash generated from operating activities | 23,624 | 13,818 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (7,408) | (22,829) |
| Proceeds from disposal of fixed assets | 410 | 195 |
| Investment in associate companies | (894) | |
| Interest received | 185 | 90 |
| Net cash used in investing activities | (7,707) | (22,544) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of term loans | 1,899 | 13,277 |
| Repayment of term loans | (5,723) | (2,687) |
| Short term bank borrowings, net | (4,959) | 4,155 |
| Dividend Paid | (3,156) | (5,260) |
| Others | - | 265 |
| Net cash generated from financing activities | (11,939) | 9,750 |
| Exchange difference on translation of the financial statement of foreign entity | - | 189 |
| Net increase in cash and cash equivalents | 3,978 | 1,213 |
| Cash and cash equivalents at 1 January | 10,537 | 12,045 |
| Cash and cash equivalents at 30 September | 14,515 | 13,258 |
| Note : | | |
| Cash and cash equivalents in the consolidated cash flow statement comprise the following :- | | |
| Short term deposit with licensed bank | 2,473 | 7,850 |
| Cash and bank balances | 16,827 | 8,682 |
| Bank overdrafts | (4,785) | (3,274) |
| | 14,515 | 13,258 |

The Condensed Consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.