

**THONG GUAN INDUSTRIES BERHAD ( COMPANY NO. : 324203-K )**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

	6 months ended	
	<u>30.06.2014</u>	<u>30.06.2013</u>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,938	14,002
Adjustments for:		
Depreciation of property, plant and equipment	8,783	8,492
Amortisation of prepaid lease payments	131	130
Gain on disposal of property, plant and equipment	(26)	(18)
Interest income	(253)	(353)
Interest expense	493	560
Impairment loss on other investments	340	245
Property, plant and equipment written off	-	1
Operating profit before changes in working capital	<u>28,406</u>	<u>23,059</u>
Changes in working capital:		
Trade and other receivables	(17,271)	(9,181)
Inventories	(10,507)	6,416
Trade and other payables	(17,466)	(746)
Cash (used in)/ generated from operations	<u>(16,838)</u>	<u>19,548</u>
Income taxes paid	(2,957)	(1,561)
<b>Net cash (used in)/ generated from operating activities</b>	<b><u>(19,795)</u></b>	<b><u>17,987</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of short term other investments	(4,890)	-
Acquisition of property, plant and equipment	(4,424)	(3,708)
Acquisition of prepaid lease payments	(13)	(12)
Proceeds from disposal of property, plant and equipment	165	19
Interest received	253	353
Shares subscribed by non-controlling interests in an existing subsidiary	900	-
<b>Net cash used in investing activities</b>	<b><u>(8,009)</u></b>	<b><u>(3,348)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(493)	(560)
(Repayment)/ proceeds of finance lease liabilities	(66)	1,035
Repayment of term loans, net	5,510	(1,393)
Other bank borrowings, net	8,651	(4,920)
<b>Net cash from/ (used in) financing activities</b>	<b><u>13,602</u></b>	<b><u>(5,838)</u></b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(14,202)</b>	<b>8,801</b>
Effects of exchange rate fluctuations on cash held	(451)	721
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b><u>66,302</u></b>	<b><u>75,354</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>51,649</u></b>	<b><u>84,876</u></b>
REPRESENTED BY:-		
Cash and bank balances	42,535	64,410
Short-term deposits with licensed banks	12,440	23,107
Bank overdrafts	(3,326)	(2,641)
	<b><u>51,649</u></b>	<b><u>84,876</u></b>

The Unaudited Condensed Consolidated Statement of Cash Flows (formerly known as Cash Flow Statements) should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial report.