

Company No. 333769 X

CHANGHUAT CORPORATION BERHAD (333769 X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
30 June 2006

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)

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CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net (loss)/profit for the year	<u>(145,218)</u>	<u>628,744</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

**CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
DIRECTORS' REPORT**

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Lim Kai @ Lim See Khai	
Lim Lai Huat	
Mej. Jen. (B) Datuk Hj. Baharuddin bin Hj. Abd. Kadir	
Yu Choong Cheong	
P'ng Thean Hong	
Ti Kian Huat	
Siow Kee Yen	(Appointed on 04/05/2006)
Winston Paul Wong Chi-Huang	(Appointed on 26/05/2006)
Boo Chin Liong	(Resigned on 28/04/2006)
Ch'ng Lee Chee	(Resigned on 26/05/2006)
Seah Cheoh Wah	(Resigned on 28/04/2006)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in Note 28 to the financial statements.

**CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
DIRECTORS' REPORT**

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows :

	Number of Ordinary Shares of RM1 Each			
	1 July 2005	Bought	Sold	30 June 2006
Direct Interest				
Lim Kai @ Lim See Khai	25,465	-	-	25,465
Lim Lai Huat	1,257,206	369,200	-	1,626,406
Yu Choong Cheong	6,300	-	-	6,300
Indirect Interest				
Lim Kai @ Lim See Khai	19,117,864	-	-	19,117,864
Lim Lai Huat	19,117,864	-	-	19,117,864

Name	Number of Options Over Ordinary Shares of RM1 Each				
	1 July 2005	Granted	Exercised	Lapsed	30 June 2006
Lim Kai @ Lim See Khai	80,000	-	-	-	80,000
Lim Lai Huat	80,000	-	-	-	80,000

Lim Kai @ Lim See Khai and Lim Lai Huat by virtue of their interests in shares in the Company, are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

EMPLOYEE SHARE OPTIONS SCHEME

The Changhuat Corporation Berhad Employee Share Options Scheme (“ESOS”) is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 January 2004. The ESOS was implemented on 18 March 2004 and is to be in force for a period of 5 years from the date of launch or implementation of the scheme and subject to extension or renewal for further period of 5 years.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
DIRECTORS' REPORT

The salient features and other terms of the ESOS are disclosed in Note 22 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1 each. No employee was granted options to subscribe for 100,000 or more ordinary shares of RM1 each during the financial year.

Details of options granted to directors are disclosed in the section on Director's Interest in this report.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render :
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
DIRECTORS' REPORT

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

- (a) On 8 August 2006, the Company announced that it had subscribed for an additional 350,000 new ordinary shares of Bath 100 at par in a wholly owned subsidiary, Changhuat Plastic Industries (Rayong) Co. Ltd. (CHPIR), satisfied by way of a cash subscription sum of Bath 9,000,000 (equivalent to RM877,500) and the balance, by machinery transferred. The acquisition of additional shares represented 99.99% of the total increased paid up capital of CHPIR.
- (b) On 31 July 2006, a subsidiary, Changhuat Manufacturing Sdn. Bhd. had ceased its operation.

**CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
DIRECTORS' REPORT**

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.

LIM KAI @ LIM SEE KHAI

LIM LAI HUAT

Johor Bahru, Malaysia
Date: 19 October 2006

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, LIM KAI @ LIM SEE KHAI and LIM LAI HUAT, being two of the directors of CHANGHUAT CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 50 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

LIM KAI @ LIM SEE KHAI

LIM LAI HUAT

Johor Bahru, Malaysia
Date: 19 October 2006

**STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, TAN QUOK EOW, being the officer primarily responsible for the financial management of CHANGHUAT CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 50 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed TAN QUOK EOW at)
Johor Bahru in the State of Johor on)
19 October 2006)

TAN QUOK EOW

Before me,
Commissioner for Oaths
SWARAN SINGH BAL
NO: J 078

**REPORT OF THE AUDITORS TO THE MEMBERS OF
CHANGHUAT CORPORATION BERHAD
(Incorporated in Malaysia)**

We have audited the accompanying financial statements set out on pages 10 to 50. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of :
 - (i) the financial position of the Group and of the Company as at 30 June 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF : 0039
Chartered Accountants

LEE AH TOO
2187/09/07(J)
Partner

Johor Bahru, Malaysia
Date: 19 October 2006

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

		Group		Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
Revenue	3	98,101,338	126,343,143	600,000	3,896,774
Cost of sales	4	(91,403,148)	(123,593,002)	-	-
Gross profit		6,698,190	2,750,141	600,000	3,896,774
Other operating income		1,336,908	975,251	13	240,159
Administrative expenses		(7,973,845)	(8,776,759)	(542,546)	(3,997,798)
Profit/(Loss) from operations	5	61,253	(5,051,367)	57,467	139,135
Finance costs, net	8	(1,239,664)	(1,423,780)	580,394	255,368
(Loss)/Profit before taxation		(1,178,411)	(6,475,147)	637,861	394,503
Taxation	9	1,033,193	579,647	(9,117)	(392,073)
Net (loss)/profit for the year		(145,218)	(5,895,500)	628,744	2,430
Basic loss per share (sen)	10	(0.35)	(14.04)		
Net dividends per share (sen)	11	-	1.0		

The accompanying notes form an integral part of the financial statements.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)**BALANCE SHEETS
AS AT 30 JUNE 2006**

	Note	Group		Company	
		2006	2005	2006	2005
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	12	72,482,757	77,127,363	393,101	10,473
Investments in subsidiaries	13	-	-	30,316,806	30,316,806
		<u>72,482,757</u>	<u>77,127,363</u>	<u>30,709,907</u>	<u>30,327,279</u>
CURRENT ASSETS					
Inventories	14	19,332,091	20,053,421	-	-
Trade receivables	15	18,343,293	23,688,109	-	-
Other receivables	16	4,176,653	3,481,305	34,804,974	34,365,461
Tax recoverables		503,405	1,088,803	168,000	23,423
Cash and bank balances	17	5,251,183	3,151,588	34,806	55,703
		<u>47,606,625</u>	<u>51,463,226</u>	<u>35,007,780</u>	<u>34,444,587</u>
CURRENT LIABILITIES					
Borrowings	18	15,751,695	20,935,445	102,149	-
Trade payables	20	10,795,231	12,311,838	-	-
Other payables	21	5,096,816	5,431,841	184,096	129,236
Tax payables		160,058	3,470	9,117	-
		<u>31,803,800</u>	<u>38,682,594</u>	<u>295,362</u>	<u>129,236</u>
NET CURRENT ASSETS		<u>15,802,825</u>	<u>12,780,632</u>	<u>34,712,418</u>	<u>34,315,351</u>
		<u>88,285,582</u>	<u>89,907,995</u>	<u>65,422,325</u>	<u>64,642,630</u>
FINANCED BY :					
Share capital	22	41,998,950	41,998,950	41,998,950	41,998,950
Share premium		9,532,232	9,532,232	9,532,232	9,532,232
Foreign exchange reserve	23	1,799,098	1,675,764	-	-
Retained profits	24	22,513,779	22,658,997	13,740,192	13,111,448
Shareholders' equity		<u>75,844,059</u>	<u>75,865,943</u>	<u>65,271,374</u>	<u>64,642,630</u>
Borrowings	18	6,930,278	7,138,683	150,951	-
Deferred tax liabilities	25	5,511,245	6,903,369	-	-
Non-current liabilities		<u>12,441,523</u>	<u>14,042,052</u>	<u>150,951</u>	<u>-</u>
		<u>88,285,582</u>	<u>89,907,995</u>	<u>65,422,325</u>	<u>64,642,630</u>

The accompanying notes form an integral part of the financial statements.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

		<--- Non-distributable --->			Distributable	
	Note	Share capital RM	Share premium RM	Foreign exchange reserve RM	Retained profits RM	Total RM
At 1 July 2004		41,998,950	9,532,232	919,897	28,974,487	81,425,566
Currency translation differences, representing net gain not recognised in the income statement		-	-	755,867	-	755,867
Net loss for the year		-	-	-	(5,895,500)	(5,895,500)
Dividends	11	-	-	-	(419,990)	(419,990)
At 30 June 2005		41,998,950	9,532,232	1,675,764	22,658,997	75,865,943
Currency translation differences, representing net gain not recognised in the income statement		-	-	123,334	-	123,334
Net loss for the year		-	-	-	(145,218)	(145,218)
At 30 June 2006		<u>41,998,950</u>	<u>9,532,232</u>	<u>1,799,098</u>	<u>22,513,779</u>	<u>75,844,059</u>

The accompanying notes form an integral part of the financial statements.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Share capital RM	Non- distributable Share premium RM	Distributable Retained profits RM	Total RM
At 1 July 2004		41,998,950	9,532,232	13,529,008	65,060,190
Net profit for the year		-	-	2,430	2,430
Dividend	11	-	-	(419,990)	(419,990)
At 30 June 2005		41,998,950	9,532,232	13,111,448	64,642,630
Net profit for the year		-	-	628,744	628,744
At 30 June 2006		<u>41,998,950</u>	<u>9,532,232</u>	<u>13,740,192</u>	<u>65,271,374</u>

The accompanying notes form an integral part of the financial statements.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)**CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(1,178,411)	(6,475,147)	637,861	394,503
Adjustments for :				
Bad debts written off	44,146	41,607	-	-
Depreciation	6,894,857	8,597,512	12,114	2,124
Dividend income	-	-	(432,000)	(3,896,774)
Interest expense	1,239,367	1,269,775	-	-
Interest income	(103,625)	(28,520)	(580,505)	(257,224)
Inventories written off	930,158	1,788,904	-	-
(Gain)/loss on disposal of property, plant and equipment	(724,558)	6,364	-	-
Property, plant and equipment written off	16,519	-	-	-
Provision for doubtful debts	191,354	77,582	-	-
Provision for diminution in value of investment in subsidiaries	-	-	-	4,167,679
Unrealised foreign exchange loss/(gain)	38,929	1,398,834	(141,438)	(442,086)
Operating profit/(loss) before working capital changes	7,348,736	6,676,911	(503,968)	(31,778)
Inventories	(185,072)	4,434,161	-	-
Receivables	4,465,488	2,035,308	(466,075)	(3,286,259)
Payables	(1,941,185)	(4,975,019)	54,860	1,884
Cash generated from/(used in) operations	9,687,967	8,171,361	(915,183)	(3,316,153)
Interest paid	(1,239,367)	(1,269,775)	-	-
Taxes refunded/(paid)	382,479	1,461,371	23,423	23,423
Net cash generated from/(used in) operating activities	8,831,079	8,362,957	(891,760)	(3,292,730)

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)**CASH FLOW STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2006**

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	-	-	432,000	3,500,862
Interest received	103,625	28,520	580,505	257,224
Proceeds from disposal of property, plant and equipment	3,630,698	566,175	5,000	-
Purchase of property, plant and equipment	(5,112,921)	(10,882,279)	(146,642)	(5,000)
Net cash (used in)/generated from investing activities	(1,378,598)	(10,287,584)	870,863	3,753,086
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(419,990)	-	(419,990)
Drawdown of term loans	1,988,521	7,474,786	-	-
Repayment of hire purchase obligations	(692,227)	(664,399)	-	-
(Repayment)/Drawdown of short term borrowings	(1,363,052)	163,141	-	-
Repayment of term loans	(5,038,324)	(2,106,403)	-	-
Net cash (used in)/generated from financing activities	(5,105,082)	4,447,135	-	(419,990)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,347,399	2,522,508	(20,897)	40,366
EFFECTS OF EXCHANGE RATE CHANGES	190,667	703,613	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,318,005	(1,908,116)	55,703	15,337
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 17)	3,856,071	1,318,005	34,806	55,703

The accompanying notes form an integral part of the financial statements.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2006**

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services of the subsidiaries. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at PLO 78, Jalan Cyber 5, Kawasan Perindustrian Senai III, 81400 Senai, Johor.

The number of employees in the Group and in the Company at the end of the financial year were 1,261 (2005 : 1,239) and 9 (2005 : Nil) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 October 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention except for the revaluation of freehold and short term leasehold land and buildings included within property, plant and equipment.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the merger method of accounting except for one subsidiary which is consolidated using the acquisition method of accounting.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

Acquisition of subsidiaries which meet the criteria for merger are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

(c) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(1).

Landed properties of the Group have not been revalued since they were first revalued in 1997. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard (IAS) 16 (Revised): Property, Plant and Equipment, these assets continue to be stated at their 1997 valuation less accumulated depreciation.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

The above transitional provisions are available only on the first application of the MASB Approved Accounting Standard, IAS 16 (Revised) : Property, Plant and Equipment, which is effective for periods ending on or after 1 September 1998. The transitional provisions will remain in force until and unless the enterprise choose to adopt a revaluation policy in place of a cost policy. When that happens, MASB 15 (which supersedes IAS 16 (Revised)) would require revaluations to be carried out at regular intervals.

The freehold land, building under construction and plant and machinery under installation are not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Leasehold land	20 to 55 years
Building	2% to 5%
Plant and machinery	5% to 10%
Motor vehicles	10% to 20%
Furniture and fittings	10% to 20%
Electrical installation	5% to 10%
Office and computer equipment	10% to 20%
Mould, tools and equipment	10% to 20%
Renovation and air conditioner	5% to 20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(e) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call and short term liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
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(g) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(h) Provision for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
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Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

- (i) Dividend income is recognised when the shareholder's right to receive payment is established.
- (ii) Revenue relating to sale of goods is recognised net of discounts upon the transfer of risks and rewards.
- (iii) Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(k) Foreign Currencies

- (i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

- (ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised in equity.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows :

	2006	2005
	RM	RM
Indonesia Rupiah	0.0004	0.0004
Japanese Yen	0.032	0.035
Singapore Dollar	2.30	2.27
Thai Bhat	0.095	0.093
United States Dollar	3.66	3.80

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

(m) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
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(n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(iii) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and the obligation of payment is established.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
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3. REVENUE

Revenue for the Group represents invoiced value of goods sold net of discounts and returns whereas revenue for the Company represents dividends from subsidiaries.

Approximately 37% (2005 : 38%) of the group's revenue was derived from a group of debtors with a common principal.

4. COST OF SALES

Cost of sales represent cost of inventories sold.

5. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations is stated after charging/(crediting) :

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Staff costs (Note 6)	19,730,177	20,023,602	305,102	-
Non-executive directors' remuneration (Note 7)	129,250	118,250	129,250	118,250
Auditors' remuneration				
- statutory audit	96,510	89,201	23,100	21,900
- over provision of prior year audit fee	(1,600)	(33,600)	(1,200)	(32,600)
- other services	101,729	131,471	7,500	53,389
Bad debts written off	44,146	41,607	-	-
Depreciation (Note 12)	6,894,857	8,597,512	12,114	2,124
Factory rental	-	89,000	-	-
Hostel rental	240,728	317,495	9,400	-
Inventories written off	930,158	1,788,904	-	-
(Gain)/Loss on disposal of property, plant and equipment	(724,558)	6,364	-	-
Net foreign exchange losses/(gains)				
- realised	483,785	337,833	-	(41,881)
- unrealised	38,929	1,398,834	(141,438)	(442,086)
Property, plant and equipment written off	16,519	-	-	-
Provision for doubtful debts	191,354	77,582	-	-
Provision for diminution of investment in subsidiaries	-	-	-	4,167,679
Rental income	(178,346)	(154,600)	-	-

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6. STAFF COSTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Wages and salaries	18,305,266	18,468,479	243,918	-
Social security costs	172,846	179,397	989	-
Pension costs - defined contribution plans	974,797	1,204,626	29,094	-
Termination benefits	39,973	9,988	-	-
Other staff related expenses	237,295	161,112	31,101	-
	<u>19,730,177</u>	<u>20,023,602</u>	<u>305,102</u>	<u>-</u>

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM812,579 (2005 : RM1,003,959) and RM65,562 (2005 : RM Nil) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Directors of the Company				
Executive :				
Salaries and other emoluments	597,575	626,488	58,590	-
Bonus	33,340	53,010	-	-
Pension costs - defined contribution plans	72,257	78,946	6,972	-
	<u>703,172</u>	<u>758,444</u>	<u>65,562</u>	<u>-</u>
Benefits-in-kind	114,422	149,027	24,656	-
	<u>817,594</u>	<u>907,471</u>	<u>90,218</u>	<u>-</u>
Non-Executive :				
Fees	102,500	105,000	102,500	105,000
Meeting allowances	26,750	13,250	26,750	13,250
Benefit-in-kind	25,000	10,000	25,000	10,000
	<u>154,250</u>	<u>128,250</u>	<u>154,250</u>	<u>128,250</u>
Directors of Subsidiaries				
Executive :				
Salaries and other emoluments	109,407	245,515	-	-
Benefits-in-kind	5,628	17,465	-	-
	<u>115,035</u>	<u>262,980</u>	<u>-</u>	<u>-</u>
	<u>1,086,879</u>	<u>1,298,701</u>	<u>244,468</u>	<u>128,250</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Analysis excluding benefits-in-kind :				
Total executive directors' remuneration excluding benefits-in-kind (Note 6)	812,579	1,003,959	65,562	-
Total non-executive directors' remuneration excluding benefits-in-kind (Note 5)	<u>129,250</u>	<u>118,250</u>	<u>129,250</u>	<u>118,250</u>
Total directors' remuneration excluding benefits-in-kind	<u>941,829</u>	<u>1,122,209</u>	<u>194,812</u>	<u>118,250</u>

The number of directors of the Company whose total remuneration during the year fall within the following bands is analysed below :

	Number of Directors	
	2006	2005
Executive directors :		
RM250,001 - RM300,000	1	1
RM500,001 - RM550,000	1	1
Non-Executive directors :		
Below RM50,000	9	7

Executive directors of the Company have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group and Company	
	2006	2005
At 1 July/30 June	<u>160,000</u>	<u>160,000</u>

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 22)

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
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8. FINANCE COSTS, NET

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Bank charges	(103,922)	(155,525)	(111)	(1,856)
Interest on borrowings	(1,239,367)	(1,296,775)	-	-
Interest income	103,625	28,520	580,505	257,224
	<u>(1,239,664)</u>	<u>(1,423,780)</u>	<u>580,394</u>	<u>255,368</u>

9. TAXATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Income tax :				
Malaysian income tax	568,139	415,737	11,117	392,000
Foreign tax	-	42,524	-	-
	<u>568,139</u>	<u>458,261</u>	<u>11,117</u>	<u>392,000</u>
(Over)/Underprovided in prior years :				
Malaysian income tax	(209,208)	(349,667)	(2,000)	73
	<u>358,931</u>	<u>108,594</u>	<u>9,117</u>	<u>392,073</u>
Deferred tax (Note 25) :				
Relating to origination and reversal of temporary differences	(1,356,887)	(1,075,630)	-	-
(Over)/Underprovided in prior year	(35,237)	387,389	-	-
	<u>(1,392,124)</u>	<u>(688,241)</u>	<u>-</u>	<u>-</u>
	<u>(1,033,193)</u>	<u>(579,647)</u>	<u>9,117</u>	<u>392,073</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005 : 28%) of the estimated assessable profit for the year. The income tax rate on the first RM500,000 (2005 : RM500,000) of chargeable income for qualified small and medium enterprises, which certain subsidiaries are qualified as, have been further reduced to 20%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2006	2005
	RM	RM
Loss before taxation	<u>(1,178,411)</u>	<u>(6,475,147)</u>
Taxation at Malaysian statutory tax rate of 28% (2005 : 28%)	(329,955)	(1,813,041)
Effect of different tax rates in other countries	-	318,459
Effect of tax at 20% (2005 : 20%) on first RM500,000 (2005 : RM500,000) of chargeable income for subsidiaries qualified as small and medium companies	(123,675)	(145,598)
Effect of income not subject to tax	(74,255)	(1,599,098)
Effect of expenses not deductible for tax purposes	526,468	3,156,704
Amortisation of revaluation reserve	-	(13,290)
Movement of revaluation reserve	(472,876)	-
Effect of deferred tax assets not recognised	684,355	14,288
Effect of utilisation of current year's reinvestment allowance	(425,922)	(535,793)
Claw back of Industrial Building Allowance	111,237	-
Reversal of deferred tax arising from controlled transfers	(684,125)	-
(Over)/Underprovision of deferred tax in prior year	(35,237)	387,389
Overprovision of tax expenses in prior years	<u>(209,208)</u>	<u>(349,667)</u>
Tax expenses for the year	<u>(1,033,193)</u>	<u>(579,647)</u>
	Company	
	2006	2005
	RM	RM
Profit before taxation	<u>637,861</u>	<u>394,503</u>
Taxation at Malaysian statutory tax rate of 28% (2005 : 28%)	178,601	110,461
Effect of income not subject to tax	(202,147)	(826,638)
Effect of expenses not deductible for tax purposes	55,193	1,108,177
Deferred tax liabilities not recognised	(20,530)	-
(Over)/Underprovision of tax expenses in prior year	<u>(2,000)</u>	<u>73</u>
Tax expenses for the year	<u>9,117</u>	<u>392,073</u>

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10. BASIC LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the year by the number of ordinary shares in issue during the financial year.

	Group	
	2006	2005
	RM	RM
Net loss for the year	(145,218)	(5,895,500)
Number of ordinary shares in issue	41,998,950	41,998,950
Basic loss per share (sen)	<u>(0.35)</u>	<u>(14.04)</u>
Adjusted diluted loss per share (sen)	<u>-</u>	<u>-</u>

Fully diluted loss per share is not presented as the effect on the potential shares issue is anti-dilutive.

11. DIVIDENDS

	Amount		Net Dividends per share	
	2006	2005	2006	2005
	RM	RM	Sen	Sen
Ordinary first and final tax exempt dividend - Nil (2005: 1%, in respect of financial year ended 30 June 2005, paid on 26 February 2006)	<u>-</u>	<u>419,990</u>	<u>-</u>	<u>1.0</u>

**CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS**

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Short term leasehold land RM	Factory and residential buildings RM	Buildings under construction RM	Plant and machinery under installation RM	Plant and machinery RM	Motor vehicles RM	*Other assets RM	Total RM
Cost/Valuation									
At 1 July 2005	3,132,933	10,275,475	39,209,512	-	556,843	75,565,415	5,659,023	12,499,315	146,898,516
Additions	-	-	335,406	-	2,086,565	1,634,906	383,604	757,740	5,198,221
Disposals	-	(1,227,737)	(2,231,061)	-	-	(779,889)	(1,584,352)	(15,282)	(5,838,321)
Write off	-	-	-	-	-	-	-	(272,552)	(272,552)
Reclassification	-	-	24,378	-	(571,828)	547,450	-	-	-
Exchange differences	41,925	(71,401)	(32,863)	-	14,985	(312,698)	(18,532)	(170,516)	(549,100)
At 30 June 2006	3,174,858	8,976,337	37,305,372	-	2,086,565	76,655,184	4,439,743	12,798,705	145,436,764
Representing :									
At cost	1,599,858	3,274,844	23,434,325	-	2,086,565	76,655,184	4,439,743	12,798,705	124,289,224
At valuation	1,575,000	5,701,493	13,871,047	-	-	-	-	-	21,147,540
	3,174,858	8,976,337	37,305,372	-	2,086,565	76,655,184	4,439,743	12,798,705	145,436,764

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Accumulated Depreciation	Freehold land RM	Short term leasehold land RM	Factory and residential buildings RM	Buildings under construction RM	Plant and machinery under installation RM	Plant and machinery RM	Motor vehicles RM	*Other assets RM	Total RM
At 1 July 2005	-	1,778,885	6,121,554	-	-	48,456,951	4,789,076	8,624,687	69,771,153
Depreciation charge for the year (Note 5)	-	277,809	815,426	-	-	4,440,006	340,487	1,021,129	6,894,857
Disposals	-	(186,609)	(364,977)	-	-	(899,495)	(1,474,652)	(6,448)	(2,932,181)
Write off	-	-	-	-	-	-	-	(256,033)	(256,033)
Exchange differences	-	(22,824)	(30,660)	-	-	(323,715)	(15,102)	(131,488)	(523,789)
At 30 June 2006	-	1,847,261	6,541,343	-	-	51,673,747	3,639,809	9,251,847	72,954,007
Net Book Value									
At 30 June 2006									
At cost	1,599,858	2,549,354	19,340,048	-	2,086,565	24,981,437	799,934	3,546,858	54,904,054
At valuation	1,575,000	4,579,722	11,423,981	-	-	-	-	-	17,578,703
	3,174,858	7,129,076	30,764,029	-	2,086,565	24,981,437	799,934	3,546,858	72,482,757
At 30 June 2005									
At cost	1,557,933	2,751,588	19,058,066	-	556,843	27,108,464	869,947	3,874,628	55,777,469
At valuation	1,575,000	5,745,002	14,029,892	-	-	-	-	-	21,349,894
	3,132,933	8,496,590	33,087,958	-	556,843	27,108,464	869,947	3,874,628	77,127,363
Depreciation charge for 2005 (Note 5)	-	223,279	823,041	-	-	5,902,010	571,402	1,077,780	8,597,512

* Other assets consist of furniture and fittings, electrical installation, office equipment and computer equipment, mould, tools and equipment, renovation and air conditioner.

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Company

	Motor vehicles RM	Signboard RM	Office equipment RM	Total RM
Cost				
At 1 July 2005	-	15,240	11,000	26,240
Additions	396,892	-	2,850	399,742
Disposals	-	-	(5,000)	(5,000)
At 30 June 2006	<u>396,892</u>	<u>15,240</u>	<u>8,850</u>	<u>420,982</u>

Accumulated Depreciation

At 1 July 2005	-	11,567	4,200	15,767
Depreciation charge for the year (Note 5)	<u>9,705</u>	<u>1,524</u>	<u>885</u>	<u>12,114</u>
At 30 June 2006	<u>9,705</u>	<u>13,091</u>	<u>5,085</u>	<u>27,881</u>

Net Book Value

At 30 June 2006	<u>387,187</u>	<u>2,149</u>	<u>3,765</u>	<u>393,101</u>
At 30 June 2005	<u>-</u>	<u>3,673</u>	<u>6,800</u>	<u>10,473</u>
Depreciation charge for 2005 (Note 5)	<u>-</u>	<u>1,524</u>	<u>600</u>	<u>2,124</u>

- (a) The remaining period of the leasehold land ranges between 13 to 46 years.
- (b) The net book values of property, plant and equipment pledged to financial institutions for bank borrowings (Note 18) are as follows :

	2006 RM	2005 RM
Group		
Leasehold land	6,872,806	7,028,099
Factory buildings	22,643,711	22,225,399
Residential buildings	647,491	663,531
Plant and machinery	<u>7,816,163</u>	<u>6,905,686</u>
	<u>37,980,171</u>	<u>36,822,715</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
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- (c) Details of independent professional valuation of freehold land and leasehold properties owned by the Group as at 30 June 2006 are as follows :

Year of valuation	Description of property	Amount RM	Basis of valuation
1997	Freehold land at Muar	909,000	Open market value
1997	Leasehold land and factory at Muar	570,266	Valuation approved by the Securities Commission
1997	Leasehold land and warehouse at Muar	625,833	Valuation approved by the Securities Commission
1997	Leasehold land and factory at Johor	3,656,440	Open market value
1997	Freehold and short term leasehold land and building	16,169,213	Valuation approved by the Securities Commission

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net book value of the land and buildings that would have been included in the financial statements as at 30 June 2006 would be as follows :

	Group	
	2006 RM	2005 RM
Freehold land	593,203	593,203
Leasehold land	1,931,339	2,227,998
Buildings	8,903,184	9,834,757
	<u>11,427,726</u>	<u>12,655,958</u>

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- (d) Included in the property, plant and equipment of the Group are the following cost of fully depreciated assets which are still in use :

	Group	
	2006	2005
	RM	RM
Electrical installation	618,130	543,355
Furniture and fittings	210,367	181,255
Hostel equipment	32,773	32,774
Motor vehicles	3,479,117	3,750,556
Office equipment	485,118	542,366
Other assets	55,557	328,842
Plant and machinery	18,651,296	17,988,251
Tools and equipment	217,463	233,801
	<u>23,749,821</u>	<u>23,601,200</u>

- (e) Net book values of property, plant and equipment held under hire purchase arrangements are as follows :

	Group	
	2006	2005
	RM	RM
Motor vehicles	387,187	497,867
Plant and machinery	791,899	1,546,135
	<u>1,179,086</u>	<u>2,044,002</u>

- (f) During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM5,198,221 (2005 : RM12,678,061) and RM399,742 (2005 : Nil) of which RM85,300 (2005 : RM1,795,783) were acquired by means of hire purchase arrangements.

- (g) Included in the motor vehicles of the Group are motor vehicles with net book values of RM43,358 (2005 : RM67,008) registered under the name of a son-in-law of a director and another motor vehicle with net book value of RM34,634 (2005 : RM43,130) registered in the name of a third party.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS IN SUBSIDIARIES

	2006	2005
	RM	RM
Company		
Unquoted shares, at cost		
- in Malaysia	25,818,326	25,818,326
- outside Malaysia	8,666,159	8,666,159
	<u>34,484,485</u>	<u>34,484,485</u>
Provision for diminution in value	(4,167,679)	(4,167,679)
	<u>30,316,806</u>	<u>30,316,806</u>

Details of the subsidiaries are as follows :

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2006	2005	
Changhuat Plastic Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic injection moulded components and parts
Kisin (M) Sdn. Bhd.	Malaysia	100	100	Property and investment holding
Changhuat Plastic Industries (Senai) Sdn. Bhd.	Malaysia	100	100	Manufacturing of plastic injection moulded components and parts
Changhuat Precision Plastic Sdn. Bhd.	Malaysia	100	100	Manufacturing of precision plastic components and parts
Changhuat Precision Mould Sdn. Bhd.	Malaysia	100	100	Manufacturing and servicing of precision moulds. The Company has temporarily ceased its operations
Changhuat Manufacturing Sdn. Bhd.	Malaysia	100	100	Manufacturing and processing of plastic products. The Company had temporarily ceased its operations on 31 July 2006
Heng Huat Plastic Industries (S) Pte. Ltd. *	Singapore	100	100	Trading of plastic products. The Company had temporarily ceased its operations
Heng Huat Precision Mould Pte. Ltd. *	Singapore	100	100	Trading of mould. The Company had temporarily ceased its operations
PT Heng Huat Plastic Industries Indonesia *	Indonesia	99.99	99.99	Manufacturing and processing of plastic injection moulded components and parts

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%)		Principal Activities
		2006	2005	
Changhuat Plastic Industries (Rayong) Co. Ltd.*	Thailand	99.99	99.99	Manufacturing and processing of plastic injection moulded components and parts

* Audited by firms of auditors other than Ernst & Young

14. INVENTORIES

Group	2006 RM	2005 RM
At cost :		
Raw materials	9,621,015	11,059,365
Work-in-progress	3,166,799	2,927,885
Finished goods	6,229,278	5,122,495
	<u>19,017,092</u>	<u>19,109,745</u>
At net realisable value :		
Raw materials	276,830	259,776
Finished goods	38,169	683,900
	<u>314,999</u>	<u>943,676</u>
	<u>19,332,091</u>	<u>20,053,421</u>

15. TRADE RECEIVABLES

Group	2006 RM	2005 RM
Third parties	18,534,647	23,765,691
Less: Provision for doubtful debts	(191,354)	(77,582)
	<u>18,343,293</u>	<u>23,688,109</u>

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

As at the balance sheet date, 15% (2005 : 26%) of the Group trade receivables were concentrated within a group of debtors with a common principal.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

16. OTHER RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Due from subsidiaries	-	-	34,684,648	34,239,286
Due from companies in which certain directors have interest	-	19,883	-	16,114
Deposits	941,388	999,044	-	100,207
Prepayments	283,865	527,023	774	8,638
Sundry receivables	2,951,400	1,935,355	119,552	1,216
	<u>4,176,653</u>	<u>3,481,305</u>	<u>34,804,974</u>	<u>34,365,461</u>

The amounts due from subsidiaries are non trade in nature, unsecured, interest free and have no fixed terms of repayment, except for an amount of RM12,055,743 (2005 : RM4,498,479) which bears interest of 8% (2005: 8%) per annum.

Included in sundry receivables is staff loan amounting to RM167,505 (2005 : 97,343) which bear interest of 6% (2005 : 6%) per annum.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash and bank balances	4,251,183	3,151,588	34,806	55,703
Fixed deposit with licensed banks	1,000,000	-	-	-
	<u>5,251,183</u>	<u>3,151,588</u>	<u>34,806</u>	<u>55,703</u>
Bank overdrafts (Note 18)	(1,395,112)	(1,833,583)	-	-
Cash and cash equivalents	<u>3,856,071</u>	<u>1,318,005</u>	<u>34,806</u>	<u>55,703</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

18. BORROWINGS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Short Term Borrowings				
Secured :				
Bank overdrafts	1,255,135	638,449	-	-
Bankers' acceptances	9,806,365	6,908,728	-	-
Term loans	1,537,467	4,947,850	-	-
Hire purchase payables (Note 19)	670,700	642,545	102,149	-
	<u>13,269,667</u>	<u>13,137,572</u>	<u>102,149</u>	<u>-</u>
Unsecured :				
Bank overdrafts	139,977	1,195,134	-	-
Bankers' acceptances	2,342,051	6,602,739	-	-
	<u>2,482,028</u>	<u>7,797,873</u>	<u>-</u>	<u>-</u>
	<u>15,751,695</u>	<u>20,935,445</u>	<u>102,149</u>	<u>-</u>
Long Term Borrowings				
Secured :				
Term loans	6,779,327	6,352,650	-	-
Hire purchase payables (Note 19)	150,951	786,033	150,951	-
	<u>6,930,278</u>	<u>7,138,683</u>	<u>150,951</u>	<u>-</u>
Total Borrowings				
Bank overdrafts (Note 17)	1,395,112	1,833,583	-	-
Bankers' acceptances	12,148,416	13,511,467	-	-
Term loans	8,316,794	11,300,500	-	-
Hire purchase payables	821,651	1,428,578	253,100	-
	<u>22,681,973</u>	<u>28,074,128</u>	<u>253,100</u>	<u>-</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows :

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
Bank overdrafts	7.30	6.73	-	-
Bankers' acceptances	4.91	3.89	-	-
Term loans	6.16	6.32	-	-

The secured borrowings are secured by a charge over certain property, plant and equipment of the Group as disclosed in Note 12.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

19. HIRE PURCHASE PAYABLES

	2006	2005
	RM	RM
Group		
Minimum lease payments :		
Not later than 1 year	703,104	714,314
Later than 1 year and not later than 2 years	94,521	712,764
Later than 2 years and not later than 5 years	63,498	108,514
	<u>861,123</u>	<u>1,535,592</u>
Less : Future finance charges	(39,472)	(107,014)
Present value of finance lease liabilities	<u>821,651</u>	<u>1,428,578</u>
Present value of finance lease liabilities :		
Not later than 1 year	670,700	642,545
Later than 1 year and not later than 2 years	89,075	682,110
Later than 2 years and not later than 5 years	61,876	103,923
	<u>821,651</u>	<u>1,428,578</u>
Analysed as :		
Due within 12 months (Note 18)	670,700	642,545
Due after 12 months (Note 18)	150,951	786,033
	<u>821,651</u>	<u>1,428,578</u>
Company		
Minimum lease payments :		
Not later than 1 year	113,004	-
Later than 1 year and not later than 2 years	94,521	-
Later than 2 years and not later than 5 years	63,498	-
	<u>271,023</u>	<u>-</u>
Less : Future finance charges	(17,923)	-
Present value of finance lease liabilities	<u>253,100</u>	<u>-</u>
Present value of finance lease liabilities :		
Not later than 1 year	102,149	-
Later than 1 year and not later than 2 years	89,075	-
Later than 2 years and not later than 5 years	61,876	-
	<u>253,100</u>	<u>-</u>
Analysed as :		
Due within 12 months (Note 18)	102,149	-
Due after 12 months (Note 18)	150,951	-
	<u>253,100</u>	<u>-</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

19. HIRE PURCHASE PAYABLES (CONT'D.)

The hire purchase bore interest at the balance sheet date of rates between 2.68% to 3.30% (2005 : 2.6% to 4.8%) per annum.

20. TRADE PAYABLES

	Group	
	2006	2005
	RM	RM
Third parties	10,795,231	12,285,897
Due to a company previously owned by persons related to the executive director's family	-	25,941
	<u>10,795,231</u>	<u>12,311,838</u>

This amount due to a company previously owned by persons related to the executive director's family was unsecured, interest free and has no fixed terms of repayment

The normal trade credit terms granted to the Group range from 30 to 90 days.

21. OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Sundry payables	3,690,046	3,654,700	11,603	4,811
Accruals	1,406,770	1,777,141	172,493	124,425
	<u>5,096,816</u>	<u>5,431,841</u>	<u>184,096</u>	<u>129,236</u>

22. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2006	2005	2006	2005
			RM	RM
Authorised				
At 1 July/30 June	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid				
At 1 July/30 June	<u>41,998,950</u>	<u>41,998,950</u>	<u>41,998,950</u>	<u>41,998,950</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

22. SHARE CAPITAL (CONT'D.)

(a) Employee Share Options Scheme (“ESOS”)

The Changhuat Corporation Berhad Employee Share Options Scheme (“ESOS”) is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 January 2004. The ESOS was implemented on 18 March 2004 and is to be in force for a period of 5 years from the date of launch or implementation of the scheme and subject to extension or renewal for further period of 5 years. The salient features of the ESOS are as follows:

- (i) The Options Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.
- (ii) Subject to the discretion of the Options Committee, any employee whose employment has been confirmed and any executive directors holding office in a full-time executive capacity of the Group, shall be eligible to participate in the ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) The option price for each share shall be the weighted average of the market price as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the 5 market days immediately preceding the date on which the option is granted less, if the Options Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM1.
- (v) The options shall become exercisable to the extent of one-third of the shares granted on each of the first three anniversaries from the date of grant provided that the employee has been in continuous service with the Group throughout the period. The employees’ entitlements to the options are vested as soon as they become exercisable.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

22. SHARE CAPITAL (CONT'D.)

(vii) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

The terms of share options outstanding as at the end of the financial year are as follows:

Granted Date	Expiry Date	Exercise Price	1 July 2005	Granted	Exercised	Lapsed	30 June 2006
18 March 2004	17 March 2009	RM1.092	1,972,000	-	-	553,000	1,419,000

23. FOREIGN EXCHANGE RESERVE (NON-DISTRIBUTABLE)

	Group	
	2006	2005
	RM	RM
Foreign exchange reserve		
Balance at 1 July	1,675,764	919,897
Arising in the year	123,334	755,867
Balance at 30 June	<u>1,799,098</u>	<u>1,675,764</u>

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

24. RETAINED PROFITS

As at 30 June 2006, the Company has tax exempt profits of approximately RM14,522,000 (2005 : RM14,583,000), subject to agreement of the Inland Revenue Board, to frank the payment of dividends out of its retained profits.

As at 30 June 2006, the Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 30 June 2006.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

25. DEFERRED TAXATION

Group	2006	2005
	RM	RM
At 1 July	6,903,369	7,591,610
Recognised in the income statement	<u>(1,392,124)</u>	<u>(688,241)</u>
At 30 June	<u>5,511,245</u>	<u>6,903,369</u>

Presented after appropriate offsetting as follow :

Deferred tax assets	(700,000)	(541,000)
Deferred tax liabilities	<u>6,211,245</u>	<u>7,444,369</u>
	<u>5,511,245</u>	<u>6,903,369</u>

(a) Deferred tax liabilities of the Group :

	Revaluation	Accelerated	Total
	Reserve	Capital	
	RM	Allowances	RM
		RM	RM
At 1 July 2005	2,320,770	5,123,599	7,444,369
Recognised in the income statement	<u>(605,526)</u>	<u>(627,598)</u>	<u>(1,233,124)</u>
At 30 June 2006	<u>1,715,244</u>	<u>4,496,001</u>	<u>6,211,245</u>
At 1 July 2004	2,393,557	5,522,086	7,915,643
Recognised in the income statement	<u>(72,788)</u>	<u>(398,486)</u>	<u>(471,274)</u>
At 30 June 2005	<u>2,320,769</u>	<u>5,123,600</u>	<u>7,444,369</u>

(b) Deferred tax assets of the Group :

At 1 July 2005	(541,000)
Recognised in the income statement	<u>(159,000)</u>
At 30 June 2006	<u>(700,000)</u>
At 1 July 2004	(324,033)
Recognised in the income statement	<u>(216,967)</u>
At 30 June 2005	<u>(541,000)</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

26. COMMITMENTS

	2006	2005
	RM	RM
Group		
Capital expenditure :		
Approved and contracted for	5,920,525	726,750
Approved but not contracted for	-	9,780,000
	<u>5,920,525</u>	<u>10,506,750</u>
Group		
Rental commitments :		
Due within one year	569,643	178,725
Later than 1 year and not later than 2 years	<u>68,432</u>	<u>18,560</u>

27. CONTINGENT LIABILITIES

	2006	2005
	RM	RM
Group		
Trade dispute and late payment interest	235,000	537,750
Disputed electricity charged	321,000	2,978,318
Labour dispute	96,000	96,000
	<u>652,000</u>	<u>3,612,068</u>
Company		
Unsecured corporate guarantee given to secure banking facilities for subsidiaries	<u>23,000,000</u>	<u>21,451,000</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
(a) Significant related party transactions				
Dividend received from subsidiaries -				
Changhuat Manufacturing Sdn. Bhd.	-	-	-	2,000,000
Changhuat Plastic Industries Sdn. Bhd.	-	-	600,000	1,504,000
Heng Huat Plastic Industries (S) Pte. Ltd.	-	-	-	392,774
Interest received from a subsidiary - Changhuat Plastic Industries (Rayong) Co. Ltd.	-	-	580,505	257,224
Management fee received from a subsidiary - Changhuat Plastic Industries (Rayong) Co. Ltd.	-	-	-	129,768
Hostel rental paid to Ms Lim Gau, a daughter of a director, Mr Lim Kai @ Lim See Khai	9,600	9,600	-	-
Rental paid to Modern Profit Development Sdn. Bhd., a company substantially owned by a director, Mr Lim Lai Hua	13,700	36,400	-	-
Rental paid to Director, Mr Lim Lai Huat	<u>8,400</u>	<u>-</u>	<u>8,400</u>	<u>-</u>

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

29. SUBSEQUENT EVENTS

- (a) On 8 August 2006, the Company announced that it had subscribed for an additional 350,000 new ordinary shares of Bath 100 at par in a wholly owned subsidiary, Changhuat Plastic Industries (Royang) Co. Ltd. (CHPIR), satisfied by way of a cash subscription sum of Bath 9,000,000 (equivalent to RM877,500) and the balance, by machinery transferred. The acquisition of additional shares represented 99.99% of the total increased paid up capital of CHPIR.
- (b) On 31 July 2006, a subsidiary, Changhuat Manufacturing Sdn. Bhd. had ceased its operation.

30. COMPARATIVES

The following comparative figures have been reclassified to conform with current year's presentation :

Group	As restated RM	As previously stated RM
Income Statement		
Other operating income	975,251	1,417,337
Administrative expenses	(8,776,759)	(9,218,845)
Balance Sheet		
Deferred tax assets	-	541,000
Deferred tax liabilities	6,903,369	7,444,369
Company		
Income Statement		
Other operating income	240,159	682,245
Administrative expenses	(3,997,798)	(4,439,884)

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt; as the Group had no substantial long-term interest-bearing assets as at 30 June 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

(c) Foreign Exchange Risk

Foreign exchange risk is the risk to the Group's results from operations that arises from fluctuations in foreign currency exchange rates. The Group has not entered into foreign exchange contracts to hedge against gains and losses from foreign currency fluctuations.

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group associations to business partners with high creditworthiness. Trade receivables are monitored on an on-going basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except as disclosed in Note 15 to the financial statements.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values

The carrying amount of current financial assets and current financial liabilities of the Group and the Company at the balance sheet date approximate their fair value due to their short term nature whilst the carrying value of long term borrowings is estimated to approximate the fair value, based on the current rates available for borrowing with the same maturity profile.

The nominal/notional amount and fair value of financial instruments not recognised in the balance sheet as at 30 June 2006 are :

	Group		Company	
	Nominal/ Notional Amount RM	Fair Value RM	Nominal/ Notional Amount RM	Fair Value RM
At 30 June 2006				
Contingent liabilities (Note 27)	652,000	#	23,000,000	#
At 30 June 2005				
Contingent liabilities (Note 27)	3,612,068	#	21,451,000	#

It is not practical to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments :

- (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings
The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.
- (ii) Long Term Bank Borrowings and Hire Purchase Payables
The carrying amount of the above financial instruments approximate their fair values as their interest rate approximate the current interest rates of similar instruments.
- (iii) Amount Due from/to Related Entities
The amount due from/to related entities approximate their fair value as these balances have no fixed terms of repayment.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENTAL INFORMATION

The Group's activities are predominantly in the sector of manufacturing and processing of plastic injected moulded components and parts. As such, segmental information is only presented by geographical region.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

32. SEGMENTAL INFORMATION (CON'T)

2006	Malaysia RM	Singapore RM	Indonesia RM	Thailand RM	Total RM	Elimination RM	Consolidated RM
Revenue							
External Sales	74,960,320	-	14,081,750	9,059,268	98,101,338	-	98,101,338
Inter-Segment	12,508,622	-	276,634	-	12,785,256	(12,785,256)	-
Total Revenue	87,468,942	-	14,358,384	9,059,268	110,886,594	(12,785,256)	98,101,338
Result							
Profit/(loss) from operation	2,636,573	(12,869)	(7,459)	278,629	2,894,874	(2,833,621)	61,253
Finance cost, net	(539,181)	(815)	(25,599)	(674,069)	(1,239,664)	-	(1,239,664)
Taxation	1,033,193	-	-	-	1,033,193	-	1,033,193
Net profit/(loss) for the year	3,130,585	(13,684)	(33,058)	(395,440)	2,688,403	(2,833,621)	(145,218)
Assets and Liabilities							
Segments assets	168,966,662	2,232,391	14,830,102	19,142,675	205,171,830	(85,082,448)	120,089,382
Segments liabilities	56,373,991	4,831,223	16,057,738	17,482,804	94,745,756	(50,500,433)	44,245,323
Other information							
Capital expenditure	4,681,600	-	2,055,840	5,927,109	12,664,549	(7,466,328)	5,198,221
Depreciation	5,226,683	-	1,008,544	534,267	6,769,494	125,363	6,894,857

CHANGHUAT CORPORATION BERHAD (Incorporated in Malaysia)
NOTES TO THE FINANCIAL STATEMENTS

2005	Malaysia RM	Singapore RM	Indonesia RM	Thailand RM	Total RM	Elimination RM	Consolidated RM
Revenue							
External Sales	111,837,485	-	9,917,979	4,587,679	126,343,143	-	126,343,143
Inter-Segment	20,577,681	1,887,942	-	-	22,465,623	(22,465,623)	-
Total Revenue	<u>132,415,166</u>	<u>1,887,942</u>	<u>9,917,979</u>	<u>4,587,679</u>	<u>148,808,766</u>	<u>(22,465,623)</u>	<u>126,343,143</u>
Result							
Profit/(loss) from operation	(229,438)	279,731	(4,209,731)	(622,346)	(4,781,784)	(269,583)	(5,051,367)
Finance cost, net	(1,413,774)	(32,824)	(17,920)	(378,112)	(1,842,630)	418,850	(1,423,780)
Taxation	131,976	(42,524)	-	-	89,452	490,195	579,647
Net profit/(loss) for the year	<u>(1,511,236)</u>	<u>204,383</u>	<u>(4,227,651)</u>	<u>(1,000,458)</u>	<u>(6,534,962)</u>	<u>639,462</u>	<u>(5,895,500)</u>
Assets and Liabilities							
Segments assets	183,670,998	5,923,848	11,364,702	12,151,031	213,110,579	(84,519,990)	128,590,589
Segments liabilities	73,441,801	8,450,145	12,555,502	10,008,052	104,455,500	(51,730,854)	52,724,646
Other information							
Capital expenditure	10,399,645	-	777,917	1,500,499	12,678,061	-	12,678,061
Depreciation	6,884,645	-	1,312,221	386,823	8,583,689	13,823	8,597,512