



## 2.2 Operating Highlight

### 2.2.1 Key accounting data and financial indicators

Unit: RMB'000

|   | At the end of reporting period | At the end of the previous year | Changes from reporting period-end to the previous year-end (%) |
|---|--------------------------------|---------------------------------|--|
| Total assets                                    | 5,096,570                      | 4,722,421                       | 7.92   |
| Shareholder's equity (after minority interests) | 2,923,187                      | 2,810,410                       | 4.01   |
| Net assets per share                            | 3.39                           | 3.26                            | 3.99   |

|  | Reporting period | Beginning of year to end of reporting period | Changes of reporting period on the same period last year (%) |
|--|------------------|--|--|
| Net cash flows from operating activities | 151,008          | 826,642                                      | 169.3  |
| Earnings per share (RMB)                 | 0.13             | 0.64   | -35  |
| Return on net assets                     | 4.0%             | 18.9%  | Down 2.2 points  |

2.2.2 Consolidated income statement

**Jiangling Motors Corporation, Ltd.**  
**Consolidated Income Statement**  
**Third Quarter and First Nine Months of 2006**

(Prepared under International Financial Reporting Standards)

|  | 2006.7.1-<br>2006.9.30*<br>Rmb'000 | 2005.7.1-<br>2005.9.30*<br>Rmb'000 | 2006.1.1-<br>2006.9.30*<br>Rmb'000 | 2005.1.1-<br>2005.9.30*<br>Rmb'000 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Sales  | 1,774,112                          | 1,611,862                          | 5,522,154                          | 4,702,144                          |
| Sales tax and surcharge                      | <u>(30,954)</u>                    | <u>(27,560)</u>                    | <u>(98,460)</u>                    | <u>(82,023)</u>                    |
| Net sales                                    | 1,743,158                          | 1,584,302                          | 5,423,694                          | 4,620,121                          |
| Cost of sales                                | <u>(1,368,902)</u>                 | <u>(1,261,751)</u>                 | <u>(4,146,900)</u>                 | <u>(3,739,834)</u>                 |
| <b>Gross profit</b>                          | <b>374,256</b>                     | <b>322,551</b>                     | <b>1,276,794</b>                   | <b>880,287</b>                     |
| Other operating income                       | 15,539                             | 13,360                             | 41,352                             | 34,824                             |
| Distribution costs                           | (124,196)                          | (83,226)                           | (322,670)                          | (189,063)                          |
| Administrative expenses                      | (143,052)                          | (81,762)                           | (347,059)                          | (227,487)                          |
| Other operating expense                      | <u>(70)</u>                        | <u>(119)</u>                       | <u>(11,754)</u>                    | <u>(3,678)</u>                     |
| <b>Profit from operations</b>                | <b>122,477</b>                     | <b>170,804</b>                     | <b>636,663</b>                     | <b>494,883</b>                     |
| Finance income-net                           | 14,864                             | 6,839                              | 28,533                             | 14,380                             |
| Share of result of associates                | <u>(340)</u>                       | <u>1,441</u>                       | <u>2,124</u>                       | <u>3,207</u>                       |
| <b>Profit before tax</b>                     | <b>137,001</b>                     | <b>179,084</b>                     | <b>667,320</b>                     | <b>512,470</b>                     |
| Income tax expenses                          | <u>(17,131)</u>                    | <u>(1,134)</u>                     | <u>(95,614)</u>                    | <u>(47,126)</u>                    |
| <b>Group profit before minority interest</b> | <b>119,870</b>                     | <b>177,950</b>                     | <b>571,706</b>                     | <b>465,344</b>                     |
| Attributable to:                             |                                    |                                    |                                    |                                    |
| Equity holders of the Company                | 115,843                            | 171,769                            | 552,153                            | 444,045                            |
| Minority interest                            | <u>4,027</u>                       | <u>6,181</u>                       | <u>19,553</u>                      | <u>21,299</u>                      |
|  | <b>119,870</b>                     | <b>177,950</b>                     | <b>571,706</b>                     | <b>465,344</b>                     |
| <b>Earnings per share</b>                    | <u>Rmb0.13</u>                     | <u>Rmb0.20</u>                     | <u>Rmb0.64</u>                     | <u>Rmb0.51</u>                     |

#: Unaudited financial data

2.2.3 Difference between net profits per Chinese Accounting Standards ('CAS') and per International Financial Reporting Standards ('IFRS')

Unit: RMB'000

|             | Chinese Accounting Standards   | International Financial Reporting Standards |
|-------------|--|---|
| Net profits | 538,687  | 552,153                                     |
|             |  | Net profits<br>2006 First Nine Months       |
|             | As prepared per CAS  | 538,687                                     |
|             | Adjustment per IFRS:   |   |
|             | Deferred Tax asset   | 3,604                                       |
|             | Pension defined benefit  | 12,512                                      |
|             | Minority interest  | -855  |
|             | Deferred income  | 2,103                                       |
|             | Staff bonus and welfare fund of Jiangling Isuzu appropriated from profit after tax | -3,936                                      |
|             | Others   | 38  |
|             | As restated in conformity with IFRS  | 552,153                                     |

2.3 Total number of shareholders and top ten shareholders holding unlimited tradable shares

| Total shareholders at the end of reporting period      | JMC had 30,758 shareholders, including 22,845 A-share shareholders and 7,913 B-share shareholders, as of September 30, 2006. |               |
|--|--|---------------|
| Top ten shareholders holding unlimited tradable shares |  |               |
| Name   | Shares as of September 30, 2006  | Type of share |
| Ford Motor Company                                     | 258,964,200  | B share       |
| Dragon Billion Greater China Master Fund               | 9,684,798  | B share       |
| National Social Security Fund—Portfolio 108            | 6,477,808  | A share       |
| National Social Security Fund—Portfolio 103            | 5,501,015  | A share       |
| Ing Bank N.V   | 5,126,967  | A share       |
| Jingbo Securities Investment Fund                      | 5,000,000  | A share       |
| China Merchants Stock Investment Fund                  | 4,688,125  | A share       |
| Polar Capital Funds Plc Sub Fund Asia Ex Japan Fund    | 4,476,123  | B share       |
| Dragon Billion China Fund                              | 4,452,096  | B share       |
| Citic-Prudential Securities Investment Fund            | 3,911,859  | A share       |

### § 3 Management Discussions and Analysis

#### 3.1 Brief analysis on operating results during the reporting period

The Company's core business is production and sales of light vehicles and related components. Its major products include JMC series light truck and pickup, and Ford brand Transit series commercial vehicles. The Company also produces engines, castings and other components.

In the first nine months of 2006, the Company's sales volume was 63,402 units including 24,620 JMC series light trucks, 715 Yunba microbuses, 17,948 pickups, 2,908 Baowei SUVs and 17,211 Ford Transit commercial vehicles. Total sales volume was up 13.5% from the same period last year. Sales volume of Transit was up 32% from the same period last year, and sales volume of light trucks and pickups was up 14% and 6% respectively from the same period last year. Total production volume was 63,753 units, including 24,491 light trucks, 594 Yunba microbuses, 17,442 pickups, 2,736 Baowei SUVs, and 18,490 Transits. Under IFRS, turnover was RMB 5,522 million, up 17% from the same period last year and net profit was RMB 552 million, up 24% from the same period last year.

#### 3.1.1 Core business representing 10% or more of turnover or gross profit in terms of industry or product

Applicable      Not Applicable      Unit: RMB'000

| Product                              | Turnover  | Cost from core business | Gross Margin |
|--------------------------------------|-----------|-------------------------|--------------|
| I. Vehicles                          | 5,022,181 | 3,759,617               | 25.1%        |
| II. Components                       | 499,972   | 387,283                 | 22.5%        |
| Total                                | 5,522,154 | 4,146,900               | 24.9%        |
| Including: Related Party Transaction | 533,218   | 432,400                 | 18.9%        |

#### 3.1.2 Seasonal or periodical features of operating activities

Applicable      Not Applicable

#### 3.1.3 Profit structure in the reporting period (causes and explanations of major changes of core business profit, other business profit, period expense, investment income, subsidy income and net income outside of core business as percentage of total profit compared with those of prior reporting period)

Applicable      Not Applicable

Distribution costs increased by RMB 134 million, up 71% from the same period last year, primarily reflecting higher sales spending to promote sales volume growth, enlarge market share and respond to fierce market competition. The increases in vehicle delivery costs, warranty, and marketing expenses reflect support for sales volume increases.

Administrative expenses increased by RMB 120 million, up 53% from the same period last year, primarily reflecting higher program spending and technical development fees associated with higher Transit sales volume.

3.1.4 Causes and explanations of major changes on core business and its structure compared with those of prior reporting period

Applicable                      Not Applicable

3.1.5 Causes and explanations of major changes on profitability (margin) of core business compared with that of prior reporting period

Applicable                      Not Applicable

In the first nine months of 2006, gross margin was 24.9 percent, up 4.4 points from the same period last year. The increased gross margin was derived from volume increases, richer mix and cost reductions, which were partially offset by price reductions, and cost increases driven by regulatory emission requirements.

In the third quarter of 2006, gross margin was 22.8%, down 3 points from the First Half of 2006, primarily reflecting pickup pricing reductions implemented in June 2006, cost increases driven by regulatory emission requirements and changes to fixed asset depreciation.

3.2 Analysis of major events, their impacts and resolutions

Applicable                      Not Applicable

Related party transactions over RMB 10 million in the first nine months

Unit: RMB'000

| Related Party                                  | Transaction Content                  | Amount  | Settlement method                              |
|--|--------------------------------------|---------|--|
| JMCG Import & Export Co., Ltd.                 | Sales of goods                       | 300,496 | 30 days after delivery                         |
|  | Agent for import and export business | 4,794   | Monthly  |
| JMCG   | Purchase of goods                    | 385,056 | 60 days after delivery                         |
|  | Sales of goods                       | 232     | Monthly  |
|  | Provision of general services        | 3,510   | Quarterly                                      |
|  | Rent expenses                        | 1,146   | Monthly  |
| JMCG Interior Trim Factory                     | Purchase of goods                    | 156,367 | 60 days after delivery                         |
|  | Sales of goods                       | 45,851  | Monthly Netting off payment of purchased goods |
| Nanchang Gear Co., Ltd.                        | Purchase of goods                    | 150,527 | 60 days after delivery                         |
|  | Sales of goods                       | 38,153  | Monthly Netting off payment of purchased goods |
| Nanchang Jiangling Land-wind Vehicle Co., Ltd. | Sales of goods                       | 50,338  | 30 days after invoicing                        |
| Ford Motor Company                             | Purchase of goods                    | 128,824 | Letter of Credit                               |

|  |  |         |  |
|--|--|---------|--|
|  | Engineering personnel                        | 14,200  | Letter of Credit                               |
|  | Management personnel expenses                | 23,449  | Quarterly                                      |
|  | Technical service and technology development | 35,436  | Quarterly                                      |
| JMCG Industrial Company                          | Purchase of goods                            | 25,320  | 60 days after delivery                         |
|  | Sales of goods                               | 99,593  | Monthly Netting off payment of purchased goods |
| Jiangxi Jiangling Lear Interior Trim Factory     | Purchase of goods                            | 122,122 | 60 days after delivery                         |
|  | Sales of goods                               | 228     | 30 days after delivery                         |
| Jiangxi Fuchang Climate System Co., Ltd.         | Purchase of goods                            | 108,714 | 60 days after delivery                         |
|  | Sales of goods                               | 505     | Pay on delivery                                |
| Nanchang Jiangling Huaxiang Auto Components Co.  | Purchase of goods                            | 48,986  | 60 days after delivery                         |
|  | Sales of goods                               | 8,766   | Prepayment                                     |
| Jiangxi Jiangling Chassis Company                | Purchase of goods                            | 2,450   | 30 days after delivery                         |
|  | Sales of goods                               | 26,226  | Monthly Netting off payment of purchased goods |
| Nanchang Jiangling Auto Component Co.            | Purchase of goods                            | 3,227   | 60 days after delivery                         |
|  | Sales of goods                               | 13,324  | Prepayment                                     |
| Jiangxi Jiangling Fuda Auto Component Co.        | Sales of goods                               | 20,905  | 30 days after delivery                         |
| Jiangling Material Co., Ltd.                     | Purchase of goods                            | 16,365  | Pay on delivery                                |
| Jiangxi Jiangling Metal Casting Plant            | Purchase of goods                            | 12,731  | 30 days after delivery                         |
| Jiangxi Jiangling Forging Co., Ltd.              | Purchase of goods                            | 13,228  | 30 days after delivery                         |
| JMCG Variant Vehicle Factory                     | Purchase of goods                            | 35,025  | 60 days after delivery                         |
|  | Sales of goods                               | 13,954  | Monthly Netting off payment of purchased goods |
|  | Purchase of fixed asset                      | 3,860   | Pay on invoicing                               |
| Jiangxi Jiangling Material Utilization Co., Ltd. | Sales of goods                               | 19,988  | Monthly Netting off payment of purchased goods |
|  | Labor  | 400     | Monthly  |
| JMCG Construction & Development Co., Ltd.        | Sales of goods                               | 373     | Pay on delivery                                |
|  | Labor  | 13,005  | Pay on completion                              |
| Jiangling Holdings Limited                       | Sales of goods                               | 97,745  | 30 days after invoicing                        |
|  | Management personnel expenses                | 413     | Monthly  |

Pricing principles: market price, contracted price or other fair price.

The Company settled trade receivables of RMB 2,357 million with dealers through its account in JMCG Finance Company (hereinafter referred to as “Finance Company”) in

the first nine months of 2006. The Company's deposit balance in the Finance Company was RMB 62.765 million at the end of 2006 third quarter, and it received a total of RMB 1.138 million in interest from the Finance Company during the first nine months. As of September 30, 2006, the Finance Company provided guarantees for the Company's bank loans of US\$ 1.342 million, or RMB 10.617 million.

Explanation on execution of related party transactions during the first nine months of 2006

Jiangling Holdings Limited, the biggest shareholder of the Company, acquired 100% equity share of Nanchang Jiangling Land Wind Vehicle Co., Ltd. and cancelled its legal person status. Per the Board's approval, Jiangling Holdings Limited has succeeded Nanchang Jiangling Land Wind Vehicle Co., Ltd. to its transactions with the Company.

There were no other significant changes in either related party transactions occurring in the third quarter of 2006, or in the Related Party Transaction Framework.

Settlement of the Company's non-operating account receivable balances

Unit: RMB 000

| Non-operating account receivable balances by major shareholders and their subsidiaries                                      |                     | Total amount in the reporting period   | Settlement   | Amount | Date     |
|---|---------------------|--|--------------|--------|----------|
| As of Dec. 31, 2005   | As of Sep. 30, 2006 |  |              |        |          |
| 1,650   | 0                   | 0  | Cash payment | 1,650  | May 2006 |
| Notes on settlement of the Company's non-operating account receivable balances by major shareholders and their subsidiaries |                     | The reason for establishment of this receivable was that the Company paid utility fees on behalf of a major shareholder and its subsidiaries. As of May 31, 2006, the aforesaid non-operating receivable balance has been settled. |              |        |          |

3.3 Changes of accounting policies, accounting estimates and consolidated scopes, and causes and explanations of major accounting errors

Applicable      Not Applicable

3.3.1 Changes of accounting policies, accounting estimates

In accordance with the requirements of generally accepted accounting principals and considering the actual position of the Company, the Board of Directors approved an adjustment to the fixed asset depreciation period and residual values, and approved a corresponding one-time asset write-down of RMB 22 million on July 11, 2006. Adjusted depreciation periods, residual values and annual straight-line depreciation rates are as follows:

|                              | Depreciation Period (Years) | Residual Value (% of Purchase Value) | Annual Straight Line Depreciation Rate (%) |
|------------------------------|-----------------------------|--------------------------------------|--|
| Buildings                    | 35-40                       | 4%                                   | 2.4-2.74%                                  |
| Plant and Machinery          | 10-15                       | 4%                                   | 6.4-9.6%                                   |
| Equipment for transportation | 6-10                        | 4%                                   | 9.6-16%                                    |
| Electronics & Others         | 5-7                         | 4%                                   | 13.71-19.2%                                |

### 3.3.2 Changes of consolidated scopes and explanation

The transfer of 80% equity of Jiangxi Fujiang After-sales Service Co., Ltd. (“Fujiang Company”) to the Company has been completed during the reporting period, and Fujiang Company has been consolidated into the Company’s financial statements effective from September 30, 2006.

Please refer to the announcement on this acquisition disclosed in China Securities, Securities Times and Hong Kong Commercial Daily on November 22, 2005 for details.

### 3.4 Explanations of the Board of Directors and the Supervisory Committee to abnormal opinions from accounting firms

Applicable                      Not Applicable

### 3.5 Warning and explanations to the situation that accumulated net profit during the period from year beginning to the end of next reporting period may be negative or, compared with the same period last year, may have a substantial change

Applicable                      Not Applicable

### 3.6 Rolling adjustment on the disclosed annual business plan or budget

Applicable                      Not Applicable

### 3.7 Special commitments and implementation made by the former non-listed shareholders in the Full Circulatory Share Reform for the Company

| Name                       | Special Commitment   | Implementation                                  |
|----------------------------|--|---|
| Jiangling Holdings Limited | Jiangling Holdings Limited promises specifically to pay the consideration on behalf of the unlisted-share holders who opposed the Share Reform or did not express their opinions. The above-mentioned unlisted-share holders should repay the consideration paid by Jiangling Holdings Limited and the interest thereof, or obtain written consent of Jiangling Holdings Limited, if they want to list their shares. | Has been implemented per the special commitment |

3.8 Explanations to the situation that the Company is not in the process of the Full Circulatory Share Reform as of the data of the issuance of this Report

Applicable                      Not Applicable

Board of Directors  
Jiangling Motors Corporation, Ltd.  
October 25, 2006

**Appendix :**  
**Jiangling Motors Corporation, Ltd.**  
**Consolidated Income Statement**  
**Third Quarter and First Nine Months of 2006**

(Prepared under International Financial Reporting Standards)

|  | 2006.7.1-<br>2006.9.30* | 2005.7.1-<br>2005.9.30* | 2006.1.1-<br>2006.9.30* | 2005.1.1-<br>2005.9.30* |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Rmb'000                 | Rmb'000                 | Rmb'000                 | Rmb'000                 |
| Sales  | 1,774,112               | 1,611,862               | 5,522,154               | 4,702,144               |
| Sales tax and surcharge                          | <u>(30,954)</u>         | <u>(27,560)</u>         | <u>(98,460)</u>         | <u>(82,023)</u>         |
| Net sales  | 1,743,158               | 1,584,302               | 5,423,694               | 4,620,121               |
| Cost of sales                                    | <u>(1,368,902)</u>      | <u>(1,261,751)</u>      | <u>(4,146,900)</u>      | <u>(3,739,834)</u>      |
| <b>Gross profit</b>                              | <b>374,256</b>          | <b>322,551</b>          | <b>1,276,794</b>        | <b>880,287</b>          |
| Other operating income                           | 15,539                  | 13,360                  | 41,352                  | 34,824                  |
| Distribution costs                               | (124,196)               | (83,226)                | (322,670)               | (189,063)               |
| Administrative expenses                          | (143,052)               | (81,762)                | (347,059)               | (227,487)               |
| Other operating expense                          | <u>(70)</u>             | <u>(119)</u>            | <u>(11,754)</u>         | <u>(3,678)</u>          |
| <b>Profit from operations</b>                    | <b>122,477</b>          | <b>170,804</b>          | <b>636,663</b>          | <b>494,883</b>          |
| Finance income-net                               | 14,864                  | 6,839                   | 28,533                  | 14,380                  |
| Share of result of associates                    | <u>(340)</u>            | <u>1,441</u>            | <u>2,124</u>            | <u>3,207</u>            |
| <b>Profit before tax</b>                         | <b>137,001</b>          | <b>179,084</b>          | <b>667,320</b>          | <b>512,470</b>          |
| Income tax expenses                              | <u>(17,131)</u>         | <u>(1,134)</u>          | <u>(95,614)</u>         | <u>(47,126)</u>         |
| <b>Group profit before<br/>minority interest</b> | <b>119,870</b>          | <b>177,950</b>          | <b>571,706</b>          | <b>465,344</b>          |
| Attributable to:                                 |                         |                         |                         |                         |
| Equity holders of the<br>Company                 | 115,843                 | 171,769                 | 552,153                 | 444,045                 |
| Minority interest                                | <u>4,027</u>            | <u>6,181</u>            | <u>19,553</u>           | <u>21,299</u>           |
|  | <b>119,870</b>          | <b>177,950</b>          | <b>571,706</b>          | <b>465,344</b>          |
| <b>Earnings per share</b>                        | <u>Rmb0.13</u>          | <u>Rmb0.20</u>          | <u>Rmb0.64</u>          | <u>Rmb0.51</u>          |

\*: Unaudited financial data

**Jiangling Motors Corporation, Ltd.**  
**Consolidated Balance Sheet**  
**September 30, 2006**

(Prepared under International Financial Reporting Standards)

|                               | 30 September 2006*      | 31 December 2005        |
|-------------------------------|-------------------------|-------------------------|
|                               | Rmb'000                 | Rmb'000                 |
| <b>ASSETS</b>                 |                         |                         |
| <b>Non-current assets</b>     |                         |                         |
| Property, plant and equipment | 1,639,941               | 1,546,959               |
| Land use right                | 145,687                 | 146,766                 |
| Intangible assets             | 26,939                  | -                       |
| Investments in associates     | 15,239                  | 21,245                  |
| Deferred tax assets           | <u>62,302</u>           | <u>58,698</u>           |
|                               | <b>1,890,108</b>        | <b>1,773,668</b>        |
| <b>Current assets</b>         |                         |                         |
| Inventories-net               | 747,313                 | 625,869                 |
| Receivables and prepayments   | 399,518                 | 363,429                 |
| Cash and cash equivalents     | <u>2,059,631</u>        | <u>1,959,455</u>        |
|                               | <b>3,206,462</b>        | <b>2,948,753</b>        |
| <b>Total assets</b>           | <b><u>5,096,570</u></b> | <b><u>4,722,421</u></b> |

**Jiangling Motors Corporation, Ltd.**  
**Consolidated Balance Sheet (continued)**  
**September 30, 2006**

(Prepared under International Financial Reporting Standards)

|   | 30 September 2006*      | 31 December 2005        |
|---|-------------------------|-------------------------|
|   | Rmb'000                 | Rmb'000                 |
| <b>EQUITY</b>   |                         |                         |
| <b>Capital and reserves attributable<br/>the Company's equity holders</b> |                         |                         |
| Ordinary shares   | 863,214                 | 863,214                 |
| Share premium   | 816,609                 | 816,609                 |
| Reserves  | 300,858                 | 300,858                 |
| Retained earnings   | <u>942,506</u>          | <u>829,729</u>          |
|   | <b>2,923,187</b>        | <b>2,810,410</b>        |
| <b>Minority interest</b>  | <u><b>120,328</b></u>   | <u><b>116,451</b></u>   |
| <b>Total equity</b>   | <u><b>3,043,515</b></u> | <u><b>2,926,861</b></u> |
| <b>LIABILITIES</b>  |                         |                         |
| <b>Non-current liabilities</b>  |                         |                         |
| Borrowings  | 10,617                  | 10,834                  |
| Retirement benefit obligations  | <u>67,064</u>           | <u>79,576</u>           |
|   | <b>77,681</b>           | <b>90,410</b>           |
| <b>Current liabilities</b>  |                         |                         |
| Trade and other payables  | 1,687,341               | 1,422,670               |
| Current tax liabilities   | 21,920                  | 11,130                  |
| Borrowings  | 106,635                 | 124,070                 |
| Provisions  | 117,809                 | 103,508                 |
| Deferred income   | 24,009                  | 26,112                  |
| Retirement benefits obligations   | <u>17,660</u>           | <u>17,660</u>           |
|   | <b>1,975,374</b>        | <b>1,705,150</b>        |
| <b>Total liabilities</b>  | <u><b>2,053,055</b></u> | <u><b>1,795,560</b></u> |
| <b>Total equity and liabilities</b>                                       | <u><b>5,096,570</b></u> | <u><b>4,722,421</b></u> |

\*: Unaudited financial data

**Jiangling Motors Corporation, Ltd.**  
**Consolidated cash flow statement**  
**First Nine Months of 2006**

(Prepared under International Financial Reporting Standards)

|   | 2006.7.1-2006.9.30*<br>Rmb'000 | 2006.1.1-2006.9.30*<br>Rmb'000 |
|---|--------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>           |                                |                                |
| Cash generated from operations                        | 189,406                        | 919,999                        |
| Interest paid   | (1,653)                        | (4,929)                        |
| Income Tax paid                                       | <u>(36,745)</u>                | <u>(88,428)</u>                |
| Net cash from operating activities                    | <u>151,008</u>                 | <u>826,642</u>                 |
| <b>Cash flows from investing activities</b>           |                                |                                |
| Purchase of property, plant and equipment             | (100,903)                      | (289,455)                      |
| Purchase of subsidiary company                        | (8,521)                        | (8,521)                        |
| Proceeds from sale of property, plant and equipment   | 778                            | 1,383                          |
| Interest received                                     | 13,138                         | 30,723                         |
| Dividend received                                     | <u>3,313</u>                   | <u>3,313</u>                   |
| Net cash used in investing activities                 | <u>(92,195)</u>                | <u>(262,557)</u>               |
| <b>Cash flows from financing activities</b>           |                                |                                |
| Proceeds from borrowings                              | 105,918                        | 146,960                        |
| Repayments of borrowings                              | (79,224)                       | (163,481)                      |
| Dividends paid to Equity holders of the Company       | (122,716)                      | (431,047)                      |
| Dividends paid to minority interest                   | -                              | (15,676)                       |
| Other cash paid relating to financing activities      | <u>(164)</u>                   | <u>(716)</u>                   |
| Net cash used in financing activities                 | <u>(96,186)</u>                | <u>(463,960)</u>               |
| Effects of exchange rate changes                      | <u>130</u>                     | <u>51</u>                      |
| <b>Net increase in cash and cash equivalents</b>      | <b>(37,243)</b>                | <b>100,176</b>                 |
| Cash and cash equivalents at beginning of the year    |                                | <u>1,959,455</u>               |
| Cash and cash equivalents at 30 June 2006             | <u>2,096,874</u>               |                                |
| <b>Cash and cash equivalents at end of the period</b> | <b><u>2,059,631</u></b>        | <b><u>2,059,631</u></b>        |

\*: Unaudited financial data