

# Huan Hsin Holdings Ltd (Company No.: 199509142R)

## Third Quarter Financial Statement On The Consolidated Results For The Period Ended 30 September 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY(Q1,Q2 & Q3),HALF YEAR AND FULL YEAR RESULTS

**1. (a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

GROUP INCOME STATEMENTS for the third quarter and the nine months ended 30 September 2007

	Group			Group		
	3 months ended			9 months ended		
	30-09-07	30-09-06	Change	30-09-07	30-09-06	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	271,146	235,720	15	672,683	630,927	7
Other operating income	1,528	1,661	(8)	13,077	6,316	107
Changes in inventories of finished goods and work-in-progress	15,046	12,558	20	28,910	11,117	160
Raw material and consumables used	(210,825)	(176,491)	19	(506,375)	(446,019)	14
Staff costs	(23,437)	(20,859)	12	(64,776)	(61,191)	6
Depreciation and amortisation	(7,664)	(5,186)	48	(17,764)	(14,586)	22
Other operating expenses	(36,090)	(37,153)	(3)	(92,663)	(93,782)	(1)
Finance costs	(2,497)	(2,009)	24	(7,488)	(6,119)	22
Share of results of associates	370	625	(41)	467	1,141	(59)
Profit before income tax	7,577	8,866	(15)	26,071	27,804	(6)
Income tax	(1,329)	(1,499)	(11)	(3,408)	(4,644)	(27)
Profit after income tax	6,248	7,367	(15)	22,663	23,160	(2)

Attributable to:

Equity holders of the parent	6,352	6,163	3	22,985	21,748	6
Minority interests	(104)	1,204	(109)	(322)	1,412	(123)
	6,248	7,367	(15)	22,663	23,160	(2)

Notes:  
(I) Revenue

	Group			Group		
	3 months ended			9 months ended		
	30-09-07	30-09-06	Change	30-09-07	30-09-06	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of goods	270,961	235,102	15	671,476	629,772	7
Interest income	185	618	(70)	1,207	1,155	5
	271,146	235,720	15	672,683	630,927	7

(II) Profit after income tax is arrived at after crediting /(charging) the followings:

	Group			Group		
	3 months ended			9 months ended		
	30-09-07	30-09-06	Change	30-09-07	30-09-06	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (loss) / gain	(1,097)	29	NM	(3,534)	61	NM
Loss on disposal of plant and equipment	-	-	-	(8)	(74)	(89)
Gain on disposal of non-current assets classified as held for sale	-	-	-	175	-	-
Reversal / (impairment loss) on plant and equipment	-	-	-	51	(231)	(122)
Allowances for doubtful debts - Trade receivables	-	-	-	(32)	(96)	(67)
Reversal on allowances for doubtful debts - Non-trade debts	-	1	(100)	1	127	(99)
Reversal on allowance for inventories	-	-	-	123	7	NM
Inventories written off	-	-	-	-	(65)	(100)
Gain on disposal of associate	-	172	(100)	-	1,502	(100)
Research and development expenses	(910)	(640)	42	(2,715)	(2,369)	15
Interest expenses	(2,497)	(2,009)	24	(7,488)	(6,119)	22
Negative goodwill arising on acquisition of a subsidiary	-	-	-	8,427	-	-
(Under) / over provision of tax in respect of prior years	370	(1)	NM	364	984	(63)

## 1 (b)(i)

**A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

BALANCE SHEETS as at 30 September 2007

	Group		Company	
	As At		As At	
	30-09-07	31-12-06	30-09-07	31-12-06
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	73,676	67,429	640	1,238
Trade receivables	300,209	222,797	-	-
Other receivables and prepaid expenses	10,518	8,408	25,183	33,790
Inventories	158,049	110,666	-	-
Non-current assets classified as held for sale	-	237	-	-
Available-for-sale investments	-	25,321	-	13,679
Total current assets	542,452	434,858	25,823	48,707
<b>Non-current assets:</b>				
Associates	6,240	5,759	5,211	5,211
Subsidiaries	-	-	208,205	193,510
Long-term receivables	-	-	21,807	21,563
Available-for-sale investments	29,364	29,504	21,670	21,670
Derivative financial instruments	219	567	197	404
Deferred tax assets	29	69	-	-
Land use rights	21,134	7,646	-	-
Property, plant and equipment	203,652	168,542	1,575	1,606
Total non-current assets	260,638	212,087	258,665	243,964
<b>Total assets</b>	<b>803,090</b>	<b>646,945</b>	<b>284,488</b>	<b>292,671</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables	274,979	169,803	-	-
Other payables	10,526	15,342	1,828	2,116
Short-term bank loans	13,860	9,800	-	-
Current portion of long-term bank loans	56,743	76,737	4,473	45,990
Income tax payable	1,052	1,203	-	-
Total current liabilities	357,160	272,885	6,301	48,106
<b>Non-current liabilities:</b>				
Long-term loan	-	-	21,807	21,563
Long-term bank loans	91,696	61,364	40,257	-
Total non-current liabilities	91,696	61,364	62,064	21,563
<b>Capital, reserves and minority interests</b>				
Share capital	151,097	151,097	151,097	151,097
Capital reserve on share-based payment	241	241	241	241
Hedging and foreign currency translation reserves	(15,305)	(18,152)	197	404
Legal reserves	19,123	19,123	-	-
Accumulated profits	176,988	160,387	64,588	71,260
Equity attributable to equity holders of the parent	332,144	312,696	216,123	223,002
<b>Minority interests</b>	22,090	-	-	-
Total equity	354,234	312,696	216,123	223,002
<b>Total liabilities and equity</b>	<b>803,090</b>	<b>646,945</b>	<b>284,488</b>	<b>292,671</b>

**1 (b)(ii) Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less , or on demand

As at 30-09-2007		As at 31-12-2006	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 37,360	33,243	(a) 30,747	55,790

Amount repayable after one year

As at 30-09-2007		As at 31-12-2006	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 51,439	40,257	(a) 61,364	-

Details of any collateral :

(a) This is secured by the assignment of the Company's right, both present and future, title and interest in receivables from subsidiaries amounting to S\$21,807,000 (2006 : S\$21,563,000)

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED CASH FLOW STATEMENT**  
for the period ended 30 September 2007

	Group		Group	
	3 months ended		9 months ended	
	30-09-07	30-09-06	30-09-07	30-09-06
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
Profit before income tax	7,577	8,866	26,071	27,804
Adjustments for:				
Share of results of associates	(370)	(625)	(467)	(1,141)
Negative goodwill arising on acquisition of a subsidiary	-	-	(8,427)	-
Depreciation and amortisation expense	7,664	5,186	17,764	14,586
Loss on disposal of plant and equipment	-	-	8	74
Gain on disposal of non-current assets classified as held for sale	-	-	(175)	-
(Reversal) / Impairment loss on plant and equipment	-	-	(51)	231
Gain on disposal of investment	-	(172)	-	(1,502)
Interest expense	2,497	2,009	7,488	6,119
Interest income	(185)	(618)	(1,207)	(1,155)
Operating profit before working capital changes	17,183	14,646	41,004	45,016
Trade receivables	(52,341)	(34,897)	(77,131)	(48,413)
Other receivables and prepaid expenses	6,862	(6,263)	(2,125)	2,090
Inventories	(31,263)	(20,316)	(46,920)	(30,670)
Trade payables	73,563	61,351	104,642	58,434
Other payables	(4,538)	(10,094)	(6,474)	4,260
Cash generated from operations	9,466	4,427	12,996	30,717
Dividends paid	(3,184)	(3,200)	(6,384)	(5,600)
Income tax paid	(1,838)	(2,614)	(3,559)	(5,366)
Interest paid	(2,497)	(2,009)	(7,488)	(6,119)
Interest received	185	618	1,207	1,155
Net cash from / (used in) operating activities	2,132	(2,778)	(3,228)	14,787
<b>Cash flows used in investing activities:</b>				
Additions to property, plant and equipment	(9,161)	(12,765)	(38,522)	(49,793)
Additions to land use rights	(9,718)	-	(13,601)	-
Proceeds from disposal of plant and equipment	-	6	407	424
Proceeds from disposal of non-current assets classified as held for sale	-	-	412	-
Cash and cash equivalents acquired	-	-	737	-
Investment	-	-	-	(4,241)
Proceeds from disposal of investment	-	-	25,321	1,330
Net cash used in investing activities	(18,879)	(12,759)	(25,246)	(52,280)
<b>Cash flows from financing activities:</b>				
Increase in long-term bank loans	18,898	37,539	7,376	23,873
Short-term bank loan	3,810	(7,598)	4,060	(4,831)
Contributions from minority shareholder	11,260	-	22,410	-
Net cash from financing activities	33,968	29,941	33,846	19,042
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	(2,316)	1,230	875	(2,617)
Increase / (decrease) in cash and cash equivalents	14,905	15,634	6,247	(21,068)
Cash and cash equivalents at beginning of financial period	58,771	43,961	67,429	80,663
<b>Cash and cash equivalents at end of financial period</b>	73,676	59,595	73,676	59,595
<b>Cash and cash equivalents consist of the following:</b>				
Cash on hand and balances with banks	73,676	59,595	73,676	59,595

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**STATEMENTS OF CHANGES IN EQUITY for the period ended 30 September 2007**

<b>Group</b>	Share capital	Capital reserve on share-based payment	Hedging and translation reserves	Legal reserves	Accumulated profits	Attributable to equity holders of the parent	Minority interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2007	151,097	241	(10,861)	19,123	173,820	333,420	11,314	344,734
Currency translation differences	-	-	(4,224)	-	-	(4,224)	(380)	(4,604)
Loss on cash flow hedges	-	-	(220)	-	-	(220)	-	(220)
Net expense recognised directly in equity	-	-	(4,444)	-	-	(4,444)	(380)	(4,824)
Net profit after income tax	-	-	-	-	6,352	6,352	(104)	6,248
Total recognised income and expense for the period	-	-	(4,444)	-	6,352	1,908	(484)	1,424
Dividends paid	-	-	-	-	(3,184)	(3,184)	-	(3,184)
Contributions from minority shareholder	-	-	-	-	-	-	11,260	11,260
Balance at 30 September 2007	151,097	241	(15,305)	19,123	176,988	332,144	22,090	354,234

Group	Share capital	Capital reserve on share-based payment	Hedging and translation reserves	Legal reserves	Accumulated profits	Attributable to equity holders of the parent	Minority interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2006	151,097	241	(15,413)	19,183	150,248	305,356	20,022	325,378
Currency translation differences	-	-	3,636	89	(89)	3,636	314	3,950
Loss on cash flow hedges	-	-	(341)	-	-	(341)	-	(341)
Net income recognised directly in equity	-	-	3,295	89	(89)	3,295	314	3,609
Net profit after income tax	-	-	-	-	6,163	6,163	1,204	7,367
Total recognised income and expense for the period	-	-	3,295	89	6,074	9,458	1,518	10,976
Dividends paid	-	-	-	-	(3,200)	(3,200)	-	(3,200)
Balance at 30 September 2006	151,097	241	(12,118)	19,272	153,122	311,614	21,540	333,154

Company	Share capital	Capital reserve on share-based payment	Hedging and translation reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2007	151,097	241	218	69,790	221,346
Loss on cash flow hedges	-	-	(21)	-	(21)
Net expense recognised directly in equity	-	-	(21)	-	(21)
Net loss after income tax	-	-	-	(2,018)	(2,018)
Total recognised income and expense for the period	-	-	(21)	(2,018)	(2,039)
Dividends paid	-	-	-	(3,184)	(3,184)
Balance at 30 September 2007	151,097	241	197	64,588	216,123

Company	Share capital	Capital reserve on share-based payment	Hedging and translation reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2006	151,097	241	783	77,509	229,630
Loss on cash flow hedges	-	-	(82)	-	(82)
Net expense recognised directly in equity	-	-	(82)	-	(82)
Net loss after income tax	-	-	-	(1,069)	(1,069)
Total recognised income and expense for the period	-	-	(82)	(1,069)	(1,151)
Dividends paid	-	-	-	(3,200)	(3,200)
Balance at 30 September 2006	151,097	241	701	73,240	225,279

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital since the end of the previous period reported on.

Option granted under the Huan Hsin Share Option Scheme outstanding as at 30 September 2007 is 840,000 shares (30 September 2006 :4,770,000)

**2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Nil

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per ordinary share for the period ended 30 September	Group		Figures	
	3 months ended 30-09-07		3 months ended 30-09-06	
Earnings per ordinary share for the financial period based on net profit attributable to the shareholders				
(i) Based on the weighted average number of ordinary shares on issue; and	1.59 cts		1.54 cts	
(ii) On a fully diluted basis	1.59 cts		1.54 cts	

Earnings per ordinary share for the period ended 30 September	Group		Figures	
	9 months ended 30-09-07		9 months ended 30-09-06	
Earnings per ordinary share for the financial period based on net profit attributable to the shareholders				
(i) Based on the weighted average number of ordinary shares on issue; and	5.75 cts		5.44 cts	
(ii) On a fully diluted basis	5.75 cts		5.44 cts	

Notes:

- (a) The earnings per ordinary share ("EPS") for the financial period 3 and 9 months ended 30 September 2007 are calculated based on number of ordinary shares in issue of 400,000,000 shares. (3 and 9 months ended 30 September 2006 : 400,000,000 shares)
- (b) Fully diluted EPS for the financial period 3 and 9 months ended 30 September 2007 are calculated based on 400,000,000 ordinary shares as the share option are anti-dilutive and are ignored in the calculation of diluted EPS. (3 and 9 months ended 30 September 2006 : 400,000,000 shares)

**7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

Net asset value per ordinary share as at 30 September	Group			Company		
	30-09-07	31-12-06	Change	30-09-07	31-12-06	Change
	cents	cents	%	cents	cents	%
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	83.04	78.17	6.23	54.03	55.75	(3.09)

Note:

The net asset value per ordinary share for the financial period ended 30 September 2007 is calculated based on the issued share capital of 400,000,000 shares (31 December 2006: 400,000,000 shares)

**8** A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors, and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

## **GROUP PERFORMANCE**

Group revenue in the 3Q07 grew 15% to S\$271.1 million from S\$235.7 million in the corresponding quarter of last year (3Q06). For the nine months of 2007, Group revenue rose by 7% to S\$672.7 million from S\$630.9 million a year ago. All segments contributed to higher revenue.

In 3Q07, Group net profit attributable to shareholders was marginally higher at S\$6.4 million compared to S\$6.2 million in 3Q06. This is despite healthy growth in revenue. The relatively flat net profit was attributed mainly to higher expenses namely raw material (higher by 19%); staff cost (higher by 12%); and depreciation and amortisation (higher by 48%). There was also unrealised foreign exchange loss of S\$1.0 million due to the weakening of the US\$.

Group net profit attributable to shareholders for the nine months of 2007 was S\$23 million, up S\$1.2 million or 6% from S\$21.7 million of last year. The increase was attributable to a one-time gain of S\$8.4 million in 1Q07 from negative goodwill arising from the acquisition of the magnesium plant in Suzhou.

For the nine months of 2007, finance costs rose 22% to S\$7.5 million from S\$6.1 million in the same period last year on account of higher bank borrowings and interest rate.

In the nine months, earnings per share rose 6% to 5.75 cents from 5.44 cents in the same period of last year. The Group's net asset value rose to 83.04 cents per share as at 30 September 2007 from 78.17 cents per share as at 31 December 2006.

## **SEGMENTAL CONTRIBUTIONS**

In 3Q07, revenue for mould, moulded plastic products & finished product assembly segment increased by 14% to S\$251.4 million from S\$221 million in 3Q06. For the nine months of 2007, revenue for this segment increased by 6% and contributed about 94% to Group revenue.

Notebook casings shipments for the nine months of 2007 increased 8% to 9.9 million units from 9.2 million units a year ago. Printer related products and notebook peripherals were two major revenue contributors. Both printer related products and notebook peripherals accounted for about 16% and 15% respectively of Group revenue in the first nine months of 2007.

Wire, cable and related components segment reported higher revenue for 3Q07, recorded an increase of 38% to S\$19.5 million from S\$14.1 million. For the nine months of 2007, revenue for this segment rose by 9% to S\$41 million from S\$37.6 million a year ago. This segment contributed about 6% to Group revenue in the nine months of 2007.

**9** Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

There were no forecast or prospect statement disclosed to shareholders previously.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The demand for mould, moulded plastic products and finished product assembly segment, in particular IMD casings for notebooks will continue in the foreseeable future. However, the business environment will remain competitive with pressure on margins. With rising oil prices, raw material prices will remain volatile. The Group will continue to capitalize on market consolidation in the notebook casings industry in order to gain market share, and at the same time manage rising material costs and operating expenses. Measures will continue to be undertaken to improve production efficiency.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on ? No

Name of Dividend	-
Dividend Type	-
Dividend Amount per Share (in cents)	-
Tax Rate	-

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?  
No

Name of Dividend	-
Dividend Type	-
Dividend Amount per Share (in cents)	-
Tax Rate	-

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12 If no dividend has been declared/recommended, a statement to that effect**

Not applicable

**BY ORDER OF THE BOARD**

Hsu Hung Chun

Chairman

Date : 12 November 2007



**HUAN HSIN HOLDINGS LTD**

奐 鑫 控 股 有 限 公 司

Company Registration Number: 199509142R

Date: 12 November 2007

**CONFIRMATION BY THE BOARD**

We, Hsu Hung Chun and Hsu Cheng Chien being two directors of Huan Hsin Holdings Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter 2007 financial results to be false or misleading.

On behalf of the Board of Directors

Hsu Hung Chun  
President

Hsu Cheng Chien  
Managing Director