

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

Half Year Financial Statement On The Consolidated Results And Dividend Announcement For The Period Ended 30 June 2006

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 second quarter and the half year ended 30 June 2006

	Group			Group		
	6 months ended			3 months ended		
	30-06-06	30-06-05	Change	30-06-06	30-06-05	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	395,207	292,392	35	201,161	156,946	28
Other operating income	4,655	2,074	124	1,282	1,127	14
Changes in inventories of finished goods and work-in-progress	(1,441)	11,482	(113)	693	6,078	(89)
Raw material and consumables used	(269,528)	(206,573)	30	(140,061)	(112,794)	24
Staff costs	(40,332)	(29,201)	38	(19,972)	(14,239)	40
Depreciation and amortisation	(9,400)	(8,257)	14	(4,998)	(4,518)	11
Other operating expenses	(56,629)	(46,665)	21	(27,435)	(26,610)	3
Finance costs	(4,110)	(3,037)	35	(2,007)	(1,625)	24
Share of results of associates	516	1,442	(64)	26	722	(96)
Profit before income tax	18,938	13,657	39	8,689	5,087	71
Income tax	(3,145)	(2,477)	27	(1,810)	(1,738)	4
Profit after income tax	15,793	11,180	41	6,879	3,349	105

Attributable to:

Equity holders of the parent	15,585	11,980	30	6,293	4,929	28
Minority interests	208	(800)	(126)	586	(1,580)	(137)
	15,793	11,180	41	6,879	3,349	105

Notes:
(I) Revenue

	Group			Group		
	6 months ended			3 months ended		
	30-06-06	30-06-05	Change	30-06-06	30-06-05	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sale of goods	394,670	292,103	35	200,857	156,710	28
Interest income	537	289	86	304	236	29
	395,207	292,392	35	201,161	156,946	28

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

	Group			Group		
	6 months ended			3 months ended		
	30-06-06	30-06-05	Change	30-06-06	30-06-05	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange gain / (loss)	32	(265)	(112)	(232)	(297)	(22)
Loss on disposal of plant and equipment	(74)	(132)	(44)	(74)	(132)	(44)
Impairment loss on plant and equipment	(231)	-	-	(231)	-	-
Allowances for doubtful debts - Trade receivables	(96)	(196)	(51)	(96)	(196)	(51)
Reversal /(provision) of allowances for doubtful debts - Non-trade debts	126	(24)	(625)	126	(24)	(625)
Reversal /(provision) for inventories	7	51	(86)	7	51	(86)
Inventories written off	(65)	(6)	983	(65)	(6)	983
Gain on disposal of associate	1,330	-	-	-	-	-
Research and development expenses	(1,729)	(1,000)	73	(803)	(707)	14
Interest expenses	(4,110)	(3,037)	35	(2,007)	(1,625)	24
Over provision of tax in respect of prior years	985	-	-	985	-	-

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 June 2006

	Group		Company	
	As At		As At	
	30-06-06	31-12-05	30-06-06	31-12-05
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	43,961	80,663	5,974	4,951
Trade receivables	216,267	202,751	-	-
Other receivables and prepaid expenses	13,374	21,727	33,795	32,258
Inventories	126,380	116,026	-	-
Total current assets	399,982	421,167	39,769	37,209
Non-current assets:				
Associates	5,522	5,214	5,212	5,212
Subsidiaries	-	-	159,432	156,106
Long-term receivables	-	-	58,736	60,969
Available-for-sale investments	34,047	30,174	25,909	21,670
Derivative financial instruments	1,249	916	783	855
Land use rights	8,359	8,794	-	-
Property, plant and equipment	209,920	190,139	1,627	1,647
Total non-current assets	259,097	235,237	251,699	246,459
Total assets	659,079	656,404	291,468	283,668
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables	172,987	175,904	-	-
Other payables	29,452	15,098	2,013	1,661
Short-term bank loans	28,898	26,131	-	-
Current portion of long-term bank loans	55,636	37,777	38,088	24,945
Income tax payable	2,628	2,235	-	-
Total current liabilities	289,601	257,145	40,101	26,606
Non-current liabilities:				
Long-term loan	-	-	21,737	22,197
Long-term bank loans	44,036	75,561	-	14,967
Deferred tax liabilities	64	65	-	-
Total non-current liabilities	44,100	75,626	21,737	37,164
Capital, reserves and minority interests				
Share capital	151,097	80,000	151,097	80,000
Share premium	-	71,097	-	71,097
Capital reserve on share-based payment	241	241	241	241
Hedging and foreign currency translation reserves	(15,413)	(4,567)	783	855
Legal reserves	19,183	13,227	-	-
Accumulated profits	150,248	143,020	77,509	67,705
Equity attributable to equity holders of the parent	305,356	303,018	229,630	219,898
Minority interests	20,022	20,615	-	-
Total equity	325,378	323,633	229,630	219,898
Total liabilities and equity	659,079	656,404	291,468	283,668

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

Amount repayable in one year or less , or on demand

As at 30-06-2006		As at 31-12-2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 17,548	66,986	(a) 12,832	51,076

Amount repayable after one year

As at 30-06-2006		As at 31-12-2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) 44,036	-	(a) 60,594	14,967

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\$26,979,000 (2005: S\$28,271,000)

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 June 2006

Cash flows from operating activities:

	Group		Group	
	6 months ended		3 months ended	
	30-06-06	30-06-05	30-06-06	30-06-05
	S\$'000	S\$'000	S\$'000	S\$'000
Profit before income tax	18,938	13,657	8,689	5,087
Adjustments for:				
Share of results of associates	(516)	(1,442)	(26)	(722)
Depreciation and amortisation expense	9,400	8,257	4,998	4,518
Share-based payment	-	241	-	-
Loss on disposal of plant and equipment	74	132	74	132
Impairment loss on plant and equipment	231	-	231	-
Gain on disposal of investment	(1,330)	-	-	-
Interest expense	4,110	3,037	2,007	1,625
Interest income	(537)	(289)	(304)	(236)
Operating profit before working capital changes	30,370	23,593	15,669	10,404
Trade receivables	(13,516)	(169)	(3,525)	21,368
Other receivables and prepaid expenses	8,353	(836)	1,298	152
Inventories	(10,354)	(12,648)	(3,704)	(2,904)
Trade payables	(2,917)	(4,619)	919	(24,135)
Other payables	14,354	569	14,799	(2,350)
Cash generated from operations	26,290	5,890	25,456	2,535
Dividends paid	(2,400)	(4,800)	(2,400)	(4,800)
Income tax paid	(2,752)	(2,511)	(926)	(1,093)
Interest paid	(4,110)	(3,037)	(2,007)	(1,625)
Interest received	537	289	304	236
Net cash from operating activities	17,565	(4,169)	20,427	(4,747)
Cash flows used in investing activities:				
Additions to property, plant and equipment	(37,028)	(21,178)	(19,794)	(9,629)
Proceeds from disposal of plant and equipment	418	-	418	-
Investment	(4,241)	-	-	-
Proceeds from disposal of associate	1,330	-	-	-
Net cash used in investing activities	(39,521)	(21,178)	(19,376)	(9,629)
Cash flows from financing activities:				
Proceeds from issue of placement shares	-	57,200	-	-
Share issue expenses	-	(1,828)	-	(18)
Decrease in long-term bank loans	(13,666)	(48,341)	(10,623)	(63,686)
Short-term bank loan	2,767	64,472	3,274	50,901
Net cash from financing activities	(10,899)	71,503	(7,349)	(12,803)
Net effect of exchange rate changes in consolidating subsidiaries				
	(3,847)	3,143	(3,600)	2,462
Increase /(Decrease) in cash and cash equivalents	(36,702)	49,299	(9,898)	(24,717)
Cash and cash equivalents at beginning of financial period	80,663	51,167	53,859	125,183
Cash and cash equivalents at end of financial period	43,961	100,466	43,961	100,466
Cash and cash equivalents consist of the following:				
Cash on hand and balances with banks	43,961	100,466	43,961	100,466

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 June 2006

	Share capital	Capital reserve on share-based payment	Hedging and translation reserves	Legal reserves	Accumulated profits	Minority interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2006	151,097	241	(9,910)	13,227	152,311	19,835	326,801
Currency translation differences	-	-	(5,449)	-	-	(399)	(5,848)
Transfer from accumulated profits	-	-	-	5,956	(5,956)	-	-
Loss on cash flow hedges	-	-	(54)	-	-	-	(54)
Net profit after income tax	-	-	-	-	6,293	586	6,879
Dividends paid	-	-	-	-	(2,400)	-	(2,400)
Balance at 30 June 2006	151,097	241	(15,413)	19,183	150,248	20,022	325,378

	Share capital	Share premium	Capital reserve on share-based payment	Hedging and translation reserves	Legal reserves	Accumulated profits	Minority interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2005	80,000	71,115	241	(12,934)	6,861	142,418	30,080	317,781
Currency translation differences	-	-	-	4,914	-	-	565	5,479
Transfer from accumulated profits	-	-	-	-	4,663	(4,663)	-	-
Net profit after income tax	-	-	-	-	-	4,929	(1,580)	3,349
Dividends paid	-	-	-	-	-	(4,800)	-	(4,800)
Share issue expenses	-	(18)	-	-	-	-	-	(18)
Balance at 30 June 2005	80,000	71,097	241	(8,020)	11,524	137,884	29,065	321,791

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 April 2006	151,097	241	1,002	77,026	229,366
Loss on cash flow hedges	-	-	(219)	-	(219)
Net profit after income tax	-	-	-	2,883	2,883
Dividends paid	-	-	-	(2,400)	(2,400)
Balance at 30 June 2006	151,097	241	783	77,509	229,630

Company	Share capital	Share premium	Capital reserve on share-based payment	Hedging and translation reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2005	80,000	71,115	241	368	55,392	207,116
Net profit after income tax	-	-	-	-	1,911	1,911
Dividends paid	-	-	-	-	(4,800)	(4,800)
Share issue expenses	-	(18)	-	-	-	(18)
Balance at 30 June 2005	80,000	71,097	241	368	52,503	204,209

- 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 June 2006 is 4,770,000 shares (30 June 2005 :4,950,000)

- 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 June	Group		Figures	
	6 months ended 30-06-06		6 months ended 30-06-05	
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	3.90	cts	3.20	cts
(ii) On a fully diluted basis	3.90	cts	3.20	cts

Earnings per ordinary share for the period ended 30 June	Group		Figures	
	3 months ended 30-06-06		3 months ended 30-06-05	
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	1.57	cts	1.23	cts
(ii) On a fully diluted basis	1.57	cts	1.23	cts

Notes:

- (a) The earnings per ordinary share ("EPS") for the financial period 3 and 6 months ended 30 June 2006 are calculated based on number of ordinary shares in issue of 400,000,000 shares.
- (b) The EPS for the financial period 3 months ended 30 June 2005 has been calculated based on number of ordinary shares in issue of 400,000,000 shares and 6 months ended 30 June 2005 has been calculated based on weighted average number of ordinary shares in issue of 374,143,646 shares.
- (c) Fully diluted EPS for the financial period 3 and 6 months ended 30 June 2006 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.
- (d) Fully diluted EPS for the financial period 3 and 6 months ended 30 June 2005 have been calculated based on 400,112,243 and 374,478,211 ordinary shares respectively assuming the full exercise of the employees' share option outstanding during the year and adjusting for the number of ordinary shares in issue to reflect the effect of all potentially dilutive ordinary 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 June	Group			Company		
	30-06-06	31-12-05	Change	30-06-06	31-12-05	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	76.34	75.75	0.78	57.41	54.97	4.43

Note:

The net asset value per ordinary share for the financial period ended 30 June 2006 is calculated based on the issued share capital of 400,000,000 shares (31 December 2005: 400,000,000 shares)

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

Revenue growth for the Group in the second quarter (2Q06) and the first half (1H06) has been well balanced with higher shipments for notebook casings, notebook peripherals and printer related products.

Group revenue in 2Q06 of S\$201.2 million was 28% above that of the corresponding quarter of last year (2Q05). Group revenue for 1H06 was S\$395.2 million, up S\$102.8 million or 35% compared with 1H05. The increase came mainly from higher revenue from moulded plastic products & finished product assembly segment. Despite higher materials and energy costs, the Group recorded a commendable increase of 28% in net profit attributable to shareholders to S\$6.3 million in 2Q06 from S\$4.9 million in 2Q05. For the first six months, net profit attributable to shareholders rose by 30% to S\$15.6 million from S\$12.0 million in the same period of last year.

For 1H06, staff costs of the Group rose by 38% to S\$40.3 million from S\$29.2 million in 1H05. This was mainly due to increased head counts at the new plants in Shanghai and Shandong. Finance cost for 1H06 rose by 35% to S\$4.1 million from S\$3.0 million in 1H05 on account of higher bank loans and interest rate. The Group's cash balance is lower at the end of 1H06 as additional investments in plant and machinery, and repayments of bank loans were made during the period.

As a result, earnings per share in 1H06 rose by 22% to 3.90 cents. While Group net asset value per share rose to 76.34 cents as at 30 June 2006.

SEGMENTAL PERFORMANCE

Mould, moulded plastic products & finished product assembly segment

In 2Q06, revenue for this segment increased by 31% to S\$188.9 million from S\$144.7 million in 2Q05. For the first half of 2006, revenue for this segment increased by 37% to S\$371.1 million from S\$270.5 million for the same period of last year. This segment contributed about 94% to Group revenue in the first half of 2006.

The growth in this segment was driven by strong orders for existing and new products such as notebook casings, notebook peripherals and printer related products.

Notebook casings shipments for 1H06 increased by 24% to 5.7 million units from 4.6 million units a year ago. The Group remains one of the leading notebook casing manufacturers in the world, supplying to 6 major notebook manufacturers in the world.

Besides notebook casings, printer related products and notebook peripherals were the other two major revenue contributors. Revenue of printer related products accounted for about 16% of Group revenue in 1H06, up from 7% in 1H05 while notebook peripheral accounted for 17% of Group revenue in the first six months of 2006.

Wire, cable and related components

In 2Q06, revenue for this segment declined marginally by 1% to S\$11.9 million from S\$12.0 million in 2Q05. For the first half of 2006, revenue for this segment rose by 9% to S\$23.5 million from S\$21.6 million a year ago. This segment contributed about 6% to Group revenue in the first half of 2006.

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**

Global restocking for notebooks and printers is likely to resume in the second half of the year in line with the year-end holiday season. The Group expects order momentum for products such as notebook casings, notebook peripherals and printer related products to continue.

The Group has set up tooling and precision injection moulding facilities in Shanghai. These new facilities are expected to strengthen our competitive edge as it will enable us to provide more value-added services to our customers.

The Group will continue its effort to further integrate its operations and diversify its product offerings. Managing rising material costs will remain a challenge. After research and development work on a new product called Ultra Mobile Personal Computer (UMPC), the Group expects to commence marketing and production of UMPC in the second half of the year.

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

Any dividend declared for the current financial period reported on ? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.80 cents
Tax Rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	1.00 cents
Tax Rate	Tax exempt

(c) Date payable

The interim dividend will be paid on 18 September 2006

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer books and Register of Members of the Company will be closed on 30 August 2006 on which day no share transfer will be effected. Duly completed transfers received by the Company's Share Registrar, Compact Administrative Services Pte Ltd of 6 Shenton Way #28-09 DBS Building Tower Two, Singapore 068809 up to the close of business at 5.00p.m. on 29 August 2006 will be registered to determined shareholders' entitlements to the interim dividend.

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

Not applicable

BY ORDER OF THE BOARD

Hsu Hung Chun

Chairman

Date : 14 August 2006