

THONG GUAN INDUSTRIES BERHAD

(Company No. 324203-K)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Non-distributable → | | | Distributable | | Minority Interest | Total Equity |
|--|-----------------------|---------------|------------------------------|------------------|----------------|-------------------|----------------|
| | Share Capital | Share Premium | Exchange Fluctuation Reserve | Retained Profits | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2005 | 66,803 | 302 | - | 67,359 | 134,464 | 29 | 134,493 |
| Exchange differences on translation of the financial statement of foreign entities | - | - | 53 | - | 53 | - | 53 |
| Arising from issue of new ordinary shares by virtue of : | | | | | | | |
| - bonus issue (1 for 2) | 33,402 | - | - | (33,402) | - | - | - |
| - private placement | 5,000 | 3,800 | - | - | 8,800 | - | 8,800 |
| - share issue expenses | - | (163) | - | - | (163) | - | (163) |
| Net profit for the year | - | - | - | 22,556 | 22,556 | (2) | 22,554 |
| Dividend paid: | | | | | | | |
| - 2004 final 5% tax exempt | - | - | - | (5,260) | (5,260) | - | (5,260) |
| At 31 December 2005 | 105,205 | 3,939 | 53 | 51,253 | 160,450 | 27 | 160,477 |
| Exchange differences on translation of the financial statement of foreign entities | - | - | 178 | - | 178 | - | 178 |
| Net profit for the period | - | - | - | 12,040 | 12,040 | - | 12,040 |
| At 30 June 2006 | 105,205 | 3,939 | 231 | 63,293 | 172,668 | 27 | 172,695 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2005.