

THONG GUAN INDUSTRIES BERHAD

(Company No. 324203-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 June 2007	Preceding Year Corresponding Quarter 30 June 2006	Current Year To Date (Second quarters to 30 June 2007)	Preceding Year Corresponding Period (Second quarters to 30 June 2006)
	RM'000	RM'000	RM'000	RM'000
Revenue	126,584	113,271	242,049	221,618
Cost of sales	(114,734)	(98,493)	(219,550)	(194,080)
Gross profit	11,850	14,778	22,499	27,538
Other income	246	377	1,450	747
Finance income	57	21	116	59
Administration and general expenses	(3,611)	(3,724)	(7,253)	(7,095)
Selling and distribution expenses	(3,589)	(3,023)	(6,885)	(6,210)
Other expenses	(398)	(388)	(808)	(778)
Profit from operations	4,555	8,041	9,119	14,261
Share of profit/(loss) of associate	(128)	23	(95)	32
Finance expenses	(693)	(733)	(1,652)	(1,222)
Profit before taxation	3,734	7,331	7,372	13,071
Taxation	(1,247)	(561)	(1,553)	(1,031)
Net profit for the period	2,487	6,770	5,819	12,040
Attributable to:				
Shareholders of the Company	2,487	6,770	5,819	12,040
Minority interests	-	-	-	-
Net profit for the period	2,487	6,770	5,819	12,040
Basic earnings per ordinary share (sen)	2.36	6.44	5.53	11.44
Diluted earnings per ordinary share (sen)	2.36	6.42	5.53	11.42

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2007**

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 June 2007 RM'000	As at 31 December 2006 RM'000
ASSETS		
Property, plant & equipment	118,946	120,633
Interest in leasehold land held for own use under an operating lease	6,917	6,961
Other Investment	1,273	1,368
TOTAL NON-CURRENT ASSETS	127,136	128,962
Inventories	105,637	87,336
Trade and other receivables	84,229	80,710
Cash and cash equivalents	20,140	15,030
TOTAL CURRENT ASSETS	210,006	183,076
TOTAL ASSETS	337,141	312,038
EQUITY		
Share capital	105,205	105,205
Reserves	75,362	69,543
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	180,567	174,748
MINORITY INTEREST	26	26
TOTAL EQUITY	180,593	174,774
LIABILITIES		
Loans and borrowings	7,583	9,754
Deferred tax liabilities	9,738	9,738
TOTAL NON-CURRENT LIABILITIES	17,321	19,492
Payable and accruals	81,133	54,841
Bank Borrowings	55,009	60,990
Current tax liabilities	3,085	1,941
TOTAL CURRENT LIABILITIES	139,227	117,772
TOTAL LIABILITIES	156,548	137,264
TOTAL EQUITY AND LIABILITIES	337,141	312,038
<i>Net assets per share (RM)</i>	<i>1.72</i>	<i>1.66</i>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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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 2006	105,205	3,939	53	51,254	160,450	27	160,477
Exchange differences on translation of the financial statement of foreign entities	-	-	(1,513)	-	(1,513)	-	(1,513)
Net profit for the year	-	-	-	21,071	21,071	(1)	21,070
Dividend paid: - 2005 final 5% tax exempt	-	-	-	(5,260)	(5,260)	-	(5,260)
At 31 December 2006	105,205	3,939	(1,460)	67,064	174,748	26	174,774
Exchange differences on translation of the financial statement of foreign entities	-	-	-	-	-	-	-
Net profit for the period	-	-	-	5,819	5,819	-	5,819
At 30 June 2007	105,205	3,939	(1,460)	72,884	180,567	26	180,593

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2007

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2007	Six months ended 30 June 2006
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	7,372	13,071
Adjustment for :		
Non-cash items	6,853	6,269
Non-operating items	1,631	1,119
Operating profit before working capital changes	15,856	20,459
Changes in working capital	5,000	(21,141)
Cash generated from operating activities	20,856	(682)
Interest paid	(1,652)	(1,222)
Tax paid	(936)	(1,843)
Net cash generated from operating activities	18,268	(3,747)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,617)	(13,928)
Proceeds from disposal of fixed assets	496	38
Interest received	116	59
Net cash used in investing activities	(5,005)	(13,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	-	5,180
Repayment of term loans	(3,911)	(1,895)
Short term bank borrowings, net	(5,288)	14,521
Others	-	61
Net cash generated from financing activities	(9,199)	17,867
Exchange difference on translation of the financial statement of foreign entity	-	178
Net increase in cash and cash equivalents	4,063	467
Cash and cash equivalents at 1 January	10,537	12,045
Cash and cash equivalents at 31 March	14,600	12,512
Note :		
Cash and cash equivalents in the consolidated cash flow statement comprise the following :-		
Short term deposit with licensed bank	2,327	8,000
Cash and bank balances	17,813	10,891
Bank overdrafts	(5,540)	(6,379)
	14,600	12,512

The Condensed Consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.