

THONG GUAN INDUSTRIES BERHAD

(Company No. 324203-K)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 SEPT 2009****CONDENSED CONSOLIDATED INCOME STATEMENT**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Sept 2009	Preceding Year Corresponding Quarter 30 Sept 2008	Current Year To Date (Third quarter to 30 Sept 2009)	Preceding Year Corresponding Period (Third quarter to 30 Sept 2008)
	RM'000	RM'000	RM'000	RM'000
Revenue	103,464	172,802	293,602	453,165
Cost of sales	(88,627)	(159,120)	(255,410)	(411,943)
Gross profit	14,837	13,682	38,192	41,222
Other income	983	1,058	2,487	2,388
Finance income	17	51	31	131
Administration and general expenses	(4,849)	(4,021)	(13,389)	(11,338)
Selling and distribution expenses	(3,653)	(5,476)	(11,103)	(14,640)
Other expenses	(1,607)	(1,345)	(1,829)	(2,293)
Profit from operations	5,728	3,949	14,389	15,470
Share of profit of associate		-		-
Finance expenses	(147)	(460)	(726)	(1,554)
Profit before taxation	5,581	3,489	13,663	13,916
Taxation	(464)	(768)	(2,555)	(2,349)
Profit for the period	5,117	2,721	11,108	11,567
Profit attributable to:				
Shareholders of the Company	5,117	2,721	11,108	11,567
Basic earnings per ordinary share (sen)	4.86	2.59	10.56	10.99
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 Sept 2009 (Unaudited) RM'000	As at 31 Dec 2008 (Audited) RM'000
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Property, plant & equipment	100,728	106,645
Interest in leasehold land held for own use under an operating lease	6,723	7,012
Other investment	2,067	2,100
TOTAL NON-CURRENT ASSETS	109,518	115,757
Inventories	68,690	90,770
Trade and other receivables	55,583	76,298
Current tax assets	2,728	1,734
Cash and cash equivalents	26,570	13,215
TOTAL CURRENT ASSETS	153,571	182,017
TOTAL ASSETS	263,089	297,774
EQUITY		
Share capital	105,205	105,205
Reserves	95,043	86,500
TOTAL EQUITY	200,248	191,705
LIABILITIES		
Loans and borrowings	235	291
Deferred tax liabilities	7,732	7,044
TOTAL NON-CURRENT LIABILITIES	7,967	7,335
Payable and accruals	36,153	40,432
Bank borrowings	16,212	55,193
Current tax liabilities	2,509	3,109
TOTAL CURRENT LIABILITIES	54,874	98,734
TOTAL LIABILITIES	62,841	106,069
TOTAL EQUITY AND LIABILITIES	263,089	297,774
<i>Net assets per share (RM)</i>	<u>1.90</u>	<u>1.82</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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		Total Equity	
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Statutory Reserve		Retained Profits
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2008	105,205	3,939	(1,195)	3,974	71,941	183,864
Exchange differences on translation of the financial statement of foreign entities	-	-	6,185	166	-	6,351
Profit for the year	-	-	-	-	4,646	4,646
Dividends to shareholders	-	-	-	-	(3,156)	(3,156)
At 31 December 2008	105,205	3,939	4,990	4,140	73,431	191,705
Exchange differences on translation of the financial statement of foreign entities	-	-	(461)	-	-	(461)
Profit for the period	-	-	-	-	11,108	11,108
Dividend paid: - 2008 first & final 2% tax exempt	-	-	-	-	(2,104)	(2,104)
At 30 Sept 2009	105,205	3,939	4,529	4,140	82,435	200,248

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008.

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**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Nine months ended 30 Sept 2009	Nine months ended 30 Sept 2008
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,663	13,916
Adjustments for :		
Non-cash items	10,974	11,184
Non-operating items	695	1,423
Operating profit before working capital changes	25,332	26,523
Changes in working capital	38,595	(34,045)
Cash generated from operating activities	63,927	(7,522)
Interest paid	(726)	(1,554)
Tax paid	(3,461)	(1,558)
Net cash generated from / (used in) operating activities	59,740	(10,634)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,642)	(3,072)
Proceeds from disposal of fixed assets	145	2,437
Interest received	31	131
Net cash used in investing activities	(4,466)	(504)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans, net	(2,198)	(5,624)
Short term bank borrowings, net	(35,933)	12,735
Dividend paid	(2,104)	(3,156)
Net cash (used in) / generated from financing activities	(40,235)	3,955
Exchange difference on translation of the financial statement of foreign entities	(753)	1,233
Net increase / (decrease) in cash and cash equivalents	14,286	(5,950)
Cash and cash equivalents at 1 January	7,631	17,644
Cash and cash equivalents at 30 Sept	21,917	11,694
Note :		
Cash and cash equivalents included in the consolidated cash flow statement comprise the following :-		
Short term deposit with licensed bank	4,100	2,200
Cash and bank balances	22,470	15,308
Bank overdrafts	(4,653)	(5,814)
	21,917	11,694

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPT 2009

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

This interim financial report is unaudited and has been prepared in compliance with FRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31 December 2008.

2. Changes in accounting policies

The accounting policies and methods of computation adopted for this interim financial report are consistent with those adopted for the audited financial statements for the year ended 31 December 2008.

3. Audit qualification

The audit report of the Group in respect of the annual financial statements for the year ended 31 December 2008 was not subject to audit qualification.

4. Seasonal or cyclical factors

The Group has traditionally performed better during the second half of the financial year as sales will normally pick up for the year end festive season.

5. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter.

6. Changes in estimates

There were no changes in estimates of amount reported which have a material effect in the current financial quarter.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPT 2009

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

7. Debt and equity securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

8. Dividends paid

A first and final tax exempt dividend of 2% (2 sen per share) amounting to RM 2,104,090 in respect of the financial year ended 31 December 2008 was paid on 7 August 2009.

9. Segment information

Segment information is presented in respect of the Group's business segment.

	9 months ended 30 Sept 2009	
	Revenue	Profit
	RM'000	before tax RM'000
Plastic products	274,418	13,984
Food and beverages	15,597	342
Others	3,587	32
	<u>293,602</u>	<u>14,358</u>
Interest expenses	-	(726)
Interest income	-	31
	<u>293,602</u>	<u>13,663</u>

10. Valuation of property, plant and equipment

Land and buildings of the Group have not been revalued since certain properties were first revalued in 1995. The Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standard No. 16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standard Board, these assets are stated at their respective valuation less accumulated depreciation.

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INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPT 2009

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

11. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the financial period ended 30 September 2009 that have not been reflected in the financial statements as the date of this report.

12. Changes in the composition of the Group.

There were no changes in the composition of the Group for the current financial quarter.

13. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or assets as at the end of the current financial quarter.

14. Review of performance

Group revenue for the nine months ended 30 September 2009 was RM293.602 million compared with RM453.165 million for the nine months ended 30 September 2008, a decrease of 35.21%. Group profit before taxation for the period ended 30 September 2009 was RM13.663 million, a decrease of 1.82% over the RM13.916 million registered in the corresponding period in 2008. The decrease in revenue was mainly due to the significantly lower average prices of raw materials compared to the corresponding period in 2008 which translated to lower selling prices.

For the three months third quarter ended 30 September 2009, Group revenue weakened by 40.13% from RM172.802 million to RM103.464 million while profit before taxation increased by 59.96% from RM3.489 million to RM5,581 million as compared to the corresponding quarter in 2008. The lower revenue recorded in the third quarter was mainly due to lower selling prices while the increase in profit before taxation was mainly due to the higher profit margin and lower selling and distribution expenses.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

15. Comparison with preceding quarter's results

	3 months ended 30 Sept 2009 RM'000	3 months ended 30 June 2009 RM'000	Variance	
			RM'000	%
Revenue	103,464	102,139	1,325	1.3%
Profit before taxation	5,581	5,705	-124	-2.2%

The revenue for the quarter ended 30 September 2009 increased by RM1.325 million or 1.3% while profit before taxation decreased by RM 0.124 million or 2.2% as compared to the preceding quarter. There were no material changes in the results of the current quarter compare to the immediate preceding quarter.

16. Prospects

The Board of Directors is optimistic that for the financial year 2009, the Group will be able to achieve satisfactory performances in both its turnover and profitability.

17. Variance of actual profit from profit forecast

Not applicable.

18. Taxation

	Current Quarter 3 months ended 30 Sept 2009 RM'000	Year-to-date 9 months ended 30 Sept 2009 RM'000
Current tax expense		
Malaysian - current	(189)	1,868
- prior year	-	-
Overseas - current	-	-
- prior year	-	-
	<hr/>	<hr/>
	(189)	1,868
Deferred tax	653	687
	<hr/>	<hr/>
	464	2,555

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

The Group's effective tax rates for the current quarter and cumulative year-to-date are 8.31% and 18.70% respectively. Effective tax rates are lower than the statutory tax rates mainly due to the tax incentives available to certain subsidiary companies of the Group.

19. Unquoted investments

There were no purchases or disposal of unquoted investments for the current financial quarter and financial period-to-date.

20. Quoted investments

There were no purchases or disposal of quoted securities for the current financial quarter and financial period-to-date.

21. Status on corporate proposals

There were no material corporate proposals that have been announced by the Company and not completed as at the date of this announcement.

22. Group borrowings

	30 Sept 2009 RM'000
Current	
<u>Secured</u>	
Term loans	7
Overdrafts	1,408
Bankers' acceptances	5,171
Finance lease liability	315
Onshore foreign currency loans	1,164
	8,065
<u>Unsecured</u>	
Term loans	-
Revolving credit	4,902
Overdrafts	3,245
Bankers' acceptances	-
Onshore foreign currency loans	-
	8,147
	<u>16,212</u>
Non-current	
<u>Secured</u>	
Finance lease liability	235

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

The above borrowings are denominated in Ringgit Malaysia except for Revolving Credit, Onshore Foreign Currency Loans and unsecured term loans which is denominated in US Dollar.

23. Off balance sheet financial instruments

As at 11th November 2009, the Group had entered into the following forward foreign currency contracts to hedge its committed sales in foreign currencies (FC) :-

Foreign Currency	Contract	Outstanding Contract		Maturity Date
	Amount FC '000	Amount FC '000	Amount RM'000	
Japanese Yen	35,000	30,889	1,177	19/10/09-16/12/09
Singaporean Dollar	950	922	2,257	05/11/09-11/03/10
US Dollar	-	-	-	-
AUD	200	200	620	14/10/09-14/12/09
EURO	200	146	738	03/07/09-15/01/10

Foreign currency contracts are entered into to hedge the Group's confirmed sales in foreign currencies. The contracted rates will be used to convert the foreign currency amounts into Ringgit Malaysia and US Dollar. The maturity period for each contract depends on the terms of receipts or payments agreed with trade customers and suppliers. The purpose of hedging is to preserve the values of trade receivables and payables against market risk.

The contracts are short-term in nature, as such the difference between the contracted rates and the spot rates are not taken up in the income statement.

The Group does not foresee any significant credit and market risks associated with the above forward foreign currency contracts as these contracts are entered into with credit worthy financial institutions.

Besides a small fee, there are no other cash outlay requirements for the above forward foreign currency contracts.

24. Material litigation

There was no material litigation pending as at the date of this quarterly report.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

25. Dividend

A first and final dividend of 2 sen per share in respect of the financial year ended 31 December 2008 (previous corresponding financial year ended 31 December 2007 – 3 sen) was approved at the Company's Fourteenth Annual General Meeting on 29 June 2009 and was paid on 7 August 2009 to depositors registered in the Record of Depositor on 17 July 2009. No interim dividend has been declared for the financial period ended 30 Sept 2009.

26. Earnings per share

	Current quarter 3 months ended 30 Sept 2009	Year-to-date 9 months ended 30 Sept 2009
Profit for the period (RM'000)	5,117	11,108
Amount attributable to minority interests (RM'000)	-	-
Net profit attributable to shareholders (RM'000)	<u>5,117</u>	<u>11,108</u>
Basic earnings per share		
Weighted average number of ordinary shares ('000)	105,205	105,205
Basic earnings per share (sen)	4.86	10.56

Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

By Order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary

DATED THIS 19 November 2009