

GUAN CHONG BERHAD(Company No. 646226-K)
(Incorporated in Malaysia)**QUARTERLY REPORT****CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Jun-08 RM'000	Preceding Year Corresponding Quarter Ended 30-Jun-07 RM'000	Current Year To-Date Ended 30-Jun-08 RM'000	Preceding Year To-Date Ended 30-Jun-07 RM'000
Revenue	180,418	100,805	333,990	206,349
Cost of sales	(168,701)	(92,348)	(317,576)	(188,725)
Gross profit	11,717	8,457	16,414	17,624
Operating expenses	(8,210)	(4,583)	(10,005)	(7,954)
Other income	1,302	1,199	3,550	2,133
Finance costs	(1,864)	(1,430)	(4,016)	(2,867)
Share of profit of associate	367	319	540	563
Profit before tax	3,312	3,962	6,483	9,499
Tax expense	(320)	(194)	(816)	(849)
Profit for the financial period	2,992	3,768	5,667	8,650
Attributable to:				
Equity holders of the Company	2,957	3,499	5,606	8,503
Minority interest	35	269	61	147
	2,992	3,768	5,667	8,650
Earnings per share (sen) attributable to equity holders of the Company				
- Basic	1.23	1.46	2.34	3.54
- Diluted	1.23	1.44	2.34	3.50

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

(The figures have not been audited)

	As At End Of Current Quarter 30-Jun-08 RM'000	As At End of Preceding financial Year 31-Dec-07 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	107,396	106,145
Lease rental paid in advance	5,743	5,844
Investment in associates	4,835	4,610
Deferred tax asset	-	195
	<u>117,974</u>	<u>116,794</u>
Current assets		
Inventories	154,390	121,174
Trade and other receivables	75,797	64,913
Deposits, bank and cash balances	5,729	3,741
	<u>235,916</u>	<u>189,828</u>
TOTAL ASSETS	<u>353,890</u>	<u>306,622</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,000	60,000
Share premium	7,718	7,718
Share options reserve	-	721
Foreign currency translation reserve	264	(68)
Retained profits	32,163	26,557
	<u>100,145</u>	<u>94,928</u>
Minority interest	<u>1,497</u>	<u>1,436</u>
Total equity	<u>101,642</u>	<u>96,364</u>
Non-current liabilities		
Bank borrowings	14,556	11,178
Hire purchase payable	671	671
Deferred tax liabilities	11,888	11,788
	<u>27,115</u>	<u>23,637</u>
Current liabilities		
Trade and other payables	50,245	52,918
Bank borrowings	174,453	133,080
Hire purchase payable	435	522
Tax payable	-	101
	<u>225,133</u>	<u>186,621</u>
Total liabilities	<u>252,248</u>	<u>210,258</u>
TOTAL EQUITY AND LIABILITIES	<u>353,890</u>	<u>306,622</u>
Net assets per share (sen) attributable to equity holders of the Company	<u>41.73</u>	<u>39.55</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

(The figures have not been audited)

	← Attributable To Equity Holders Of The Parent →					Minority Interest	Total Equity	
	← Non-Distributable →		Distributable					
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Share Options Reserve RM'000	Retained Profits/(Loss) RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2008	60,000	7,718	(68)	721	26,557	94,928	1,436	96,364
Subscription of shares in a subsidiary	-	-	-	-	-	-	-	-
Foreign currency translation reserve	-	-	332	-	-	332	-	332
Dividends	-	-	-	-	-	-	-	-
Profit for the financial period	-	-	-	-	5,606	5,606	61	5,667
Share options granted under ESOS	-	-	-	(721)	-	(721)	-	(721)
Balance at 30 June 2008	60,000	7,718	264	-	32,163	100,145	1,497	101,642
Balance at 1 January 2007	60,000	7,718	(177)	480	20,274	88,295	1,326	89,621
Subscription of shares in a subsidiary	-	-	-	-	-	-	90	90
Foreign currency translation reserve	-	-	(88)	-	-	(88)	-	(88)
Dividends	-	-	-	-	-	-	-	-
Profit for the financial period	-	-	-	-	8,503	8,503	147	8,650
Share options granted under ESOS	-	-	-	120	-	120	-	120
Balance at 30 June 2007	60,000	7,718	(265)	600	28,777	96,830	1,563	98,393

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

(The figures have not been audited)

	Cumulative Current Year To-Date 30-Jun-08 RM'000	Cumulative Preceding Year To-Date 30-Jun-07 RM'000
Net cash (used in)/from operating activities	(37,836)	14,228
Net cash (used in) investing activities	(4,232)	(3,148)
Net cash from/(used in) financing activities	48,193	(4,171)
Net increase in cash and cash equivalents	6,125	6,909
Effect of exchange rate changes	332	(88)
Cash and cash equivalents at the beginning of financial period	(1,185)	792
Cash and cash equivalents at the end of financial period	5,272	7,613
Cash and cash equivalents at the end of financial period comprise of :		
Deposits, bank and cash balances	5,729	7,613
Bank overdrafts	(457)	-
	5,272	7,613

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.