

GEFUNG HOLDINGS BERHAD (654188-H)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Quarter Ended 30 June 2007

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
		30-Jun-07 RM'000	30-Jun-06 RM'000	30-Jun-07 RM'000	30-Jun-06 RM'000
Revenue	A8	17,552	N/A	26,242	N/A
Other operating income		185	N/A	260	N/A
Operating expenses		<u>(13,607)</u>	<u>N/A</u>	<u>(20,774)</u>	<u>N/A</u>
Operating profit		4,130	N/A	5,728	N/A
Finance cost		<u>(359)</u>	<u>N/A</u>	<u>(656)</u>	<u>N/A</u>
Profit before tax		3,771	N/A	5,072	N/A
Taxation	B5	(1,169)	N/A	(1,643)	N/A
Net profit for the period		<u>2,602</u>	<u>N/A</u>	<u>3,429</u>	<u>N/A</u>
Attributable to :					
Equity holders of the parent		2,602	N/A	3,429	N/A
Minority interest		-	N/A	-	N/A
Net profit for the period		<u>2,602</u>	<u>N/A</u>	<u>3,429</u>	<u>N/A</u>
Earnings per share attributable to equity holders of the parent:					
- Basic (sen)	B13	1.68	N/A	2.22	N/A
- Diluted (sen)		N/A	N/A	N/A	N/A

Note:

There are no comparative figures for the corresponding quarter of the preceding year.

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.

GEFUNG HOLDINGS BERHAD (654188-H)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007
(The figures have not been audited)

	Note	30-Jun-07 RM'000 (Unaudited)	31-Dec-06 RM'000 (Audited)
Non Current Assets			
Property, plant and equipment		14,684	11,222
Prepaid land lease payments		3,211	3,241
Intangible assets		68,543	68,018
		<u>86,438</u>	<u>82,481</u>
Current Assets			
Inventories		57,319	53,260
Trade and other receivables		30,151	30,425
Cash and cash equivalents		2,448	4,563
		<u>89,918</u>	<u>88,248</u>
Total Assets		<u>176,356</u>	<u>170,729</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		154,800	154,800
Other reserves		(598)	(1,587)
Accumulated losses		(19,480)	(22,909)
Total Equity		<u>134,722</u>	<u>130,304</u>
Non-current liabilities			
Deferred tax liabilities		209	220
Hire purchase payable		517	-
Other payables		3,749	-
		<u>4,475</u>	<u>220</u>
Current Liabilities			
Borrowings	B9	18,058	17,356
Hire purchase payable		163	-
Trade and other payables		16,526	19,799
Income tax payable		2,412	3,050
		<u>37,159</u>	<u>40,205</u>
Total Liabilities		<u>41,634</u>	<u>40,425</u>
Total Equity and Liabilities		<u>176,356</u>	<u>170,729</u>
 Net assets per share attributable to ordinary equity holders of the parent (RM)		 <u>0.87</u>	 <u>0.84</u>

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.

GEFUNG HOLDINGS BERHAD (654188-H)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended 30 June 2007

(The figures have not been audited)

	Share Capital RM'000	Non-distributable Other Reserves			Accumulated Losses RM'000	Total Equity RM'000
		Translation Reserve RM'000	Reserve Fund RM'000			
Balance as of 1 January 2007	154,800	(3,083)	1,496	(22,909)	130,304	
Foreign currency translation	-	989	-	-	989	
Net profit for the period	-	-	-	3,429	3,429	
Balance as of 30 June 2007	<u>154,800</u>	<u>(2,094)</u>	<u>1,496</u>	<u>(19,480)</u>	<u>134,722</u>	

Note :

There are no comparative figures for the corresponding quarter of the preceding year.

The condensed consolidated statement of changes in equity 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.

GEFUNG HOLDINGS BERHAD (654188-H)
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Quarter Ended 30 June 2007
(The figures have not been audited)

	6 months ended	
	30-Jun-07 RM'000	30-Jun-06 RM'000
Net Cash Generated from Operating Activities	222	N/A
Net Cash Used in Investing Activities	(3,374)	N/A
Net Cash Generated from Financing Activities	638	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,514)	N/A
EFFECTS ON FOREIGN EXCHANGE RATE CHANGES	399	N/A
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	4,563	N/A
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	2,448	N/A

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 30-Jun-07	As at 30-Jun-06
Cash and bank balances	541	N/A
Fixed Deposits	1,907	N/A
	2,448	N/A

Note :

There are no comparative figures for the corresponding quarter of the preceding year.

(The accompanying notes form an integral part of, and should be read in conjunction with this interim financial report)

GEFUNG HOLDINGS BERHAD

(Company No.: 654188-H)

Incorporated in Malaysia

Notes on the quarterly report – 30 June 2007

A. EXPLANATORY NOTES AS PER FRS 134-INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2006. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

The significant accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the annual financial report for the year ended 31 December 2006, except for the adoption of new or revised Financial Reporting Standards ("FRS") effective for financial statements commencing 1 January 2007 as follow:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 ₂₀₀₄ (Revised)	Employees Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the above new/revised FRSs does not have significant impact to the Group.

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Notes on the quarterly report – 30 June 2007

A2. Audit Report

The auditors' report on the audited financial statements for the year ended 31 December 2006 was not qualified.

A3. Seasonal or Cyclical Factors

The operations of the Group during the quarter have not been affected by any material seasonal or cyclical factors.

A4. Unusual Items Due to Their Nature, Size or Incidence

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

A5. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior interim periods of the current financial quarter or in prior financial years that have a material effect on the results in the quarter under review.

A6. Debts and Equity Securities

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review.

A7. Dividends Paid

There were no dividends paid during the quarter under review.

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A8. Segmental Information

Segmental information is provided in two formats, one based on business segments and the other based on geographical segments. Expenses, assets and liabilities which are common and cannot be allocated to the segments are presented under unallocated expenses, assets and liabilities, respectively, if any.

(a) Business Segments

Results for 6 months ended 30 June 2007:

	Manufacturing RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE				
Sales to external customers	26,242	-	-	26,242
Inter-segment sales	11,192		(11,192)	-
Total revenue	<u>37,434</u>	-	<u>(11,192)</u>	<u>26,242</u>
RESULT				
Segments results	<u>6,666</u>	<u>(938)</u>	-	<u>5,728</u>
Finance costs				<u>(656)</u>
Profit before taxation				5,072
Income tax expense				<u>(1,643)</u>
Net profit for the period				<u>3,429</u>
ASSETS				
Segment assets	175,834	2,813	(2,291)	<u>176,356</u>
Total assets				<u>176,356</u>
LIABILITIES				
Segment liabilities	22,079	487	(2,291)	20,275
Unallocated liabilities				21,359
Total liabilities				<u>41,634</u>
OTHER SEGMENT INFORMATION				
Capital expenditure	3,938	181	-	4,119
Depreciation and amortisation	731	21	-	752

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A8. Segmental Information (cont'd)

(b) Geographical Segments

Results for 6 months ended 30 June 2007:

By Geographical	Revenue	Segment Assets	Capital Expenditure
	RM'000	RM'000	RM'000
Malaysia	10,007	25,712	1,031
PRC	16,235	150,644	3,088
	<u>26,242</u>	<u>176,356</u>	<u>4,119</u>

A9. Valuation of Property, Plant and Equipment

The property, plant and equipment of the Group have not been revalued for the quarter under review.

A10. Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the end of the quarter except for the following:

- (i) On 13 March 2007, the Company announced that its wholly owned subsidiary, Syarikat Bukit Granite Sdn Bhd had entered into a Sales & Purchase Agreement to acquire the entire issued and paid-up capital of Montana Madencilik Insaat Sanayi Ve Ticaret Limited Sirketi comprising to 25,000 ordinary shares of Turkish Lira 1 each, for a purchase consideration of USD4,500,000.

The above acquisition is completed on 19 July 2007.

A11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter under review.

A12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or contingent assets of the Group since the last annual balance sheet as at 31 December 2006.

A13. Capital Commitment

There were no material capital commitments as at the date of this announcement other than the commitment of USD4,050,000 in relation to Note A10.

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B. ADDITIONAL EXPLANATORY NOTES IN COMPLIANCE WITH BURSA MALAYSIA LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

B1. Review of Performance

For the 6 months period ended 30 June 2007, the Group recorded a revenue and profit before tax of RM26.242 million and RM5.072 million respectively.

The Group performance for the first half year is in line with the slower construction activities in the first half of the year especially in China during the period under review.

B2. Variation of Results against Preceding Quarter

The Group registered revenue of RM17.552 million against RM8.690 million in the preceding quarter which is an increase of 102%. The improvement in the performance for the current quarter was mainly attributable to the increase in construction activities as compared to preceding quarter.

For the current quarter, the Group posted a profit before tax of RM3.771 million as compared to the preceding quarter's profit before tax of RM1.301 million. The increase in profit before tax was mainly as a result of the increased revenue registered for the current quarter.

B3. Current Year Prospects

The Group will continue to focus on its core activities and barring any unforeseen circumstances, the Directors are hopeful of achieving its targeted results for the current financial year.

B4. Profit Forecast

The Company had entered into a profit guarantee agreement with the vendors of Syarikat Bukit Granite Sdn. Bhd. ("SBG") and Shanghai Ge Fung Marble & Granite Co. Ltd. ("SGMG") whereby the vendors had guaranteed that the amalgamated pre tax profit for SBG and SGMG shall not be less than the following amount for each financial year below:

Financial Year Ending	Profit Guarantee (RM'000)
2007	28,084
2008	28,330

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B5. Income Tax Expense

Income tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 June 2007 RM'000	30 June 2006 RM'000	30 June 2007 RM'000	30 June 2006 RM'000
Income tax	1,175	NA	1,654	NA
Deferred tax	(6)	NA	(11)	NA
	<u>1,169</u>	<u>NA</u>	<u>1,643</u>	<u>NA</u>

The effective tax rate of the Group is higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

B6. Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments or properties during the quarter under review.

B7. Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review.

B8. Corporate Proposals

B8.1 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

B8.2 Status of the Utilisation of the Proceeds

The status of the utilisation of gross proceeds raised from the Placement Issue of RM5.0 million as at 30 June 2007 are as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Unutilised Balance	%	Explanations
	RM'000	RM'000	RM'000		
Estimated listing expenses	2,000	1,800	200	10	The remaining had been utilised for working capital.
Working capital	3,000	3,200	(200)	(10)	
	<u>5,000</u>	<u>5,000</u>	<u>-</u>		

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B9. Borrowings

	Denominated in local currency as at 30.6.2007 RM'000	Denominated in foreign currency as at 30.6.2007 RM'000	Total as at 30.6.2007 RM'000
Secured short term borrowings:			
Term loan	-	7,277	7,277
Bankers Acceptance	5,479	-	5,479
Trust Receipts	4,402	-	4,402
Letter of credit	900	-	900
	<u>10,781</u>	<u>7,277</u>	<u>18,058</u>

Borrowings denominated in foreign currency:

	Renminbi	Ringgit
Chinese Renminbi	<u>16,000,000</u>	<u>7,277,000</u>

B10. Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material litigation

As at the date of this report, the Group are not engaged in any material litigation which in the opinion of the Board of Directors will have a material effect on the financial position or the business of the Group.

B12. Dividends

There were no dividends declared during the quarter under review.

B13. Earnings per share

	Individual quarter ended		Cumulative period ended	
	30 June 2007	30 June 2006	30 June 2007	30 June 2006
Basic earnings per share				
Net profit for the period (RM'000)	2,602	NA	3,429	NA
Weighted average number shares in issue ('000)	154,800	NA	154,800	NA
Basic earnings per share (sen)	<u>1.68</u>	<u>NA</u>	<u>2.22</u>	<u>NA</u>

The diluted earnings per share are not calculated as the Company does not have any share options in issue.