

GEFUNG HOLDINGS BERHAD (654188-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Quarter Ended 30 June 2008

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
		30-Jun-08 RM'000	30-Jun-07 RM'000	30-Jun-08 RM'000	30-Jun-07 RM'000
Revenue	A8	17,204	17,552	29,000	26,242
Other operating income		1,309	185	1,323	260
Operating expenses		<u>(16,161)</u>	<u>(13,607)</u>	<u>(25,955)</u>	<u>(20,774)</u>
Operating profit		2,352	4,130	4,368	5,728
Finance cost		<u>(703)</u>	<u>(359)</u>	<u>(970)</u>	<u>(656)</u>
Profit before taxation		1,649	3,771	3,398	5,072
Taxation	B5	(571)	(1,169)	(1,233)	(1,643)
Profit for the period		<u>1,078</u>	<u>2,602</u>	<u>2,165</u>	<u>3,429</u>
Attributable to :					
Equity holders of the parent		1,078	2,602	2,165	3,429
Minority interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,078</u>	<u>2,602</u>	<u>2,165</u>	<u>3,429</u>
Earnings per share attributable to equity holders of the parent:					
- Basic (sen)	B13	0.70	1.68	1.40	2.22
- Diluted (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 2007 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 2008

(The figures have not been audited)

	Note	30-Jun-08 RM'000 (Unaudited)	31-Dec-07 RM'000 (Audited)
Non-current Assets			
Property, plant and equipment		14,974	13,416
Investment property		796	804
Prepaid land lease payments		3,210	3,165
Mining rights		19,838	19,838
Intangible assets		64,813	61,882
		103,631	99,105
Current Assets			
Inventories		63,130	58,397
Trade and other receivables		47,473	41,663
Fixed deposits with licensed bank		3,479	3,866
Cash and cash balances		366	2,296
		114,448	106,222
Total Assets		218,079	205,327
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		154,800	154,800
Other reserves		5,759	347
Accumulated losses		(6,862)	(9,027)
Total Equity		153,697	146,120
Non-current liabilities			
Deferred tax liabilities		4,724	4,724
Hire purchase payable		669	806
Bank borrowings	B9	426	501
		5,819	6,031
Current Liabilities			
Trade and other payables		21,702	21,869
Amount owing to director		14,654	6,169
Hire purchase payable		611	514
Income tax payable		1,188	3,597
Borrowings	B9	20,408	21,027
		58,563	53,176
Total Liabilities		64,382	59,207
Total Equity and Liabilities		218,079	205,327
Net assets per share attributable to ordinary equity holders of the parent (RM)			
		0.99	0.94

The condensed consolidated balance sheet 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.

GEFUNG HOLDINGS BERHAD (654188-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended 30 June 2008

(The figures have not been audited)

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

	Share Capital RM'000	<i>Non-distributable Other Reserves</i> Translation Reserve RM'000	Reserve Fund RM'000	Accumulated Losses RM'000	Total Equity RM'000
Balance as of 1 January 2008	154,800	(2,015)	2,362	(9,027)	146,120
Foreign currency translation	-	5,412	-	-	5,412
Profit for the period	-	-	-	2,165	2,165
Balance as of 30 June 2008	154,800	3,397	2,362	(6,862)	153,697

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.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Quarter Ended 30 June 2008

(The figures have not been audited)

	6 months ended	
	30-Jun-08 RM'000	30-Jun-07 RM'000
Net Cash (Used in)/Generated from Operating Activities	(1,871)	222
Net Cash Used in Investing Activities	(1,625)	(3,374)
Net Cash (Used in)/Generated from Financing Activities	(2,508)	638
Net Decrease Cash and Cash Equivalents	(6,004)	(2,514)
Effects on Foreign Exchange Rate Changes	2,119	399
Cash and Cash Equivalents as at beginning of period	4,765	4,563
Cash and Cash Equivalents as at end of period	880	2,448

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

	As at 30-Jun-08	As at 30-Jun-07
Cash and bank balances	366	541
Fixed deposits	3,479	1,907
Bank overdrafts	(2,965)	-
	880	2,448

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.

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

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The unaudited interim financial statements have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2007. These explanatory notes attached to the interim financial statements 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 year ended 31 December 2007.

The significant accounting policies and methods of computation adopted in this interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2007, except for the adoption of new/revised Financial Reporting Standards ("FRS"), Amendment to FRS and Interpretations effective for financial statements commencing 1 January 2008 as follow:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments	
To FRS 121	The Effect of Changes in Foreign Exchange Rates
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Special Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ – Financial Report in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

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

The adoption of the above FRSs, Amendment to FRS and Interpretations, where applicable, does not have any significant financial impact on the Group.

A2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2007 was unqualified.

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.

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 2008:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE					
Sales to external customers	27,549	1,451	-	-	29,000
Inter-segment sales	4,777	-	-	(4,777)	-
Total revenue	32,326	1,451	-	(4,777)	29,000
RESULT					
Segments results	5,993	(262)	(1,363)	-	4,368
Finance costs					(970)
Profit before taxation					3,398
Income tax expense					(1,233)
Profit for the year					2,165
ASSETS					
Segment assets					218,079
Total assets					218,079
LIABILITIES					
Segment liabilities					58,470
Unallocated liabilities					5,912
Total liabilities					64,382
OTHER SEGMENT INFORMATION					
Capital expenditure	1,840	-	12	-	1,852
Depreciation and amortisation	822	54	38	-	914

A8. Segmental Information (cont'd)

(b) Geographical Segments

Results for 6 months ended 30 June 2008:

By Geographical	Revenue	Segment Assets	Capital Expenditure
	RM'000	RM'000	RM'000
Malaysia	6,736	29,359	447
PRC	20,813	164,215	1,405
Turkey	1,451	24,505	-
	<u>29,000</u>	<u>218,079</u>	<u>1,852</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 current quarter under review other than as disclosed in B8.

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 financial year as at 31 December 2007.

A13. Capital Commitment

There were no material capital commitments as at the date of this announcement.

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

B1. Review of Performance

For the quarter under review, the Group achieved a revenue and profit before taxation of RM17.204 million and RM1.649 million representing a decrease of 2.0% and 56.3% against the revenue and profit before taxation of RM17.552 million and RM3.771 million recorded for the corresponding quarter last year respectively.

The decrease in profit before taxation is mainly attributable to the lower gross profit margin due to increasing cost of materials, other overhead costs and increase in operational costs in the current quarter under review as a result of the tough market conditions attributed by rising global oil prices.

B2. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

For the current quarter, the Group posted a profit before tax of RM1.649 million as compared to the preceding quarter's profit before tax of RM1.749 million.

B3. Commentary on Prospects

The Group is mindful of the various challenges it faces in the remaining quarters of the financial year, in the light of the highly competitive business and economic environment together with rising operating costs.

The Group will continue to focus on its core activities. Barring any delay in the projects implementation, the Group expects to generate higher revenue for the second half of 2008 compared to first half of the year.

B4. Profit Forecast

The Company had entered into a Profit Guarantee Agreement ("PGA") 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 audited amalgamated pre tax profit for SBG and SGMG for the current financial year shall not be less than RM28,330,000.

B5. Income Tax Expense

Income tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 June 2008 RM'000	30 June 2007 RM'000	30 June 2008 RM'000	30 June 2007 RM'000
Income tax	571	1,175	1,233	1,654
Deferred tax	-	(6)	-	(11)
	<u>571</u>	<u>1,169</u>	<u>1,233</u>	<u>1,643</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

The corporate proposal announced but not completed as at the date of this announcement is as follow:-

- (a) The Company had on 27 September 2007 announced that it proposed to implement a private placement of up to 15,480,000 new ordinary shares of RM1.00 each in Gefung Holdings Berhad ("Gefung"), representing not more than ten percent (10%) of the issued and paid-up share capital of the Company, to investors to be identified later. The Company had on 29 October 2007 announced that the Securities Commission and the Foreign Investment Committee had approved the Proposed Private Placement subject to certain conditions and subsequently the Company had on 20 November 2007 announced that the Ministry of International Trade and Industry had approved the Proposed Private Placement subject to certain conditions.

On behalf of the Board of Directors of the Company, OSK Investment Bank Berhad had on 28 March 2008 submitted an application to the Securities Commission to seek for an extension of six (6) months up to 25 October 2008 to complete the Proposed Private Placement. Securities Commission had vide its letter dated 25 April 2008, approved the Company's application for an extension of time for a further six (6) months to implement the Proposed Private Placement. Following the SC's approval, the Company will be given until 25 October 2008 to complete the Proposed Private Placement.

B8. Corporate Proposals (Cont'd)

- (b) The Company had on 15 November 2007 announced that it had entered into a joint venture and shareholders agreement with Tawjeeh Services and Commercial Investments Limited ("TAWJEEH"), a company incorporated in the Kingdom of Saudi Arabia, to establish a joint venture company in such jurisdiction in the Middle East to be mutually agreed by Gefung and TAWJEEH ("the Parties") as a private company with limited liability to be known as GEFUNG (MENA) LLC or any other name to be mutually agreed upon by the Parties, with a proposed authorised share capital of USD13,500,000 comprising of thirteen million five hundred thousand (13,500,000) ordinary shares of USD1.00 each of which the allotment of the shares to Gefung and TAWJEEH shall be 6,750,001 and 6,749,999 respectively ("Proposed JV").

Subsequently, The Company had on 13 March 2008 announced that it had entered into a first supplemental joint venture and shareholders' agreement ("SJVA") with TAWJEEH for the proposed disposal by SBG, a wholly-owned subsidiary company of Gefung, of its 100 ordinary shares of YTL1,000 each in Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("MTN"), representing 100% equity interest in MTN to its 50.01% held joint venture company to be incorporated, for a consideration of USD4,605,000 ("Proposed Disposal"). The proposed authorised share capital of the joint venture company have been revised to USD14,000,000 comprising of fourteen million (14,000,000) ordinary shares of USD1.00 each of which the allotment of the shares to Gefung and TAWJEEH shall be 7,000,001 and 6,999,999 respectively.

The Proposed JV and Proposed Disposal have been approved by the shareholders of the Company at the Extraordinary General Meeting held on 25 April 2008.

B9. Borrowings

	Denominated in local currency as at 30.6.2008 RM'000	Denominated in foreign currency as at 30.6.2008 RM'000	Total as at 30.6.2008 RM'000
Secured short term borrowings:			
Bank overdraft	2,965	-	2,965
Term loan	126	8,104	8,230
Bankers Acceptance	2,858	-	2,858
Trust Receipts	6,355	-	6,355
	<u>12,304</u>	<u>8,104</u>	<u>20,408</u>
Secured long term borrowings:			
Term loan	<u>426</u>	<u>-</u>	<u>426</u>

Borrowings denominated in foreign currency:

	Renminbi	Ringgit Malaysia Equivalent
Chinese Renminbi	<u>17,000,000</u>	<u>8,104,070</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 is 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 2008	30 June 2007	30 June 2008	30 June 2007
Basic earnings per share				
Net profit for the period (RM'000)	1,078	2,602	2,165	3,429
Weighted average number shares in issue ('000)	154,800	154,800	154,800	154,800
Basic earnings per share (sen)	<u>0.70</u>	<u>1.68</u>	<u>1.40</u>	<u>2.22</u>

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