

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 2008. 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 2008.

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2008.

At the date of authorisation of these interim financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and Interpretation		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The adoption of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS139.

A2. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2008 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.

A8. Segmental Information (cont'd)**(a) Business Segments**

Results for 6 months ended 30 June 2009:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE					
Sales to external customers	19,832	3	-	-	19,835
Inter-segment sales	4,116	-	-	(4,116)	-
Total revenue	23,948	3	-	(4,116)	19,835
RESULT					
Segments results	1,195	(497)	(1,584)	-	(886)
Finance costs					(911)
Loss before taxation					(1,797)
Income tax expense					-
Loss for the period					(1,797)
ASSETS					
Segment assets	191,993	23,070	1,654	-	216,717
Total assets					216,717
LIABILITIES					
Segment liabilities	14,643	1,156	872	-	16,671
Interest bearing instruments					26,242
Unallocated corporate liabilities					6,859
Total liabilities					49,772
OTHER SEGMENT INFORMATION					
Capital expenditure	816	59	-	-	875
Depreciation and amortisation	845	75	31	-	951

(b) Geographical Segments

Results for 6 months ended 30 June 2009:

By Geographical	Revenue RM'000	Segment Assets RM'000	Capital Expenditure RM'000
Malaysia	6,135	28,607	10
PRC	13,697	165,043	806
Turkey	3	23,067	59
	19,835	216,717	875

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 other material events subsequent to the end of the current quarter under review.

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 2008.

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

The Group achieved a revenue of RM12.6 million for the quarter ended 30 June 2009, 26.7% lower compared to the revenue of RM17.2 million for the quarter ended 30 June 2008. The decrease in the Group's revenue was mainly due to slower execution of projects in China due to customers' circumstances.

The Group recorded a loss after taxation of RM1.4 million for the quarter ended 30 June 2009 compared to the profit after taxation of RM1.1 million for the quarter ended 30 June 2008. The decrease was mainly attributable to lower revenue from China operations and lower gross profit margin.

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

For the current quarter, the Group posted a loss before taxation of RM1.4 million compared to the loss before tax of RM0.3 million for the quarter ended 31 March 2009.

B3. Commentary on Prospects

The Group anticipates the remaining quarters of the financial year to be challenging due to the global financial crisis and economic downturn.

Amidst the economic challenges and uncertainties, the Group will continue to focus on its core activities and Management will continuously undertake measures to improve business efficiency and competitiveness.

B4. Profit Forecast

The Company did not issue any profit forecast or profit guarantee for the year.

B5. Income Tax Expense

Income tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	30 June 2009 RM'000	30 June 2008 RM'000	30 June 2009 RM'000	30 June 2008 RM'000
Income tax	-	571	-	1,233

No provision for taxation expenses for the quarter and year-to-date ended 30 June 2009 due to loss incurred for the Group. The effective tax rate for the quarter and year-to-date ended 30 June 2008 was higher than the statutory tax rate principally due to certain expenses which were 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 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.

The Proposed JV and Proposed Disposal are now pending implementation.

Other than the above, there were no other corporate proposals announced but not completed as at the date of this announcement.

B9. Borrowings

	Denominated in local currency as at 30.6.2009 RM'000	Denominated in foreign currency as at 30.6.2009 RM'000	Total as at 30.6.2009 RM'000
Secured short term borrowings:			
Bank overdraft	2,890	-	2,890
Term loan	128	8,818	8,946
Hire purchase payables	259	89	348
Bankers Acceptance	4,845	-	4,845
Trust Receipts	8,719	-	8,719
	<u>16,841</u>	<u>8,907</u>	<u>25,748</u>
Secured long term borrowings:			
Term loan	288	-	288
Hire purchase payables	206	-	206
	<u>494</u>	<u>-</u>	<u>494</u>

The foreign currency exposure profile of the borrowings is as follows:-

	RM'000
Chinese Renminbi	8,818
Euro	<u>89</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. (Loss)/Earnings per share

	Individual quarter ended		Cumulative period ended	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Basic (loss)/earnings per share				
Net (loss)/profit for the period (RM'000)	(1,447)	1,078	(1,797)	2,165
Weighted average number shares in issue ('000)	154,800	154,800	154,800	154,800
Basic (loss)/earnings per share (sen)	<u>(0.94)</u>	<u>0.70</u>	<u>(1.16)</u>	<u>1.40</u>

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