

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Quarter Ended 30 September 2007

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
		30-Sep-07 RM'000	30-Sep-06 RM'000	30-Sep-07 RM'000	30-Sep-06 RM'000
Revenue	A8	17,749	2,308	43,991	2,308
Other operating income		61	-	320	-
Operating expenses		<u>(13,047)</u>	<u>(2,015)</u>	<u>(33,821)</u>	<u>(2,103)</u>
Operating profit		4,763	293	10,490	205
Finance cost		<u>(274)</u>	<u>(43)</u>	<u>(930)</u>	<u>(43)</u>
Profit before tax		4,489	250	9,560	162
Taxation	B5	<u>(1,433)</u>	<u>(59)</u>	<u>(3,076)</u>	<u>(59)</u>
Net profit for the period		<u>3,056</u>	<u>191</u>	<u>6,484</u>	<u>103</u>
Attributable to:					
Equity holders of the parent		3,056	191	6,484	103
Minority interest		-	-	-	-
Net profit for the period		<u>3,056</u>	<u>191</u>	<u>6,484</u>	<u>103</u>
Earnings per share attributable to equity holders of the parent:					
- Basic (sen)	B13	1.97	7.53	4.19	4.06
- 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 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 September 2007
(The figures have not been audited)

	Note	30-Sep-07 RM'000 (Unaudited)	31-Dec-06 RM'000 (Audited)
Non Current Assets			
Property, plant and equipment		35,669	11,222
Prepaid land lease payments		3,187	3,241
Intangible assets		68,484	68,018
		<u>107,340</u>	<u>82,481</u>
Current Assets			
Inventories		56,890	53,260
Trade and other receivables		34,342	30,425
Cash and cash equivalents		7,104	4,563
		<u>98,336</u>	<u>88,248</u>
Total Assets		<u>205,676</u>	<u>170,729</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		154,800	154,800
Other reserves		(566)	(1,587)
Accumulated losses		(16,425)	(22,909)
Total Equity		<u>137,809</u>	<u>130,304</u>
Non-current liabilities			
Deferred tax liabilities		4,524	220
Hire purchase payable		952	-
Other payables		3,745	-
		<u>9,221</u>	<u>220</u>
Current Liabilities			
Borrowings	B9	20,451	17,356
Hire purchase payable		511	-
Trade and other payables		34,529	19,799
Income tax payable		3,155	3,050
		<u>58,646</u>	<u>40,205</u>
Total Liabilities		<u>67,867</u>	<u>40,425</u>
Total Equity and Liabilities		<u>205,676</u>	<u>170,729</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		<u>0.89</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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended 30 September 2007

(The figures have not been audited)

	Share Capital RM'000	Irredeemable Convertible Preference Shares RM'000	Share Premium RM'000	Non-distributable Other Reserves			Accumulated Losses RM'000	Total Equity RM'000
				Translation Reserve RM'000	Reserve Fund RM'000	Reserve Fund RM'000		
Balance as of 1 January 2006	-	-	-	-	-	-	(1,465)	(1,465)
Issuance of ordinary shares	63,000	-	-	-	-	-	-	63,000
Issuance of ICPS	-	6,300	56,700	-	-	-	-	63,000
Foreign currency translation	-	-	-	168	-	-	-	168
Net profit for the period	-	-	-	-	-	-	103	103
Balance as of 30 September 2006	63,000	6,300	56,700	168	-	-	(1,362)	124,806

	Share Capital RM'000	Irredeemable Convertible Preference Shares RM'000	Share Premium RM'000	Non-distributable Other Reserves			Accumulated Losses RM'000	Total Equity RM'000
				Translation Reserve RM'000	Reserve Fund RM'000	Reserve Fund RM'000		
Balance as of 1 January 2007	154,800	-	-	(3,083)	1,496	-	(22,809)	130,304
Foreign currency translation	-	-	-	1,021	-	-	-	1,021
Net profit for the period	-	-	-	-	-	-	6,484	6,484
Balance as of 30 September 2007	154,800	-	-	(2,062)	1,496	-	(16,425)	137,809

* This represents RM2 comprising 2 ordinary shares of RM1.00 each.

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.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For The Quarter Ended 30 September 2007

(The figures have not been audited)

	9 months ended	
	30-Sep-07 RM'000	30-Sep-06 RM'000
Net Cash Generated from / (Used in) Operating Activities	18,787	(533)
Net Cash (Used in) / Generated from Investing Activities	(19,275)	913
Net Cash Generated from Financing Activities	2,531	635
Net Increase in Cash and Cash Equivalents	2,043	1,015
Effects on Foreign Exchange Rate Changes	498	168
Cash and Cash Equivalents as at beginning of period	4,563	-
Cash and Cash Equivalents as at end of period	7,104	1,183

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

	As at 30-Sep-07	As at 30-Sep-06
Cash and bank balances	2,697	253
Fixed deposits	4,407	1,162
Bank overdrafts	-	(232)
	7,104	1,183

The condensed consolidated cash flow 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.

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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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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 9 months ended 30 September 2007:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE					
Sales to external customers	43,844	147	-	-	43,991
Inter-segment sales	15,260	-	-	(15,260)	-
Total revenue	59,104	147	-	(15,260)	43,991
RESULT					
Segments results	12,026	(96)	(1,440)	-	10,490
Finance costs					(930)
Profit before taxation					9,560
Income tax expense					(3,076)
Net profit for the period					6,484
ASSETS					
Segment assets	179,652	22,644	12,347	(8,967)	205,676
Total assets					205,676
LIABILITIES					
Segment liabilities	34,723	6,460	10,378	(8,967)	42,594
Unallocated liabilities					25,273
Total liabilities					67,867
OTHER SEGMENT INFORMATION					
Capital expenditure	3,945	1,395	350	-	5,690
Depreciation and amortisation	1,119	31	44	-	1,194

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A8. Segmental Information (cont'd)

(b) Geographical Segments

Results for 9 months ended 30 September 2007:

By Geographical	Revenue	Segment Assets	Capital Expenditure
	RM'000	RM'000	RM'000
Malaysia	15,826	29,327	1,210
PRC	28,018	153,705	3,085
Turkey	147	19,004	1,395
	<u>43,991</u>	<u>202,036</u>	<u>5,690</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.

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A11. Changes in the Composition of the Group

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 ("MTN") comprising of 25,000 ordinary shares of Turkish Lira 1 each, for a purchase consideration of USD4,500,000. The acquisition has been completed on 19 July 2007.

The acquisition of MTN had the following effects on the Group's financial results for the current quarter :

	<u>2007</u>
	RM'000
Revenue	147
Loss for the period	(96)

The fair value of the assets acquired and liabilities assumed from the acquisition of the subsidiary is as follows:

	<u>2007</u>
	RM'000
Property, plant & equipment	19,838
Other receivables	970
Cash and cash equivalents	4
Trade and other payables	(876)
Deferred taxation	(4,320)
Fair value of net assets	<u>15,616</u>
Goodwill on acquisition	-
Total cost of acquisition	<u>15,616</u>

Other than above, there were no other 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.

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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 9 months period ended 30 September 2007, the Group recorded a revenue and profit before tax of RM43.991 million and RM9.560 million respectively.

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

B2. Variation of Results against Preceding Quarter

The Group registered revenue of RM17.749 million against RM17.552 million in the preceding quarter which is a slight increase of 1%. The slight improvements in the current quarter were mainly attributable to the revenue generated from China and from the new acquired subsidiary.

For the current quarter, the Group posted a profit before tax of RM4.489 million as compared to the preceding quarter's profit before tax of RM3.770 million. The increase in profit before tax was mainly as a result of the revenue with better margin registered for the current quarter.

B3. Current Year Prospects

The Group will continue to focus on its core activities. The Directors are of the opinion there will be a shortfall in the results compared to its guaranteed profit before tax in B4 below mainly due to delay execution of certain projects in hand by customers in China. Also the acquisition of the subsidiary in Turkey was only completed in 2nd half of the year hence contributions for current financial year will be minimal.

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 31 December	Profit Before Tax 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 September 2007 RM'000	30 September 2006 RM'000	30 September 2007 RM'000	30 September 2006 RM'000
Income tax	1,439	56	3,093	56
Deferred tax	(6)	3	(17)	3
	<u>1,433</u>	<u>59</u>	<u>3,076</u>	<u>59</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.

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B8. Corporate Proposals

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

(a) Proposed Private Placement

On 27 September 2007, the Company 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 Proposed Private Placement is subject to and conditional upon approvals being obtained from Securities Commission ("SC"), Bursa Malaysia Securities Berhad, Ministry of International Trade and Industry and other relevant regulatory authorities, where applicable. The SC had vide its letter dated 26 October 2007 approved the Proposed Private Placement subject to the following terms and conditions:-

Terms

- (i) Private Placement of up to 15,480,000 new ordinary shares of RM1.00 each representing up to 10% of Gefung's issued and paid-up share capital; and
- (ii) Listing and quotation for up to 15,480,000 new Gefung ordinary shares of RM1.00 each to be issued pursuant to the proposed private placement on the Second Board of Bursa Malaysia Securities Berhad.

Conditions

- (i) Gefung should submit to the SC for a review of its effective equity structure together with its latest audited financial statements by 22 November 2009, whereby further equity condition may be imposed on Gefung;
- (ii) OSK Investment Bank Berhad (OSK)/Gefung should inform the SC upon completion of the proposed private placement;
- (iii) OSK/Gefung should obtain confirmation from Gefung's auditors that the director's advances of RM10 million as at 31 August 2007 had been/will be used in the ordinary course of Gefung's business based on the details that were disclosed to the SC. The said confirmation is to be submitted to the SC prior to the implementation of the proposed private placement; and
- (iv) OSK/Gefung should fully comply with Guidance Note 8C and other relevant requirements of the Policies and Guidelines on Issue/Offer of Securities for the implementation of the proposed private placement.

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In addition thereto, the SC, on behalf of Foreign Investment Committee, vide the same letter dated 26 October 2007, has also approved the Proposed Private Placement pursuant to the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests.

- (b) As of the date of this announcement, the Company had entered into a joint venture 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.

The Proposed Joint Venture is subject to the approvals from the shareholders of Gefung at an EGM to be convened and any other relevant authorities, if necessary.

B9. Borrowings

	Denominated in local currency as at 30.9.2007 RM'000	Denominated in foreign currency as at 30.9.2007 RM'000	Total as at 30.9.2007 RM'000
Secured short term borrowings:			
Term loan	-	7,270	7,270
Bankers Acceptance	5,614	-	5,614
Trust Receipts	7,365	-	7,365
Letter of credit	202	-	202
	<u>13,181</u>	<u>7,270</u>	<u>20,451</u>

Borrowings denominated in foreign currency:

	Renminbi	Ringgit
Chinese Renminbi	<u>16,000,000</u>	<u>7,270,000</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.

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B13. Earnings per share

	Individual quarter ended		Cumulative period ended	
	30 September 2007	30 September 2006	30 September 2007	30 September 2006
Basic earnings per share				
Net profit for the period (RM'000)	3,056	191	6,484	103
Weighted average number shares in issue ('000)	154,800	2,538	154,800	2,538
Basic earnings per share (sen)	<u>1.97</u>	<u>7.53</u>	<u>4.19</u>	<u>4.06</u>

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