

GEFUNG HOLDINGS BERHAD (654188-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Quarter Ended 31 December 2007

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
		31-Dec-07 RM'000	31-Dec-06 RM'000	31-Dec-07 RM'000	31-Dec-06 RM'000
Revenue	A8	17,165	18,107	61,156	20,415
Other operating income		6,466	2,252	6,786	2,252
Operating expenses		<u>(13,519)</u>	<u>(14,332)</u>	<u>(47,340)</u>	<u>(16,435)</u>
Operating profit		10,112	6,027	20,602	6,232
Finance cost		<u>(649)</u>	<u>(326)</u>	<u>(1,579)</u>	<u>(369)</u>
Net operating profit		9,463	5,701	19,023	5,863
Adjustment arising on the implementation of Jin Lin Restructuring Scheme		<u>-</u>	<u>(23,800)</u>	<u>-</u>	<u>(23,800)</u>
Profit/(loss) before taxation		9,463	(18,099)	19,023	(17,937)
Taxation	B5	<u>(1,198)</u>	<u>(1,953)</u>	<u>(4,274)</u>	<u>(2,012)</u>
Profit/(loss) for the period		<u>8,265</u>	<u>(20,052)</u>	<u>14,749</u>	<u>(19,949)</u>
Attributable to :					
Equity holders of the parent		8,265	(20,052)	14,749	(19,949)
Minority interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>8,265</u>	<u>(20,052)</u>	<u>14,749</u>	<u>(19,949)</u>
Earnings/(loss) per share attributable to equity holders of the parent:					
- Basic (sen)	B13	5.34	(87.57)	9.53	(87.12)
- 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)
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CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

(The figures have not been audited)

	Note	31-Dec-07 RM'000 (Unaudited)	31-Dec-06 RM'000 (Audited)
Non-current Assets			
Property, plant and equipment		33,254	11,222
Investment property		804	-
Prepaid land lease payments		3,165	3,241
Intangible assets		61,841	68,018
		<u>99,064</u>	<u>82,481</u>
Current Assets			
Inventories		58,397	53,260
Trade and other receivables		41,450	30,425
Fixed deposits with licensed bank		3,866	3,094
Cash and cash balances		2,296	1,469
		<u>106,009</u>	<u>88,248</u>
Total Assets		<u>205,073</u>	<u>170,729</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		154,800	154,800
Other reserves		337	(1,587)
Accumulated losses		(9,026)	(22,909)
Total Equity		<u>146,111</u>	<u>130,304</u>
Non-current liabilities			
Deferred tax liabilities		4,520	220
Hire purchase payable		806	-
Bank borrowings	B9	480	-
		<u>5,806</u>	<u>220</u>
Current Liabilities			
Trade and other payables		27,995	19,799
Hire purchase payable		515	-
Income tax payable		3,597	3,050
Borrowings	B9	21,049	17,356
		<u>53,156</u>	<u>40,205</u>
Total Liabilities		<u>58,962</u>	<u>40,425</u>
Total Equity and Liabilities		<u>205,073</u>	<u>170,729</u>
 Net assets per share attributable to ordinary equity holders of the parent (RM)		 <u>0.94</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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended 31 December 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	*	-	-	-	-	-	(1,464)	(1,464)
Issuance of ordinary shares	154,800	-	-	-	-	-	-	154,800
Issuance of ICPS	-	6,300	56,700	-	-	-	-	63,000
Conversion of ICPS	-	(6,300)	(56,700)	-	-	-	-	(63,000)
Foreign currency translation	-	-	-	(3,083)	-	-	-	(3,083)
Transfer to reserve fund	-	-	-	-	1,496	-	(1,496)	-
Loss for the year	-	-	-	-	-	-	(19,949)	(19,949)
Balance as of 31 December 2006	154,800	-	-	(3,083)	1,496	-	(22,909)	130,304
Balance as of 1 January 2007	154,800	-	-	(3,083)	1,496	-	(22,909)	130,304
Foreign currency translation	-	-	-	1,058	-	-	-	1,058
Transfer to reserve fund	-	-	-	-	866	-	(866)	-
Profit for the year	-	-	-	-	-	-	14,749	14,749
Balance as of 31 December 2007	154,800	-	-	(2,025)	2,362	-	(9,026)	146,111

* 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 31 December 2007

(The figures have not been audited)

	12 months ended	
	31-Dec-07 RM'000	31-Dec-06 RM'000
Net Cash Generated from / (Used in) Operating Activities	15,785	(433)
Net Cash (Used in) / Generated from Investing Activities	(18,003)	1,492
Net Cash Generated from Financing Activities	2,063	4,463
Net (Decrease) / Increase in Cash and Cash Equivalents	(155)	5,522
Effects on Foreign Exchange Rate Changes	357	(959)
Cash and Cash Equivalents as at beginning of year	4,563	*
Cash and Cash Equivalents as at end of year	4,765	4,563

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

	As at 31-Dec-07	As at 31-Dec-06
Cash and bank balances	2,296	1,469
Fixed deposits	3,866	3,094
Bank overdrafts	(1,397)	-
	4,765	4,563

* This represents cash in hand of RM2.

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 other than the waiver of debt.

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 12 months ended 31 December 2007:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE					
Sales to external customers	59,819	1,337	-	-	61,156
Inter-segment sales	20,688	-	-	(20,688)	-
Total revenue	<u>80,507</u>	<u>1,337</u>	<u>-</u>	<u>(20,688)</u>	<u>61,156</u>
RESULT					
Segments results	<u>22,746</u>	<u>84</u>	<u>(2,228)</u>	<u>-</u>	<u>20,602</u>
Finance costs					<u>(1,579)</u>
Profit before taxation					<u>19,023</u>
Income tax expense					<u>(4,274)</u>
Profit for the year					<u>14,749</u>
ASSETS					
Segment assets	199,217	23,130	12,362	(29,636)	<u>205,073</u>
Total assets					<u>205,073</u>
LIABILITIES					
Segment liabilities	51,372	2,530	3,775	(29,681)	27,996
Unallocated liabilities					<u>30,966</u>
Total liabilities					<u>58,962</u>
OTHER SEGMENT INFORMATION					
Capital expenditure	1,947	1,320	1,162	-	4,429
Depreciation and amortisation	1,474	33	58	-	1,565

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A8. Segmental Information (cont'd)

(b) Geographical Segments

Results for 12 months ended 31 December 2007:

By Geographical	Revenue	Segment Assets	Capital
	RM'000	RM'000	Expenditure RM'000
Malaysia	19,204	29,968	2,025
PRC	40,615	151,981	1,084
Turkey	1,337	23,124	1,320
	<u>61,156</u>	<u>205,073</u>	<u>4,429</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

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 Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("MTN") comprising of 25 ordinary shares of New Turkish Lira 1,000.00 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 financial year ended 31 December 2007 :

	<u>2007</u>
	RM'000
Revenue	1,337
Profit for the year	<u>72</u>

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A11. Changes in the Composition of the Group (cont'd)

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	<u>(4,320)</u>
Fair value of net assets	15,616
Goodwill on acquisition	-
Total cost of acquisition	<u>15,616</u>

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.

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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 12 months period ended 31 December 2007, the Group recorded revenue and profit before tax of RM61.156 million and RM19.023 million representing an increase of 6.2% and 2.5% against the proforma revenue and profit before tax of RM57.576 million and RM18.568 million (*based on Group proforma income statement for the financial year ended 31 December 2006*). The increase in revenue was due mainly to higher revenue generated from Malaysia Segment.

The Group posted a profit after tax of RM14.749 million for the 12 months period ended 31.12.2007, representing a decrease of 3.7% against the proforma profit after tax of RM15.320 million for the financial year ended 31 December 2006. The higher taxation charge was primarily due to expiry of 50% tax exemption on taxable income of China Segment.

B2. Variation of Results against Preceding Quarter

The Group registered revenue of RM17.165 million representing a slight decrease of 3.3% against the revenue of RM17.749 million achieved in the preceding quarter. The decrease was mainly due to the lower revenue generated from Malaysia Segment as the projects are at the completion stage for current quarter.

For the current quarter, the Group posted a profit before tax of RM9.463 million as compared to the preceding quarter's profit before tax of RM4.489 million. The increase in profit before tax was mainly attributable to the debt waiver as per note A4.

B3. Next Year Prospects

The Group will continue to focus on its core activities and raise its production capacities in its existing facilities and markets. Barring any unforeseen circumstances, the Directors are confident of achieving its targeted results for the next financial year in view of its current order book.

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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 shall not be less than the following amount for each financial year below:

Financial Year 31 December	Profit Before Tax Guarantee (RM'000)	Actual (unaudited) (RM'000)	Variance (RM'000)
2007	28,084	21,268	6,816
2008	28,330	N/A	N/A

As at 31 December 2007, an amount of RM6.816 million representing the shortfall of profits guaranteed has been recorded as a reduction in the cost of investment of the Company. The intangible asset of the Group has been adjusted accordingly.

The shortfall of the Profit Guarantee shall be based on the audited amalgamated profit before tax of SBG and SGMG and upon confirmation shall be made good in accordance with the terms of the PGA.

B5. Income Tax Expense

Income tax expense comprises the following:

	Individual quarter ended		Cumulative quarter ended	
	31 December 2007 RM'000	31 December 2006 RM'000	31 December 2007 RM'000	31 December 2006 RM'000
Income tax	1,201	1,969	4,294	2,026
Deferred tax	(3)	(16)	(20)	(14)
	<u>1,198</u>	<u>1,953</u>	<u>4,274</u>	<u>2,012</u>

The effective tax rate of the Group is lower than the statutory tax rate principally due to waiver of debts which are not taxable.

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) 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, 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.

(b) The Company had on 15 November 2007 announced that it 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 31.12.2007 RM'000	Denominated in foreign currency as at 31.12.2007 RM'000	Total as at 31.12.2007 RM'000
Secured short term borrowings:			
Bank overdraft	1,397	-	1,397
Term loan	136	7,272	7,408
Bankers Acceptance	3,051	-	3,051
Trust Receipts	9,193	-	9,193
	<u>13,777</u>	<u>7,272</u>	<u>21,049</u>
Secured long term borrowings:			
Term loan	480	-	480

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Borrowings denominated in foreign currency:

	Renminbi	Ringgit Malaysia Equivalent
Chinese Renminbi	<u>16,000,000</u>	<u>7,272,000</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 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/(loss) per share

	Individual quarter ended		Cumulative period ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Basic earnings/(loss) per share				
Net profit / (loss) for the period (RM'000)	8,265	(20,052)	14,749	(19,949)
Weighted average number shares in issue ('000)	154,800	22,897	154,800	22,897
Basic earnings/(loss) per share (sen)	<u>5.34</u>	<u>(87.57)</u>	<u>9.53</u>	<u>(87.12)</u>

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