

GEFUNG HOLDINGS BERHAD (654188-H)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For The Quarter Ended 31 March 2008

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
		31-Mar-08 RM'000	31-Mar-07 RM'000	31-Mar-08 RM'000	31-Mar-07 RM'000
Revenue	A8	11,796	8,690	11,796	8,690
Other operating income		14	75	14	75
Operating expenses		<u>(9,794)</u>	<u>(7,167)</u>	<u>(9,794)</u>	<u>(7,167)</u>
Operating profit		2,016	1,598	2,016	1,598
Finance cost		<u>(267)</u>	<u>(297)</u>	<u>(267)</u>	<u>(297)</u>
Profit before taxation		1,749	1,301	1,749	1,301
Taxation	B5	(662)	(474)	(662)	(474)
Profit for the period		<u>1,087</u>	<u>827</u>	<u>1,087</u>	<u>827</u>
Attributable to :					
Equity holders of the parent		1,087	827	1,087	827
Minority interest		-	-	-	-
		<u>1,087</u>	<u>827</u>	<u>1,087</u>	<u>827</u>
Earnings per share attributable to equity holders of the parent:					
- Basic (sen)	B13	0.70	0.53	0.70	0.53
- 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 31 March 2008

*(The figures have not been audited)*

	31-Mar-08 RM'000 (Unaudited)	31-Dec-07 RM'000 (Audited)
<b>Non-current Assets</b>		
Property, plant and equipment	13,145	13,416
Investment property	800	804
Prepaid land lease payments	3,148	3,165
Mining rights	19,838	19,838
Intangible assets	62,054	61,882
	<u>98,985</u>	<u>99,105</u>
<b>Current Assets</b>		
Inventories	59,322	58,397
Trade and other receivables	42,160	41,663
Fixed deposits with licensed bank	3,465	3,866
Cash and cash balances	469	2,296
	<u>105,416</u>	<u>106,222</u>
<b>Total Assets</b>	<u>204,401</u>	<u>205,327</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	154,800	154,800
Other reserves	327	347
Accumulated losses	(7,940)	(9,027)
<b>Total Equity</b>	<u>147,187</u>	<u>146,120</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	4,724	4,724
Hire purchase payable	646	806
Bank borrowings	447	501
	<u>5,817</u>	<u>6,031</u>
<b>Current Liabilities</b>		
Trade and other payables	27,705	28,038
Hire purchase payable	480	514
Income tax payable	2,645	3,597
Borrowings	20,567	21,027
	<u>51,397</u>	<u>53,176</u>
<b>Total Liabilities</b>	57,214	59,207
<b>Total Equity and Liabilities</b>	<u>204,401</u>	<u>205,327</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<u>0.95</u>	<u>0.94</u>

*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 31 March 2008

*(The figures have not been audited)*

	Share Capital RM'000	Non-distributable Other Reserves Translation Reserve RM'000	Reserve Fund RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b>Balance as of 1 January 2007</b>	154,800	(3,083)	1,496	(22,909)	130,304
Foreign currency translation	-	(838)	-	-	(838)
Profit for the period	-	-	-	827	827
<b>Balance as of 31 March 2007</b>	<u>154,800</u>	<u>(3,921)</u>	<u>1,496</u>	<u>(22,082)</u>	<u>130,293</u>

	Share Capital RM'000	Non-distributable Other Reserves Translation Reserve RM'000	Reserve Fund RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b>Balance as of 1 January 2008</b>	154,800	(2,015)	2,362	(9,027)	146,120
Foreign currency translation	-	(20)	-	-	(20)
Profit for the period	-	-	-	1,087	1,087
<b>Balance as of 31 March 2008</b>	<u>154,800</u>	<u>(2,035)</u>	<u>2,362</u>	<u>(7,940)</u>	<u>147,187</u>

*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 31 March 2008

*(The figures have not been audited)*

	3 months ended	
	31-Mar-08 RM'000	31-Mar-07 RM'000
Net Cash Generated Used in Operating Activities	(1,143)	(308)
Net Cash Used in Investing Activities	(327)	(418)
Net Cash Used in Financing Activities	(1,791)	(1,906)
Net Decrease Cash and Cash Equivalents	(3,261)	(2,632)
Effects on Foreign Exchange Rate Changes	(49)	(284)
Cash and Cash Equivalents as at beginning of period	4,765	4,563
Cash and Cash Equivalents as at end of period	1,455	1,647

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

	As at 31-Mar-08	As at 31-Mar-07
Cash and bank balances	469	309
Fixed deposits	3,465	1,894
Bank overdrafts	(2,479)	(556)
	1,455	1,647

*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 <sub>2004</sub> – 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 3 months ended 31 March 2008:**

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
<b>REVENUE</b>					
Sales to external customers	11,716	80	-	-	11,796
Inter-segment sales	1,465	-	-	(1,465)	-
Total revenue	13,181	80	-	(1,465)	11,796
<b>RESULT</b>					
Segments results	2,852	(226)	(610)	-	2,016
Finance costs					(267)
Profit before taxation					1,749
Income tax expense					(662)
Profit for the year					1,087
<b>ASSETS</b>					
Segment assets					204,401
Total assets					204,401
<b>LIABILITIES</b>					
Segment liabilities					27,706
Unallocated liabilities					29,508
Total liabilities					57,214
<b>OTHER SEGMENT INFORMATION</b>					
Capital expenditure	298	22	7	-	327
Depreciation and amortisation	388	71	19	-	478

**A8. Segmental Information (cont'd)**

**(b) Geographical Segments**

Results for 3 months ended 31 March 2008:

By Geographical	Revenue	Segment Assets	Capital Expenditure
	RM'000	RM'000	RM'000
Malaysia	3,239	29,905	285
PRC	8,477	151,734	20
Turkey	80	22,762	22
	<u>11,796</u>	<u>204,401</u>	<u>327</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 revenue and profit before tax of RM11.796 million and RM1.749 million representing an increase of 35.7% and 34.4% against the revenue and profit before tax of RM8.690 million and RM1.301 million recorded for the corresponding quarter last year, respectively. The increase in revenue during the quarter under review was mainly due to execution of certain projects in China which were delayed in the financial year 2007. However, the winter storm in China in February has slightly affected the progress of the on-going projects.

**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 RM1.749 million as compared to the preceding quarter's profit before tax of RM9.463 million.

**B3. Commentary on 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 cautiously optimistic of the outlook of the Group for the current financial 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 year 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	
	31 March 2008 RM'000	31 March 2007 RM'000	31 March 2008 RM'000	31 March 2007 RM'000
Income tax	662	479	662	479
Deferred tax	-	(5)	-	(5)
	<u>662</u>	<u>474</u>	<u>662</u>	<u>474</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 26 October 2008 to complete the Proposed Private Placement. The application is pending approval from the Securities Commission.

- (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 are subject to the approvals from the shareholders of Gefung at an EGM to be convened.

**B9. Borrowings**

	Denominated in local currency as at 31.3.2008 RM'000	Denominated in foreign currency as at 31.3.2008 RM'000	Total as at 31.3.2008 RM'000
<b>Secured short term borrowings:</b>			
Bank overdraft	2,479	-	2,479
Term loan	133	7,293	7,426
Bankers Acceptance	2,011	-	2,011
Trust Receipts	8,651	-	8,651
	<u>13,274</u>	<u>7,293</u>	<u>20,567</u>
<b>Secured long term borrowings:</b>			
Term loan	<u>447</u>	<u>-</u>	<u>447</u>

Borrowings denominated in foreign currency:

	Renminbi	Ringgit Malaysia Equivalent
Chinese Renminbi	<u>16,000,000</u>	<u>7,292,800</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	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
<b>Basic earnings per share</b>				
Net profit for the period (RM'000)	1,087	827	1,087	827
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>0.53</u>	<u>0.70</u>	<u>0.53</u>

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