

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

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("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 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 year ended 31 December 2008.

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

A2. Seasonal or Cyclical Factors

The operations of the Group during the quarter have not been affected by any material seasonal or cyclical factors.

A3. Unusual Items Due to Their Nature, Size or Incidence

Other than the disposal of the Quarry Rights as mentioned in Note B8, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter.

A4. 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.

A5. 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.

A6. Dividends Paid

There were no dividends paid during the quarter under review.

A7. 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 2009:

	Manufacturing RM'000	Extraction and Trading RM'000	Investment holding RM'000	Eliminations RM'000	Total RM'000
REVENUE					
Sales to external customers	28,448	4	-	-	28,452
Inter-segment sales	9,267	-	-	(9,267)	-
Total revenue	37,715	4	-	(9,267)	28,452
RESULT					
Segments results	1,883	(674)	(2,371)	-	(1,162)
Finance costs					(1,309)
Loss before taxation					(2,471)
Income tax expense					-
Loss for the period					(2,471)
ASSETS					
Segment assets	200,531	3,244	1,630	-	205,405
Total assets					205,405
LIABILITIES					
Segment liabilities	10,707	1,394	923	-	13,024
Interest bearing instruments					24,352
Unallocated corporate liabilities					1,029
Total liabilities					38,405
OTHER SEGMENT INFORMATION					
Capital expenditure	926	59	-	-	985
Depreciation and amortisation	1,260	112	46	-	1,418

A7. Segmental Information (cont'd)

(a) Geographical Segments

Results for 9 months ended 30 September 2009:

By Geographical	Revenue RM'000	Segment Assets RM'000	Capital Expenditure RM'000
Malaysia	9,458	33,976	25
PRC	18,990	168,189	901
Turkey	4	3,240	59
	<hr/>	<hr/>	<hr/>
	28,452	205,405	985

A8. 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.

A9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter under review.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in the contingent liabilities or contingent assets of the Group since the last financial year as at 31 December 2008.

A11. Capital Commitment

There were no 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 RM8.6 million for the quarter ended 30 September 2009, 50.0% lower compared to the revenue of RM17.2 million for the quarter ended 30 September 2008. The decrease in the Group's revenue was mainly due to slower execution of projects in China at the customers' request in view of the challenging economy conditions.

In tandem with the decrease in revenue and escalating costs, the Group recorded a loss after taxation of RM0.67 million for the quarter ended 30 September 2009 compared to the profit after taxation of RM0.01 million for the quarter ended 30 September 2008.

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

For the current quarter, the Group posted a lower loss before taxation of RM0.7 million compared to the loss before tax of RM1.4 million for the quarter ended 30 June 2009.

B3. Commentary on Prospects

The Group anticipates the remaining quarter of the financial year to be challenging due to slower recovery of the world economy.

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 September 2009 RM'000	30 September 2008 RM'000	30 September 2009 RM'000	30 September 2008 RM'000
Income tax	-	310	-	1,543

No provision for taxation expenses for the quarter and year-to-date ended 30 September 2009 due principally to loss incurred for certain subsidiaries and utilisation of previously unrecognised tax losses & allowances. The effective tax rate for the quarter and year-to-date ended 30 September 2008 was higher than the statutory tax rate mainly 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

- (i) The Company had on 2 September 2009 announced that its indirect wholly-owned subsidiary, Montana Madencilik Mermer Sanayi Insaat Ve Ticaret Limited Sirketi ("Montana") had entered into a Sale and Purchase Agreement with Lee Wen Yuan (Taiwanese Passport No. 133334503) for the disposal of the Quarry Rights for a cash consideration of USD2,243,779.00 and the undertaking to assume the liability of USD2,256,221.00 which is still owing to the previous owner of Montana by Syarikat Bukit Granite Sdn Bhd ("SBG"), a wholly-owned subsidiary of the Company. The net gain on the disposal of the Quarry Rights of RM390,000.00 has been recognised in this current quarter under review.

The disposal of the Quarry Rights was completed on 23 September 2009.

B8. Corporate Proposals (cond't)

- (ii) 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 30.9.2009 RM'000	Denominated in foreign currency as at 30.9.2009 RM'000	Total as at 30.9.2009 RM'000
Secured short term borrowings:			
Bank overdraft	2,086	-	2,086
Term loan	128	8,696	8,824
Hire purchase payables	264	-	264
Bankers Acceptance	5,072	-	5,072
Trust Receipts	7,712	-	7,712
	<u>15,262</u>	<u>8,696</u>	<u>23,958</u>
Secured long term borrowings:			
Term loan	256	-	256
Hire purchase payables	138	-	138
	<u>394</u>	<u>-</u>	<u>394</u>

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

Chinese Renminbi	<u>RM'000</u> <u>8,696</u>
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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 September 2009	30 September 2008	30 September 2009	30 September 2008
Basic(loss)/earnings per share				
Net (loss)/profit for the period (RM'000)	(674)	96	(2,471)	2,261
Weighted average number shares in issue ('000)	154,800	154,800	154,800	154,800
Basic (loss)/earnings per share (sen)	<u>(0.44)</u>	<u>0.06</u>	<u>(1.60)</u>	<u>1.46</u>

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

B14. Auditors' Report on Preceding Annual Financial Statements

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