

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134-INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with MFRS134: “Interim Financial Reporting” and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

This interim financial report is the Group first MFRS compliant interim financial report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards has been applied.

This interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2011. The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (“FRS”).

As the requirements under FRS and MFRS are similar, the accounting policies and methods of computation adopted by the Group in this interim financial report in accordance with the MFRS are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2011.

These explanatory notes attached to this 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 2011.

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

There were no 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

The issued and paid-up capital of the Company has been increased by 109,099,750 ordinary shares from 154,800,002 to 263,899,752 ordinary shares of RM0.15 each as a result of the following:-

i) Renounceable Rights Issue

On 27 January 2012, the Company issued a total of 109,099,750 new ordinary shares of RM0.15 each at an issue price of RM0.15 per Rights Share on the basis of five (5) rights shares together with one (1) warrant for every four (4) ordinary shares of RM0.15 each.

A5. Debts and Equity Securities (cont'd)

ii) Warrants 2012/2017

The Company issued a total of 21,819,950 warrants pursuant to the Rights Issues as disclosed above (i). As at the date of this report, none of the warrants has been exercised.

Save for the above, 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

3 Months Ended 31 March 2012					
Segments	Continuing Operations			Discontinued Operation	Group
	Manufacturing (Malaysia)	Investment Holding & Others	Property Development	Manufacturing (China)	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,755	-	-	1,870	3,625
Profit/(Loss) After Tax	12	(630)	(3)	(921)	(1,542)
Total Assets	19,667	10,855	2,731	52,256	85,509

3 Months Ended 31 March 2011					
Segments	Continuing Operations			Discontinued Operation	Group
	Manufacturing (Malaysia)	Investment Holding & Others	Property Development	Manufacturing (China)	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,414	-	-	1,978	5,392
Profit/(Loss) After Tax	(865)	(708)	-	(612)	(2,185)
Total Assets	34,587	2,771	-	84,032	121,390

7. Segmental Information (cont'd)

(b) Geographical Segments

By Geographical	3 months Ended 31 March 2012		3 months Ended 31 March 2011	
	Revenue	Non-current Assets	Revenue	Non-current Assets
	RM'000	RM'000	RM'000	RM'000
Malaysia-continuing operations	1,755	5,046	3,414	9,649
China-discontinued operation	1,870	25,036	1,978	29,139
	<u>3,625</u>	<u>30,081</u>	<u>5,392</u>	<u>38,788</u>

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 other than as disclosed in B6.

A9. Changes in the Composition of the Group

The Company had on 28 March 2012 acquired two (2) ordinary shares of RM1.00 each in Atlas Rhythm Sdn Bhd (Company No.977239-W) ("Atlas") representing the entire issued and paid-up capital in Atlas for a total cash consideration of RM2.00.

Save for the above, there were no 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 2011.

A11. Capital Commitment

Capital commitments expenditure not provided for in the interim financial statements as at the statement of financial position date were as follows:-

	As at 31.03.2012 RM'000
Approved and contracted for:-	
-Property, Plant and Equipment	49
-Land Held for Property Development [^]	24,581
	<u>24,630</u>

[^] Being the balance purchase consideration to be paid pursuant to the Proposed Acquisition as disclosed in Note B6(1)(b)(i), which is subject to the shareholders' approval at the forthcoming EGM.

A12. Comparatives

Reference is made to Note B6 (a) below.

In accordance with FRS5: Non-Current Assets Held for Sale and Discontinued Operations, SGMG is classified as Disposal Group held for sale/discontinued operations. The comparatives of the Discontinued Operations in the preceding year corresponding quarter have been reclassified and restated as follows:

A12. Comparatives (cont'd)**Condensed Consolidated Income Statement**

	1st Quarter of 2011		
	As previously stated RM'000	Disposal Group- FRS 5 RM'000	As Restated RM'000
Revenue	5,392	(1,978)	3,414
Cost of Sales	4,663	(1,539)	3,124
Gross profit/(loss)	729	(439)	290
Other income	418	(378)	40
Selling and marketing expenses	245	(237)	8
Administrative expenses	2,203	(1,061)	1,142
Other expenses	456	(41)	415
Finance costs	428	(90)	338
Loss before taxation	2,185	(612)	1,573
Income tax expense	-	-	-
Loss for the period from Continuing Operations	2,185	(612)	1,573
Loss for the period from Discontinued Operations	-	612	612

A13. Discontinued Operations and Disposal Group Classified as Held for Sale

The assets, liabilities and reserve related to SGMG have been presented in the statement of financial position as "Assets of disposal group classified as held for sale", "Liabilities directly associated with disposal group classified as held for sale" and "Reserve of disposal group classified as held for sale" and its results are presented separately on the statement of comprehensive income as "Loss from continued operation, net of tax".

Statement of financial position disclosure

	As at 31.03.2012 RM'000
Assets:	
Property, plant and equipment	25,036
Inventories	17,248
Trade and other receivables	9,943
Cash and bank balances	29
Assets of disposal group classified as held for sale	52,256
Liabilities:	
Deferred tax liabilities	3,657
Trade and other payables	13,216*
Bank borrowing	-
Liabilities directly associated with disposal group classified as held for sale	16,873
* Pursuant to the sale and purchase agreement for the disposal of SGMG dated 28 February 2012, the Purchaser shall assist in the redemption of the bank loan. The repayment of bank loan of about RM7.034 million (equivalent to RMB14.50 million) has been duly effected.	
Reserve:	
Translation reserve	2,938
Revaluation reserve	11,190
Reserve of disposal group classified as held for sale	14,128

A13. Discontinued Operations and Disposal Group Classified as Held for Sale (cont'd)Statement of comprehensive income disclosure

The results of SGMG for the 3 months ended 31 March are as follows:

	31.03.2012	31.03.2011
	RM'000	RM'000
Revenue	1,870	1,978
Cost of sales	(1,870)	(1,539)
Gross profit	-	439
Other income	15	378
	<hr/>	<hr/>
	15	817
Selling and marketing expenses	-	(237)
Administrative expenses	(685)	(1,061)
Other expenses	-	(41)
Finance costs	(251)	(90)
Loss before tax from discontinued operation	(921)	(612)
Taxation expenses	-	-
Loss from discontinued operation, net of tax	(921)	(612)

Statement of cash flows disclosures

The cash flows attributable to SGMG are as follows:

	31.03.2012	31.03.2011
	RM'000	RM'000
Operating	6,654	614
Investing	1	(152)
Financing	(7,034)	(49)
Effects of exchange rate changes on cash and cash equivalents	(12)	(13)
Net cash(outflows)/inflows	(391)	400

A14. Related Party Transactions

The significant related party transactions for the financial period ended 31 March are as follows:

Company in which a director has interest in

	31.03.2012	31.03.2011
	RM'000	RM'000
Sales of stones and provision of contract workmanship and other related services	978	-

B. ADDITIONAL EXPLANATORY NOTES IN COMPLIANCE WITH BURSA MALAYSIA LISTING REQUIREMENTS UNDER PART A OF APPENDIX 9B

B1. Review of Performance

1Q12 vs. 1Q11

Description	1Q12	1Q11	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue				
- from Continuing Operations	1,755	3,414	(1,659)	(49%)
- from Discontinued Operation	1,870	1,978	(108)	(5%)
	3,625	5,392	(1,767)	(33%)
Loss After Tax ("LAT")				
- from Continuing Operations	(621)	(1,573)	(952)	(61%)
- from Discontinued Operation	(921)	(612)	309	50%
	(1,542)	(2,185)	(643)	(29%)

The Group achieved revenue of RM3.6 million for the quarter ended 31 March 2012 ("1Q12"), 33% lower compared to the revenue of RM5.3 million for the quarter ended 31 March 2011 ("1Q11"). The lower revenue registered in 1Q11 is mainly due to lack of projects in Malaysia during the period concerned.

The Group recorded a LAT of RM1.5 million for the 1Q12 compared to the LAT of RM2.1 million for the 1Q11. The lower LAT is mainly due to higher gross profit margin generated despite the lower revenue recorded in 1Q12 as compared to 1Q11.

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

Description	1Q2012	4Q2011	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Loss Before Tax ("LBT")				
- from Continuing Operations	(621)	(22,652)	(22,031)	(97%)
- from Discontinued Operation	(921)	(17,977)	(17,056)	(95%)
	(1,542)	(40,629)	(39,087)	(96%)

For the current quarter, the Group posted a LBT of RM1.5 million compared to the LBT of RM40.6 million for the quarter ended 31 December 2011. The higher losses in 4Q11 was mainly due to loss recognised on mark to fair value on the net assets of the Disposal Group, impairment loss on goodwill, provision for slow-moving inventories and lower margin.

B3. Commentary on Current Year Prospects

The Company does not expect the performance of its marble and granite business to improve going forward due to the difficulty in the trading environment and with the impending sale of its China subsidiary, the Group has decided to scale down its marble and granite business whereby it will no longer actively procuring for new jobs. Moving forward, the Company will be focusing more on the property development sector.

B4. Profit Forecast

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

B5. Income Tax Expense

No provision for taxation expenses for the quarter ended 31 March 2012 due to loss incurred for the Group.

B6. Corporate Proposals

1) The corporate proposals announced but not completed are as follows:

- (a) On 28 February 2012, the Company had entered into a sale and purchase agreement with LiuQuan Group Stocks Limited ("LQGS") for the disposal of the entire equity interest in Shanghai Ge Fung Marble & Granite Co Ltd ("SGMG") to LQGS for a total cash consideration of RMB69.0 million. ("Proposed Disposal")

The Proposed Disposal is now pending the approval from the shareholders of the Company at an extraordinary general meeting ("EGM") to be convened and any other relevant authorities, if required.

- (b) On 29 March 2012, the Company announced the following (collectively referred to as "Proposals"):

- (i) Atlas Rhythm Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with Eden Quest Sdn Bhd to acquire a parcel of vacant freehold land held under GM 289, Lot No. 1589, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring approximately 1.214 hectares or approximately 130,680 square feet for a cash consideration of RM27,312,500 ("Proposed Acquisition"); and
- (ii) Proposed diversification of the business of the Group into property development and property investment ("Proposed Diversification")

The Proposed Acquisition is conditional upon the Proposed Diversification but not vice versa.

The Proposals are now pending the approval from the shareholders of the Company at an EGM to be convened and any other relevant authorities, if required.

- (c) On 17 May 2012, the Company announced the proposed change of name from "Gefung Holdings Berhad" to "AbleGroup Berhad" ("Proposed Change of Name").

The Proposed Change of Name is now pending approval from the shareholders of the Company at the forthcoming Annual General Meeting to be convened.

B6. Corporate Proposals (cont'd)

2) As at the reporting date, the status of the utilisation of proceeds raised from the Rights Issue of shares as disclosed in Note A5(i) are as set out below:-

Purpose	Proposed Utilisation	Actual Utilisation	Deviation	Expected Timeframe for Utilisation of Proceeds from the Date of Listing of the Rights Shares
	RM'000	RM'000	RM'000	
(i) Repayment of bank borrowings	3,000	3,000	-	Within three (3) months
(ii) Proposed venture into new businesses including property development locally and abroad	8,000	2,731	5,269	Within two (2) years
(iii) Working capital	4,525	354	4,171	Within two (2) years
(iv) Estimated expenses for the Rights Issue	840	787	53	Within one (1) month
Total	16,365	6,872	9,493	

Other than the above, there were no new corporate proposals announced but not completed and new proceeds raised from a corporate exercise as at 23 May 2012 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

B7. Borrowings

Secured borrowings:	Denominated in local currency as at 31.03.2012	
	Short-term RM'000	Long-term RM'000
Bank overdraft	15	-
Term loan	61	1,440
Hire purchase payables	160	186
Trust Receipts	2,328	-
	<u>2,564</u>	<u>1,626</u>

B8. 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.

B9. Dividends

There were no dividends declared during the quarter under review.

B10. Loss per share**i) Basic Loss Per Share**

	Individual and Cumulative Quarter Ended	
	31.03.2012	31.03.2011
Loss attributable to equity holders of the company		
-From Continuing Operations(RM'000)	(621)	(1,573)
-From Discontinued Operations(RM'000)	(921)	(612)
	<u>(1,542)</u>	<u>(2,185)</u>
Weighted average number of ordinary shares in issue('000)	234,990	162,714
Basic loss per share attributable to equity holders of the company		
-From Continuing Operations(sen)	(0.264)	(0.967)
-From Discontinued Operations(sen)	(0.392)	(0.376)
	<u>(0.656)</u>	<u>(1.343)</u>

ii) Diluted Loss Per Share

	Individual and Cumulative Quarter Ended	
	31.03.2012	31.03.2011
Loss attributable to equity holders of the company		
-From Continuing Operations(RM'000)	(621)	(1,573)
-From Discontinued Operations(RM'000)	(921)	(612)
	<u>(1,542)</u>	<u>(2,185)</u>
Weighted average number of ordinary shares in issue('000)	234,990	162,714
Effect of dilution('000)	2,387	-
Adjusted weighted average number of ordinary shares in issue and issuable('000)	<u>237,377</u>	<u>162,714</u>
Diluted loss per share attributable to equity holders of the company		
-From Continuing Operations(sen)	(0.262)	(0.967)
-From Discontinued Operations(sen)	(0.388)	(0.376)
	<u>(0.650)</u>	<u>(1.343)</u>

B11. Notes to the Statements of Comprehensive Income

	Individual and Cumulative Quarter Ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
The statement of comprehensive income is arrived at after charging/(crediting):		
Continuing Operations		
Interest income	(63)	(39)
Other income	-	(1)
Interest expense	148	338
Depreciation and amortisation	49	91
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
(Gain)/loss on disposal of property, plant & equipment	-	-
Net foreign exchange (gain) or loss	61	415
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Discontinued Operation		
Interest income	(1)	(1)
Other income	(14)	(346)
Interest expense	251	90
Depreciation and amortisation	-	297
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
(Gain)/loss on disposal of property, plant & equipment	-	-
Net foreign exchange (gain) or loss	-	(31)
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B12. Realised and Unrealised Profits/Losses

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
- realised	1,024	4,482
- unrealised	(72)	(352)
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	952	4,130
Less: consolidated adjustments	(6)	(6)
Total retained earnings/(accumulated losses)	946	4,124
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B13. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.