



GADANG HOLDINGS BERHAD
(Company No : 278114-K)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 31/05/2011 RM'000 UNAUDITED	Preceding Year Quarter 31/05/2010 RM'000 UNAUDITED	Current Year-to-date 31/05/2011 RM'000 UNAUDITED	Preceding Year-to-date 31/05/2010 RM'000 AUDITED
Revenue	71,346	78,308	348,324	270,454
Cost of sales	(71,223)	(64,396)	(313,734)	(226,558)
Gross profit	123	13,912	34,590	43,896
Other income	1,127	576	3,126	3,437
Administrative expenses	(6,901)	(8,593)	(22,423)	(22,660)
Selling and marketing expenses	(278)	(680)	(929)	(1,437)
Other expenses*	(1,143)	145	(11,601)	(389)
Finance costs	(1,201)	(754)	(3,797)	(3,761)
Share of results of associate	46	-	46	(22)
(Loss) / Profit before tax	(8,226)	4,606	(987)	19,064
Income tax expenses	(844)	(1,083)	(2,739)	(5,225)
(Loss) / Profit for the period	(9,070)	3,523	(3,726)	13,839
Attributable to:				
Equity holders of the Company	(9,357)	3,563	(4,246)	14,867
Minority interest	287	(40)	520	(1,028)
	(9,070)	3,523	(3,726)	13,839
(Loss) / Earnings per share attributable to equity holders of the Company (sen) :				
Basic	(4.43)	2.86	(2.41)	12.64

(Note Other expenses consist of mainly bad debts written off and impairment of goodwill)*

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.



GADANG HOLDINGS BERHAD

(Company No : 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011**

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 31/05/2011 RM'000	Preceding Year Quarter 31/05/2010 RM'000	Current Year-to-date 31/05/2011 RM'000	Preceding Year-to-date 31/05/2010 RM'000
	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
(Loss) / Profit for the period	(9,070)	3,523	(3,726)	13,839
Other comprehensive income / (loss):				
Currency translation differences	639	(185)	145	49
Total comprehensive income for the period	<u>(8,431)</u>	<u>3,338</u>	<u>(3,581)</u>	<u>13,888</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(8,718)	3,378	(4,101)	14,916
Minority interest	287	(40)	520	(1,028)
	<u>(8,431)</u>	<u>3,338</u>	<u>(3,581)</u>	<u>13,888</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.



GADANG HOLDINGS BERHAD
(Company No : 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2011

THE FIGURES HAVE NOT BEEN AUDITED

	UNAUDITED	AUDITED (Restated)
	AS AT 31/05/2011 RM'000	AS AT 31/05/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,824	73,050
Biological assets	4,252	1,399
Investment properties	15,418	15,418
Concession assets	35,390	35,855
Other investment	226	226
Goodwill on consolidation	16,886	17,033
Deferred tax assets	831	856
	<u>149,827</u>	<u>143,837</u>
Current assets		
Property development costs	109,246	74,830
Amount due from customers on contracts	79,470	73,168
Inventories	1,406	15,695
Trade receivables	91,599	89,820
Other receivables	19,844	21,460
Tax recoverable	4,109	883
Deposit with licensed financial institutions	33,235	8,189
Cash and bank balances	19,075	17,797
	<u>357,984</u>	<u>301,842</u>
TOTAL ASSETS	<u>507,811</u>	<u>445,679</u>
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	196,691	118,016
Reserves	34,113	66,954
	<u>230,804</u>	<u>184,970</u>
Minority Interests	4,799	4,249
Total Equity	<u>235,603</u>	<u>189,219</u>
Non-current liabilities		
Bank borrowings	29,662	35,330
Deferred taxation liabilities	5,998	5,580
Defined benefit obligations	590	941
	<u>36,250</u>	<u>41,851</u>
Current liabilities		
Trade and other payables	121,440	124,067
Bank borrowings	113,970	88,439
Provision for taxation	548	2,103
	<u>235,958</u>	<u>214,609</u>
Total liabilities	<u>272,208</u>	<u>256,460</u>
TOTAL EQUITY AND LIABILITIES	<u>507,811</u>	<u>445,679</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.20	1.60

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.



GADANG HOLDINGS BERHAD
(Company No : 278114-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011

THE FIGURES HAVE NOT BEEN AUDITED

	UNAUDITED	AUDITED
	AS AT 31/05/2011 RM'000	AS AT 31/05/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(987)	19,064
Adjustments for :-		
Non-cash items	(16,412)	4,682
Non-operating items	3,838	4,153
Operating profit before changes in working capital	(13,561)	27,899
Changes in working capital:-		
Net change in current assets	(21,182)	26,739
Net change in current liabilities	(3,533)	(13,247)
Tax paid	(7,179)	(6,578)
Net cash flow (used in)/generated from operating activities	(45,455)	34,813
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipment	(8,537)	(30,776)
Net cash flow (used in) / generated from investing activities	(8,537)	(30,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issues of ordinary shares	51,140	-
Drawdown / (Repayment) of Bank borrowings	27,661	11,070
Interest paid	(3,384)	(3,761)
Payment to hire purchase creditors	(13,321)	(2,789)
Others	18,719	-
Net cash flow (used in) / generated from financing activities	80,815	4,520
Net change in cash and cash equivalents	26,823	8,557
Effect of exchange rate changes	(460)	(1,459)
Cash and cash equivalents at beginning of financial year	8,748	1,650
Cash and cash equivalents at end of financial year	35,111	8,748

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

	As at 31/05/2011 RM'000	As at 31/05/2010 RM'000
Cash and bank balances	19,075	17,797
Deposit with licensed financial institutions	33,235	8,188
Bank overdraft	(17,199)	(17,237)
Total	35,111	8,748

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.



GADANG HOLDINGS BERHAD

(Company No : 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2011**

THE FIGURES HAVE NOT BEEN AUDITED

	← Attributable to Equity Holders of the Company →								
	← Non-Distributable →				Foreign	Retained Profits	Total	Minority Interests	Total Equity
	Share Capital RM'000	Warrant Reserve RM'000	Capital Reserve RM'000	Share Premium RM'000	Exchange Reserve RM'000				
At 1 June 2010									
As previously stated	118,016	-	1,347	8,816	(1,737)	58,528	184,970	4,249	189,219
Loss for the period	-	-	-	-	-	(4,246)	(4,246)	520	(3,726)
Other comprehensive income	-	-	-	-	-	145	145	-	145
Total comprehensive income	-	-	-	-	-	(4,101)	(4,101)	520	(3,581)
Increase of equity	-	-	-	-	-	-	-	33	33
Foreign exchange differences	-	-	-	-	(297)	-	(297)	(3)	(300)
Renounceable rights issue	78,675	6,176	-	(8,816)	-	(25,803)	50,232	-	50,232
At 31 May 2011	<u>196,691</u>	<u>6,176</u>	<u>1,347</u>	<u>-</u>	<u>(2,034)</u>	<u>28,624</u>	<u>230,804</u>	<u>4,799</u>	<u>235,603</u>
At 1 June 2009									
As previously stated	118,016	-	1,347	8,816	(1,132)	43,612	170,659	5,212	175,871
Profit for the period	-	-	-	-	-	14,867	14,867	(1,028)	13,839
Other comprehensive income	-	-	-	-	-	49	49	-	49
Total comprehensive income	-	-	-	-	-	14,916	14,916	(1,028)	13,888
Foreign exchange differences	-	-	-	-	(605)	-	(605)	65	(540)
Share issue expenses	-	-	-	-	-	-	-	-	-
At 31 May 2010	<u>118,016</u>	<u>-</u>	<u>1,347</u>	<u>8,816</u>	<u>(1,737)</u>	<u>58,528</u>	<u>184,970</u>	<u>4,249</u>	<u>189,219</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 May 2010.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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 paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 May 2010. 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 May 2010.

The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for year ended 31 May 2010, except for the changes arising from the adoption of new / revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations that are effective for financial period beginning 1 June 2010 as follows:

(a) Revised FRS 101: Presentation of Financial Statements

The revised standard requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Group has elected to present the statement of comprehensive income in two statements.

Comparative information has been re-presented to be in conformity with this revised FRS.

The adoption of this FRS has no impact on the financial position and results of the Group as it affects presentation of the financial statements only.

(b) Amendment to FRS117: Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The consideration paid were classified and presented as prepaid lease payments and amortised on a straight line basis over the lease term.

Upon adoption of the Amendment to FRS 117, leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership of the land. The Group has concluded that all leasehold land of the Group are in substance finance lease and has reclassified its leasehold land from prepaid lease payments to Property, Plant and Equipment.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

(b) Amendment to FRS117: Leases (cont'd)

The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

Balance Sheet @ 31 May 2010	As previously stated	FRS 117 Adjustment	As Restated
	RM'000	RM'000	RM'000
Property, plant and equipment	70,600	2,450	73,050
Prepaid lease payments	2,450	(2,450)	-

(c) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of financial statements. Financial instruments are recognized initially at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. The Group determines the classification of its financial instruments at initial recognition.

The Group categorises its financial assets as follows:

(i) *Financial assets*

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents which are subsequently measured at amortised cost using the effective interest method.

(ii) *Financial liabilities*

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, and borrowings that are classified as liabilities.

All the Group's financial liabilities are measured at amortised cost using the effective interest method.

In accordance with the transitional provisions of FRS 139 for the first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial period are recognized as adjustments of the opening balance of retained profits or another appropriate reserve and comparatives are not adjusted.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

(ii) *Financial liabilities- (Cont'd)*

Impairment of trade receivables

Prior to 1 June 2010, provision for doubtful debts was recognized when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognized when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate.

The initial application of the other new / revised FRSs, Amendment to FRSs and IC Interpretations has no material impact to the financial statements of the Group.

A2. AUDIT REPORT

The auditors' report on the Group's annual financial statements for the year ended 31 May 2010 was not subject to any audit qualification.

A3. SEASONAL OR CYCLICAL FACTORS

The Group's business operations for the quarter ended 31 May 2011 have not been materially affected by seasonal or cyclical factors.

A4. EXCEPTIONAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A5. EFFECTS OF CHANGES IN ESTIMATES

There were no changes in estimates that have a material effect in the current quarter and financial period ended 31 May 2011.

A6. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 31 May 2011 other than the issuance of 78,675,427 new ordinary shares of RM1.00 each pursuant to the Rights Issue.

A7. DIVIDEND PAID

There was no payment of dividend in the current quarter.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

A8. SEGMENTAL REPORTING

12 months ended 31 May 2011 (Current Financial Period)

<u>SEGMENT</u>	<u>REVENUE</u>			<u>RESULT</u>		
	External RM'000	Internal* RM'000	Total RM'000	LBT^ RM'000	Taxation RM'000	LAT# RM'000
Earthworks, engineering and construction works	299,062	54,629	353,691	(5,101)	40	(5,061)
Property investment and development	34,536	2,800	37,336	7,153	(3,137)	4,016
Water concession	14,717	987	15,704	2,675	(760)	1,915
Plantation	-	-	-	(499)	-	(499)
Investment Holdings and Others	9	5,193	5,202	349	(170)	179
Elimination	-	(63,609)	(63,609)	(5,564)	1,288	(4,276)
Consolidated	348,324	-	348,324	(987)	(2,739)	(3,726)

12 months ended 31 May 2010 (Previous Financial Period)

<u>SEGMENT</u>	<u>REVENUE</u>			<u>RESULT</u>		
	External RM'000	Internal* RM'000	Total RM'000	PBT^ RM'000	Taxation RM'000	PAT# RM'000
Earthworks, engineering and construction works	201,264	147,184	348,448	7,563	(2,121)	5,442
Property investment and development	55,614	4,101	59,715	8,677	(1,742)	6,935
Water concession	13,497	887	14,384	(416)	(544)	(960)
Plantation	-	-	-	(447)	-	(447)
Investment Holdings and Others	79	19,505	19,584	14,859	(4,668)	10,191
Elimination	-	(171,677)	(171,677)	(11,172)	3,850	(7,322)
Consolidated	270,454	-	270,454	19,064	(5,225)	13,839

Note : * Inter-segment revenue
 ^ Profit/(Loss) before tax
 # Profit/(Loss) after tax

A9. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the year ended 31 May 2010.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

A10. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 17 February 2011, Gadang Properties Sdn Bhd ("GPSB"), a wholly-owned subsidiary of Gadang Land Sdn Bhd, which in turn is the wholly-owned subsidiary of the Company, had on 17 February 2011 entered into a Sale and Purchase Agreement ("SPA") with Engtex Platinum Sdn Bhd (formerly known as Centradell Sdn Bhd) ("Purchaser") to dispose to the Purchaser, all the three (3) pieces of freehold lands measuring 219,341.8816 square metres in Mukim Rawang, Daerah Gombak, Negeri Selangor ("the Lands") for a total cash consideration of RM21,000,000.00.

The disposal of the Lands was completed on 27 June 2011 pursuant to the terms of the SPA.

A11. CHANGES IN COMPOSITION OF THE GROUP

During the financial year ended 31 May 2011, the following changes in composition were effected:-

- (i) On 5 October 2010, Gadang Plantations Holdings Sdn Bhd, the Company's wholly-owned subsidiary, had acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Jauhari Mahir Sdn Bhd ("Jauhari Mahir") for a cash consideration of RM2.00. Jauhari Mahir was incorporated on 27 January 2010 and its principal activity is oil palm plantation.
- (ii) On 11 November 2010, the Company's indirect wholly-owned subsidiary, Flora Masyhur Sdn Bhd had completed its acquisition of 70% equity interest in Camar Ajaib Sdn Bhd ("CASB"). Accordingly, CASB became an indirect 70% owned subsidiary of the Company.

A12. CHANGES IN CONTINGENT LIABILITIES

Corporate guarantees given by the Company to trade suppliers and various financial institutions for credit and hire purchase facilities granted to subsidiary companies are as follows :-

	<u>RM'000</u>
As at 31 May 2010	241,114
Increase during the financial period	84,754
As at 31 May 2011	<u>325,868</u>

A13. CAPITAL COMMITMENTS

	As at 31 May 2011
	<u>RM'000</u>
Approved and contracted for	
- Purchase of land for property development	13,000
Approved and not contracted for	
- Oil palm plantations development	15,000
	<u>28,000</u>
	=====



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. GROUP PERFORMANCE REVIEW

The Group registered revenue of RM71.35 million for the quarter under review against RM78.31 million for the corresponding quarter. The performance for the quarter recorded a loss before tax of RM7.80 million against a profit before tax of RM4.61 million due to higher operating cost in project execution.

For the current financial year, the Group recorded revenue of RM348.32 million, an increase of 29% as compared to RM270.45 million registered in the previous financial year. Despite the higher revenue, the Group's gross profit declined by 6% mainly due to poor margin recognised by the Construction Division during the financial period under review.

The Group recorded bad and doubtful debts and impairment of goodwill of RM11.15 million for the financial period under review. Consequently, the Group registered a decline in profit before taxation to a loss before tax of RM0.99 million for the financial period under review.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group recorded a decrease in revenue by 3% to RM71.35 million as compared to RM73.78 million registered in the preceding quarter. This was mainly due to the higher estimated cost to completion for the ongoing projects under the Construction Division, thus revising the percentage of revenue recognition. Accordingly, the Group recorded a lower gross profit margin for the current quarter.

In line with the above, the Group registered a loss before taxation of RM8.23 million for the current quarter, against a profit of RM3.49 million in the preceding quarter.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 MAY 2012

The Board envisages a more challenging year moving forward with the tendering process getting more competitive with lower operating margins. In view of this market development, the Group shall focus on projects that can provide adequate margins and stable cash flow. Barring unforeseen circumstances, the Group expects an improved performance in the next financial year.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT GUARANTEE

This is not applicable to the Group.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B5. TAXATION

Taxation comprises the following:-

	Current quarter RM'000	12 months Year-to-date RM'000
Current tax:		
Malaysian income tax	1,553	2,808
Foreign tax	760	760
Under / (over) provision for prior years	(1,714)	(1,127)
Deferred taxation	245	298
	<u>844</u>	<u>2,739</u>

The effective tax rate for the Group for the financial period is higher than the statutory tax rate because certain expenses are not allowable as deduction for tax purposes.

B6. SALES OF UNQUOTED INVESTMENTS/PROPERTIES

There were no disposals of unquoted investments or properties during the period under review.

B7. QUOTED SECURITIES

There were no dealings in quoted securities during the period under review.

B8. (a) STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no pending corporate proposals.

(b) STATUS OF UTILISATION OF PROCEEDS

As at 31 May 2011, the Company has utilised approximately 99% of the proceeds raised from its Rights Issue which was completed on 4 October 2010. The breakdown of the utilisation is as follows:-

	<u>Nature of Expenses</u>	Proposed Amount RM'000	Actual Utilisation		Unutilised Amount RM'000
			RM'000	%	
i.	Repayment of bank borrowings	8,000	8,000	100	-
ii.	Working Capital	42,340	42,115	99	225
iii.	Expenses for the proceeds	800	800	100	-
	Total	51,140	50,915	99	225



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B9. GROUP BORROWINGS

The details of the Group borrowings are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	113,970	-	113,970
Long term borrowings	29,662	-	29,662
	143,632	-	143,632
Borrowings denominated in foreign currency :			
	Rp'000		RM'000
Indonesian Rupiah (Rp)	15,586,603		Equivalent 5,502

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 21 July 2011, being 7 days prior to the date of this report, there has been no material litigation pending of which the value exceeds 5% of the Group's net tangible assets.

B12. DIVIDEND

The Board of Directors does not recommend any payment of dividend for the financial year ended 31 May 2011.

B13. EARNINGS PER SHARE

Basic / (Loss) earnings per share

The basic earnings per share has been calculated by dividing the (loss) / profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been during the financial year, calculated as follows :-

	INDIVIDUAL QUARTER		YEAR-TO-DATE	
	31/05/2011	31/05/2010	31/05/2011	31/05/2010
(Loss) / Profit attributable to ordinary equity holders of the Company (RM'000)	(8,718)	3,378	(4,101)	14,916
Weighted average number of ordinary shares ('000)	196,691	118,016	170,394	118,016
Basic (loss) / earnings per share(sen)	(4.43)	2.86	(2.41)	12.64



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2011

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B14. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profit or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 May 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31.05.2011 RM'000	As at 31.05.2010 RM'000
Total Retained profits / (losses) of the Group		
- Realised	28,457	58,479
- Unrealised	167	49
Total Retained Profits as per statement of financial position	28,624	58,528

The determination of realised and unrealised profits is compiled based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

BY ORDER OF THE BOARD,
Tan Seok Chung
Company Secretary
28 July 2011