

GADANG HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 278114-K)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2009**

THE FIGURES HAVE NOT BEEN AUDITED

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT QUARTER 31/08/2009 RM'000	PRECEDING YEAR CORRESPON - DING QUARTER 31/08/2008 RM'000	CURRENT YEAR TO DATE 31/08/2009 RM'000	PRECEDING YEAR CORRESPON - DING PERIOD 31/08/2008 RM'000
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Revenue	58,410	52,956	58,410	52,956
Cost of sales	(49,966)	(44,810)	(49,966)	(44,810)
Gross profit	8,444	8,146	8,444	8,146
Other income	1,051	2,190	1,051	2,190
Administrative expenses	(3,547)	(4,680)	(3,547)	(4,680)
Selling and marketing expenses	(292)	(317)	(292)	(317)
Other expenses	-	(86)	-	(86)
Finance costs	(1,077)	(1,352)	(1,077)	(1,352)
Share of results of associate	(200)	(135)	(200)	(135)
Profit before tax	4,379	3,766	4,379	3,766
Income tax expenses	(1,096)	(1,236)	(1,096)	(1,236)
Profit for the period	3,283	2,530	3,283	2,530
Attributable to:				
Equity holders of the parent	3,852	2,549	3,852	2,549
Minority interest	(569)	(19)	(569)	(19)
	3,283	2,530	3,283	2,530
Earnings per share attributable to equity holders of the parent (sen) :				
(i) Basic	3.26	2.16	3.26	2.16
(ii) Diluted	3.26	2.16	3.26	2.16

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

GADANG HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 278114-K)

**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 AUGUST 2009**

	UNAUDITED	AUDITED
	AS AT END OF CURRENT QUARTER	AS AT LAST YEAR AUDITED REPORT
	31/08/2009	31/05/2009
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,667	21,536
Investment properties	4,197	4,197
Prepaid lease payments	2,490	2,502
Concession assets	35,915	35,718
Investment in associates	448	648
Other investment	226	226
Goodwill on consolidation	17,156	17,156
Deferred tax assets	1,205	1,085
	<u>83,304</u>	<u>83,068</u>
Current assets		
Property development costs	81,047	86,475
Amount due from customers on contracts	37,640	37,308
Inventories	14,064	14,512
Trade receivables	120,918	125,110
Other receivables	15,297	15,311
Tax recoverable	1,660	1,380
Deposit with licensed financial institutions	4,685	5,105
Cash and bank balances	11,614	9,379
	<u>286,925</u>	<u>294,580</u>
TOTAL ASSETS	<u><u>370,229</u></u>	<u><u>377,648</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	118,016	118,016
Reserves	55,526	52,643
	<u>173,542</u>	<u>170,659</u>
Minority Interests	4,690	5,212
Total Equity	<u>178,232</u>	<u>175,871</u>
Non-current liabilities		
Bank borrowings	15,654	18,049
Deferred taxation liabilities	6,087	6,741
Defined benefit obligations	390	377
	<u>22,131</u>	<u>25,167</u>
Current liabilities		
Trade and other payables	94,741	103,287
Bank borrowings	71,844	70,301
Provision for taxation	3,281	3,022
	<u>169,866</u>	<u>176,610</u>
Total liabilities	<u>191,997</u>	<u>201,777</u>
TOTAL EQUITY AND LIABILITIES	<u><u>370,229</u></u>	<u><u>377,648</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.47	1.45

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

GADANG HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 278114-K)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2009

	UNAUDITED CURRENT YEAR TO DATE 31/08/2009 RM'000	UNAUDITED PRECEDING YEAR CORRESPON- - DING PERIOD 31/08/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,379	3,766
Adjustment for :-		
Non-cash items	(625)	(117)
Non-operating items	1,052	1,288
Operating profit before changes in working capital	4,806	4,937
Changes in working capital:-		
Net change in current assets	9,610	(8,650)
Net change in current liabilities	(9,237)	(3,052)
Tax paid	(1,118)	(1,442)
Net cash flows generated from operating activities	4,061	(8,207)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of a subsidiary company	-	(2,406)
Other investments	779	2,084
Net cash flows used in investing activities	779	(322)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	1,829	11,040
Interest paid	(1,070)	(1,257)
Payment to hire purchase creditors	(242)	(294)
Others	(4)	-
Net cash flows (used in) / generated from financing activities	513	9,489
Net change in cash and cash equivalents	5,353	960
Effect of exchange rate changes	(965)	(647)
Cash and cash equivalents at beginning of financial year	1,650	2,386
Cash and cash equivalents at end of financial year	6,038	2,699
Cash and cash equivalents at the end of the financial year comprise the following:		
	As at 31.08.2009 RM'000	As at 31.08.2008 RM'000
Cash and bank balances	11,614	12,317
Deposit with licensed financial institutions	4,685	1,892
Bank overdraft	(10,261)	(11,510)
Total	6,038	2,699

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 May 2009.

GADANG HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2009**

	← Attributable to Equity Holders of the Parent →								Total Equity RM'000
	Share capital RM'000	ICULS 2003/2008 RM'000	Capital Reserve RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Retained profits RM'000	Total RM'000	Minority Interests RM'000	
At 1 June 2008									
As previously stated	117,963	66	1,347	8,818	(717)	42,766	170,243	4,583	174,826
Profit for the period	-	-	-	-	-	2,549	2,549	(19)	2,530
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Issue of shares in subsidiary	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	(647)	-	(647)	75	(572)
Share issue expenses	-	-	-	-	-	-	-	-	-
ICULS reclassified from liability component	-	1	-	-	-	-	1	-	1
Issuance pursuant to:									
- private placement	-	-	-	-	-	-	-	-	-
- ESOS	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
At 31 August 2008	<u>117,963</u>	<u>67</u>	<u>1,347</u>	<u>8,818</u>	<u>(1,364)</u>	<u>45,315</u>	<u>172,146</u>	<u>4,639</u>	<u>176,785</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	-	-	-	-	-	3,852	3,852	(569)	3,283
Prior year adjustment	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	(965)	-	(965)	47	(918)
Share issue expenses	-	-	-	(4)	-	-	(4)	-	(4)
Conversion of ICULS into ordinary shares	-	-	-	-	-	-	-	-	-
Issuance pursuant to:									
- ICULS	-	-	-	-	-	-	-	-	-
- ESOS	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
At 31 August 2009	<u>118,016</u>	<u>-</u>	<u>1,347</u>	<u>8,812</u>	<u>(2,097)</u>	<u>47,464</u>	<u>173,542</u>	<u>4,690</u>	<u>178,232</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 2009.

GADANG HOLDINGS BERHAD

(Incorporated in Malaysia)

(Company No : 278114-K)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2009 NOTES TO THE INTERIM FINANCIAL REPORT

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 May 2009. 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 May 2009.

1.1 Changes in Accounting Policies

The accounting policies adopted by the Group in these quarterly financial statements are consistent with those adopted in the financial statements for year ended 31 May 2009.

A2. AUDIT QUALIFICATION

The auditors' report on the Group's annual financial statements for the year ended 31 May 2009 was not subject to any audit qualification.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are not significantly affected by any 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. CHANGES IN ESTIMATES

There were no changes in estimates of the amounts reported in prior financial year that may have a material effect in the current quarter.

A6. ISSUANCE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the period ended 31 August 2009.

A7. DIVIDEND PAID

There was no payment of dividend in the current quarter.

A8. SEGMENT REVENUE AND RESULTS

Period ended	Earthworks, engineering and construction works	Property investment and development	Manufacturing and trading in protective and decorative coatings	Water concession	Management and investment	Elimination	Consolidated Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 August 2009							
REVENUE							
External sales	38,848	16,322	36	3,204	-	-	58,410
Inter-segment sales	45,618	410	3	204	941	(47,176)	-
Total revenue	84,466	16,732	39	3,408	941	(47,176)	58,410
RESULTS							
Profit/(Loss) before taxation	1,817	2,762	(43)	894	(71)	(980)	4,379
Taxation	(368)	(474)	-	(254)	-	-	(1,096)
Profit/(Loss) after taxation	1,449	2,288	(43)	640	(71)	(980)	3,283

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

A10. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Gadang Engineering (M) Sdn Bhd ("GESB") had on 2 October 2009 executed eight (8) agreements with various parties to acquire seven (7) parcels of leasehold vacant bungalow land located in Pekan Baru Sungai Besi, District of Petaling and State of Selangor measuring approximately 74,804 square feet for a purchase consideration of RM11,220,600 to be satisfied by setting off the same amount against part of the debt due and owing by Bluwater Developments Berhad (formerly known as Mines Resort Berhad) to GESB.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the period ended 31 August 2009 other than the following:-

- (i) On 13 July 2009, the Company incorporated a wholly-owned subsidiary under the name of Gadang Plantations Holdings Sdn Bhd ("GPHSB"), with a paid-up capital of RM2.00. The intended activity of GPHSB is to carry on the business as a plantation investment holding 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 2009	190,540
Increase during the financial period	4,653
As at 31 August 2009	<u><u>195,153</u></u>

PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS**B1. REVIEW OF PERFORMANCE**

The Group achieved an increase of 10% in revenue to RM58.41 million as compared to RM52.96 million recorded in the previous corresponding period due to an increase in the level of construction activities completed by the Construction Division and higher sales achieved by the Property Division. The Group recorded only a marginal increase of 4% in gross profit mainly due to the increase in construction material costs which resulted in lower profit margin in both the Construction and Property Division.

Accordingly, the Group registered an increase in profit before taxation by 16% to RM4.38 million as compared to RM3.77 million achieved in the previous corresponding period.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group recorded a decline in revenue by 29% to RM58.41 million as compared to RM81.87 million achieved in the preceding quarter due to lower quantum of work certified against actual construction activities.

Accordingly, the Group registered a decline in profit before taxation by 16% to RM4.38 million for the current quarter, as compared to a profit before taxation of RM5.22 million in the preceding quarter.

B3. PROSPECTS

The Board of Directors expects the performance for the financial year to be satisfactory.

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

This is not applicable to the Group.

B5. TAXATION

Taxation comprises the following:-

	Current Quarter RM'000	Financial Year-to-date RM'000
Current tax:		
Malaysian income tax	971	971
Foreign tax	174	174
Under / (over) provision for prior years	7	7
Deferred taxation	(56)	(56)
	1,096	1,096

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. STATUS OF CORPORATE PROPOSAL ANNOUNCED

There were no corporate proposals announced from the date of the last quarterly report to the date of this announcement.

B9. GROUP BORROWINGS

The details of the Group borrowings are as follows: -

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term borrowings	71,844	-	71,844
Long term borrowings	15,654	-	15,654
	<u>87,498</u>	<u>-</u>	<u>87,498</u>

Borrowings denominated in foreign currency :

	Rp'000	RM'000
	Equivalent	Equivalent
Indonesian Rupiah (Rp)	<u>26,082,160</u>	<u>9,129</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

The details of material litigations which are still pending as at the date of this announcement are as follows:-

(i) Kuala Lumpur High Court Suit No. S3-22-240-2000

Parties :

L'Grande Development Sdn Bhd ("L'Grande") vs Bukit Cerakah Development Sdn Bhd ("BCD") ("Original Action")

BCD vs L'Grande and Gadang Engineering (M) Sdn Bhd ("GESB") ("Action By Counterclaim")

GESB vs BCD and Pembinaan Era Dinamik Sdn Bhd ("PED") ("Counterclaim Within Counterclaim")

Nature : L'Grande has commenced a suit against BCD (now known as Puncak Alam Housing Sdn Bhd) on 11 April 2002 for the recovery of the sum due and owing to L'Grande arising from a building contract in respect of a particular project. BCD sought a counterclaim against L'Grande. In BCD's defence, BCD has made various allegations of defective works done by L'Grande, one of which has arbitrarily and unilaterally imputed blame on the part of GESB, being the sub-contractor who was employed to carry out the earthworks for the said project. GESB applied to Court for an order to be added as a defendant to the counterclaim and to be given the right to properly refute the serious allegations made against GESB ("said application"). The said application was granted on 10 June 2002. GESB then sought a counterclaim against BCD and PED on the basis of non-payment of sums due and owing to GESB.

GESB has sought to enter summary judgment against PED. The court has dismissed GESB's application against PED on 22 January 2003. GESB has since lodged an appeal on 28 January 2003. GESB's appeal to the Judge in Chambers against that decision was dismissed on 21 June 2004. GESB has since filed its appeal to the Court of Appeal on 23 June 2004, which was called up for hearing on 14 July 2008. After hearing submissions, the Court of Appeal dismissed GESB's appeal.

Claim : GESB's claim against PED is for sum of RM4,746,519.35 whereas the claim against BCD is essentially for a declaration that it is liable for the debts of PED.

Status : When the matter was called up on 29 June 2009 before the Deputy Registrar for case management, the Official Receiver informed the Court that L'Grande has been wound up and that they were currently in discussions with L'Grande on the way forward in respect of this action. Accordingly, the Official Receiver requested that the matter be put on hold pending the outcome of their discussions with L'Grande.

GESB's solicitors informed the Court that as L'Grande was not involved in the Counterclaim Within Counterclaim, GESB's action against BCD and PED could be proceeded with. The Deputy Registrar agreed and on 31 July 2009, she instructed that the expert witness statement ought to be prepared and tendered to Court on the next date before she could set the matter down for trial. Accordingly, the Deputy Registrar fixed the matter for further case management on 5 November 2009.

B11. MATERIAL LITIGATION (Cont'd)

(ii) Kuala Lumpur High Court Suit No. D3-22-1722-2002

Parties :

Lai Sing-Mudajaya-Bridgecon-LPS Binamaju Consortium (“Consortium”) (“Plaintiff”) vs CGU Insurance Bhd (“CGU”) and SPK Insurance Brokers Sdn Bhd (“SPK”) (collectively “Defendants”)

Nature : Gadang Holdings Berhad (“Gadang”) who had undertaken and assumed all the rights and obligations of the Consortium arising from a particular project pursuant to a novation agreement entered into between Gadang and the Consortium dated 13 September 2000 brought a claim against the Defendants as the brokers for Gadang for the refund of premium previously paid which was supposed to cover a portion of the total estimated contract value which was not executed.

Claim : The claim is for a sum of RM1,302,546.42 being the proportionate refund for which Gadang is entitled to.

Status : Both CGU and SPK’s application to strike out the writ and statement of claims was dismissed by the Senior Assistant Registrar on 22 April 2003 and 30 July 2003 respectively and their subsequent appeals to the Judge in Chambers were also dismissed on 2 March 2004 and 28 January 2004 respectively. CGU had also recently filed an application to strike out Gadang’s case on question of law. The Judicial Commissioner had on 23 June 2008 allowed CGU’s application, and the action was ordered to be struck out with costs against CGU. As against SPK, the action still remains.

Gadang has since filed an appeal to the Court of Appeal against the Judicial Commissioner’s decision, and the matter has been fixed for further mention on 18 November 2009 pending disposal of Gadang’s appeal to the Court of Appeal. Gadang’s appeal has been fixed for hearing on 2 November 2009.

(iii) Kuala Lumpur High Court Suit No. S-22-615-2009

Parties:

Gadang Engineering (M) Sdn Bhd (“GESB”) (“Plaintiff”) vs Bluwater Developments Berhad (Formerly known as Mines Resort Berhad) (“Bluwater”) (“Defendant”)

Nature: On 16 October 2009, GESB served a writ of summons and statement of claim on Bluwater in respect of the works carried out by GESB for Bluwater under the Mines Heritage Project (Packages A and B).

Claim: GESB’s claim against Bluwater is for a sum of RM33,900,543.57.

Status: No hearing date is fixed yet for the suit.

B12. DIVIDEND

No dividend has been declared by the Board of Directors for the first quarter ended 31 August 2009.

B13. EARNINGS PER SHARE**(i) Basic earnings per share**

The basic earnings per share has been calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been in issue upon full conversion of the ICULS 2003/2008 and share options granted under ESOS, calculated as follows :-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT QUARTER	PRECEDING YEAR CORRESPOND - DING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPOND - DING PERIOD
	31/08/2009 RM'000	31/08/2008 RM'000	31/08/2009 RM'000	31/08/2008 RM'000
Net profit attributable to ordinary equity holders of the parent	3,852	2,549	3,852	2,549
Number of ordinary share at beginning of period	118,016	117,963	118,016	117,963
Issued pursuant to ESOS	-	-	-	-
Issued pursuant to ICULS	-	-	-	-
Weighted average number of ordinary shares	118,016	117,963	118,016	117,963
Basic earning per share (sen)	3.26	2.16	3.26	2.16

(ii) Diluted earnings per share

The diluted earnings per share has been calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would have been in issue upon full conversion of the ICULS 2003/2008 and share options granted under ESOS, adjusted for the number of such shares that would have been issued at fair value, calculated as follows:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT QUARTER	PRECEDING YEAR CORRESPOND - DING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPOND - DING PERIOD
	31/08/2009 RM'000	31/08/2008 RM'000	31/08/2009 RM'000	31/08/2008 RM'000
Net profit attributable to ordinary equity holders of the parent	3,852	2,549	3,852	2,549
Adjusted profit for 2% ICULS 2003/2008	-	-	-	-
	<u>3,852</u>	<u>2,549</u>	<u>3,852</u>	<u>2,549</u>
Weighted average number of ordinary shares as per basic EPS	118,016	117,963	118,016	117,963
Effect of ICULS	-	53	-	53
Effect of ESOS	-	-	-	-
Weighted average number of ordinary shares (diluted)	<u>118,016</u>	<u>118,016</u>	<u>118,016</u>	<u>118,016</u>
Diluted earning per share (sen)	<u>3.26</u>	<u>2.16</u>	<u>3.26</u>	<u>2.16</u>

BY ORDER OF THE BOARD,
Tan Seok Chung
Company Secretary
29 October 2009