

GADANG HOLDINGS BERHAD*(Company No. 278114-K)*

Incorporated in Malaysia

22 October 2001

KUALA LUMPUR STOCK EXCHANGE

9th Floor, Exchange Square

Bukit Kewangan

50200 Kuala Lumpur

Dear Sir,

GADANG HOLDINGS BERHAD

UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS

FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001**CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/8/2001 RM'000	PRECEDING YEAR CORRESPON - DING QUARTER 31/8/2000 RM'000	CURRENT YEAR TO DATE 31/8/2001 RM'000	PRECEDING YEAR CORRESPON - DING PERIOD 31/8/2000 RM'000
1 (a) Revenue	45,470	26,659	45,470	26,659
(b) Investment income	12	-	12	-
(c) Other Income	170	204	170	204
2 (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	2,702	2,576	2,702	2,576
(b) Finance cost	(1,941)	(1,622)	(1,941)	(1,622)
(c) Depreciation and amortisation	(572)	(536)	(572)	(536)
(d) Exceptional items	-	-	-	-

GADANG HOLDINGS BERHAD (278114-K)**UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001**

Page 2

CONSOLIDATED INCOME STATEMENT - (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/8/2001 RM'000	PRECEDING YEAR CORRESPON - DING QUARTER 31/8/2000 RM'000	CURRENT YEAR TO DATE 31/8/2001 RM'000	PRECEDING YEAR CORRESPON - DING PERIOD 31/8/2000 RM'000
(e) Profit/(loss) before income tax, minority interest and extraordinary items	189	418	189	418
(f) Share in the results of joint venture	132	94	132	94
(g) Profit/(loss) before income tax, minority interests and extraordinary item after share of profit and losses of associated companies	321	512	321	512
(h) Income tax	(570)	(138)	(570)	(138)
(i) (i) Profit/(loss) after income tax before deducting minority interests	(249)	374	(249)	374
(ii) Minority interests	(563)	2	(563)	2
(j) Pre-acquisition profit/(loss)	-	-	-	-
(k) Net profit/(loss) from ordinary activities attributable to members of the company	(812)	376	(812)	376
(l) (i) Extraordinary items	-	-	-	-

(ii) Minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the company	-	-	-	-

GADANG HOLDINGS BERHAD (278114-K)
UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001

Page 3

CONSOLIDATED INCOME STATEMENT - (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPON - DING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPON - DING PERIOD
	31/8/2001	31/8/2000	31/8/2001	31/8/2000
	RM'000	RM'000	RM'000	RM'000
(m) Net profit/(loss) attributable to members of the company	(812)	376	(812)	376
3 (a) Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any:-				
(i) Basic (based on 19,900,000 ordinary shares)(sen)	(4.08)	1.89	(4.08)	1.89
(ii) Fully diluted (based on ordinary shares)(sen)	-	-	-	-

GADANG HOLDINGS BERHAD (278114-K)

UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS

FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001

Page 4

CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31/8/2001 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/5/2001 RM'000
	UNAUDITED	AUDITED
1 Fixed Assets	30,088	31,145
2 Investments in Joint Venture	395	395
3 Long Term Investments	126	126
4 Intangible Assets	-	-
5 Current Assets		
Stocks	36	1,321
Trade and other receivables	95,698	106,172
Short Term Investments	8,749	8,749
Cash and bank balances	8,794	5,535
Others : -		
Development properties	17,966	18,242
Amount due from customers on contracts	41,573	44,988
Tax recoverable	576	576
	173,392	185,583
6 Current Liabilities		
Trade and other payables	63,142	73,748
Short Term Borrowings	30,127	36,781
Amount due to Joint Venture	1,709	2,411
Provision for Taxation	4,565	4,672
Others: -		
Term Loan	15,602	22,532
	115,145	140,144
7 Net Current Assets	58,247	45,439
	88,856	77,105

GADANG HOLDINGS BERHAD (278114-K)UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001

Page 5

CONSOLIDATED BALANCE SHEET - CONTINUED

	AS AT END OF CURRENT QUARTER 31/8/2001 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/5/2001 RM'000 AUDITED
8 Shareholders' Funds		
Share Capital	19,900	19,900
Reserves		
Share Premium	592	592
Revaluation Reserve	4,269	4,269
Capital Reserve	1,347	1,347
Retained Profit	15,093	15,905
Others: -		
Merger Debit	(9,089)	(9,089)
Reserve on consolidation	378	421
	32,490	33,345
9 Minority Interests	1,755	1,192
10 Long Term Borrowings	50,482	38,346
11 Other Long Term Liabilities: -		
Hire Purchase Creditors	1,471	1,571
Deferred Taxation	2,658	2,651
	88,856	77,105
12 Net tangible assets per share (sen)	163	168

GADANG HOLDINGS BERHAD (278114-K)UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001

Page 6

NOTES**1. Accounting Policies**

There have been no changes to the accounting policies and methods of computation in these quarterly financial statements as compared with the most recent annual financial statements.

2. Exceptional Items

There were no exceptional items during the period under review.

3. Extraordinary Items

There were no extraordinary items during the period under review.

4. Taxation

Taxation comprises:-

	Current Quarter RM'000	Financial Year-to-date RM'000
Taxation		
- Current	570	570
- Under / (over) provision of prior years	-	-
	<u>570</u>	<u>570</u>
Deferred taxation	-	-
	<u>570</u>	<u>570</u>

The effective tax rate for the Group for the financial year to date is higher than the statutory tax rate because certain expenses are not allowable as deduction for tax purposes and that no group relief is available with respect to losses incurred by companies in the group.

5. Sales of Unquoted Investments/Properties

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

6. Quoted Securities

a) There were no purchases and disposals of quoted securities during the period under review.

b) Investment in quoted shares as at 31 August 2001:-

	RM'000
i) At cost	8,749
ii) At carrying value	8,749
iii) At market value	4,415

7. Composition of the Group

There were no changes in the composition of the Group during the period under review.

8. Status of Corporate Proposals

On 22 December 2000, Securities Commission approved the following proposals undertaken by the Company:-

- i. Proposed issuance of up to RM14,616,000 nominal value of ICULS proposed by the Company for the settlement of the outstanding debts;
 - ii. Proposed rights issue of 29,850,000 new ordinary shares of RM1.00 each in Gadang on the basis of three (3) Rights Shares for every two (2) existing Gadang Shares; and
 - iii. Proposed employees' share option scheme.
- (hereinafter collectively referred to as "the Proposals")

The Proposals are currently pending the approval from the shareholders of the Company at an Extraordinary General Meeting to be convened.

9. Changes in Debt and Equity

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the period under review.

10. Group Borrowings

The details of the Group borrowings are as follows: -

a) Secured and unsecured borrowings

	RM'000
Secured	15,894
Unsecured	80,317
	<u>96,211</u>

b) Short term and long term borrowings:

	RM'000
Short term	45,729
Long term	50,482
	<u>96,211</u>

GADANG HOLDINGS BERHAD (278114-K)UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001

Page 8

11. Contingent Liabilities

Unsecured corporate guarantees given by the Company to trade suppliers and various financial institutions for bank and hire purchase facilities granted to subsidiary companies amounted to RM85.27 million.

12. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

13. Material Litigation

The material litigation remained unchanged since the announcement for the first quarter ended 31st August 1999.

- i. On 30 March 1999, Gadang Engineering (M) Sdn Bhd ("GESB"), a wholly-owned subsidiary of Gadang Holdings Berhad, filed a civil suit against Meda Property Sdn Bhd for a sum of RM1,181,199.83 being debt due for construction work done by GESB.
- ii. On 30 March 1999, Gadang Engineering (M) Sdn Bhd, a wholly-owned subsidiary of Gadang Holdings Berhad, filed a civil suit against Meda System Built Sdn Bhd for a sum of RM 2,268,632.00 being debt due for construction work done by GESB.

The above matters are still pending for hearing on a date which has yet to be fixed.

14. Segmental Analysis

	Turnover RM'000	Profit/(Loss) Before Taxation RM'000	Assets Employed RM'000
Earthwork, building and civil engineering and construction works	38,691	147	171,385
Processing, and supply of rock products and manufacturing and trading of ready mixed concrete	-	(84)	1,655
Property investment and development	6,779	258	30,961
	<u>45,470</u>	<u>321</u>	<u>204,001</u>

15. Comparison With Preceding Quarter's Results

The turnover of RM45.50 million recorded during the quarter under review represents an increase of 28.13% as compared to the achievement of previous quarter of RM35.51 million. The turnover was mainly contributed by the spill-over of its civil engineering and construction contracts from the preceding financial year and the revenue recognised by its property division during the period under review.

recognised by its property division during the period under review.

The profit before taxation ("PBT") has increased to RM0.32 million as compared to RM0.15 million recorded in the preceding quarter in line with the increase in turnover.

GADANG HOLDINGS BERHAD (278114-K)
UNAUDITED 1ST QUARTER REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 AUGUST 2001
Page 9

16. Review of Performance

The Group registered an increase in turnover of 70.56% to RM45.50 million as compared to RM26.66 million in the previous corresponding period.

The improvement in turnover was mainly contributed by the Group's engineering and construction division with its increased construction activities during the quarter under review. In addition, revenue recognised by the Group's property division had also contributed to the increase in the Group's overall turnover.

However, the profit before tax has reduced to RM0.32 million from RM0.51 million recorded in the previous corresponding quarter mainly due to lower profit margin for existing contracts caused by greater competition in the construction industry.

In the opinion of the Directors, there is no item, transfer or event of a material nature affecting the earning and/or revenue of the Group for the financial quarter ended 31 August 2001, nor has any such transaction or event occurred during the interval between 31 August 2001 and 7 days before the date of this report.

17. Seasonal and Cyclical of Operations

There were no seasonality or cyclicity factors on the operations of the Group.

18. Current Year Prospects

Barring unforeseen circumstances, the Board expects the performance of the Group to sustain its current period performance in the next financial quarter.

19. Variance of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee

Not applicable.

20. Dividend

The Board of Directors does not recommend the payment of any dividend for the financial quarter ended 31 August 2001.

By Order of the Board
GADANG HOLDINGS BERHAD

TAN SEOK CHUNG