www.gadang.com.my

GADANG HOLDINGS BERHAD (278114-K)
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
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GADANG HOLDINGS BERHAD (278114-K)

ANNUAL REPORT 2009

GADANG HOLDINGS BERHAD
(278114-K)

Resilience Toward Sustainable Growth

ANNUAL REPORT **2009**

FINANCIAL CALENDAR

Financial Year End	31 May 2009

ANNOUNCEMENT OF RESULTS

First Quarter ended 31 August 2008	31 October 2008
Second Quarter ended 30 November 2008	21 January 2009
Third Quarter ended 28 February 2009	23 April 2009
Fourth Quarter ended 31 May 2009	30 July 2009

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of Annual General Meeting	28 October 2009
Annual General Meeting	19 November 2009

CONTENTS

Corporate Structure

GADANG HOLDINGS BERHAD (278114-K)

Engineering and Construction

100% Gadang Engineering (M) Sdn Bhd

- **100%** Gadang Construction Sdn Bhd
  - **100%** New-Mix Concrete Industries Sdn Bhd
- **100%** Bincon Sdn Bhd
- **100%** Kartamo Corporation Sdn Bhd
- **100%** Katah Realty Sdn Bhd
- **51%** Era Berkat Sdn Bhd

Water Concession

100% Regional Utilities Sdn Bhd

- **100%** Asian Utilities Pte Ltd
  - **95%** PT. Taman Tirta Sidoarjo
  - **95%** PT. Bintang Hytien Jaya
  - **85%** PT. Hanarida Tirta Birawa
  - **65%** PT. Sarana Catur Tirtakelola
  - **62%** PT. Sarana Tirta Rejeki

Property Investment and Development

100% Achwell Property Sdn Bhd

100% Mandy Corporation Sdn Bhd

100% Gadang Land Sdn Bhd

- **100%** Gadang Properties Sdn Bhd
  - **100%** Buildmark Sdn Bhd
- **100%** Noble Paradise Sdn Bhd
- **100%** Damai Klasik Sdn Bhd
- **100%** Magnaway Sdn Bhd
- **100%** Splendid Pavilion Sdn Bhd
- **100%** Sama Pesona Sdn Bhd
- **100%** City Version Sdn Bhd
- **100%** Natural Domain Sdn Bhd
- **100%** Flora Masyhur Sdn Bhd
- **100%** Crimson Villa Sdn Bhd
- **100%** Elegance Sonata Sdn Bhd

Manufacturing and Trading

70% GLP Resources (M) Sdn Bhd

- **100%** GLP Manufacturing (M) Sdn Bhd
- **100%** GLP Paints (M) Sdn Bhd
- **25%** Norimax Sdn Bhd

Mechanical and Electrical Works

51% Datapuri Sdn Bhd

Plantation

100% Gadang Plantations Holdings Sdn Bhd

- **100%** Desiran Impian Sdn Bhd

** Dormant companies are not included here*

Corporate Information

BOARD OF DIRECTORS

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM *Chairman and Independent Non-Executive Director*

TAN SRI DATO' KOK ONN *Managing Director cum Chief Executive Officer*

KOAY TENG KEONG *Executive Director*

ADAM BIN BACHEK *Independent Non-Executive Director*

LING HOCK HING *Executive Director*

CHAN AH KAM @ CHAN AH THOONG *Executive Director*

BOEY TAK KONG *Independent Non-Executive Director*

SECRETARY

Tan Seok Chung, Sally
MAICSA 0829689

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara, 52200 Kuala Lumpur
Tel : 603 - 6275 6888
Fax : 603 - 6275 2136
E-mail : gadang@tm.net.my
Website : www.gadang.com.my

SHARE REGISTRARS

Tricor Investors Services Sdn Bhd
(Formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel. : 603 - 2264 3883
Fax. : 603 - 2282 1886

AUDITORS

Ernst & Young AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 9261
Stock Name : GADANG

Profile Of Directors

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM
Chairman and Independent Non-Executive Director

Datuk Wan Lokman Bin Dato' Wan Ibrahim, a Malaysian, aged 63, was appointed as Director of Gadang Holdings Berhad ("Gadang" or "the Company') on 19 May 1997 and Chairman on 1 July 2008. He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He holds a Master of Agriculture Business Management Degree from the University of Philippines and a Bachelor Degree in Economics (Hons) from the University of Malaya.

Previously, he was attached to Bank of Pertanian Malaysia for 22 years holding various positions, his last position being Assistant General Manager of Economic Research Department. He then joined Johore Mining & Stevedoring Co. Sdn Bhd as the Project Planning Manager.

He was the Head of Group Business Development in Bridgecon Holdings Berhad ("Bridgecon") before he was appointed as an Executive Director of Indah Water Konsortium Sdn Bhd on 1 December 1996. Datuk Wan Lokman does not hold any directorship in any other public company.

TAN SRI DATO' KOK ONN
Managing Director cum Chief Executive Officer

Tan Sri Dato' Kok Onn, a Malaysian, aged 58, joined the Board on 10 March 1997 as the Joint Managing Director of Gadang and was subsequently appointed as the Managing Director cum Chief Executive Officer on 2 September 1997. He is the Chairman of the Risk Management Committee and a member of the Remuneration Committee.

Prior to joining Gadang, Tan Sri Dato' Kok Onn was the Group Chief Executive Officer of Bridgecon. He was also the founder of Bridgecon Engineering Sdn Bhd ("BESB"), the wholly-owned subsidiary of Bridgecon. The track record of BESB was used to list Bridgecon on the Second Board of the Bursa Malaysia Securities Berhad on 16 November 1994

Tan Sri Dato' Kok Onn's exposure in the construction industry began in 1972 and has been involved in the industry for more than 37 years. He has gained extensive knowledge and experience in most aspects of civil and structural engineering schemes with various projects in Malaysia, China, Middle East and South Africa.

Tan Sri Dato' Kok Onn was also the person who transformed Bridgecon from a pure construction company to activities involving manufacturing and supply of readymixed concrete, concrete pumping, quarrying, property and resort development and on international aspect where he spearheaded Bridgecon's venture into three toll expressway operations in the People's Republic of China. Tan Sri Dato' Kok Onn is also a Non-Independent Non-Executive Director of Green Packet Berhad.

Profile Of Directors (cont'd)

KOAY TENG KEONG
Executive Director

Mr Koay Teng Keong, a Malaysian, aged 52, joined the Board on 10 March 1997 as an Executive Director. He is a member of the Risk Management Committee.

Mr Koay graduated with a Bachelor of Science (Hons) Degree in Civil Engineering from the University of Birmingham, United Kingdom in 1979 and is also a registered Professional Engineer with the Board of Engineers, Malaysia. He was attached with Minconsult Sdn Bhd from 1979 to 1984.

He joined BESB in 1984 as a Project Manager in charge of contract administration and site management for various construction projects until his promotion as a Senior Project Coordinator and subsequently to his appointment as an Executive Director of Bridgecon from 1994 to March 1997. Mr Koay has been involved in the construction industry for the last 29 years in which he has gained extensive exposure in the construction sector. The major projects completed under his charge include, among others the Johor Bahru New Water Supply Scheme, Sultan Salehuddin Abdul Aziz Power Station – Phase II, Santubong Bridge, New Klang Valley Expressway, North South Expressway Packages, MAFC31 Bunker, Ixora Apartments, Pulau Redang Hotel Resort, KLCC-Ramlee Ramps & Connecting Tunnels, Earthworks for Puncak Alam Development, BASF-Petronas Chemicals Acrylics Complex and various civil works projects in Putrajaya. Mr Koay does not hold any directorship in any other public company.

ADAM BIN BACHEK
Senior Independent Non-Executive Director

Encik Adam Bin Bachek, a Malaysian, aged 61, was appointed as Director of Gadang on 19 May 1997. He is the Chairman of the Audit Committee and Remuneration Committee. He is also a member of the Nomination Committee.

Encik Adam, a practicing lawyer, holds a Bachelor of Laws (Hons) from the University of Buckingham, United Kingdom and a Diploma in Syariah Law & Practice from the International Islamic University (IIU). He was admitted as an advocate and solicitor of High Court of Malaya in 1990. Previously, he was a senior police officer for 22 years before being called to the Malaysian Bar. He served in various positions in the Police Department before taking the optional retirement in 1991.

Currently, Encik Adam is the senior partner of the legal firm, Messrs Adam Bachek & Associates. Encik Adam does not hold any directorship in any other public company.

LING HOCK HING
Executive Director

Mr Ling Hock Hing, a Malaysian aged 44, joined the Board on 19 May 1997 as an Alternate Director and was subsequently appointed as an Executive Director on 2 September 1997. He is a member of the Risk Management Committee.

Mr Ling is a chartered accountant and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Prior to joining Gadang, he was the General Manager for Group Finance of Bridgecon.

Mr Ling was attached to KPMG Peat Marwick (now known as KPMG) from October 1986 to July 1991 where he qualified as a Certified Public Accountants before joining another audit firm, Ernst & Young in August 1991. He left Ernst & Young in August 1992, shortly before joining BESB in November 1992 as Finance Manager. Mr Ling does not hold any directorship in any other public company.

Profile Of Directors (cont'd)

CHAN AH KAM @ CHAN AH THOONG
Executive Director

Mr Chan Ah Kam, a Malaysian aged 56, joined the Board on 1 February 2001 as an Executive Director. He is a member of the Risk Management Committee.

He holds a Bachelor of Engineering (Hons) Degree in Civil Engineering from the University of Malaya. He is a registered Professional Engineer with the Board of Engineers, Malaysia and is also a member of the Institution of Engineers, Malaysia.

Previously with BESB, Mr Chan was the Assistant General Manager for the Penang Operations, overseeing and monitoring the operations on the Northern Region of Malaysia. Prior to that, he was attached to the consultant engineering firm, Hashim & Neh Jurutera Perunding Sdn Bhd in Lumut Naval Base, Perak. From 1977 to 1985, he was working with the Government of Malaysia under Jabatan Kerja Raya and Ministry of Defence. Mr Chan does not hold any directorship in any other public company.

BOEY TAK KONG
Independent Non-Executive Director

Mr Boey Tak Kong, a Malaysian aged 55, joined the Board on 3 December 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee and Nomination Committee.

He is a Fellow member of the Chartered Association of Certified Accountants, United Kingdom, Associate member of the Institute of Chartered Secretaries & Administrators, United Kingdom, Chartered Accountant of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Management and Associate member of the Institute of Marketing Malaysia.

He is currently the Managing Director of Terus Mesra Sdn Bhd, a strategic management and leadership development training company.

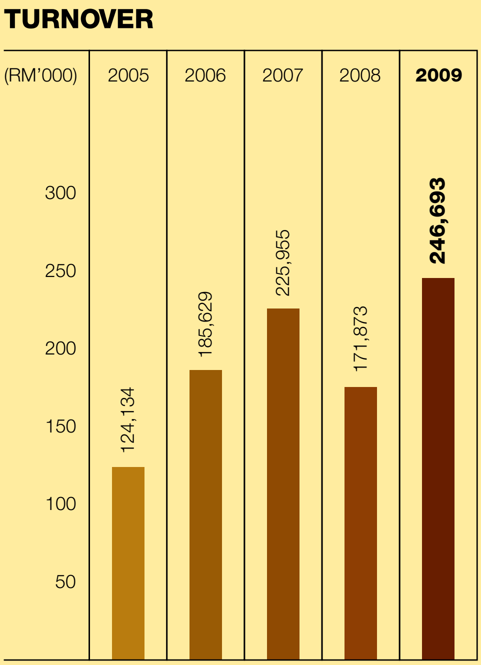
His directorships in other public companies include Dutch Lady Milk Industries Berhad, Sanbumi Holdings Berhad, Green Packet Berhad, IJM Land Berhad and Permaju Industries Berhad.

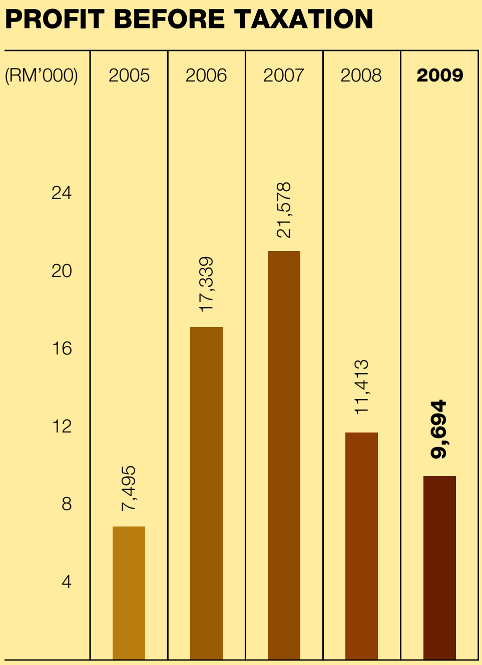
Other Information on Directors

None of the Directors has:

- any family relationship with any Director and/or major shareholder of the Company, except for Tan Sri Dato' Kok Onn who is the spouse of Puan Sri Datin Chan Ngan Thai, a major shareholder of the Company.
- any conflict of interest in any business arrangement involving the Company.
- any conviction for offences within the past 10 years.

Financial Highlights





Year Ended 31 May (RM'000)	2009	2008	2007	2006	2005
Turnover	**246,693**	171,873	225,955	185,629	124,134
Profit/(Loss) Before Taxation	**9,694**	11,413	21,578	17,339	7,495
Profit/(Loss) After Taxation	**3,545**	7,620	14,038	11,863	4,686
Profit/(Loss) Attributable to Shareholders	**3,030**	7,516	13,799	11,916	5,030
Shareholders' Funds	**170,659**	170,243	163,409	140,687	119,505
Total Tangible Assets	**359,406**	348,390	295,816	285,577	222,762
Net Earnings Per Share (RM)	**0.0257**	0.0639	0.1262	0.1144	0.06
Net Assets Per Share (RM)	**1.49**	1.48	1.41	1.33	1.24

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Gadang Holdings Berhad ("Gadang" or "the Company") and its group of companies ("the Group") for the financial year ended 31st May 2009.

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM
Chairman / Independent Non-Executive Director

Chairman's Statement (cont'd)

OVERVIEW

The current global economic crisis which erupted in the second half of 2008 had resulted in massive weakening in worldwide economies and posting economic contraction. Economic growth deteriorated sharply from the widespread effects of the financial crisis and the turmoil in financial markets had dampened business and consumer confidence.

The Malaysian economy was not spared from the global downturn and registered a decline in the first two quarters of 2009 after grinding to a halt in the fourth quarter of 2008. Activities in the domestic property market also slowed down in tandem with the decline in overall economic growth.

FINANCIAL REVIEW

Amidst the volatility and unpredictability of the economic climate during the financial year 2009, the Group had to contend with the spiraling costs of building materials, fuel and all essential services which had risen to unprecedented levels. Against this adverse economic and financial backdrop, the Group managed to achieve higher revenue of RM246.69 million, an increase of 44% as compared to RM171.87 million recorded in the previous financial year. However, the Group recorded a lower profit after taxation by 53% to RM3.55 million from RM7.62 million previously mainly due to the escalation in prices of the construction materials which had impacted the performance of the Construction Division and Property Division.

For the financial year under review, the Group's shareholders' funds increased by 0.24% to RM170.66 million from RM170.24 million in the previous financial year. The net assets per share increased to RM1.49, up from the previous year of RM1.48. The issued and paid up share capital of the Company was increased by RM0.0527 million to RM118.02 million from RM117.96 million previously.

CORPORATE DEVELOPMENTS

October 2008

On 28 October 2008, Asian Utilities Pte Ltd ("AUPL") and PT. Sarana Catur Tirtakelola ("SCTK"), a 65% owned subsidiary company of AUPL had subscribed for 700 shares and 5,600 shares of Indonesian Rupiah ("IDR") 1.0 million each respectively in PT Sarana Tirta Rejeki ("STR") following STR's conversion into a Penanaman Modal Asing ("PMA") company. With the completion of the shares subscription, AUPL has a 10% direct interest and an effective interest of 62% in STR.

December 2008

The Irredeemable Convertible Unsecured Loan Stocks 2003/2008 ("Gadang-LB") issued by the Company, matured on 24 December 2008 and was removed from the Official List of Bursa Malaysia Securities Berhad. The remaining RM67,000 nominal value of Gadang-LB was subsequently converted into 52,754 new ordinary shares of RM1.00 each in the Company at the conversion price of RM1.27.

April 2009

On 30 April 2009, Desiran Impian Sdn Bhd ("Desiran Impian") entered into two (2) joint development agreements to develop a total of 5,181 acres agriculture lands at Ranau, Sabah into oil palm plantations. The landowners shall sub-lease the lands to Desiran Impian for the purpose of cultivating, developing, maintaining and upkeeping the lands into oil palm plantations and to undertake other ancillary/related activities on a commercial scale on the lands at Desiran Impian's own cost and expense.

The term for the Agreements for the lands is thirty (30) years and shall be extended for an additional term of thirty (30) years with a right of further extension for an additional term of thirty (30) years or the remaining lease period in the titles (whichever is earlier) or such other mutually agreed period.

Chairman's Statement (cont'd)

Perspective View of Rehabilitation Hospital in Cheras, Kuala Lumpur

August 2009

On 11 August 2009, Flora Masyhur Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement with Raja Zainal Abidin Bin Raja Hussin ("the Vendor") to acquire from the Vendor, 700,000 ordinary shares of RM1.00 each representing 70% equity interest in the issued and paid-up share capital of Camar Ajaib Sdn Bhd ("CASB") for a purchase consideration of RM200,000.

Currently, CASB has entered into a joint venture agreement ("the JV Agreement") with Ridzwan Bin Wahi ("the Landowner") who is the registered owner of all that freehold land in Bandar Pokok Sena Daerah Pokok Sena Negeri Kedah Darul Aman measuring approximately 201.746 acres ("the said Land"). CASB and the Landowner have agreed to jointly develop the said Land into a mixed development consisting of commercial and residential units via the JV Agreement.

CORPORATE GOVERNANCE

The Board recognizes the importance of good corporate governance to the success of the Group. The Board strives to ensure that a high standard of corporate governance is being practiced throughout the Group as the Board believes that it is the platform for sustainable enhancement of shareholders' value and in ensuring continuous and sustainable growth for the interest of all its stakeholders.

A detailed Statement of Corporate Governance can be found on pages 21 to 26 of this Annual Report.

Chairman's Statement (cont'd)

Taman Pinggiran Pelangi, Rawang

OUTLOOK AND PROSPECTS

The year 2008 and 2009 will be remembered as the period when the world went into its worst economic recession since World War Two. Despite the scale of the downturn and uncertainty, there are signs that the turnaround may come sooner than expected.

It was concurred that the construction sector was on the road to recovery with the implementation of the Government's first and second stimulus packages coupled with the expected roll out of the 10th Malaysian Plan in 2010 and overall improvement in the global economy.

The outlook for property sector appears to be picking up again and beginning to show signs of a rebound. Given the right market conditions, the Property Division will further expand its property activities, by actively sourcing for strategic land bank particularly through joint-venture. The Division continues to emphasize on timely and quality delivery of its products.

The Group will continue to intensify its efforts to diversify its earnings stream by making inroads into plantation business and expand its Water Concession Division to grow its recurrent income base.

For the coming years, the Group will continue to pursue its long term vision and strategies of strengthening its regional footprint, growing its recurrent income base, pursuing in its domestic growth agenda, and continue reviewing its assets portfolio.

The Group, nonetheless, remains vigilant in its outlook for FY 2010 in the midst of uncertainty business and political environment.

ACKNOWLEGEMENT

On behalf of the Board, I would like to thank our directors, management and all employees of the Group for their dedication, resourcefulness, commitment and contribution to the Group. I would also like to take this opportunity to thank shareholders, associates, clients, bankers, contractors and suppliers for their continuing support to the Group. The Group values and looks forward to this continued support as we progress forward.

Datuk Wan Lokman Bin Dato' Wan Ibrahim
Chairman
16 October 2009

Managing Director
Cum Chief Executive Officer's Review of The Year

Dear Shareholders

The local construction and property development industries operated in a difficult and uncertain environment last year. The prices of major building materials such as steel and cement increased unpredictably, giving rise to severe supply issues.

Against this bleak scenario and coupled with the unstable prices, the performance of the Group for financial year ended 31 May 2009 was adversely affected particularly the Engineering and Construction Division as it encountered many challenges throughout the period. Escalating prices of building materials exerted pressure on project margins, and had contributed to the financial loss of the Engineering and Construction Division and impacted the performance of the Property Division, and this in turn had a major impact on the Group's performance.

TAN SRI DATO' KOK ONN
Managing Director cum Chief Executive Officer

Managing Director

Cum Chief Executive Officer's Review of The Year (cont'd)

Engineering and Construction

For the financial year under review, the Engineering and Construction Division registered a higher revenue of RM177.56 million but loss after tax of RM4.14 million as compared to RM111.19 million and RM0.76 million of turnover and profit after tax respectively in the previous financial year. The loss was mainly due to the unprecedented escalation in prices of building materials which had resulted in a reduced project margin with certain projects suffered losses.

During the year under review, the Division successfully completed several contracts with value of approximately RM60 million, which among others, were the construction of 233 units of 12-storey medium cost apartment at Taman Sri Aman, Petaling Jaya, Selangor Darul Ehsan; Structural Works for "Taman Tema" commercial development at Jalan Sungai Besi / Jalan Balakong; Taman Pinggiran Pelangi Phase 1 in Rawang, Selangor Darul Ehsan and Aman Court in Sungai Buluh, Selangor Darul Ehsan.

The current order book of the Division is approximately RM442 million. Major contracts in progress include the Construction of Package 1 of the Kemuning-Shah Alam Highway in Shah Alam, Selangor Darul Ehsan and the Rehabilitation Hospital Project in Cheras, Kuala Lumpur.

Datapuri Sdn Bhd, which is involved in Mechanical & Electrical ("M&E") works, has been accorded with the Class A Electrical Contractor registration with Suruhanjaya Tenaga Malaysia and a Grade 7 registration with Construction Industry Development Board ("CIDB") which will allow the company to undertake jobs of any contract value. Currently Datapuri has an order book of over RM25 million.

Moving forward, the Division will continue to replenish its order book with selective construction projects that will provide margin enhancement to the Group's bottom line.

Property Development

The Property Division posted a higher revenue of RM54.82 million for the year under review as compared to RM48.53 million recorded in the preceding year, mainly due to higher contributions from M Avenue and Taman Seri Bukit Segambut projects, in Segambut, Kuala Lumpur.

However, the profit after tax for the year under review declined to RM6.37 million as compared to RM8.19 million recorded in the preceding year. This was mainly due to the escalation of building material costs which had resulted in higher costs and lower margins.

The major on-going projects are:

- **M Avenue, Segambut, Kuala Lumpur** – A commercial development comprising 62 blocks of 3 & 4 storey retail and office suite located within the vicinity of Mont Kiara and Sri Hartamas with a gross development value ("GDV") of RM56.21 million. The project is 90% completed and has recorded sales of more than 94%.

- **Taman Seri Bukit Segambut, Segambut, Kuala Lumpur** – A residential development comprising 54 units of 3 storey terrace houses with a GDV of RM40 million. These exclusive and spacious homes are located within the vicinity of Kepong, Desa Park City, Sunway SPK and Mont Kiara. The project is 85% completed and has achieved sales of 100%.

- **Taman Pinggiran Pelangi, Rawang, Selangor** – A residential development with a GDV of RM64 million comprising a total of 423 units of landed residential houses consisting of 363 units of single-storey terrace houses; 38 units of 1½ storey semi-detached homes and 22 units of 1 storey semi-detached homes.
  - Phase 1 comprising 84 units of single-storey terrace houses has been fully sold and handed over vacant possession in April 2009.
  - Phase 2 comprising 82 units of single-storey terrace houses, has achieved sales of 93% and the project is 65% completed.
  - Phase 3 comprising 97 units of single-storey terrace houses, 8 and 22 units of single-storey and 1½ storey semi-detached homes respectively, was launched in October 2008. The single-storey terrace houses were fully sold whereas the semi-detached homes have achieved sales of 25%. The project is 35% completed.
  - Phase 4 comprising 100 units of single-storey terrace houses, 14 and 16 units of single-storey and 1½ storey semi-detached homes respectively, was launched in July 2009. The single-storey terrace houses have recorded sales of 20%. The semi-detached homes are yet to open for sales.

Managing Director
Cum Chief Executive Officer's Review of The Year (cont'd)

Water Treatment Plant of PT Hanarida Tirta Birawa at Sidoarjo, Indonesia

The recent measures announced by the government, including the liberalization of the Malaysian property industry will also be a boost to Malaysia's competitiveness, both locally and internationally, and help property players as well as investors to benefit. We are upbeat by a strong banking system and fundamentals which are essential in the recovery process. With sign of an increased optimism on the domestic economic front, we are confident that the property sector is expected to bounce back for the coming financial year.

Manufacturing and Trading

The business of Manufacturing and Trading Division has been restructured to focus on the development of the higher end niche decorative paint market for bungalows and building through "Paint Butiq" concept.

Concurrently, the Division has expanded its business activities into the oil and gas services business via strategic alliance with its associate company, in order to revitalize and turnaround its performance.

In view of the above, the Division has posted a lower revenue of RM2.93 million and a lower loss of RM0.54 million for the financial year under review as compared to a turnover of RM6.26 million and a loss of RM1.03 million in the previous financial year.

Water Concession

During the year under review, the Group via AUPL had completed the acquisition of its fifth water supply concession company in Indonesia. With the acquisition of 10% equity interest in STR, AUPL has an effective interest of 62% in STR taking into consideration the 80% interest held by SCTK.

Managing Director
Cum Chief Executive Officer's Review of The Year (cont'd)

Construction of the Kemuning - Shah Alam Highway in Shah Alam

The Division had posted a higher revenue of RM11.38 million for the year under review, an increase of 93.21% as compared to RM5.89 million recorded in the previous financial year.

During the year under review, SCTK had completed the construction of the water treatment plant with capacity to produce 25 litres per second of treated water while PT Hanarida Tirta Birawa ("HTB") had upgraded the water treatment plant to increase its capacity from 430 litres per second to 500 litres per second.

With the completion of the acquisition of the five treated water supply concession companies in Indonesia, the Division is expected to contribute a steady return to the Group.

Plantation

The Group has made inroads into plantation sector by signing two (2) agreements to develop two (2) parcels of land, of approximately 5,200 acres near Ranau, Sabah into an oil palm plantation. The proposed development will be a new business activity and provide another recurrent income stream for the Group. The Group is optimistic on the returns from the oil palm development.

Felling works for about 800 acres had commenced and planting is scheduled to be completed by the end of 2009. The balance of the land will be developed in 2010 and 2011.

In appreciation

I wish to convey a heartfelt thank you to all our customers who have supported the Group throughout these years. Your faith in us has and will continue to inspire us to reach for greater heights.

The Company's achievements would not be possible if not for the dedication and commitment of our management staff and employees. On behalf of the Board of Directors, I would like to convey our deepest appreciation to every member of the Group's family. We hope every member will continue to be with the Group especially in this difficult and challenging period as we move forward our journey for the coming years.

I also wish to thank all our business partners, government authorities, shareholders and fellow Board members for their continued strong support.

Tan Sri Dato' Kok Onn
Managing Director cum Chief Executive Officer
16 October 2009

M Avenue, Segambut

Audit Committee Report

The Board is pleased to present the Audit Committee Report for the financial year ended 31 May 2009.

MEMBERSHIP AND MEETINGS

The Audit Committee consists of three (3) Independent Non-Executive Directors. Mr Boey Tak Kong who is a member of the Malaysian Institute of Accountants meets the requirements of Paragraph 15.09 (1) (c) (i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires at least one qualified accountant as a member of the Audit Committee.

The Audit Committee comprises the following members:

Adam Bin Bachek
Chairman/Independent Non-Executive Director

Datuk Wan Lokman Bin Dato' Wan Ibrahim
Member/Independent Non-Executive Director

Boey Tak Kong
Member/Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 May 2009. The details of attendance of each member at Audit Committee meetings are as follows:-

	No. of Meetings	
	Held	**Attended**
Encik Adam Bin Bachek	5	5
Datuk Wan Lokman Bin Dato' Wan Ibrahim	5	5
Mr Boey Tak Kong	5	5

The Senior Management, Finance Manager, Internal Auditor and External Auditors were in attendance at the meetings where necessary. The Committee had also met with the External Auditors separately on two occasions without the presence of the Executive Directors and Senior Management.

SUMMARY OF ACTIVITIES

The following activities were carried out by the Audit Committee during the financial year ended 31 May 2009:-

1. Financial Results

a. Reviewed the financial statements of the Group on a quarterly basis and the draft announcement to Bursa Securities before recommending them to the Board for their consideration and approval.

b. Reviewed the annual audited financial statements of the Company and the Group with the external auditors prior to recommending the same to the Board for approval.

c. Reviewed and evaluated the Report to the Audit Committee by the External Auditors.

2. Internal Audit

a. Reviewed and approved the internal audit plan and internal audit charter.

b. Reviewed the internal audit reports presented and considered the findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports and the management responses thereof and ensuring significant findings are adequately addressed by management.

c. Authorized Internal Audit to undertake specific assignments on specific areas of concern, reviewed outcome of findings and deliberated on appropriate actions and/or recommendations arising therefrom.

3. Risk Management

Reviewed the progress of the risk management function on the identification and monitoring of key risks and the controls and action plans in managing these risks.

Audit Committee Report (cont'd)

4. External Audit

Reviewed with the External Auditors the results of the annual audit, the audit report and the management letter, including management response.

5. Recurrent Related Party Transactions

- Reviewed the recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent transactions pursuant to the Listing Requirements of Bursa Securities for the Board's approval.
- Reviewed all recurrent related party transactions to ensure that they are within the mandate obtained.

TRAINING

During the year, the Committee members have attended conferences, seminars and training programmes on the following areas:-

1. Resource Talk on Leadership Development & Workplace Innovation
2. Effective Budgeting Process
3. Understanding Financial Statements for Directors and Senior Management
4. 2008 National Conference on Internal Auditing. Great Expectations: Future & Beyond
5. Strengthening GAR Management/Leadership & Business Acumen/Partnership/Influence
6. MIA - Bursa Malaysia Business Conference
7. Financial Reporting During Financial Turbulence
8. FTSE Bursa Malaysia KLCI

TERMS OF REFERENCE

1. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst the directors and shall compose of not fewer than three (3) members. All the Audit Committee members should be non-executive directors, with a majority of them being independent directors; and at least one (1) member of the Audit Committee shall be:

(i) a member of the Malaysian Institute of Accountants ("MIA");

(ii) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and:

- he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

(iii) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director shall be appointed as a member of the Audit Committee. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Chairman

The Chairman of the Audit Committee shall be an Independent, Non-Executive Director appointed by the Board.

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

Audit Committee Report (cont'd)

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

4. Meetings

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the audit committee if a request is made by any committee member, the Company's chief executive, or the internal or external auditors.

Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, at least twice a year, the Committee shall meet with the external auditors without any executive Board member present.

A quorum shall consist of two (2) members and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

5. Authority

The Audit Committee is authorised by the Board to:-

- investigate any activity within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the internal and external auditors and with senior management of the Group;
- be able to obtain external legal or other independent professional advice as necessary;
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of executive Board members and employees, whenever deemed necessary.

6. Duties

The duties of the Committee shall include:-

a. To review and recommend the appointment of external auditors, the audit fee and any question of resignation or dismissal;

b. To discuss with the external auditors where necessary, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved;

c. To review the quarterly results and annual financial statements before submission to the Board, focusing on:

- any changes in accounting policies and practices;
- significant issues arising from the audit;
- going concern assumption;
- compliance with accounting standards and regulatory requirements;

d. To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);

e. To review the external auditors' management letter and management's response;

Audit Committee Report (cont'd)

f. To do the following in relation to the internal audit function:-

   - review the adequacy of scope, function, competency and resources of the internal audit department and that it has the necessary authority to carry out its work

   - review internal audit programme

   - ensure co-ordination of external audit with internal audit

   - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function

   - review any appraisal or assessment of the performance of the staff of the internal audit function

   - approve any appointment or termination of senior staff members of the internal audit function

   - be informed of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation

g. To review any related party transactions and conflict of interest situation that may arise within the Company and the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

h. Any other activities, as authorized by the Board.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Board obtains sufficient assurance of the effectiveness of system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the internal auditor, which reports directly to the Audit Committee. The Group's Internal Audit ("IA") function, during the second half of the financial year was outsourced to an independent professional firm, CGRM Infocomm Sdn Bhd. The costs incurred for maintaining the IA function for the year under review was approximately RM100,000. The IA is responsible to undertake independent, regular and systematic reviews of the systems of financial and operational controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

During the financial year, the internal auditor had undertaken reviews of the operating units' compliance with internal control procedures; ascertaining that the Company's and Group's assets were safeguarded and accounted for. Audit reports were issued to the management of the operating units audited, highlighting the findings on any systems and control weakness together with recommendations for improvement. These findings and recommendations together with the management action plan were summarized and reported at the quarterly Audit Committee meetings for deliberations and action.

Statement of Corporate Governance

The Board of Directors of Gadang Holdings Berhad recognizes the importance of the corporate governance and is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Gadang and its group of companies.

The Board fully subscribes and supports the Malaysian Code on Corporate Governance ("the Code") and the relevant provisions in the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

Set out below is a statement of how Gadang has applied the principles of and compliance with the Best Practices of the Code.

A. BOARD OF DIRECTORS

The Company has adopted a number of measures to ensure effectiveness of the Board in discharging its duties and responsibilities.

Board composition and Balance

The Board comprises seven members; four (4) of whom are Executive Directors and three (3) are Independent Non-Executive Directors, thereby fulfilling the one-third (1/3) requirement. A brief profile of each Director is provided on pages 4 and 6 of the Annual Report.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise particularly in the core businesses of the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors will serve to bring objective and independent views, advice and judgement to the decision making of the Board and provide a capable check and balance for the Executive Directors.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have in-depth knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

The roles of the Chairman and Managing Director cum Chief Executive Officer are distinct and separate with a clear division of responsibilities. This ensures a balance of power and authority. The Chairman leads the Board and is responsible for ensuring its effectiveness. The Managing Director cum Chief Executive Officer is responsible for the day-to-day running of the business, implementation of Board policies and decision-making on operational matters.

Board Meetings

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Most of the Directors attended all the Board meetings.

During the financial year ended 31 May 2009, six (6) Board meetings were held and the attendance of Board members is as follows:-

Directors	No. of Meetings Attended	Percentage
Datuk Wan Lokman Bin Dato' Wan Ibrahim	6 out of 6	100%
Tan Sri Dato' Kok Onn	6 out of 6	100%
Mr Koay Teng Keong	5 out of 6	83%
Encik Adam Bin Bachek	6 out of 6	100%
Mr Ling Hock Hing	5 out of 6	83%
Mr Chan Ah Kam @ Chan Ah Thoong	6 out of 6	100%
Mr Boey Tak Kong	6 out of 6	100%

Statement of Corporate Governance (cont'd)

Supply of Information

The Board members are supplied with required and timely information which allows them to discharge their responsibilities effectively and efficiently. Prior to the Board meeting, all Directors are provided with an agenda and a set of Board papers. The Board papers are dispatched to the Directors in advance of Board meetings to enable the Directors have sufficient time to understand issues to be deliberated at the Board meeting and expedite the decision making process.

The Directors are notified of any corporate announcement released to Bursa Securities and the impending restriction in dealing with the securities of the Company prior to the announcement of the financial results or corporate proposals. The Board is also updated by the Company Secretary on new statutory and regulatory requirements concerning their duties and responsibilities as and when necessary.

The Directors have access to all information within the Company whether as full Board or in their individual capacity, in furtherance of their duties. The Directors also have direct access to the Senior Management and the services of the Company Secretary and where necessary, in the furtherance of their duties, take independent professional advice at the Group's expense.

Appointments to the Board

The Nomination Committee is responsible for reviewing the Board composition and recommending to the Board appointments of new Directors by evaluating and assessing the suitability of candidates for Board membership. In making these recommendations, due consideration is given to the required mix of skills, knowledge, expertise and experience, professionalism and integrity that the proposed Directors shall bring to the Board.

Re-election of Directors

All Directors including Managing and Executive Directors shall retire from office once in every three (3) years but shall be eligible for re-election. In accordance with the Articles of Association of theCompany, one-third (1/3) of the Directors shall retire from office at each annual general meeting ("AGM") and may offer themselves for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election or appointment.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are mindful that they should receive appropriate continuous training by attending seminars and courses to keep themselves updated on regulatory and corporate governance developments, besides enhancing their professionalism and knowledge to effectively discharge their duties and obligations.

The training programmes and seminars attended by the Directors during the financial year under review are, inter-alia, on areas relating to construction and engineering, corporate governance and financial management. The details of the training programmes attended by the Directors during the financial year ended 31 May 2009 are as follows:-

Statement of Corporate Governance (cont'd)

1.	**Datuk Wan Lokman Bin Dato' Wan Ibrahim**	
	• Resource Talk on Leadership Development & Workplace Innovation	31 October 2008
	• Effective Budgeting Process	21 May 2009
2.	**Tan Sri Dato' Kok Onn**	
	• Resource Talk on Leadership Development & Workplace Innovation	31 October 2008
	• Effective Budgeting Process	21 May 2009
3.	**Koay Teng Keong**	
	• Resource Talk on Leadership Development & Workplace Innovation	31 October 2008
	• Effective Budgeting Process	21 May 2009
	• The Institution of Engineers Malaysia: Construction on Soft Grounds and Stability of Clay Slopes	24-25 November 2008
	• International Conference on Project Management "Achieving Excellence Through Project Management"	18-20 November 2008
	• The Three Gorges Dam: A Learning Experience	8 November 2008
	• Public Colloquium on "Mitigating Flash Floods through Proper Planning"	13 September 2008
	• The 6th Malaysian Construction Sector Review and Outlook Seminar	26 August 2008
	• One Day Seminar on Agreement and Conditions of Pam Contract 2006	2 July 2008
	• 1st Malaysian Construction Summit 2008, addressing Supply Chain Bottlenecks for Sustainability	3 June 2008
	• Course on Understanding Construction Contracts	11-12 May 2009
	• Talk on "From Concept to Realisation"	25 April 2009
4.	**Adam Bin Bachek**	
	• Resource Talk on Leadership Development & Workplace Innovation	31 October 2008
	• Effective Budgeting Process	21 May 2009
5.	**Ling Hock Hing**	
	• Resource Talk on Leadership Development & Workplace Innovation	31 October 2008
	• Effective Budgeting Process	21 May 2009
6.	**Chan Ah Kam @ Chan Ah Thoong**	
	• Resource Talk on Leadership Development & Workplace Innovation	31 October 2008
	• Effective Budgeting Process	21 May 2009
	• International Conference on Project Management "Achieving Excellence Through Project Management"	18-20 November 2008
	• Geotechnical Engineering Technical Division, IEM and Malaysian Site Investigators Association	13-14 October 2008
	• Talk on "Foundation Design of 500 Meter Span Cable Stayed Bridge Over Sg. Johore"	28 August 2008
7.	**Boey Tak Kong**	
	• Understanding Financial Statements for Directors and Senior Management	10 June 2008
	• 2008 National Conference on Internal Auditing. Great Expectations: Future & Beyond	28-29 July 2008
	• Strengthening GAR Management/Leadership & Business Acumen/Partnership/Influence	17 June 2008
	• MIA - Bursa Malaysia Business Conference	23 October 2008
	• Financial Reporting during Financial Turbulence	10 February 2009
	• FTSE Bursa Malaysia KLCI	2 March 2009

Statement of Corporate Governance (cont'd)

The Company will on a continuous basis, evaluate and determine the training needs of the Directors.

Board Committees

The Board of Directors has delegated certain responsibilities to the following Board Committees. These committees are formed in order to enhance business and operational efficiency as well as efficacy. These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibilities for the final decision on all matters, however, lie with the entire Board.

a) Audit Committee

The Audit Committee Report is set out on pages 17 to 20 of the Annual Report.

b) Nomination Committee

The Nomination Committee consists of the following members:-

Datuk Wan Lokman Bin Dato' Wan Ibrahim
(Chairman/Independent Non-Executive Director)
Encik Adam Bin Bachek
(Independent Non-Executive Director)
Mr Boey Tak Kong
(Independent Non-Executive Director)

The primary functions of the Nomination Committee are as follows:-

- Propose new nominees for the Board and review annually its required mix of skills and experience and other qualities, including core competencies of all Directors, to ensure the effectiveness of the Board as a whole.
- Recommend candidates to the Board for both directorships and to fill seats on board committee.
- Assess the effectiveness of the Board as a whole and the committees of the Board, and the contribution of each individual director.

The Committee met once during the financial year. The meeting was attended by all the members of the Committee.

c) Remuneration Committee

The Remuneration Committee consists of the following members:-

Encik Adam Bin Bachek
(Chairman/Independent Non-Executive Director)
Datuk Wan Lokman Bin Dato' Wan Ibrahim
(Independent Non-Executive Director)
Tan Sri Dato' Kok Onn
(Executive Director)

The Remuneration Committee is responsible for reviewing the policy and making recommendations to the Board on remuneration package and benefits annually as extended to the Executive Directors. The Remuneration Committee also recommends the framework of fees payable to the Non-Executive Directors. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages.

The Executive Directors will not participate in decisions making relating to their own remuneration. The Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the individual Directors concerned abstaining from deliberation and voting on decision in respect of his individual remuneration.

The Committee met once during the financial year. The meeting was attended by all the members of the Committee.

Statement of Corporate Governance (cont'd)

d) Executive Committee

The Executive Committee (Exco) consists of the executive directors of the Board.

The Executive Committee is responsible for:
- Reviewing and monitoring the financial and performances of the Group's operating divisions;
- Reviewing the business plans and budgets of the operating companies for the consideration of the Board;
- Reviewing and establishing the operational policies; and
- Conducting any other related and pertinent matters as may arise

The Executive Committee meets bi-monthly.

e) Risk Management Committee

The Risk Management Committee consists of the executive directors of the Board.

The objectives of this committee are to ensure that a risk management structure is embedded throughout the group and the risk management structure is consistently adopted throughout the group within the parameters established by the Board. Its key functions are to advise the Board and make recommendations with respect to the adequacy of the group's approach to identifying and managing risks.

B. DIRECTORS' REMUNERATION

Level and Make-up of Remuneration

The policy practiced on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the calibre required to manage the business of the Group. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance, in the case of the executive directors. In the case of non-executive directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual non-executive director concerned. Non-executive Directors do not receive any performance related remuneration.

Details Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorized into appropriate components for the financial year ended 31 May 2009 are as follows:-

Total Remuneration	Executive Directors RM	Non-Executive Directors RM	Total RM
Salary and other emoluments	1,363,751	-	1,363,751
Benefits-in-kind	29,900		29,900
Fees	-	74,000	74,000
Total	**1,393,651**	**74,000**	**1,467,651**

The number of Directors whose total remuneration during the financial year fall within the following bands is as follows:-

Range of Remuneration	No. of Executive Director	No. of Non-Executive Director	Total
Below RM50,000	-	3	3
RM200,001 to RM250,000	1	-	1
RM250,001 to RM300,000	-	-	-
RM300,001 to RM350,000	1	-	1
RM350,001 to RM400,000	1	-	1
RM400,001 to RM450,000	-	-	-
RM450,001 to RM500,000	1	-	1
Total	**4**	**3**	**7**

Statement of Corporate Governance (cont'd)

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Investor Relations and Shareholders Communication

The Board acknowledges the importance of communication with investors. Various announcements and disclosures to the Bursa Securities made during the year, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.

The Company conducts investors briefings with financial analysts, institutional shareholders and fund managers on the Group's financial results, performance and potential new developments or business. In addition, the Group has established a current website at www.gadang.com to further enhance investor relations and shareholders' communication, including their access to information about the Company and the Group.

Encik Adam Bin Bachek has been identified and appointed as the Senior Independent Non-Executive Director, to whom any queries and concerns pertaining to the Company may be conveyed.

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. Shareholders are notified of the AGM and are provided with a copy of the Company's Annual Report before the meeting. Those who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Additionally, a press conference is normally held immediately after the AGM where the Chairman advises the press of the resolutions passed, and answers questions on the Group's activities and plans. The Chairman, Managing Director cum Chief Executive Officer and the Executive Directors are also present at the press conference.

D. ACCOUNTABILITY AND AUDIT

Financing Reporting

The Board aims to provide a balanced and meaningful assessment of the Group's financial performance, position and prospects, primarily through the issuance of audited annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Controls

The Board acknowledges its responsibility to maintain a sound system of internal controls to safeguard shareholders' investment and the Company's assets. Accordingly, the Directors are required to ensure that an effective system of internal control is in place within the Group.

The Audit Committee together with the Board carries out periodical reviews on the effectiveness of the internal control system via the Internal Audit. The Internal Audit reports to the Audit Committee periodically on its assessment of reviews covering the financial, operational and compliance control as well as risk management.

A Statement of Internal Control of the Group is set out on Page 27 and 28 of the Annual Report.

Relationship with External Auditors

The Board maintains a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the relevant accounting standards. The role of the Audit Committee in relation to the external auditors is set out on page 19 of the Annual Report.

Statement on Internal Control

BOARD RESPONSIBILITY

The Board of Directors ("Board") recognizes the importance of maintaining a sound system of internal controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility and re-affirms its commitment to maintaining a sound system of internal controls and for reviewing its effectiveness, adequacy and integrity to safeguard shareholders' investments and the Group's assets.

The system of internal controls covers not only financial controls but also controls relating to operational and compliance controls and risk management. The internal control system is designed to manage and mitigate the effects rather than to eliminate the risks. As such the internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against loss or fraud.

RISK MANAGEMENT

The Group has been continually adopting the Enterprise Risk Management framework implemented in August 2004. The Enterprise Risk Management framework is designed as an ongoing process to identify, evaluate, manage and monitor significant risks the Group faces in its businesses and operations. Management is responsible to identify and evaluate the Key Risks and to formulate action plans to manage the Key Risks. The Risk Management Committee oversees the risk management activities of the Group. Risk management reports are submitted periodically to the Risk Management Committee on the Key Risks and the action plans to manage these risks.

INTERNAL AUDIT

The Group has outsourced its internal audit function to an independent professional firm, CGRM Infocomm Sdn Bhd. The Internal Audit assists the Audit Committee in the discharge of its duties and responsibilities to independently review and report on the adequacy and integrity of the Group's internal control systems and risk management practices.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The Board monitors the continual effectiveness, adequacy and integrity of the internal control system to ensure good corporate governance. Ongoing reviews and appraisals are made by the internal and external auditors and these had been in place in the year under review.

The following key processes are in place in the Group:-

- The Group maintains an appropriate and well defined organisational structure with proper lines of responsibility, delegation of authority and accountability to the Board, Committees, Management and operating units.

- Formalized policies, procedures and guidelines on financial, operational and compliance controls and these are reviewed and updated as necessary. This includes financial authority limits, budgetary planning and monitoring, capital expenditure approval, credit control and human resources management.

- An appropriate accounting and reporting system to ensure proper and correct recording of financial information and timely generation of up-to-date information including key financial and operational indicators for management's review and action.

- The Board plays an active role in deliberating and review the business plans that each business unit submits annually to the Board for approval.

- Tender and Award Committee to review tender evaluation and award to ensure tender exercises are conducted in an effective, transparent and fair manner.

- The Executive Committee meets bi-monthly to review and resolve on key operational, corporate, financial, legal and regulatory matters.

- The Audit Committee and the Board monitor and review the Group performance and results at quarterly meetings deliberating on the quarterly financial statements, key financial and operational performance results.

Statement on Internal Control (cont'd)

- Internal audit provides independent assurance on the adequacy and integrity of the Group system of internal controls and business processes. Regular reviews on operational units to assess the effectiveness of internal controls and to monitor compliance with policies and procedures are carried out by Internal Audit. Reports on audit findings on the effectiveness of internal controls, significant risks, non compliance and weaknesses observed with recommendations for remedial action are submitted to operating management. The Audit Committee meets quarterly to review internal audit findings and recommendations on internal control improvements and management's response and action thereto.

CONCLUSION

The Board of Directors is committed towards operating a sound system of internal controls and recognized that the system must continuously evolve to support the type of business, size of operations and the environment the Group operates in. The system of internal controls will be continually reviewed and enhanced to embed a risk based approach to the Group business activities.

During the current financial year no major control weaknesses were discovered. Overall the Board is satisfied that the system of internal controls and risk management is adequate and operating satisfactorily in the year under review.

Statement on Corporate Social Responsibility

The Company and its subsidiaries have always mindful of its Corporate Social Responsibility ("CSR") towards the community, environment, its employees and its stakeholders and view CSR as an extension of the Group's efforts in fostering a strong corporate governance culture.

Gadang Group also believes that CSR is a good business proposition of which CSR helps to enhance corporate image and increase the Group's ability to attract and retain its quality human capital towards improving financial performance.

Towards this end, Gadang Group fully subscribed to the CSR practices and will strive to be in line with the CSR Framework for Public Listed Companies launched by Bursa Malaysia Securities Berhad ("Bursa Securities").

WORKPLACE

The Group believes that human capital development is very important to ensure that the Group has the right and relevant skill and knowledge in ensuring business sustainability and growth.

Continuous training and development programmes were carried out to equip the employees with relevant skills and knowledge. The Group also emphasized on the importance of the employees' health and well-being at the workplace. Besides providing a health and hospitalization for the staff, health and safety talks were held on a regular basis to instill a health-conscious mind among the staff. Efforts are continually made to create awareness on the collective responsibility among the employees for the prevention of injuries and occupational health hazards and the assurance of public safety when carrying out its business operations.

The Group seeks to recognize and honor the loyalty of employees who have helped to build the Group over a long period of time. Long Service Awards are presented to those employees serving more than 15 years of service. The awards were presented with the primary objectives of motivating staff to develop their career with the Group and rewarding them for their dedication and commitments towards the development and growth of the Group.

Statement on Corporate Social Responsibility (cont'd)

The Gadang Sports Club was established by the Company with the aim to provide sports and leisure activities for its members. The Sports Club actively organizes sports and leisure activities for its members throughout the year. During the year, the Sports Club organised sports activities like badminton and yoga to promote healthy lifestyle among its members. The Sports Club also subsidized an overseas trip in Medan Lake Toba, Indonesia and a local trip to A Farmosa Resort at Malacca for its members and their families. Encouraging participation in these activities underline the enthusiasm and a sense of belonging and unity among the staff.

COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community through various activities held with aim of caring for the wellbeing of the society at large.

During the year, the Group made contributions to:-

- Tabung Thalassaemia Malaysia, set up by the Badan Kebajikan Thalassaemia Malaysia (BERKAT) and Ministry of Health and Tabung Darah Negara. It aims to provide welfares and medical treatments to the Thalassaemia patients.

- Malaysian Liver Foundation (MLF)'s fund-raising Charity Dinner. MLF is the only non-profit organization in Malaysia that has dedicated the last 12 years to increasing public awareness of liver diseases and improving the quality of treatment and research in liver diseases.

- Naza TTDI Charity Golf Tournament 2009 and the proceeds from the event were donated to more than 180 selected charity organizations in the country.

- Tabung Kebajikan Persatuan Bekas Pasukan Keselamatan Negara Malaysia.

Besides the above, the Group and the management staff also organized social visits and gave donations towards the children with special needs association. The Group also participated sponsors and contributions to healthcare, sports and education development funds.

MARKETPLACE

At the marketplace, the Group maintains high integrity of corporate governance practices as well as enhancing the shareholders' value.

ENVIRONMENT

The Group recognizes its responsibility to minimize any potential adverse environmental impact of our business operations and is committed to continual improvement in its environmental performance and to ensure all of the Group's activities are in line with environmental standards and legislation.

The Group also encourages individual employees to adopt environmentally-responsible working practices by energy saving, reduce waste, promote re-use and recycling, avoid damage to the environment and prevent pollution.

Statement of Directors' Responsibility
In Relation To The Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("CA") to prepare financial statements for each financial year which have been made in accordance with applicable Financial Reporting Standards ("FRSs") in Malaysia, and the provisions of the CA and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Followed all applicable approved accounting standards in Malaysia and the provisions of the CA.

The Directors are also responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the CA.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Other Information

- **Share Buybacks**

  The Company did not undertake any share buybacks during the financial year.

- **Options or Convertible Securities**

  No options or convertible securities were issued by the Company during the financial year.

- **Imposition of Sanctions/Penalties**

  There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors, or management by any regulatory bodies during the financial year.

- **Profit Guarantees**

  There were no profit guarantees given by the Company during the financial year.

- **Revaluation of Landed Properties**

  The Company does not have a policy on revaluation of landed properties.

- **Depository Receipt ("DRP") Programme**

  During the financial year, the Company did not sponsor any DRP programme.

- **Material Contracts**

  There was no material contract other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interests during the financial year.

- **Recurrent Related Party Transactions of a Revenue or Trading Nature**

  At the last Annual General Meeting held on 26 November 2008, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and provision of financial assistance ("Recurrent Transactions") with related parties.

Other Information (cont'd)

In accordance with Paragraph 10.09(2)(b) of Bursa Securities Main Market Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 May 2009 pursuant to the said shareholders' mandate are as follows:-

Name of Related Party	Relationship	Aggregate Nature of Transactions	The Company	Value RM'000
Kok Khim Boon	Kok Khim Boon is a brother of Tan Sri Dato' Kok Onn ("TSKO") who is the Managing Director cum Chief Executive Officer and major shareholder of Gadang	Provision of sub-contract works	Gadang Group	2,048
Kok Thiam Fook	Kok Thiam Fook is a cousin of TSKO.	Provision of sub-contract works	Gadang Group	216
Datapuri Sdn Bhd ("DPSB")	DPSB is a 51% owned subsidiary of Gadang and 49% owned by Exclusive Acres Sdn Bhd ("EASB"). Liew Swee Kong and Chan Kim Lian who are directors and shareholders of EASB are the nephew and sister-in-law of TSKO.	• Office Rental	Gadang Properties Sdn Bhd	81
		• Provision of mechanical & engineering subcontract works by DPSB	Gadang Group	4,295
		• Provision of management services by Gadang	Gadang	191
		• Financial Assistance	Gadang Group	2,878
GLP Resources (M) Sdn Bhd ("GLPRSB") and its subsidiaries	GLPRSB is a 70% owned subsidiary of Gadang and 30% owned by Premierex Sdn Bhd. TSKO is also a director and major shareholder of Premierex Sdn Bhd.	• Purchase of protective and decorative paints from GLPRSB and its subsidiaries	Gadang Group	117
		• Provision of management services by Gadang	Gadang	65
		• Financial Assistance	Gadang Group	245

FINANCIAL STATEMENTS

Directors' Report

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 May 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of its subsidiaries are described in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	3,545,081	603,417
Attributable to:		
Equity holders of the Company	3,030,080	603,417
Minority interests	515,001	-
	3,545,081	603,417

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 May 2008 were as follows:

	RM
In respect of the financial year ended 31 May 2008 as reported in the directors' report of that year:	
Final dividend of 2.5% less 26% taxation, on 118,015,791 ordinary shares, approved on 26 November 2008 and paid on 15 January 2009	2,183,292

Directors' Report (cont'd)

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Kok Onn
Koay Teng Keong
Datuk Wan Lokman bin Dato' Wan Ibrahim
Adam bin Bachek
Ling Hock Hing
Chan Ah Kam @ Chan Ah Thoong
Boey Tak Kong

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.6.2008	**Acquired**	**Sold**	**31.5.2009**
Gadang Holdings Berhad				
Direct Interest				
Tan Sri Dato' Kok Onn	3,370,000	300,000	-	3,670,000
Koay Teng Keong	279,000	-	-	279,000
Ling Hock Hing	310,000	150,000	-	460,000
Chan Ah Kam @ Chan Ah Thoong	179,000	-	-	179,000
Boey Tak Kong	201,000	-	-	201,000
Indirect Interest				
Tan Sri Dato' Kok Onn (1)	34,005,100	-	-	34,005,100
Koay Teng Keong (2)	55,000	-	-	55,000
Chan Ah Kam @ Chan Ah Thoong (2)	5,000	-	-	5,000

(1) Indirect interest by virtue of shares held by companies in which the director has interest.
(2) Indirect interest by virtue of shares held by spouse.

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

Tan Sri Dato' Kok Onn by virtue of his deemed interest in shares of the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM117,963,037 to RM118,015,791 by way of the conversion of RM67,000 nominal amount of 2% Irredeemable Convertible Unsecured Loan Stocks 2003/2008 into 52,754 new ordinary shares of RM1 each.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Gadang Holdings Berhad's Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 8 May 2002. The ESOS was implemented on 1 November 2002 and had expired on 31 October 2007.

Information with respect to the number of options granted under the ESOS is as follows:

	Number of Share Options	
	2009	**2008**
At 1 June 2008/2007	-	2,707,000
Cancelled/Lapsed	-	(1,403,000)
Exercised	-	(1,304,000)
At 31 May	-	-

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events during the financial year are disclosed in Note 40 to the financial statements.

SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 41 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 September 2009.

Tan Sri Dato' Kok Onn

Koay Teng Keong

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of The Companies Act, 1965

We, Tan Sri Dato' Kok Onn and Koay Teng Keong, being two of the directors of Gadang Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 41 to 110 are drawn up in accordance with applicable Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 September 2009.

Tan Sri Dato' Kok Onn

Koay Teng Keong

STATUTORY DECLARATION

Pursuant to Section 169(16) of The Companies Act, 1965

I, Ling Hock Hing, being the director primarily responsible for the financial management of Gadang Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 110 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ling Hock Hing
at Kuala Lumpur in the Federal Territory
on 23 September 2009.

Ling Hock Hing

Before me,

PESURUHJAYA SUMPAH
No: W 480
R. VASUGI AMMAL,
PJK
MALAYSIA

No: 72, Tkt. 3,
Jalan Mega Mendung,
Bandar Kompleks,
58200 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

To The Members of Gadang Holdings Berhad (Incorporated In Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gadang Holdings Berhad, which comprise the balance sheets as at 31 May 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 110.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To The Members of Gadang Holdings Berhad (Incorporated In Malaysia) (cont'd)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/09(J)
Chartered Accountant

Kuala Lumpur, Malaysia
23 September 2009

INCOME STATEMENTS
For The Year Ended 31 May 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	4	246,692,767	171,873,161	4,816,000	4,743,501
Cost of sales	5	(219,143,544)	(140,710,369)	-	-
Gross profit		27,549,223	31,162,792	4,816,000	4,743,501
Other income		9,303,969	3,747,590	425,818	243,056
Administration expenses		(8,508,041)	(8,344,074)	(2,025,878)	(2,096,303)
Other expenses		(13,096,522)	(10,692,808)	(947,945)	(1,234,187)
Finance costs	6	(5,571,161)	(4,466,463)	(1,778,790)	(1,634,275)
Share of results of associates		16,678	5,780	-	-
Profit before tax	7	9,694,146	11,412,817	489,205	21,792
Income tax expense	10	(6,149,065)	(3,792,518)	114,212	(310,326)
Profit/(loss) for the year		3,545,081	7,620,299	603,417	(288,534)
Attributable to:					
Equity holders of the Company		3,030,080	7,516,125	603,417	(288,534)
Minority interests		515,001	104,174	-	-
		3,545,081	7,620,299	603,417	(288,534)
Earnings per share attributable to equity holders of the Company (sen):					
- Basic	11	2.57	6.39		
- Diluted	11	2.57	6.38		
Net dividend per share (sen)	12	1.85	1.82		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 May 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	21,535,727	16,305,080	45,572	47,214
Investment properties	15	4,197,040	222,800	-	-
Prepaid lease payments	16	2,502,090	2,553,747	-	-
Concession assets	17	35,718,166	34,604,074	-	-
Investments in subsidiaries	18	-	-	85,157,849	85,157,847
Investments in associates	19	647,458	305,780	-	-
Other investments	20	226,000	226,000	-	-
Goodwill on consolidation	21	17,155,975	16,972,393	-	-
Deferred tax assets	22	1,085,209	1,419,183	-	-
		83,067,665	72,609,057	85,203,421	85,205,061
Current assets					
Property development costs	23	86,475,011	95,443,767	-	-
Amounts due from customers on contracts	24	37,307,777	31,578,879	-	-
Inventories	25	14,512,229	14,331,080	-	-
Trade and other receivables	26	140,420,630	133,244,631	156,608	130,225
Amounts due from subsidiaries	27	-	-	88,428,218	89,893,158
Tax recoverable		1,379,978	1,408,833	1,163,774	642,047
Fixed deposits	28	5,104,956	4,655,686	1,807,678	-
Cash and bank balances	28	9,379,335	8,443,656	677,833	121,576
		294,579,916	289,106,532	92,234,111	90,787,006
Assets held for sale	29	-	5,065,620	-	-
		294,579,916	294,172,152	92,234,111	90,787,006
TOTAL ASSETS		377,647,581	366,781,209	177,437,532	175,992,067

BALANCE SHEETS
As at 31 May 2009 (cont'd)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	30	118,015,791	117,963,037	118,015,791	117,963,037
Reserves	31	52,643,398	52,213,374	24,391,050	25,972,679
ICULS	32	-	66,285	-	66,285
		170,659,189	170,242,696	142,406,841	144,002,001
Minority interests		5,212,037	4,583,718	-	-
Total equity		175,871,226	174,826,414	142,406,841	144,002,001
Non-current liabilities					
Deferred tax liabilities	22	6,740,453	7,909,657	8,924	-
Bank borrowings	33	18,049,259	29,167,305	2,179,507	11,357,424
Defined benefit obligations	34	376,927	228,893	-	-
		25,166,639	37,305,855	2,188,431	11,357,424
Current liabilities					
Trade and other payables	35	103,129,527	99,942,383	197,459	522,794
Amounts due to customers on contracts	24	157,116	1,700,874	-	-
Amounts due to subsidiaries	27	-	-	13,177,951	5,063,349
Bank borrowings	33	70,300,836	50,504,385	19,466,850	15,045,784
ICULS	32	-	715	-	715
Provision for taxation		3,022,237	2,500,583	-	-
		176,609,716	154,648,940	32,842,260	20,632,642
Total liabilities		201,776,355	191,954,795	35,030,691	31,990,066
TOTAL EQUITY AND LIABILITIES		377,647,581	366,781,209	177,437,532	175,992,067

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For The Year Ended 31 May 2009

	Attributable to equity holders of the Company								
			Non-Distributable			Distributable			
	Share Capital RM	ICULS RM	Capital Reserve RM	Share Premium RM	Foreign Exchange Reserve RM	Retained Profits RM	Total RM	Minority Interests RM	Total Equity RM
At 1 June 2007									
As previously stated	116,659,037	65,119	1,346,681	8,820,679	(217,362)	36,734,536	163,408,690	878,484	164,287,174
Prior year adjustments	-	-	-	-	-	667,803	667,803	35,147	702,950
As restated	116,659,037	65,119	1,346,681	8,820,679	(217,362)	37,402,339	164,076,493	913,631	164,990,124
Acquisition of subsidiaries	-	-	-	-	-	-	-	3,589,651	3,589,651
Dividend paid (Note 12)	-	-	-	-	-	(2,152,825)	(2,152,825)	-	(2,152,825)
Issuance pursuant to ESOS	1,304,000	-	-	-	-	-	1,304,000	-	1,304,000
Net expense recognised directly in equity:									
- Foreign exchange differences	-	-	-	-	(499,172)	-	(499,172)	(23,738)	(522,910)
- Share issue expenses	-	-	-	(3,091)	-	-	(3,091)	-	(3,091)
	-	-	-	(3,091)	(499,172)	-	(502,263)	(23,738)	(526,001)
Profit for the year	-	-	-	-	-	7,516,125	7,516,125	104,174	7,620,299
Total recognised income and expense for the year	-	-	-	(3,091)	(499,172)	7,516,125	7,013,862	80,436	7,094,298
Equity component of ICULS	-	1,166	-	-	-	-	1,166	-	1,166
At 31 May 2008	117,963,037	66,285	1,346,681	8,817,588	(716,534)	42,765,639	170,242,696	4,583,718	174,826,414

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For The Year Ended 31 May 2009 (cont'd)

	Attributable to equity holders of the Company								
			Non-Distributable			Distributable			
	Share Capital RM	ICULS RM	Capital Reserve RM	Share Premium RM	Foreign Exchange Reserve RM	Retained Profits RM	Total RM	Minority Interests RM	Total Equity RM
At 1 June 2008	117,963,037	66,285	1,346,681	8,817,588	(716,534)	42,765,639	170,242,696	4,583,718	174,826,414
Acquisition of a subsidiary	-	-	-	-	-	-	-	144,382	144,382
Dividend paid (Note 12)	-	-	-	-	-	(2,183,292)	(2,183,292)	-	(2,183,292)
Concession assets								-	-
Issuance pursuant to ICULS	52,754	-	-	-	-	-	52,754	-	52,754
Conversion of ICULS into ordinary share	-	(66,285)	-	14,246	-	-	(52,039)	-	(52,039)
Net expense recognised directly in equity:									
- Foreign exchange differences	-	-	-	-	(415,010)	-	(415,010)	(31,064)	(446,074)
- Share issue expenses	-	-	-	(16,000)	-	-	(16,000)	-	(16,000)
	-	-	-	(16,000)	(415,010)	-	(431,010)	(31,064)	(462,074)
Profit for the year	-	-	-	-	-	3,030,080	3,030,080	515,001	3,545,081
Total recognised income and expense for the year	-	-	-	(16,000)	(415,010)	3,030,080	2,599,070	483,937	3,083,007
Equity component of ICULS	-	-	-	-	-	-	-	-	-
At 31 May 2009	118,015,791	-	1,346,681	8,815,834	(1,131,544)	43,612,427	170,659,189	5,212,037	175,871,226

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 May 2009

	Share Capital RM	ICULS RM	Non-Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
At 1 June 2007	116,659,037	65,119	8,820,679	19,596,450	145,141,285
Issuance pursuant to:					
- ESOS	1,304,000	-	-	-	1,304,000
Net expense recognised directly in equity:					
- share issue expenses	-	-	(3,091)	-	(3,091)
Profit for the year	-	-	-	(288,534)	(288,534)
Total recognised income and expense for the year	-	-	(3,091)	(288,534)	(291,625)
Equity component of ICULS	-	1,166	-	-	1,166
Dividend paid (Note 12)	-	-	-	(2,152,825)	(2,152,825)
At 31 May 2008	117,963,037	66,285	8,817,588	17,155,091	144,002,001
At 1 June 2008	117,963,037	66,285	8,817,588	17,155,091	144,002,001
Issuance pursuant to ICULS	52,754	-	-	-	52,754
Conversion of ICULS into ordinary shares	-	(66,285)	14,246	-	(52,039)
Net expense recognised directly in equity:					
- share issue expenses	-	-	(16,000)	-	(16,000)
Profit for the year	-	-	-	603,417	603,417
Total recognised income and expense for the year	-	-	(16,000)	603,417	587,417
Equity component of ICULS	-	-	-	-	-
Dividend paid (Note 12)	-	-	-	(2,183,292)	(2,183,292)
At 31 May 2009	118,015,791	-	8,815,834	15,575,216	142,406,841

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For The Year Ended 31 May 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit before tax	9,694,146	11,412,817	489,205	21,792
Adjustments for:				
Depreciation of property, plant and equipment	2,241,550	1,669,522	8,286	7,823
Depreciation of concession assets	1,410,339	554,365	-	-
Amortisation of prepaid lease payments	51,657	51,656	-	-
Share of results of associates	(16,678)	(5,780)	-	-
Gain on disposal of property, plant and equipment	(49,748)	(2,856)	-	-
Write off of concession assets	-	40,402	-	-
Gain on disposal of assets held for sale	(70,940)	(174,900)	-	-
Gain on disposal of marketable securities	-	(300,919)	-	-
Increase in liability for defined benefit plan	151,371	58,622	-	-
Provision for doubtful debts	1,644,321	630,000	-	-
Interest expense	5,571,161	4,466,463	1,778,790	1,634,275
Interest income	(631,817)	(382,763)	(425,818)	(253,932)
Dividend income	-	-	(1,000,000)	(880,500)
Operating profit before working capital changes	19,995,362	18,016,629	850,463	529,458
Changes in working capital:				
Property development costs	8,968,756	(9,962,267)	-	-
Amounts due to/from customers on contracts	(6,894,309)	(9,055,065)	-	-
Inventories	(181,149)	1,921,200	-	-
Receivables	(7,683,933)	(10,481,364)	(26,383)	(7,702)
Payables	2,810,526	2,585,692	(325,335)	333,404
Provisions	-	(447,788)	-	-
Defined benefit obligations	-	(14,478)	-	-
Intercompany balances	-	-	9,579,542	(8,440,766)
Cash generated from/(used in) operating activities	17,015,253	(7,437,441)	10,078,287	(7,585,606)
Tax paid	(6,290,117)	(5,903,782)	(148,591)	(137,551)
Net cash generated from/(used in) operating activities	10,725,136	(13,341,223)	9,929,696	(7,723,157)

CASH FLOW STATEMENTS

For The Year Ended 31 May 2009 (cont'd)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from investing activities				
Net cash flow on acquisition of subsidiaries (Note 18(a))	(2,073,634)	(6,317,879)	-	-
Additional investment in an associate	(325,000)	-	-	-
Acquisition of an associate	-	(300,000)	-	-
Acquisition of shares in a subsidiary	-	-	(2)	-
Purchase of property, plant and equipment	(4,502,967)	(1,020,008)	(6,644)	(5,856)
Purchase of concession assets	(2,788,871)	(2,831,325)	-	-
Proceeds from disposal of property, plant and equipment	63,429	47,487	-	-
Proceeds from disposal of concession assets	95,004	-	-	-
Proceeds from disposal of assets held for sales	1,162,320	1,897,780	-	-
Proceeds from disposal of marketable securities / ICULS	-	477,119	-	-
Interest received	631,817	382,763	425,818	253,932
Dividends received	-	-	750,000	651,570
Net cash (used in)/generated from investing activities	(7,737,902)	(7,664,063)	1,169,172	899,646
Cash flows from financing activities				
Payments to hire purchase payables	(557,107)	(750,731)	-	-
Interest paid	(5,571,161)	(4,467,126)	(1,778,790)	(1,634,275)
Proceeds from exercise of ESOS	-	1,304,000	-	1,304,000
Share issue expenses	(16,000)	(3,091)	(16,000)	(3,091)
Drawdown of bank borrowings	19,551,287	36,627,505	2,500,000	13,586,910
Repayment of bank borrowings	(14,265,319)	(6,674,210)	(10,976,010)	(6,411,873)
Dividends paid	(2,183,292)	(2,152,825)	(2,183,292)	(2,152,825)
Net cash (used in)/generated from financing activities	(3,041,592)	23,883,522	(12,454,092)	4,688,846
Net (decrease)/increase in cash and cash equivalents	(54,358)	2,878,236	(1,355,224)	(2,134,665)
Translation differences	(681,650)	76,072	-	-
Cash and cash equivalents at beginning of year	2,386,003	(568,305)	(397,116)	1,737,549
Cash and cash equivalents at end of year (Note 28)	1,649,995	2,386,003	(1,752,340)	(397,116)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur.

The principal activities of the Company are the provision of management services and investment holding. The principal activities of its subsidiaries are described in Note 18.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 September 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with applicable Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965.

The Group and the Company adopted the revised or amendments to FRSs which are mandatory to the Group and the Company for the current financial year beginning 1 June 2008 as explained in Note 3.

The financial statements are presented in Ringgit Malaysia (RM).

(b) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the balance sheet date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries and Basis of Consolidation (cont'd)

(ii) Basis of Consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(c) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Jointly Controlled Entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Jointly Controlled Entity (cont'd)

The jointly controlled entity distributes or allocates the entire net profits or losses for the year to the joint venturers. The Group recognises its allocation of profits or losses from the jointly controlled entity in the income statement in the period in which it arises using proportionate consolidation method. Under the proportionate consolidation method, the Group's share of the assets, liabilities, income and expenses of the jointly controlled entity are combined with the equivalent items in the financial statements on a line by line basis.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

(e) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	5% - 10%
Tools and equipment	10%
Office equipment	10%
Furniture and fittings	10%
Renovations	10%
Motor vehicles	20%

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment, and Depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

(g) Concession assets

Concession assets comprise structures, land and buildings, water treatment plants and equipment, reservoirs, dams and distribution pipes operated and maintained by the Group under the Concession Agreements entered into by the Group.

Concession assets are depreciated over the concession period using the unit of water revenue method as follows:

$$\frac{\text{Cumulative actual water revenue}}{\text{Total projected water revenue of the concession}} \times \text{Concession assets capitalised to date}$$

The rationale for using the unit of water revenue method is in line with the pattern in which the assets' economic benefits are consumed by the Group.

The projected total water revenue is estimated based on the scheduled tariff and projected water consumption.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(h) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(j) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average cost basis. The cost of raw materials and construction materials at site comprise costs of purchase. The cost of finished goods comprises costs of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognised as finance cost.

(m) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(f).

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (cont'd)

(ii) Operating leases and prepaid lease payments

Operating leases are leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item. Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made on entering into or acquiring a leasehold land are accounted as prepaid lease payments and are amortised on a straight-line basis over the lease term.

(n) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(o) Impairment of Non-Financial Assets

The carrying amounts of assets, other than inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of Non-Financial Assets (cont'd)

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(p) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(q) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee Benefits (cont'd)

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Unfunded defined benefit plan

Foreign subsidiaries in Indonesia operates an unfunded defined benefit plan ("the plan") for its eligible employees in accordance with the local labour law. The defined benefit obligations under the plan, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries. That benefit is discounted to determine its present value.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

(iv) Equity compensation benefits

The Company's Employee Share Options Scheme ("ESOS") allows the Group's employees to acquire ordinary shares of the Company. No compensation cost or obligation is recognised on all share options which were granted and fully vested prior to 1 January 2006. When the options are exercised, equity is increased by the amount of the proceeds received. The ESOS had expired on 31 October 2007.

(v) Terminations benefits

Termination benefits are payable when employment is terminate before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

(r) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue Recognition (cont'd)

(i) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2(i).

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(j).

(iii) Rental and interest income

Rental and interest income are recognised on an accrual basis.

(iv) Sale of goods

Revenue from sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Management fees

Management fees are recognised on an accrual basis.

(vii) Water concession

Revenue from water concession is recognised upon transfer of treated water as measured by the meter in the water treatment plant.

(s) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign Currencies (cont'd)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iii) Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(vi) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial Instruments (cont'd)

(vi) Interest-bearing borrowings (cont'd)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of acquiring another qualifying asset. For borrowings made specifically for the purpose of acquiring a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of funds drawdown from that borrowing facility.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vii) Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) Significant Accounting Estimates and Judgements

The directors are required to make certain estimates, judgements and assumptions that they believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect on the amount recognised in the financial statements include the following:

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 May 2009 was RM17,155,975 (2008: RM16,972,393). Further details are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Significant Accounting Estimates and Judgements (cont'd)

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 22.

(iii) Property development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. Details of property development costs are disclosed in Note 23.

(iv) Construction contracts

The Group recognises contract revenue and contract costs in the income statement by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(v) Projected water revenue of the concession

Significant estimation is involved in determining the projected water revenue of concessions where the concession periods range between 16 to 22 years, commencing from 2005 to 2027. The projected water revenue is estimated based on the scheduled tariff as set out in the Concession Agreement and projected water consumption as assessed by the management.

A projection, in this context, means prospective financial information prepared on the basis of assumptions that include hypothetical assumptions as to future events and management's actions. The projection covers an extended future period for which there are inherent risks; actual results could differ from the projection, which will result in operating results being adjusted in the period in which the revision to assumptions is made.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Significant Accounting Estimates and Judgements (cont'd)

(vi) Provision for doubtful debts

The Group makes provision for bad and doubtful debts based on an assessment of recoverability of trade and other receivables. Provisions are adopted to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful requires the use of judgements and estimates, where the expectation is different from the original estimate, such difference will impact the carrying values of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. As at 31 May 2009, the provision for doubtful debts is RM4,407,770 (2008: RM2,763,449).

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS OF ADOPTING REVISED FRS

(a) Adoption of new and revised FRSs

On 1 June 2008, the Company adopted the following revised FRSs, amendment to FRSs and Issues Committee Interpretations ("IC Interpretations"):

FRS 107 - Cash Flow Statements
FRS 111 - Construction Contracts
FRS 112 - Income Taxes
FRS 118 - Revenue
FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 - Interim Financial Reporting
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 - Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7 - Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8 - Scope of FRS 2

The revised FRSs, amendment to FRSs and Interpretations above do not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS OF ADOPTING REVISED FRS (CONT'D)

(b) Standards and interpretations issued but not effective

At the date of authorisation of these financial statements, the following new FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2009
FRS 8 - Operating Segments

Effective for financial periods beginning on or after 1 January 2010
FRS 4 - Insurance Contracts
FRS 7 - Financial Instruments - Disclosures
FRS 123 - Borrowing costs
FRS 139 - Financial Instruments - Recognition and Measurement
IC Interpretation 9 - Reassessment of Embedded Derivatives
IC Interpretation 10 - Interim Financial Reporting and Impairment
IC Interpretation 11 - FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13 - Customer Loyalty Programmes
IC Interpretation 14 - FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

4. REVENUE

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Gross dividend from subsidiaries	-	-	1,000,000	880,500
Revenue from construction contracts	177,236,618	110,683,226	-	-
Rental income	325,407	507,771	-	-
Sale of development properties	54,821,519	48,531,175	-	-
Trading in protective and decorative coatings	2,933,542	6,263,404	-	-
Water concession	11,375,681	5,887,585	-	-
Management fees from subsidiaries	-	-	3,816,000	3,863,001
	246,692,767	171,873,161	4,816,000	4,743,501

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

5. COST OF SALES

Cost of sales represents cost of inventories sold, cost of services provided, contract costs recognised as an expense, cost of development properties sold and cost of processing treated water.

6. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
- bank borrowings	5,362,097	4,289,407	1,777,866	1,632,890
- hire purchase contracts	109,795	111,547	-	-
- ICULS 2003/2008	758	1,342	758	1,342
- others	98,511	64,830	166	43
	5,571,161	4,467,126	1,778,790	1,634,275
Less: Interest expenses capitalised in qualifying assets: Costs of construction contracts (Note 24)	-	(663)	-	-
	5,571,161	4,466,463	1,778,790	1,634,275

Borrowing cost capitalised in the qualfying assets arose on the general borrowing pool and have been calculated by applying a capitalisation rate of nil (2008: 4.25%) per annum to expenditure on such assets.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

7. PROFIT BEFORE TAX

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Profit before tax is stated after charging/(crediting):				
Auditors' remuneration:				
Auditors of the Company				
- current	109,300	104,100	25,000	20,000
- underprovision in prior year	18,250	-	-	-
Other auditors				
- current	93,659	61,429	-	-
- underprovision in prior year	146	-	-	-
Depreciation of property, plant and equipment (Note 14)	2,241,550	1,669,522	8,286	7,823
Depreciation of concession assets (Note 17)	1,410,339	554,365	-	-
Amortisation of prepaid lease payments (Note 16)	51,657	51,656	-	-
Non-executive directors' remuneration (Note 9)	74,000	74,000	74,000	74,000
Write off of concession assets	-	40,402	-	-
Provision for doubtful debts	1,644,321	630,000	-	-
Waiver of trade debts	(2,581,735)	-	-	-
Rental expenses of land and building	-	48,000	134,676	134,676
Employee benefits expense (Note 8)	14,903,327	12,786,343	2,025,878	2,096,302
Gain on disposal of property, plant and equipment	(49,748)	(2,856)	-	-
Gain on disposal of assets held for sale	(70,940)	(174,900)	-	-
Gain on disposal of marketable securities	-	(300,919)	-	-
Rental income for land and building	(314,630)	(3,200)	-	-
Interest income				
- subsidiaries	-	-	(405,907)	(243,056)
- fixed deposits	(631,817)	(382,763)	(19,911)	(10,876)

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Salaries and other benefits	13,417,869	11,446,565	1,860,417	1,928,483
Contributions to:				
- defined contribution plan	1,334,087	1,281,156	165,461	167,819
- defined benefit plan	151,371	58,622	-	-
	14,903,327	12,786,343	2,025,878	2,096,302

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,129,345 (2008: RM2,225,339) and RM605,876 (2008: RM688,487) respectively as further disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

9. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company:				
Executive:				
Salaries and other emoluments	1,280,155	1,515,020	564,078	634,667
Defined contribution plan	83,596	107,640	41,798	53,820
Non-Executive:				
Fees	74,000	74,000	74,000	74,000
	1,437,751	1,696,660	679,876	762,487
Directors of Subsidiaries:				
Executive:				
Salaries and other emoluments	685,014	539,619	-	-
Defined contribution plan	80,580	63,060	-	-
	765,594	602,679	-	-
Total directors' remuneration	2,203,345	2,299,339	679,876	762,487
Estimated money value of benefits-in-kind	41,800	32,800	-	500
Total directors' remuneration including benefits-in-kind	2,245,145	2,332,139	679,876	762,987

The number of directors of the Company whose total remuneration during the financial year analysed in bands of RM50,000 is as below:

	Number of Directors	
	2009	2008
Executive directors:		
RM200,000 - RM250,000	1	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	2
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	1	-
RM500,001 - RM550,000	-	1
Non-executive directors:		
RM50,000 and below	3	3

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

10. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Malaysian income tax:				
Current tax	5,412,195	4,797,690	30,988	333,093
Under/(over) provision in prior years	589,791	(566,564)	(154,124)	(22,767)
	6,001,986	4,231,126	(123,136)	310,326
Foreign income tax:				
Current tax	838,640	462,439	-	-
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	(648,321)	(989,506)	289	-
Relating to change in Malaysian tax rate	(20,048)	(21,555)	-	-
(Over)/underprovision in prior years	(23,192)	110,014	8,635	-
	(691,561)	(901,047)	8,924	-
Total income tax expense	6,149,065	3,792,518	(114,212)	310,326

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%
In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

10. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before tax	9,694,146	11,412,817	489,205	21,792
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	2,423,537	2,967,332	122,301	5,666
Effect of income subject to tax rate of 20% (2008: 20%)	-	(95,786)	-	-
Effect of different tax rates in other countries	(18,266)	37,341	-	-
Effect of reduction in tax rate in opening deferred tax	4,299	(21,555)	-	-
Income not subject to tax	(944,076)	(369,093)	(213,419)	(187,691)
Expenses not deductible for tax purposes	3,543,501	1,429,194	122,395	543,086
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(158,898)	(32,323)	-	(27,968)
Deferred tax assets not recognised	756,211	335,461	-	-
Deferred tax assets recognised	(23,842)	-	-	-
Share of results of associates	-	(1,503)	-	-
Under/(over)provision of income tax in prior years	589,791	(566,564)	(154,124)	(22,767)
Over/(under)provision of deferred tax in prior years	(23,192)	110,014	8,635	-
Tax expense for the year	6,149,065	3,792,518	(114,212)	310,326

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2009 RM	2008 RM
Profit for the year attributable to ordinary equity holders of the Company	3,030,080	7,516,125
Weighted average number of ordinary shares in issue	117,985,584	117,706,428
Basic earnings per share (sen)	2.57	6.39

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares from conversion of the 2% Irredeemable Convertible Unsecured Loan Stocks 2003/2008 ("ICULS 2003/2008") and share options granted under ESOS.

	Group	
	2009 RM	**2008 RM**
Profit for the year attributable to ordinary equity holders of the Company	3,030,080	7,516,125
After-tax effects of interest on ICULS 2003/2008	-	992
Adjusted profit for the year	3,030,080	7,517,117
Weighted average number of ordinary shares in issue	117,985,584	117,706,428
Adjustment for assumed conversion of ICULS 2003/2008	-	52,756
Adjusted weighted average number of ordinary shares in issue and issuable	117,985,584	117,759,184
Diluted earnings per share (sen)	2.57	6.38

12. DIVIDEND

	Group	
	2009 RM	**2008 RM**
In respect of financial year ended 31 May 2007: Final dividend of 2.5%, less 27% tax on 117,963,037 ordinary shares (1.82 sen net per ordinary share)	-	2,152,825
In respect of financial year ended 31 May 2008: Final dividend of 2.5%, less 26% tax on 118,015,791 ordinary shares (1.85 sen net per ordinary share)	2,183,292	-
	2,183,292	2,152,825

The directors do not recommend the payment of any dividend in respect of the current financial year.

13. JOINTLY CONTROLLED ENTITY

In prior financial year, Gadang Engineering (M) Sdn Bhd ("GESB"), a wholly-owned subsidiary of the Company had entered into a Consortium Agreement with Perembun (M) Sdn Bhd ("Perembun") to form a joint venture known as Konsortium Gadang Perembun ("KGP"), which is an unincorporated joint venture entity domiciled in Malaysia.

The sharing of the rights and liabilities and distribution of net profits of KGP are allocated to GESB and Perembun in the proportion of 55:45.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

13. JOINTLY CONTROLLED ENTITY (CONT'D)

The following amounts are included in the Group's financial statements as a result of proportionate consolidation:

	Group	
	2009	**2008**
	RM	**RM**
Assets and liabilities		
Non-current assets	353,998	311,072
Current assets	11,785,806	4,934,495
Total assets	12,139,804	5,245,567
Current and total liabilities	12,329,584	6,002,134
Results		
Revenue	25,454,260	7,429,305
Profit for the year, after taxation	5,245,143	1,310,077

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovations RM	Plant-in-progress RM	Total RM
Group										
31 May 2009										
Cost/Valuation										
At 1 June 2008	2,860,000	6,569,957	45,092,023	4,844,261	3,401,932	1,439,126	7,384,471	1,095,053	-	72,686,823
Acquisition of a subsidiary	208,359	35,378	1,969,516	34,261	72,605	-	52,830	-	-	2,372,949
Additions	-	-	2,464,491	1,888,315	120,038	4,832	637,242	25,375	1,368,988	6,509,281
Disposals	-	-	(12,547)	-	(14,811)	(24,835)	(262,617)	(26,016)	-	(340,826)
Exchange difference	(16,464)	(2,796)	54,099	(2,707)	(68,475)	-	(10,267)	-	-	(46,610)
At 31 May 2009	3,051,895	6,602,539	49,567,582	6,764,130	3,511,289	1,419,123	7,801,659	1,094,412	1,368,988	81,181,617
Representing:										
At cost	191,895	32,582	49,567,582	6,764,130	3,511,289	1,419,123	7,801,659	1,094,412	1,368,988	71,751,660
At valuation	2,860,000	6,569,957	-	-	-	-	-	-	-	9,429,957
	3,051,895	6,602,539	49,567,582	6,764,130	3,511,289	1,419,123	7,801,659	1,094,412	1,368,988	81,181,617
Accumulated Depreciation										
At 1 June 2008	-	1,516,444	40,300,785	4,087,816	2,691,787	1,324,762	5,561,856	898,284	-	56,381,734
Acquisition of a subsidiary	-	35,378	916,438	30,862	62,776	-	52,830	-	-	1,098,284
Depreciation charge for the year:										
Recognised in income statement (Note 7)	-	33,133	562,188	683,951	211,027	20,836	692,095	38,320	-	2,241,550
Capitalised in construction costs (Note 24)	-	-	378,347	-	-	-	-	-	-	378,347
	-	33,133	940,535	683,951	211,027	20,836	692,095	38,320	-	2,619,897
Exchange difference	-	(2,796)	(72,416)	(2,439)	(41,756)	-	(7,473)	-	-	(126,880)
Disposals	-	-	(9,344)	-	(14,007)	(21,159)	(256,619)	(26,016)	-	(327,145)
At 31 May 2009	-	1,582,159	42,075,998	4,800,190	2,909,827	1,324,439	6,042,689	910,588	-	59,645,890
Net Carrying Amount										
At 31 May 2009:										
At cost	191,895	32,582	7,491,584	1,963,940	601,462	94,684	1,758,970	183,824	1,368,988	13,687,929
At valuation	2,860,000	4,987,798	-	-	-	-	-	-	-	7,847,798
	3,051,895	5,020,380	7,491,584	1,963,940	601,462	94,684	1,758,970	183,824	1,368,988	21,535,727

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovations RM	Plant-in-progress RM	Total RM
Group (cont'd)										
31 May 2008										
Cost/Valuation										
At 1 June 2007	2,860,000	6,569,957	44,810,016	4,183,408	3,254,291	1,508,716	5,960,640	1,094,533	-	70,241,561
Acquisition of subsidiaries	-	-	-	-	39,160	-	357,951	-	-	397,111
Additions	-	-	193,629	690,115	144,232	18,787	1,269,495	520	-	2,316,778
Disposals/Write-offs	-	-	-	(29,262)	(7,251)	-	(202,649)	-	-	(239,162)
Exchange difference	-	-	-	-	(28,499)	-	(967)	-	-	(29,466)
At 31 May 2008	2,860,000	6,569,957	45,003,645	4,844,261	3,401,933	1,527,503	7,384,470	1,095,053	-	72,686,822
Representing:										
At cost	-	-	45,003,645	4,844,261	3,401,933	1,527,503	7,384,470	1,095,053	-	63,256,865
At valuation	2,860,000	6,569,957	-	-	-	-	-	-	-	9,429,957
	2,860,000	6,569,957	45,003,645	4,844,261	3,401,933	1,527,503	7,384,470	1,095,053	-	72,686,822
Accumulated Depreciation										
At 1 June 2007	-	1,383,948	39,699,770	3,454,626	2,477,391	1,314,882	5,052,777	865,420	-	54,248,814
Acquisition of subsidiaries	-	-	-	-	26,039	-	181,540	-	-	207,579
Depreciation charge for the year:										
Recognised in income statement (Note 7)	-	131,399	124,373	643,430	205,013	21,908	506,197	37,202	-	1,669,522
Capitalised in construction costs (Note 24)	-	-	460,108	-	-	-	5,211	-	-	465,319
	-	131,399	584,481	643,430	205,013	21,908	511,408	37,202	-	2,134,841
Exchange difference	-	-	-	-	(13,380)	-	(1,581)	-	-	(14,961)
Disposals/Write-offs	-	-	-	(10,238)	(2,014)	-	(182,279)	-	-	(194,531)
At 31 May 2008	-	1,515,347	40,284,251	4,087,818	2,693,049	1,336,790	5,561,865	902,622	-	56,381,742
Net Carrying Amount										
At 31 May 2008:										
At cost	-	-	4,719,394	756,443	708,884	190,713	1,822,605	192,431	-	8,390,470
At valuation	2,860,000	5,054,610	-	-	-	-	-	-	-	7,914,610
	2,860,000	5,054,610	4,719,394	756,443	708,884	190,713	1,822,605	192,431	-	16,305,080

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and fittings RM	Office equipment RM	Total RM
31 May 2009			
Cost			
At 1 June 2008	6,973	75,346	82,319
Additions	1,162	5,482	6,644
At 31 May 2009	8,135	80,828	88,963
Accumulated Depreciation			
At 1 June 2008	2,015	33,090	35,105
Depreciation charge for the year	741	7,545	8,286
At 31 May 2009	2,756	40,635	43,391
Net Carrying Amount			
At 31 May 2009	5,379	40,193	45,572
31 May 2008			
Cost			
At 1 June 2007	4,813	71,650	76,463
Additions	2,160	3,696	5,856
At 31 May 2008	6,973	75,346	82,319
Accumulated Depreciation			
At 1 June 2007	1,353	25,929	27,282
Depreciation charge for the year	662	7,161	7,823
At 31 May 2008	2,015	33,090	35,105
Net Carrying Amount			
At 31 May 2008	4,958	42,256	47,214

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Freehold land and buildings were revalued by the directors in 1997 after taking into consideration all relevant factors including the latest open market valuation on existing use basis carried out by an independent firm of professional valuers. These properties will henceforth be stated on the basis of the 1997 valuation, as allowed by the transitional provisions in the accounting standard on property, plant and equipment.

The net book values of the revalued properties had they been carried at cost less depreciation would have been:

	Group 2009 RM	Group 2008 RM
Freehold land	986,686	986,686
Buildings	3,105,284	3,211,078

(b) Freehold land and buildings with an aggregate net book value of RM7,782,114 (2008: RM7,914,610) are pledged to a licensed bank as security for credit facilities granted to a subsidiary as referred to in Note 33.

(c) The net book values of property, plant and equipment acquired under hire purchase contracts are as follows:

	Group 2009 RM	Group 2008 RM
Plant and machinery	2,363,882	560,371
Motor vehicles	1,282,608	1,214,177
	3,646,490	1,774,548

(d) Additions to property, plant and equipment during the financial year were acquired as follows:

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash payments	4,502,967	1,020,008	6,644	5,856
Hire purchase contracts	2,006,314	1,296,770	-	-
	6,509,281	2,316,778	6,644	5,856

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

15. INVESTMENT PROPERTIES

	Group 2009 RM	Group 2008 RM
At 1 June 2008/2007	222,800	222,800
Transfer from assets held for sale	3,974,240	-
At 31 May	4,197,040	222,800
Represented by:		
Freehold land	4,197,040	222,800

Investment properties with an aggregate carrying value of RM3,974,240 (2008: nil) are pledged as securities for borrowings (Note 33).

The fair values of the investment properties as at 31 May 2009 of the Group are estimated at RM7,791,000 (2008: RM240,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

16. PREPAID LEASE PAYMENTS

	Group 2009 RM	Group 2008 RM
Net carrying amount		
At 1 June 2008/2007	2,553,747	2,605,403
Amortisation charge for the year	(51,657)	(51,656)
At 31 May	2,502,090	2,553,747
Represented by:		
Long term leasehold land	2,502,090	2,553,747

The title deed of the leasehold land with carrying amount of RM138,240 (2008: RM140,160) is in the process of being registered in the name of the Group.

Leasehold land and buildings with carrying amounts of RM2,111,115 (2008: RM2,157,843) are pledged to a licensed bank as security for term loans and credit facilities granted to a subsidiary as referred to in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

17. CONCESSION ASSETS

	Group	
	2009 RM	2008 RM
Cost		
At 1 June 2008/2007	41,206,812	12,667,330
Acquisition of subsidiaries	-	26,790,413
Additions	2,788,871	2,831,325
Disposals	(228,878)	-
Written off	-	(41,992)
Exchange difference	(247,891)	(1,040,264)
At 31 May	43,518,914	41,206,812
Accumulated Depreciation		
At 1 June 2008/2007	6,602,738	3,923,375
Acquisition of subsidiaries	-	2,532,104
Depreciation charge for the year	1,410,339	554,365
Disposals	(133,874)	-
Written off	-	(1,590)
Exchange difference	(78,455)	(405,516)
At 31 May	7,800,748	6,602,738
Net carrying amount	35,718,166	34,604,074

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares at cost	85,157,849	85,157,847

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2009	Equity interest held 2008	Principal activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries	Malaysia	100%	100%	Earthwork, building and civil engineering and construction work contractors and investment holding
Bincon Sdn Bhd	Malaysia	100%	100%	Hire of plant and machinery
Era Berkat Sdn Bhd	Malaysia	51%	51%	Earthwork contractor
Katah Realty Sdn Bhd	Malaysia	100%	100%	Building and civil engineering construction works
Kartamo Corporation Sdn Bhd	Malaysia	100%	100%	Building and civil engineering construction works
Gadang Construction Sdn Bhd and its subsidiary	Malaysia	100%	100%	Processing and supply of rock products and the manufacture of readymixed concrete
New-Mix Concrete Industries Sdn Bhd	Malaysia	100%	100%	Trading in readymixed concrete
Gadang Engineering and Construction (India) Private Limited *	India	95%	95%	Dormant
Regional Utilities Sdn Bhd ** and its subsidiaries	Malaysia	100%	100%	Investment holding
Asian Energy Pte Ltd **	Singapore	100%	-	Investment holding
Asian Utilities Pte Ltd * and its subsidiaries	Singapore	100%	100%	Investment holding
PT Taman Tirta Sidoarjo *	Indonesia	95%	95%	Water concession
Green Water Investment Pte. Ltd. **	Singapore	100%	100%	Water concession
PT Bintang Hytien Jaya *	Indonesia	95%	95%	Water concession
PT Hanarida Tirta Birawa *	Indonesia	85%	85%	Water concession

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation	Equity interest held 2009	2008	Principal activities
Asian Utilities Pte Ltd * and its subsidiaries (contd.)				
PT Sarana Catur Tirtakelola * and its subsidiary	Indonesia	65%	65%	Water concession
PT Sarana Tirta Rejeki * (80% nominal equity interest is held through PT Sarana Catur Tirtakelola and 10% is held through Asian Utilities Pte Ltd)	Indonesia	62%	-	Water concession
Datapuri Sdn Bhd *	Malaysia	51%	51%	Provision of mechanical and electrical engineering services
Mandy Corporation Sdn Bhd	Malaysia	100%	100%	Property development
Achwell Property Sdn Bhd	Malaysia	100%	100%	Property development
Gadang Land Sdn Bhd and its subsidiaries	Malaysia	100%	100%	Provision of project management services and investment holding
Magnaway Sdn Bhd	Malaysia	100%	100%	Property management and maintenance
Noble Paradise Sdn Bhd	Malaysia	100%	100%	Property development
Sama Pesona Sdn Bhd	Malaysia	100%	100%	Property development
Damai Klasik Sdn Bhd	Malaysia	100%	100%	Property development
City Version Sdn Bhd	Malaysia	100%	100%	Property development
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	100%	100%	Property investment and development
Buildmark Sdn Bhd	Malaysia	100%	100%	Property development and investment
Flora Masyhur Sdn Bhd *	Malaysia	100%	100%	Dormant
Splendid Pavilion Sdn Bhd	Malaysia	100%	100%	Property development

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2009	Equity interest held 2008	Principal activities
Natural Domain Sdn Bhd	Malaysia	100%	100%	Property development
Crimson Villa Sdn Bhd *	Malaysia	100%	100%	Dormant
Elegance Sonata Sdn Bhd *	Malaysia	100%	100%	Property development
Gadang International (HK) Limited * and its subsidiary	Hong Kong	100%	100%	Dormant
Jiawei Environment International Investment (HK) Limited *	Hong Kong	100%	100%	Dormant
GLP Resources (M) Sdn Bhd * and its subsidiaries	Malaysia	70%	70%	Trading in protective and decorative coatings
GLP Manufacturing (M) Sdn Bhd *	Malaysia	100%	100%	Manufacturing of protective and decorative coatings
GLP Paints (M) Sdn Bhd *	Malaysia	100%	100%	Trading in protective and decorative coatings
Desiran Impian Sdn Bhd *	Malaysia	100%	-	Investment holding

* Audited by firms other than Ernst & Young

** Audited by a member firm of Ernst & Young Global in Singapore.

The financial statements of the above subsidiaries are coterminous with those of the Group, except for PT Hanarida Tirta Birawa, PT Sarana Catur Tirtakelola and PT Sarana Tirta Rejeki, which have a financial year end of 31 December. For the purpose of consolidation, the management accounts of the respective subsidiaries for the year ended 31 May 2009 have been used.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition and incorporation of subsidiaries during the financial year

(i) On 28 October 2008, the Group via Asian Utilities Pte Ltd ("AUPL") had subscribed for 700 shares of IDR1.0 million each (equivalent to RM256,900) in PT Sarana Catur Tirta Rejeki ("STR") as disclosed in Note 40(a).

On the same date, PT. Sarana Catur Tirtakelola ("SCTK") had subscribed to 5,600 shares of IDR1.0 million each in STR (equivalent to RM2,055,200), representing 80% equity interest in STR. With the completion of the shares subscription, AUPL has a 10% direct interest and an effective interest of 62% in STR including the 80% interest held by SCTK in STR.

(ii) On 10 February 2009, the Company acquired two (2) ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of Desiran Impian Sdn Bhd ("Desiran Impian") for a total cash consideration of RM2.00.

(iii) On 11 March 2009, Regional Utilities Sdn Bhd, the wholly-owned subsidiary of the Company, incorporated a 100% subsidiary in Singapore, under the name of Asian Energy Pte Ltd, with a paid-up capital of S$1.00. The intended activity of Asian Energy Ptd Ltd shall be investment holding.

The acquisition as disclosed in Note 18(a)(i) had the following effect on the Group's financial results for the year. The acquisition and incorporation of subsidiaries as disclosed in Note 18(a)(ii) and (iii) which do not have any material effect on the financial position and results of the Group are not shown below.

	2009 RM
Revenue	1,198,805
Loss from operations	(98,634)
Loss for the year	(61,274)

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Acquisition and incorporation of subsidiaries during the financial year (cont'd)

The fair values of the assets acquired and liabilities assumed from the acquisition of a subsidiary were as follows:

	2009 Fair value recognised on acquisition RM	2009 Carrying value RM
Property, plant and equipment	1,274,665	1,274,665
Concession assets	-	-
Inventories	-	-
Trade and other receivables	1,136,387	1,136,387
Cash and bank balances	238,466	238,466
Trade and other payables	(376,618)	(376,618)
Bank borrowings	-	-
Deferred tax liabilities	-	-
Fair value of total net assets	2,272,900	2,272,900
Less: Minority interests	(863,702)	
Group's share of net assets	1,409,198	
Goodwill on acquisition (Note 21)	183,582	
Cost of acquisition to:		
Equity holders of the Company	1,592,780	
Minority interests	719,320	
Total cost of acquisition	2,312,100	
Purchase consideration satisfied by cash	2,312,100	
Net cash outflow arising on acquisitions:		
Cash consideration	2,312,100	
Cash and cash equivalents of subsidiaries acquired	(238,466)	
Net cash outflow to the Group	2,073,634	

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Acquisition of subsidiaries in the previous financial year

During the previous financial year, the Group completed the following acquisitions:

(i) the acquisition of 85% equity interest in PT Hanarida Tirta Birawa, a company incorporated in Indonesia and engaging in water concession in Indonesia, for a cash consideration of RM14,288,984; and

(ii) the acquisition of 65% equity interest in PT Sarana Catur Tirtakelola, a company incorporated in Indonesia and engaging in water concession in Indonesia, for a total cash consideration of RM1,983,600.

The acquisitions had the following effect on the Group's financial results of the previous financial year:

	2008 RM
Revenue	1,237,500
Loss from operations	(148,245)
Loss for the year	(148,245)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiaries were as follows:

	2008	
	Fair value recognised on acquisition RM	**Carrying value RM**
Property, plant and equipment	189,532	189,532
Concession assets	24,258,309	5,536,074
Inventories	14,226	14,226
Trade and other receivables	3,000,301	3,000,301
Cash and bank balances	9,954,705	9,954,705
Trade and other payables	(5,986,447)	(5,986,447)
Bank borrowings	(9,429,791)	(9,429,791)
Deferred tax liabilities	(2,138,600)	(2,138,600)
Fair value of total net assets	19,862,235	1,140,000
Less: Minority interests	(3,589,651)	
Group's share of net assets	16,272,584	
Goodwill on acquisition (Note 21)	-	
Cost of acquisition	16,272,584	
Purchase consideration satisfied by cash	16,272,584	
Net cash outflow arising on acquisitions:		
Cash consideration	16,272,584	
Cash and cash equivalents of subsidiaries acquired	(9,954,705)	
Net cash outflow to the Group	6,317,879	

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

19. INVESTMENTS IN ASSOCIATES

	Group 2009 RM	Group 2008 RM
In Malaysia:		
Unquoted shares, at cost	625,025	300,025
Share of post-acquisition reserves	22,433	5,755
	647,458	305,780
Analysed as:		
Share of net assets	647,458	305,780

During the year, an associate, Norimax Sdn Bhd had increased its issued and paid up share capital from RM1,200,000 to RM2,500,000. Correspondingly, the Group increased its shareholdings proportionately in Norimax Sdn Bhd via GLP Resources (M) Sdn Bhd.

Details of the associates are as follows:

Name of associates	Equity interest held 2009	Equity interest held 2008	Principal activities
Maha Abadi Sdn Bhd (Incorporated in Malaysia)	25%	25%	Dormant
Norimax Sdn Bhd (Incorporated in Malaysia)	25%	25%	Engineering services, manufacturing and marketing of corrosion control products

The summarised financial statements of the associates are as follows:

	2009 RM	2008 RM
Assets and liabilities		
Current assets	9,073,386	3,621,168
Non-current assets	618,996	327,018
Total assets	9,692,382	3,948,186
Current liabilities	7,077,099	2,661,399
Non-current liabilities	2,657,927	1,328,691
Total liabilities	9,735,026	3,990,090
Results		
Revenue	14,169,625	5,316,905
Profit for the year	65,787	39,120

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

20. OTHER INVESTMENTS

	Group 2009 RM	Group 2008 RM
Unquoted shares at cost	100,000	100,000
Golf club membership	126,000	126,000
	226,000	226,000

21. GOODWILL ON CONSOLIDATION

	Group 2009 RM	Group 2008 RM
Cost		
At 1 June 2008/2007	16,972,393	16,972,393
Acquisition of a subsidiary	183,582	-
At 31 May	17,155,975	16,972,393
Accumulated amortisation and impairment	-	-
Net carrying amount	17,155,975	16,972,393

Impairment tests for goodwill

Goodwill has been allocated to the Group's cash generating units ("CGUs") identified according to the particular business segments as follows:

	Group 2009 RM	Group 2008 RM
At 31 May		
Property development	12,811,135	12,811,135
Water concession	4,222,178	4,038,596
Trading in protective and decorative coatings	122,662	122,662
	17,155,975	16,972,393

	Discount rate	Discount rate
At 31 May		
Property development	7.3%	8.0%
Water concession	15.0% - 15.5%	15.0%
Trading in protective and decorative coatings	7.3%	8.0%

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

21. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of a CGU is determined based on value-in-use calculations applying a discounted cash flow model based on financial budgets approved by management covering a 5 to 22-years period. Cash flows beyond the five-year period are projected based on the assumptions that the 5th year operating cash flow will be generated by the respective CGUs perpetually. Discount rate used is based on the pre-tax weighted average cost of capital.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

22. DEFERRED TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 June 2008/2007	6,490,474	5,253,974	-	-
Arising from acquisition of subsidiaries (Note 18(a))	-	2,138,600	-	-
	6,490,474	7,392,574	-	-
Recognised in income statement (Note 10)	(691,561)	(901,047)	8,924	-
Exchange difference	(143,669)	(1,053)	-	-
At 31 May	5,655,244	6,490,474	8,924	-
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	6,740,453	7,909,657	8,924	-
Deferred tax assets	(1,085,209)	(1,419,183)	-	-
	5,655,244	6,490,474	8,924	-

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

22. DEFERRED TAXATION (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Land under development RM	Concession assets RM	Property, plant and equipment RM	Total RM
At 1 June 2008	5,327,353	2,137,547	444,757	7,909,657
Recognised in income statement	(1,069,456)	1,260	42,661	(1,025,535)
Exchange difference	-	(143,406)	(263)	(143,669)
At 31 May 2009	4,257,897	1,995,401	487,155	6,740,453
At 1 June 2007	6,242,553	-	596,615	6,839,168
Recognised in income statement	(915,200)	-	(151,858)	(1,067,058)
Arising from acquisition of subsidiaries	-	2,138,600	-	2,138,600
Exchange difference	-	(1,053)	-	(1,053)
At 31 May 2008	5,327,353	2,137,547	444,757	7,909,657

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM
At 1 June 2008	(1,419,183)
Recognised in income statement	333,974
At 31 May 2009	(1,085,209)
At 1 June 2007	(1,585,194)
Recognised in income statement	166,011
At 31 May 2008	(1,419,183)

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

22. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 June 2008/2007	-
Recognised in income statement	8,924
At 31 May 2009	8,924

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM	2008 RM
Unused tax losses	2,526,177	4,370,771
Unabsorbed capital allowances	1,719,294	1,666,866
	4,245,471	6,037,637

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available in these subsidiaries against which the Group can utilise the benefits.

23. PROPERTY DEVELOPMENT COSTS

	Group	
	2009 RM	2008 RM
Cumulative property development costs		
At 1 June 2008/2007:		
Freehold land	58,569,267	48,896,113
Leasehold land	25,855,706	25,855,706
Development costs	202,924,849	206,160,016
	287,349,822	280,911,835
Costs incurred during the year:		
Freehold land	-	9,673,154
Development costs	25,704,914	34,781,510
Reversal of completed projects	-	(37,797,021)
Transfer to inventories	-	(219,656)
	313,054,736	287,349,822

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

23. PROPERTY DEVELOPMENT COSTS (CONT'D)

	Group 2009 RM	Group 2008 RM
Cumulative costs recognised in income statement		
At 1 June 2008/2007	(191,906,055)	(195,430,335)
Recognised during the year	(34,673,670)	(34,272,741)
Reversal of completed projects	-	37,797,021
At 31 May	(226,579,725)	(191,906,055)
Property development costs at 31 May	86,475,011	95,443,767
Analysed as:		
Freehold land	58,569,267	58,569,267
Leasehold land	25,855,706	25,855,706
Development costs	228,629,763	202,924,849
Cumulative costs recognised in income statement	(226,579,725)	(191,906,055)
	86,475,011	95,443,767

(a) The freehold land under development of the Group with a carrying value of RM8,010,077 (2008: RM8,010,077) is pledged to a licensed bank as security for credit facilities granted to certain subsidiaries as referred to in Note 33.

(b) The freehold land under development of the Group with a carrying value of RM42,860,398 (2008: RM42,860,398) is charged as security for term loans and credit facilities granted to the Company and certain subsidiaries as referred to in Note 33.

(c) The leasehold land under development of the Group with a carrying value of RM15,658,135 (2008: RM17,796,710) is pledged to licensed banks as security for term loans and credit facilities granted to certain subsidiaries as referred to in Note 33.

(d) Included in property development costs incurred during the financial year are bank guarantee charges capitalised amounting to RM65,342 (2008: RM131,091).

24. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group 2009 RM	Group 2008 RM
Construction contract costs incurred to date	896,591,145	967,061,749
Attributable profits	38,980,758	36,993,167
	935,571,903	1,004,054,916
Less: Progress billings	(899,511,678)	(974,483,877)
Due from customers on contracts-in-progress	36,060,225	29,571,039
Due from customers on completed contracts for which final accounts have not been issued	1,090,436	306,966
	37,150,661	29,878,005

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

24. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS (CONT'D)

	Group	
	2009 RM	2008 RM
Due from customers on contracts	37,307,777	31,578,879
Due to customers on contracts	(157,116)	(1,700,874)
	37,150,661	29,878,005
Advances received on contracts, included within trade payables (Note 35)	16,297	2,153,572
Retention sums on contracts, included within trade receivables (Note 26)	20,286,262	14,028,720
Contract costs recognised as an expense	340,929,594	96,473,934

Contract revenue recognised during the year is disclosed in Note 4.

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2009 RM	2008 RM
Depreciation of property, plant and equipment (Note 14)	378,347	465,319
Interest expense (Note 6)	-	663
Hire of plant and machinery	8,384,106	4,631,337

25. INVENTORIES

	Group	
	2009 RM	2008 RM
At Cost:		
Construction materials on site	83,852	91,024
Raw materials	388,185	696,096
Packing materials	-	46,090
Finished goods	294,963	795,710
Properties held for sale	13,745,229	12,702,160
	14,512,229	14,331,080

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Trade receivables	108,168,187	90,552,826	-	-
Retention sums (Note 24)	20,286,262	14,028,720	-	-
Accrued billings on contracts in respect of property development costs	1,062,656	12,704,135	-	-
	129,517,105	117,285,681	-	-
Other receivables	3,413,195	2,892,949	55,608	29,225
Prepayments	537,816	645,268	-	-
Deposits	4,071,427	6,247,829	101,000	101,000
Advances to subcontractors	7,224,613	7,839,586	-	-
Due from an associate	64,244	1,096,767	-	-
	15,311,295	18,722,399	156,608	130,225
Trade and other receivables	144,828,400	136,008,080	156,608	130,225
Less: Provision for doubtful debts	(4,407,770)	(2,763,449)	-	-
	140,420,630	133,244,631	156,608	130,225

(a) Included in trade and other receivables of the Group are amounts which have been outstanding in excess of 12 months amounting to RM52,712,947 (2008: RM48,255,076) for which a provision of RM4,407,770 (2008: RM2,763,449) has been made. In assessing the extent of irrecoverable amounts, the directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the amounts owing. Notwithstanding the overdue nature of these debts, the directors of the Company have assessed the amounts due from debtors less provision for irrecoverable amounts as stated in the financial statements, to be fully recoverable.

(b) The amount from an associate are unsecured, non-interest bearing and repayable on demand.

(c) Included in trade and other receivables of the Group are balances denominated in Indonesian Rupiah amounting to RM3,089,812 (2008: RM1,859,147).

(d) The Group's normal trade credit term ranges from 30 to 90 (2008: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(e) The Group has significant concentration of credit risk as approximately 35% (2008: 34%) of the trade receivables as of 31 May 2009 are due from a single debtor.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

27. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured, non-interest bearing and repayable on demand.

The Company will not demand repayment of amounts due from subsidiaries in so far as it will adversely affect their operations.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Cash on hand and at banks	9,379,335	8,443,656	677,833	121,576
Fixed deposits with licensed banks	5,104,956	4,655,686	1,807,678	-
	14,484,291	13,099,342	2,485,511	121,576
Less: Bank overdrafts (Note 33)	(12,834,296)	(10,713,339)	(4,237,851)	(518,692)
Cash and cash equivalents	1,649,995	2,386,003	(1,752,340)	(397,116)

(a) Included in cash at banks of the Group are amounts of RM2,240,350 (2008: RM3,080,544) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore are restricted from use in other operations.

(b) Fixed deposits of the Group amounting to RM3,367,715 (2008: RM1,516,739) are pledged to banks for credit facilities granted to a subsidiary.

(c) The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2009 %	**2008 %**	**2009 %**	**2008 %**
Fixed deposits with licensed banks	3.33	5.63	1.80	-

(d) The average maturities of deposits as at the balance sheet date were as follows:

	Group		Company	
	2009 Days	**2008 Days**	**2009 Days**	**2008 Days**
Fixed deposits with licensed banks	52	16	90	-

(e) Included in cash and bank balances of the Group are balances denominated in Indonesian Rupiah amounting to RM1,763,558 (2008: RM3,735,952).

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

29. ASSETS HELD FOR SALE

	Group	
	2009 RM	2008 RM
At 1 June 2008/2007	5,065,620	6,788,500
Disposal during the year	(1,091,380)	(1,722,880)
Transfer to investment property	(3,974,240)	-
	-	5,065,620

Freehold land held for sale was acquired by way of a settlement agreement with a trade debtor of a subsidiary. The title deeds of the land are not registered in the name of the subsidiary.

During the year, the freehold land are transferred to investment property as the Company is holding it for capital appreciation.

30. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised:				
At 1 June 2008/2007 and 31 May	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid:				
At 1 June 2008/2007	117,963,037	116,659,037	117,963,037	116,659,037
Issued during the year pursuant to ESOS	-	1,304,000	-	1,304,000
Issue of ordinary shares pursuant to ICULS	52,754	-	52,754	-
At 31 May	118,015,791	117,963,037	118,015,791	117,963,037

During the financial year, the Company increased its issued and paid-up share capital from RM117,963,037 to RM118,015,791 by way of the conversion of RM67,000 nominal amount of 2% Irredeemable Convertible Unsecured Loan Stocks 2003/2008 into 52,754 ordinary shares.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

31. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable				
Capital reserve	1,346,681	1,346,681	-	-
Share premium	8,815,834	8,817,588	8,815,834	8,817,588
Foreign exchange reserve	(1,131,544)	(716,534)	-	-
	9,030,971	9,447,735	8,815,834	8,817,588
Distributable				
Retained profits	43,612,427	42,765,639	15,575,216	17,155,091
	52,643,398	52,213,374	24,391,050	25,972,679

(a) The capital reserve is in respect of share premium of Gadang Engineering (M) Sdn Bhd, a subsidiary of the Company, which was capitalised for a bonus issue.

(b) The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(c) Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 May 2009, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained profits.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

32. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Group/Company	
	2009 RM	2008 RM
ICULS 2003/2008		
At 1 June 2008/2007	67,000	67,000
Converted during the year	(67,000)	-
At 31 May	-	67,000
Analysed as:		
Liability component		
Due within 12 months	-	715
Due after 12 months	-	-
	-	715
Equity component	-	66,285
	-	67,000

The 2% ICULS 2003/2008 at nominal value of RM1.00 each are constituted by a Trust Deed dated 19 November 2003 between the Company and the Trustee for the holders of the ICULS ("Trust Deed"). These ICULS were issued pursuant to a Debt Settlement exercise implemented by the Company.

Pursuant to the terms of the Trust Deed and following the maturity of the ICULS on 24 December 2008, the remaining ICULS of RM67,000 nominal value was subsequently converted into 52,754 new ordinary shares of RM1.00 each in the Company at the conversion price of RM1.27 nominal value.

The salient features of the RM38,000,000 nominal value of 2% ICULS 2003/2008 are as follows:

(i) The interest on these is payable annually in arrears.

(ii) The 2% ICULS 2003/2008 shall be convertible into new ordinary shares of the Company on any market day during the tenure of five years from the date of issuance at the conversion rate of RM1.27 nominal value of 2% ICULS 2003/2008 or at the conversion rate of RM1.00 nominal value of the 2% ICULS 2003/2008 plus RM0.27 in cash for every one new ordinary share of RM1.00 each in the Company.

(iii) Upon conversion of these ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the ordinary shares of the Company in issue at the time of conversion except that they will not be entitled to any dividend or distribution declared prior to the conversion date of these ICULS.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

33. BANK BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term borrowings				
Secured:				
Bank overdrafts	12,834,296	10,713,339	4,237,851	518,692
Bankers acceptances	-	402,000	-	-
Revolving credits	34,986,837	23,600,000	9,986,837	7,500,000
Trust receipts	12,122,770	6,518,217	-	1,332,510
Term loans	9,376,574	8,596,404	5,242,162	5,694,582
Hire purchase payables	980,359	674,425	-	-
	70,300,836	50,504,385	19,466,850	15,045,784
Long term borrowings				
Secured:				
Term loans	15,789,999	28,051,328	2,179,507	11,357,424
Hire purchase payables	2,259,260	1,115,977	-	-
	18,049,259	29,167,305	2,179,507	11,357,424
Total borrowings				
Bank overdrafts	12,834,296	10,713,339	4,237,851	518,692
Bankers acceptances	-	402,000	-	-
Revolving credits	34,986,837	23,600,000	9,986,837	7,500,000
Trust receipts	12,122,770	6,518,217	-	1,332,510
Term loans	25,166,573	36,647,732	7,421,669	17,052,006
Hire purchase payables	3,239,619	1,790,402	-	-
	88,350,095	79,671,690	21,646,357	26,403,208
Maturity of borrowings (excluding hire purchase payables)				
Within one year	69,320,477	49,829,960	19,466,850	15,045,784
More than one year and less than two years	6,738,843	7,359,353	2,179,507	2,663,733
More than two years and less than five years	7,438,747	16,958,608	-	8,693,691
Five years or more	1,612,409	3,733,367	-	-
	85,110,476	77,881,288	21,646,357	26,403,208

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

33. BANK BORROWINGS (CONT'D)

(a) The bank borrowings are secured by the following:

(i) charge over freehold land, leasehold land and buildings of certain subsidiaries as disclosed in Note 14(b) and Note 16;

(ii) charge over freehold land under development of certain subsidiaries as disclosed in Note 23(a) and Note 23(b);

(iii) charge over leasehold land under development of a subsidiary as disclosed in Note 23(c);

(iv) charge over investment properties of a subsidiary as disclosed in Note 15;

(v) corporate guarantee by the Company and

(vi) fixed deposits with licensed banks of a subsidiary as disclosed in Note 28(e).

(b) The weighted average effective interest rates at the balance sheet date for bank borrowings were as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	%	**%**	**%**	**%**
Bank overdrafts	7.31	8.64	7.63	8.00
Bankers acceptances	-	1.50	-	-
Revolving credits	4.07	5.76	3.99	5.75
Trust receipts	6.55	7.80	6.55	8.00
Term loans	10.11	9.43	7.15	8.36

(c) Included in bank borrowings of the Group are term loans denominated in Indonesian Rupiah amounting to RM9,455,604 (2008: RM12,192,676).

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

33. BANK BORROWINGS (CONT'D)

(d) Analysis of hire purchase payables

	Group	
	2009 RM	2008 RM
Minimum lease payments:		
Not later than 1 year	1,103,852	697,274
Later than 1 year and not later than 2 years	974,995	467,126
Later than 2 years and not later than 5 years	1,663,950	829,492
	3,742,797	1,993,892
Less: Future finance charges	(503,178)	(203,490)
	3,239,619	1,790,402
Present value of hire purchase liabilities:		
Not later than 1 year	980,359	674,425
Later than 1 year and not later than 2 years	861,971	468,291
Later than 2 years and not later than 5 years	1,397,289	647,686
	3,239,619	1,790,402
Analysed as:		
Due within 12 months	980,359	674,425
Due after 12 months	2,259,260	1,115,977
	3,239,619	1,790,402

The hire purchase liabilities bear interest at the balance sheet date at flat rates between 1.98% to 10.50% (2008: 2.58% to 10.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

34. DEFINED BENEFIT OBLIGATIONS

Foreign subsidiaries in Indonesia operates an unfunded defined benefit plan for its eligible employees in accordance with the local labour law.

	Group	
	2009	**2008**
	RM	**RM**
Movement in the net liability in the current year were as follows:		
At 1 June 2008/2007	228,893	197,346
Recognised in income statement (Note 8)	151,371	58,622
Payment	-	(14,478)
Exchange difference	(3,337)	(12,597)
At 31 May	376,927	228,893

	Group	
	2009	**2008**
	%	%
Principal actuarial assumptions used:		
Discount rate	11	11
Average salary increase	9	9

Assumptions regarding future mortality are based on published statistics and mortality tables.

35. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Trade payables (a)	63,256,820	63,745,954	-	-
Accrued subcontractor work	32,858,990	17,414,637	-	-
Advances from contract customers (Note 24)	16,297	2,153,572	-	-
Other payables	668,403	9,236,767	48,345	335,783
Other accruals	2,285,470	2,497,322	149,114	187,011
Deposits received	1,651,536	2,502,120	-	-
Advances from a director (b)	2,392,011	2,392,011	-	-
	103,129,527	99,942,383	197,459	522,794

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

35. TRADE AND OTHER PAYABLES (CONT'D)

(a) Trade payables include amounts due to persons and companies which are related to directors of the Company. Balances as at the balance sheet date are as follows:

	Group 2009 RM	Group 2008 RM
(i) Parties related to Tan Sri Dato' Kok Onn:		
- Kok Khim Boon (brother)	446,540	284,700
- Kok Kiw (brother) and KNL Jaya Construction Sdn Bhd (company connected to Kok Kiw)	72,865	543,215
- Kok Thiam Fook (relative)	238,030	246,265
- Magnibiz Sdn Bhd (brother-in-law is a shareholder in the company)	224,483	294,996
- TFK Enterprise (business connected to Kok Thiam Fook)	17,414	-
	999,332	1,369,176

(b) Advances from Tan Sri Dato' Kok Onn, a director are unsecured, interest-free and repayable on demand.

(c) The normal trade credit terms granted to the Group range from 30 to 90 (2008: 30 to 90) days.

(d) Included in trade and other payables of the Group are balances denominated in Indonesian Rupiah amounting to RM1,340,720 (2008: RM1,386,112).

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	2009 RM	2008 RM
Company		
Subsidiaries:		
Gross dividends income	1,000,000	880,500
Interest income	-	243,056
Management fees income	3,816,000	3,863,001
Rental expense - land and buildings	134,676	134,676
Group		
Subcontractor work payable to related parties:		
- Kok Khim Boon (a)	1,890,366	345,701
- Kok Kiw (a) and KNL Jaya Construction Sdn Bhd (b)	-	3,798,968
- Kok Thiam Fook (c)	92,201	114,761
- Magnibiz Sdn Bhd (d)	-	516,761
- TFK Enterprise (e)	228,104	-
Legal fees payable to Adam Bachek & Associates (f)	-	6,300

(a) Brother of Tan Sri Dato' Kok Onn
(b) Company connected to Kok Kiw, a brother of Tan Sri Dato' Kok Onn
(c) Relative of Tan Sri Dato' Kok Onn
(d) A brother-in-law of Tan Sri Dato' Kok Onn is a shareholder in the company
(e) Business connected to Kok Thiam Fook
(f) Adam Bachek has interest in the firm

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprises all the directors of the Group and of the Company and members of senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Directors (Note 9):				
Salaries and bonus	1,965,169	2,054,639	564,078	634,667
Fees	74,000	74,000	74,000	74,000
Defined contribution plan	164,176	170,700	41,798	53,820
Other benefits	41,800	32,800	-	500
	2,245,145	2,332,139	679,876	762,987
Senior management:				
Salaries and bonus	926,733	669,050	-	-
Defined contribution plan	90,180	68,582	-	-
	1,016,913	737,632	-	-
Total key management personnel compensations	3,262,058	3,069,771	679,876	762,987

37. CONTINGENT LIABILITIES

	Group		Company	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Corporate guarantees issued by the Group and by the Company to:				
(a) financial institutions for banking and hire purchase facilities granted to subsidiaries	-	-	142,776,738	117,689,774
(b) financial institutions for bank guarantees granted on behalf of third parties in the ordinary course of business	44,121,331	51,675,781	1,051,465	4,768,600
(c) suppliers of certain subsidiaries	-	-	46,700,000	43,950,000
(d) tenderor as tender bonds	490,000	195,000	-	-
Bank guarantees issued to:				
(a) Director General of Immigration Malaysia	37,000	54,750	-	-
(b) customers in the ordinary course of business	-	6,535,397	-	-
	44,648,331	58,460,928	190,528,203	166,408,374

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

38. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The group comprises the following main business segments:

(i) Earthworks, building and civil engineering construction works – involved in bulk earthworks, general construction, construction of commercial, industrial and residential buildings and design and build works.

(ii) Property and development – the development of residential and commercial properties.

(iii) Manufacturing and trading in protective and decorative coatings – manufacturing and trading of decorative paints and corrosion protective coatings for the construction, industrial, oil & gas, marine, energy and infrastructure facilities.

(iv) Water concession – construction, maintenance and management of facilities to provide treated water supply in Indonesia

Other operation of the Group mainly comprise of investment holding, which does not constitute a separately reportable segment.

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's four business segments operate in two main geographical areas:

(i) Malaysia - the operations in this area are principally earthworks, building and civil engineering construction works, property and development and manufacturing and trading in protective and decorative coatings

(ii) Indonesia - the operations in this area are principally water concession.

NOTES TO THE FINANCIAL STATEMENTS
31 May 2009 (cont'd)

38. SEGMENT INFORMATION (CONT'D)

(d) Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

31 May 2009	Earthwork, building and civil engineering and construction works RM	Property investment and development RM	Manufacturing and trading in protective and decorative coatings RM	Water concession RM	Investment holding RM	Elimination RM	Consolidated RM
Revenue							
External sales	177,562,025	54,821,519	2,933,542	11,375,681	-	-	246,692,767
Inter-segment sales	178,739,210	3,528,763	332,421	620,000	4,816,000	(188,036,394)	-
Total revenue	356,301,235	58,350,282	3,265,963	11,995,681	4,816,000	(188,036,394)	246,692,767
Result							
Segment results	5,594,655	10,862,681	(478,689)	2,469,310	1,851,035	(5,050,363)	15,248,629
Finance costs							(5,571,161)
Share of results of associates	-	-	16,678	-	-	-	16,678
Profit before tax							9,694,146
Income tax expense							(6,149,065)
Profit for the year							3,545,081
Attributable to:							
Equity holders of the Company							3,030,080
Minority interests							515,001
							3,545,081
Segment assets	230,401,134	207,565,252	20,957,843	65,558,616	177,442,503	(326,010,434)	375,914,914
Investments in associates	-	-	647,458	-	-	-	647,458
Unallocated assets							1,085,209
Total assets							377,647,581
Segment liabilities	185,636,241	126,925,183	24,551,462	54,471,289	35,040,962	(231,589,235)	195,035,902
Unallocated liabilities							6,740,453
Total liabilities							201,776,355
Other Information							
Depreciation and amortisation	2,110,033	186,175	240,359	1,537,040	8,286	-	4,081,893
Capital expenditure	4,925,877	167,256	5,831	4,192,545	6,643	-	9,298,152
Other significant non-cash expenses:							
- Provisions	1,644,321	-	-	-	-	-	1,644,321

38. SEGMENT INFORMATION (CONT'D)

(d) Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

31 May 2008	Earthwork, building and civil engineering and construction works RM	Property investment and development RM	Manufacturing and trading in protective and decorative coatings RM	Water concession RM	Investment holding RM	Elimination RM	Consolidated RM
Revenue							
External sales	111,190,997	48,531,175	6,263,404	5,887,585	-	-	171,873,161
Inter-segment sales	105,665,283	3,628,756	2,325,416	410,000	4,743,501	(116,772,956)	-
Total revenue	216,856,280	52,159,931	8,588,820	6,297,585	4,743,501	(116,772,956)	171,873,161
Result							
Segment results	5,192,790	10,306,900	(900,800)	1,446,321	1,656,067	(1,827,778)	15,873,500
Finance costs							(4,466,463)
Share of results of associates	-	-	5,780	-	-	-	5,780
Profit before tax							11,412,817
Income tax expense							(3,792,518)
Profit for the year							7,620,299
Attributable to:							
Equity holders of the Company							7,516,125
Minority interests							104,174
							7,620,299
Segment assets	200,614,493	194,922,956	23,479,692	57,839,607	175,330,024	(287,130,526)	365,056,246
Investments in associates	-	-	305,870	-	-	-	305,780
Unallocated assets							1,419,183
Total assets							366,781,209
Segment liabilities	154,454,298	121,445,500	27,088,116	51,613,549	31,990,067	(202,546,392)	184,045,138
Unallocated liabilities							7,909,657
Total liabilities							191,954,795
Other Information							
Depreciation and amortisation	1,810,345	171,088	239,632	614,340	7,822	(102,365)	2,740,862
Capital expenditure	2,213,957	38,677	42,659	2,846,954	5,856	-	5,148,103
Reversal of impairment losses	-	-	-	-	-	-	-
Other significant non-cash expenses:							
- Provisions	630,000	-	-	-	-	-	630,000

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

38. SEGMENT INFORMATION (CONT'D)

(b) Geographical Segments

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
31 May 2009			
Malaysia	235,317,085	325,323,845	5,107,987
Indonesia	11,375,682	45,872,469	4,190,165
Singapore	-	4,718,600	-
	246,692,767	375,914,914	9,298,152
31 May 2008			
Malaysia	165,985,576	318,437,008	2,301,149
Indonesia	5,887,585	45,790,233	2,846,954
Singapore	-	829,005	-
	171,873,161	365,056,246	5,148,103

39. COMMITMENTS

	Group	
	2009 RM	2008 RM
Approved and contracted for:		
Oil palm plantations development	4,800,000	-
Expansion of plant	1,350,000	-
Acquisition of investments	-	240,100

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

40. SIGNIFICANT EVENTS DURING THE YEAR

In addition to the significant events disclosed in Note 18(a) and Note 32, other significant events during the financial year are as follows:

(a) As disclosed in the financial statements of the previous year, Asian Utilities Pte Ltd ("AUPL"), a company incorporated in Singapore and wholly-owned by Regional Utilities Sdn Bhd which in turn is a wholly-owned subsidiary of the Company had on 27 April 2006 entered into a Conditional Shares Transfer and Shares Subscription Agreement ("Agreement") with PT Lumbung Sumber Rejeki ("LSR") and PT Kairos Tata Chemical ("KTC") to acquire 65% equity interest in PT Sarana Catur Tirtakelola ("SCTK") and 10% equity interest in PT Sarana Tirta Rejeki ("STR") for a purchase consideration of IDR6.5 billion (equivalent to approximately RM2.8 million). SCTK will acquire 80% of the issued and paid up capital of STR. LSR, KTC, SCTK and STR are companies incorporated in Indonesia.

On 31 January 2008, AUPL entered into a Supplemental Agreement with LSR and KTC for the purposes of completing the share transfer and share subscription.

The acquisition of SCTK was completed on 22 April 2008.

On 28 October 2008, AUPL had subscribed for 700 shares of IDR1.0 million each in STR following STR's conversion into a Penanaman Modal Asing ("PMA") company. On the same date, SCTK had subscribed to 5,600 shares of IDR1.0 million each in STR, representing 80% equity interest in STR. With the completion of the shares subscription, AUPL has a 10% direct interest and an effective interest of 62% in STR including the 80% interest held by SCTK in STR.

(b) On 30 April 2009, Desiran Impian entered into 2 agreements with 2 different landowners to develop a total of 5,181 acres agriculture lands at Ranau, Sabah into oil palm plantations.

The landowners agree and consent to sub-lease the lands to Desiran Impian for the purpose of cultivating, developing, maintaining and upkeeping the lands into oil palm plantations and to undertake other ancillary/related activities on a commercial scale on the lands at Desiran Impian's own cost and expense, including clearing the lands, planting oil palm seedlings and cultivating the lands and harvesting and selling the fresh fruit bunches produced from the oil palm plantations.

The term for the Agreements for the lands shall be 30 years and shall be extended for an additional term of 30 years with a right of further extension for an additional term of 30 years or the remaining lease period in the titles (whichever is earlier) or such other mutually agreed period.

(c) On 8 May 2009, Datapuri Sdn Bhd had reached an out of court settlement with the Plaintiff, Uniphone Usahasama Sdn Bhd. In accordance with the settlement agreed upon, the Plantiff had on 4 May 2009 withdrawn the suit against Datapuri Sdn Bhd with no liberty to file afresh and with no order as to costs.

41. SUBSEQUENT EVENTS

(a) On 13 July 2009, the Company incorporated a wholly-owned subsidiary under the name of Gadang Plantations Holdings Sdn Bhd ("Gadang Plantations"), with a paid-up capital of RM2.00. The intended activity of Gadang Plantations is to carry on the business as plantation investment holding company.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

41. SUBSEQUENT EVENTS (CONT'D)

(b) On 11 August 2009, Flora Masyhur Sdn Bhd, entered into a Share Sale Agreement with Raja Zainal Abidin Bin Raja Hussin ("the Vendor") to acquire from the Vendor, 700,000 ordinary shares of RM1.00 each representing 70% equity interest in the issued and paid-up share capital of Camar Ajaib Sdn Bhd ("CASB") for a purchase consideration of RM200,000 ("Proposed Acquisition").

By a joint venture Agreement dated 7 June 2002 between CASB and Ridzwan Bin Wahi ("the Landowner") who is the registered owner of all that freehold land held under HS(D) 2811 PT 165 Bandar Pokok Sena Daerah Pokok Sena Negeri Kedah Darul Aman measuring approximately 81.6454 hectares (approximately 201.746 acres) ("the said Land"), CASB and the Landowner had agreed to jointly develop the said Land upon the terms and conditions contained therein ("the JV Agreement").

The primary business of CASB shall be to develop the said Land into a mixed development consisting of commercial and residential units with the Landowner via the JV Agreement.

The Proposed Acquisition has yet to be completed as at the date the financial statements are authorised for issue.

(c) On 13 August 2009, the Company transferred its 100% equity interest in Desiran Impian Sdn Bhd comprising 2 ordinary shares of RM1.00 each to its wholly-owned subsidiary Gadang Plantations for a total cash consideration of RM2.00 ("the Transfer").

The Transfer is part of Gadang Group internal reorganization exercise. Following the Transfer, Desiran Impian ceases to be a direct wholly-owned subsidiary of the Company but instead becomes a direct wholly-owned subsidiary of Gadang Plantations.

42. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, credit and foreign exchange risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to bank borrowings as the Group had no substantial long term interest-bearing assets as at 31 May 2009. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

(c) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(d) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

(e) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly Indonesian Rupiah and Singapore Dollars. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies				
Functional Currency of Group Companies	**Ringgit Malaysia RM**	**Singapore Dollar RM**	**Indonesian Rupiah RM**	**US Dollars RM**	**Total RM**
At 31 May 2009					
Ringgit Malaysia	-	5,227,249	-	-	5,227,249
Singapore Dollar	(16,540,240)	-	21,835,214	(620)	5,294,354
Indonesian Rupiah	-	(21,835,214)	-	-	(21,835,214)
	(16,540,240)	(16,607,965)	21,835,214	(620)	(11,313,611)
At 31 May 2008					
Ringgit Malaysia	-	5,184,342	-	-	5,184,342
Singapore Dollar	(14,873,740)	-	19,749,654	60,484	4,936,398
Indonesian Rupiah	-	(19,749,654)	-	-	(19,749,654)
	(14,873,740)	(14,565,312)	19,749,654	60,484	(9,628,914)

NOTES TO THE FINANCIAL STATEMENTS

31 May 2009 (cont'd)

42. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair Values

The carrying amounts of financial assets and financial liabilities of the Group and of the Company at the balance sheet date approximate their fair values due to their relatively short term maturity except for the following:

	Group		Company	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
At 31 May 2009				
Other investments				
- unquoted	226,000	*	-	-
Amounts due from subsidiaries	-	-	88,428,218	#
Hire purchase payables	2,259,260	2,141,479	-	-
Advances from directors	2,392,011	#	-	-
Term loans	15,789,999	@	2,179,507	@
Amounts due to subsidiaries	-	-	13,177,951	#
At 31 May 2008				
Other investments				
- unquoted	226,000	*	-	-
Amounts due from subsidiaries	-	-	89,893,158	#
Hire purchase payables	1,115,977	1,057,798	-	-
Advances from directors	2,392,011	#	-	-
Term loans	28,051,328	@	11,357,424	@
Amounts due to subsidiaries	-	-	5,063,349	#

* It is not practical to estimate the fair values of the Group's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The carrying amount of intercompanies balances and advances from directors are repayable on demand and therefore approximate fair value.

@ The carrying values of long term borrowings of the Group and of the Company, all of which are variable rate borrowings, is considered to be a reasonable estimate of the fair value as the borrowings will be repriced immediately in the event of any changes to the market interest rates.

The fair values of hire purchase payables are estimated using discounted cash flow analysis, based on current lending rates for similar types of lending arrangements.

List of Properties
As at 31 May 2009

Title/Location	Description /Existing use	Tenure	Approximate Acquisition Date (Revaluation Date)	Land Area/ (Built-up Area) in sq. ft	Estimated Age of Building/ Land	Net Book Value RM
Wisma Gadang No. 52 Jalan Tago 2 Off Jalan Persiaran Utama Sri Damansara 52200 Kuala Lumpur	6 ½ storey office block for own use	Freehold	(June 1997)	42,619 (45,043)	8 years	7,782,114
Plot No. 86 CD Emville Golf Resort Mukim Setul District of Seremban Negeri Sembilan	Vacant bungalow lot for investment	Leasehold ending 13/12/2082	(June 1997)	8,000	N/A	138,240
C.T. No. 12831 for Lot No. 1885 C.T. No. 12382 for Lot No. 1886 And C.T. No. 9041 for Lot No. 1888 Mukim of Rawang District of Ulu Selangor	Vacant industrial land for development	Freehold	20/12/1994	2,361,000	N/A	8,010,077
Bandar Tasik Semenyih PT 8298 HS(M) 4984	Vacant bungalow lot for sale	Leasehold ending 5/11/2094	23/12/1999	11,125	N/A	252,734
Lot 183 to 186 Mukim of Rawang District of Gombak State of Selangor	Industrial land for sale	Freehold	2/8/2001	198,712	N/A	3,974,240
HS(D) 106032 PT 19284 to HS(D) 106034 PT 19286 Mukim Batu, Segambut	Mandy Court M Avenue	Leasehold ending 2102	28/12/2002	278,696	N/A	17,796,710

List of Properties
As at 31 May 2009 (cont'd)

Title/Location	Description /Existing use	Tenure	Approximate Acquisition Date (Revaluation Date)	Land Area/ (Built-up Area) in sq. ft	Estimated Age of Building/ Land	Net Book Value RM
Geran No. 49848, Lot No. 1132 Daerah Johor Baru, Bandar Johor Baru Negeri Johor Darul Taksim	Mixed industrial and commercial development	Freehold	31/7/2003	1,166,808	N/A	25,565,036
HS(D) 179584 PT 283 HS(D) 179585 PT 284 Taman Perindustrian Puchong Seksyen 5 Mukim of Petaling Selangor	2 units of 1½ storey semi-detached factory	Leasehold ending 2101	July 2004	30,494	9	2,111,115
168 lots of land held under HS(D) 41477 to 41506, PT No. 24239 to 24268; HS(D) 41509 to 41568, PT No. 24271 to 24330; HS(D) 42189 to 42203, PT No. 24952 to 24966; HS(D) 42205 to 42212, PT No. 24968 to 24975; HS(D) 42312 to 42366, PT No. 24976 to 25030 Mukim of Rawang, District of Gombak, State of Selangor	Land for development (residential)	Freehold	31/10/2005	476,388	N/A	7,622,208
GM78 – Lot 471 and GM77 – Lot 472 Mukim 17, Batu Ferringgi Daerah Timur Laut, Penang	Land for Development (residential)	Freehold	17/04/2007	3.9075 hectares	N/A	9,673,151

Analysis of Shareholdings
As at 30 September 2009

SHARE CAPITAL

Authorised Share Capital	:	RM200,000,000
Issued & Fully Paid-Up Share Capital	:	RM118,015,791
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
Less than 99	8	0.08	385	0.00
100 - 1,000	1,203	26.50	1,170,841	0.99
1,001 - 10,000	2,472	54.46	11,641,410	9.80
10,001 - 100,000	758	16.70	23,350,281	19.76
100,001 - 5,900,788	96	2.12	47,847,774	40.54
5,900,788* and above	2	0.04	34,005,100	28.82
Total	4,539	100.00	118,015,791	100.00

* *denotes 5% of the issued and paid-up capital of the Company.*

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name	Direct Interest	%	Deemed Interest	%
1. Sumber Raswira Sdn Bhd	17,046,900	14.44	-	-
2. Tan Sri Dato' Kok Onn	3,670,000	3.11	34,005,100 *(a)*	28.81
3. Meloria Sdn Bhd	16,958,200	14.37	-	-
4. Puan Sri Datin Chan Ngan Thai	-	-	16,958,200 *(b)*	14.37

(a) Deemed interested through Sumber Raswira Sdn Bhd and Meloria Sdn Bhd by virtue of Section 6A of the Companies Act, 1965 ("the Act")

(b) Deemed interested through Meloria Sdn Bhd by virtue of Section 6A of the Act

Analysis of Shareholdings

As at 30 September 2009 (cont'd)

DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

THE COMPANY	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	**%**	**Deemed interest**	**%**
Tan Sri Dato' Kok Onn	3,670,000	3.11	34,005,100 *(a)*	28.81
Koay Teng Keong	279,000	0.24	55,000 *(b)*	0.05
Ling Hock Hing	460,000	0.39	-	-
Chan Ah Kam @ Chan Ah Thoong	179,000	0.15	5,000 *(b)*	0.00
Boey Tak Kong	201,000	0.17	-	-

(a) Deemed interested through Sumber Raswira Sdn Bhd and Meloria Sdn Bhd by virtue of Section 6A of the Companies Act, 1965 ("the Act")

(b) Deemed interested through shareholding held by spouse by virtue of Section 134 of the Act.

Tan Sri Dato' Kok Onn, by virtue of his interest in the shares of the Company, is also deemed interested in the shares of the subsidiary companies to the extent the Company has interest.

Save as disclosed, none of the other directors has any interest in shares of the Company or its related corporations.

Analysis of Shareholdings
As at 30 September 2009 (cont'd)

THIRTY LARGEST SHAREHOLDERS

		No. of Shares	%
1.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd *Pledged securities for Sumber Raswira Sdn Bhd*	17,046,900	14.44
2.	OSK Nominees (Tempatan) Sdn Berhad *Pledged securities account for Meloria Sdn Bhd*	16,958,200	14.37
3.	Chia Ting Poh @ Cheah Ting Poh	5,000,000	4.24
4.	HSBC Nominees (Asing) Sdn Bhd *Exempt An For The Bank of New York Mellon*	4,533,700	3.84
5.	EB Nominees (Tempatan) Sendirian Berhad *Pledged securities account for Ting Keaw @ Law Lee See*	2,758,000	2.34
6.	EB Nominees (Tempatan) Sendirian Berhad *Pledged securities account for Kok Onn*	2,650,000	2.24
7.	Ke-Zan Nominees (Asing) Sdn Bhd *Kim Eng Securities Pte. Ltd for Low Yoon Keong*	2,500,000	2.12
8.	Tan Poh Eng @ Tan Poh Ang	1,616,600	1.37
9.	Ting Keaw @ Law Lee See	1,405,000	1.19
10.	Mayban Nominees (Tempatan) Sdn Bhd *Pledged securities account for Yeoh Ah Tu*	1,385,200	1.17
11.	Lim Hin	1,316,500	1.12
12.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lee Yoke Koon*	1,085,800	0.92
13.	Wu Chung Ta	1,072,000	0.91
14.	Loo Chuen Far	1,000,000	0.85
15.	Law Wan Cheen	1,000,000	0.85
16.	Yeoh Ah Tu	958,000	0.81
17.	OSK Nominees (Tempatan) Sdn Berhad *Pledged securities account for Kok Onn*	720,000	0.61
18.	Loh Siew Hooi	640,000	0.54

Analysis of Shareholdings
As at 30 September 2009 (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

		No. of Shares	%
19.	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged securities account for Sim Choo Thiam*	639,100	0.54
20.	Ter Leong Hing	638,000	0.54
21.	Soo Lai Sing	600,000	0.51
22.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ng Teck Yong*	585,000	0.50
23.	Affin Nominees (Tempatan) Sdn Bhd *EassetManagement Sdn Bhd for Ter Leong Hing*	516,000	0.44
24.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yap Nam Hai*	500,000	0.42
25.	Affin Nominees (Tempatan) Sdn Bhd *EassetManagement Sdn Bhd for Chan Yoke Yen*	467,000	0.40
26.	Ling Hock Hing	460,000	0.39
27.	Eng Lian Kee	450,000	0.38
28.	Tan Kian Chuan	428,400	0.36
29.	EB Nominees (Tempatan) Sendirian Berhad *Pledged securities account for Liew Swee Kong*	415,700	0.35
30.	Chan Weng Kong	415,274	0.35
		69,760,374	59.11

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting (AGM) of Gadang Holdings Berhad (the Company) will be held at Dillenia & Eugenia, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 19th November 2009 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the year ended 31 May 2009 together with the Reports of the Directors and Auditors thereon. ***(Ordinary Resolution 1)***

2. To approve the payment of Directors' fees of RM74,000.00 in respect of the financial year ended 31 May 2009. ***(Ordinary Resolution 2)***

3. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to determine their remuneration. ***(Ordinary Resolution 3)***

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

4. **Authority to Directors to issue shares**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities." ***(Ordinary Resolution 4)***

5. **Proposed renewal of shareholders' mandate and additional mandate for recurrent related party transactions of a revenue or trading nature and for provision of financial assistance**

   "THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance as set out in Section 2.4 of the Circular to Shareholders dated 28 October 2009 ("Circular") with the related parties listed in Section 2.3 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Gadang Group on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

Notice of Annual General Meeting (cont'd)

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this resolution." ***(Ordinary Resolution 5)***

BY ORDER OF THE BOARD

TAN SEOK CHUNG, SALLY
Secretary

Kuala Lumpur
28 October 2009

NOTES:

1. *A member of the Company entitled to attend and vote at this meeting, is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

2. *The Articles provide that a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *The instrument appointing the proxy must be deposited at the Registered Office of the Company at Wisma Gadang, No 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.*

Notice of Annual General Meeting (cont'd)

EXPLANATORY NOTE ON ORDINARY BUSINESS

(i) Retirement of Directors

Mr Ling Hock Hing and Mr Chan Ah Kam @ Chan Ah Thoong who are retiring by rotation pursuant to Article 108 of the Company's Articles of Association have given notice that they do not wish to seek re-election and accordingly will retire at the conclusion of the forthcoming Annual General Meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolution 4 - Authority to Directors to issue shares

The proposed Ordinary Resolution 4, if passed, will empower the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last Annual General Meeting held on 26 November 2008 and which will lapse at the conclusion of the Sixteenth Annual General Meeting.

(ii) Ordinary Resolution 5 - Proposed renewal of shareholders' mandate and additional mandate for recurrent related party transactions of a revenue or trading nature and for provision of financial assistance

The proposed Ordinary Resolution 5, if passed, will empower the Company and its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance which are necessary for Gadang Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Details relating to Ordinary Resolution 5 are set out in the Circular to Shareholders dated 28 October 2009 which is despatched together with this Annual Report 2009.

FORM OF PROXY

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

*I/We ______________________________ *NRIC No./Co. No.: ______________
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

being a *member/members of GADANG HOLDINGS BERHAD hereby appoint ______________________________

______________________________ NRIC No.: ______________
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

or *failing him/her ______________________________ NRIC No.: ______________
(FULL NAME IN BLOCK LETTERS)

of ______________________________
(FULL ADDRESS)

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Dillenia & Eugenia, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 19 November 2009 at 10.00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at *his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive the Audited Financial Statements and Reports		
2.	To approve the payment of Directors' fees		
3.	To re-appoint Messrs Ernst & Young as Auditors		
4.	To authorize the Directors to issue shares		
5.	To renew the shareholders' mandate and additional mandate for Recurrent Related Party Transactions		

** Strike out whichever not applicable*

Dated this ____________ day of ______________________ , 2009

____
Signature/Common Seal of Member

Notes:

1. A member of the Company entitled to attend and vote at this meeting, is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. The Articles provide that a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Wisma Gadang, No 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretary

GADANG HOLDINGS BERHAD

(Company No.290870-P)

Wisma Gadang, No. 52 Jalan Tago 2

Off Jalan Persiaran Utama

Sri Damansara

52200 Kuala Lumpur

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