GADANG HOLDINGS BERHAD
(278114-K)

BUILDING STRONGER GROWTH

ANNUAL REPORT 2015

22ND ANNUAL GENERAL MEETING

Date : Thursday
19th November 2015

Time : 10.00 a.m.

Venue : Banyan, Casuarina & Dillenia Room,
Sime Darby Convention Centre

BUILDING STRONGER GROWTH

A bold sentence set against a clean background while delivering a strong positive view of the Group's key businesses and its impressive business positioning. Special treatment is given to the word **"GROWTH"** to signal the Group's continue aspirations towards expanding its business reach through its strategy of integrated business approach as well as to continuously seize new opportunities, enhance its product offerings and expand its portfolio.

VISION

To be the preferred leader in all our core businesses, recognised for our high standards and commitment to excellence

MISSION

- To perpetually pursue value for all our stakeholders
- To build an effective management team that emphasises on productivity and innovation

CONTENTS

CORPORATE PROFILE

GADANG HOLDINGS BERHAD (GADANG OR THE COMPANY) WAS INCORPORATED IN MALAYSIA ON 6 OCTOBER 1993 AS A PUBLIC LIMITED COMPANY UNDER THE NAME OF LAI SING HOLDINGS BERHAD. IT WAS LISTED ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD ON 2 SEPTEMBER 1994 UNDER THE CONSTRUCTION SECTOR.

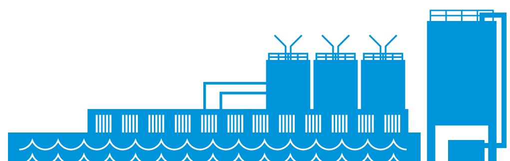
CIVIL ENGINEERING & BUILDING CONSTRUCTION

PROPERTY DEVELOPMENT

In 1997, Tan Sri Dato' Kok Onn who is the Managing Director cum Chief Executive Officer became the major shareholder and took over the operations of the Company and renamed the Company as Gadang. Gadang was subsequently transferred to the Main Board (currently named as Main Market) under the same sector on 24 December 2007.

Gadang is an investment holding company while its subsidiaries are in civil engineering and construction, property development, water supply, mechanical and electrical engineering services and oil palm plantation. As part of the Group's strategy to gain a stronger footing in business with recurring and sustainable income, the Group has made inroads into hydro power generation in 2014 by acquiring 60% stake in PT Ikhwan Mega Power, the holder of a 9 megawatt hydro power concession in Kabupaten Tanah Datar, Sumatera Barat for a period of 15 years.

PLANTATION



UTILITY

MECHANICAL & ELECTRICAL ENGINEERING

FINANCIAL CALENDAR
FOR FINANCIAL YEAR ENDED 31 MAY 2015

ANNOUNCEMENT OF QUARTERLY RESULTS

First Financial Quarter ended 31 August 2014	**28 OCTOBER 2014**
Second Financial Quarter ended 30 November 2014	**16 JANUARY 2015**
Third Financial Quarter ended 28 February 2015	**23 APRIL 2015**
Fourth Financial Quarter ended 31 May 2015	**30 JULY 2015**

FIRST AND FINAL DIVIDEND

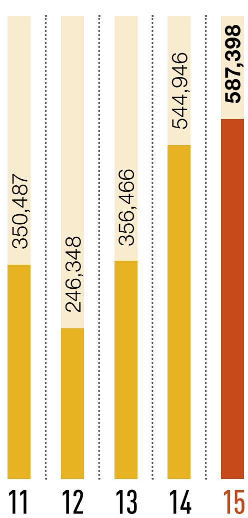
Book Closure	**30 NOVEMBER 2015**
Payment	**23 DECEMBER 2015**

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of 22nd Annual General Meeting	**28 OCTOBER 2015**
22ND ANNUAL GENERAL MEETING	**19 NOVEMBER 2015**

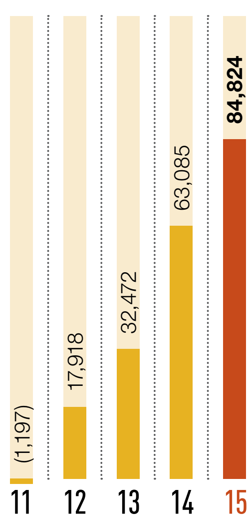
FINANCIAL HIGHLIGHTS

YEAR ENDED 31 MAY	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
REVENUE					
Construction Division	**449,662**	442,193	265,665	189,127	299,836
Property Division	**119,721**	87,034	73,516	40,890	35,950
Utility Division	**16,682**	14,780	17,151	16,331	14,692
Plantation Division	**1,333**	939	134	-	-
Investment Holding & Others	-	-	-	-	9
	587,398	544,946	356,466	246,348	350,487
PROFIT/(LOSS) BEFORE TAXATION					
Construction Division	**49,239**	33,666	12,605	7,560	(10,879)
Property Division	**39,763**	30,631	19,087	10,864	8,668
Utility Division	**2,651**	4,684	4,236	2,170	3,175
Plantation Division	**(1,725)**	(2,020)	(830)	(761)	(498)
Investment Holding & Others	**(5,104)**	(3,876)	(2,626)	(1,915)	731
	84,824	63,085	32,472	17,918	(1,197)
PROFIT/(LOSS) AFTER TAXATION	**60,781**	44,378	20,663	13,735	(4,175)
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	**59,620**	43,225	20,470	14,451	(4,404)
ISSUED SHARE CAPITAL	**216,369**	196,691	196,691	196,691	196,691
SHAREHOLDERS' FUNDS	**381,357**	298,137	262,589	245,850	230,493
TOTAL TANGIBLE ASSETS	**809,386**	571,688	500,343	447,426	496,828
NET EARNINGS PER SHARE (RM)	**0.2779**	0.2198	0.1041	0.0735	(0.0258)
NET ASSETS PER SHARE (RM)	**1.76**	1.53	1.35	1.27	1.19



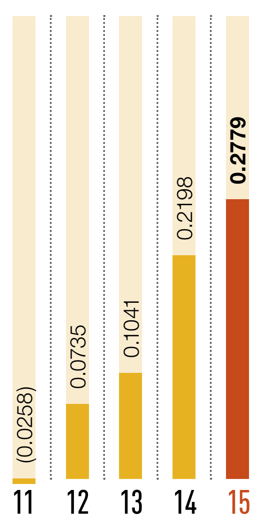
REVENUE
RM'000

+7.8%



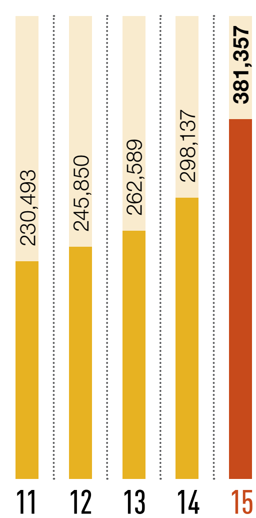
PROFIT BEFORE TAXATION
RM'000

+34.5%



NET EARNINGS PER SHARE
RM

+26.4%



SHAREHOLDERS' FUNDS
RM'000

+27.9%

CORPORATE STRUCTURE

GADANG HOLDINGS BERHAD
(278114-K)

ENGINEERING AND CONSTRUCTION

- **100%** Gadang Engineering (M) Sdn Bhd
  - **100%** Gadang Construction Sdn Bhd
  - **100%** Bincon Sdn Bhd
  - **100%** Kartamo Corporation Sdn Bhd
  - **100%** Katah Realty Sdn Bhd

MECHANICAL AND ELECTRICAL WORKS

- **51%** Datapuri Sdn Bhd

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%** Crimson Villa Sdn Bhd
  - **100%** Flora Masyhur Sdn Bhd
    - **100%** Camar Ajaib Sdn Bhd
  - **100%** Skyline Symphony Sdn Bhd
  - **100%** Hillstrand Development Sdn Bhd
  - **100%** Detik Tiara Sdn Bhd
  - **100%** Prelude Avenue Sdn Bhd
  - **100%** Tema Warisan Sdn Bhd

PLANTATION

- **100%** Gadang Plantations Holdings Sdn Bhd
  - **100%** Desiran Impian Sdn Bhd

UTILITY

- **100%** Regional Utilities Sdn Bhd
  - **100%** Asian Utilities Pte Ltd
    - **95%** PT. Taman Tirta Sidoarjo
    - **95%** PT. Hanarida Tirta Birawa
    - **95%** PT. Bintang Hytien Jaya
    - **60%** PT. Ikhwan Mega Power
    - **85%** PT. Dewata Bangun Tirta
    - **80%** PT. Hidronusa Rawan Energi

* 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

KOK PEI LING
Executive Director

ADAM BIN BACHEK
Independent Non-Executive Director

BOEY TAK KONG
Senior 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. : (03) 6275 6888
Fax. : (03) 6275 2136
E-mail : corporate@gadang.com.my
Website : www.gadang.com.my

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. : (03) 2783 9299
Fax. : (03) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

AUDITORS

Crowe Horwath (AF 1018)
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. : (03) 2788 9999
Fax. : (03) 2788 9998

PRINCIPAL BANKERS

AmBank (M) Berhad
United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

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 69, was appointed as a Director of Gadang Holdings Berhad ("Gadang" or "Company") on 19 May 1997. He was re-designated as Chairman of Gadang on 1 July 2008. He is a member of the Audit Committee and Nomination & 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 64, 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.

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 42 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.

ADAM BIN BACHEK
Independent Non-Executive Director

Encik Adam Bin Bachek, a Malaysian, aged 66, was appointed as a Director of Gadang on 19 May 1997. He is the Chairman of the Audit Committee and a member of the Nomination & Remuneration 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.

BOEY TAK KONG
Senior Independent Non-Executive Director

Mr Boey Tak Kong, a Malaysian aged 61, joined the Board on 3 December 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee and the Chairman of the Nomination & Remuneration 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 governance and leadership development training company.

His directorships in other public companies include Dutch Lady Milk Industries Berhad, Green Packet Berhad, Ho Hup Construction Company Berhad and Censof Holdings Berhad.

KOK PEI LING
Executive Director

Ms Kok Pei Ling, a Malaysian aged 33, joined the Board on 2 January 2013 as an Executive Director. She is currently the Company's Chief Financial Officer.

Ms Kok graduated from University of Melbourne, Australia with a Bachelor of Commerce (Finance and Management) Degree in 2003.

She began her career as a consultant for Corporate Recovery and Insolvency in BDO Capital Consultants Sdn Bhd from April 2004 to June 2006. She then joined OSK Investment Bank Berhad as an Associate for Debt Capital Markets from June 2006 to May 2007. Prior to joining Gadang in September 2009, she was the Assistant Manager (Investment Banking) of OCBC Bank (M) 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 father of Kok Pei Ling, the Executive Director and 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.

SENIOR MANAGEMENT TEAM

Tan Sri Dato' Kok Onn
Group Managing Director/
Chief Executive Officer

Kok Pei Ling
Group Chief Financial Officer

Dato' Chan Ah Kam
@ Chan Ah Thoong
Group Contract

Khew Check Kiet
Managing Director
– Construction Division

Tan Peng Long
Chief Operating Officer
– Construction Division

Dato' Ling Hock Hing
Managing Director
– Property Division

Liew Swee Kong
Managing Director
– M&E Division

David Lam Cheow Sang
Managing Director
– Utility Division

Yue Kham Wah
Managing Director
– Plantation Division

Saw Chee Hoay
Head, Tender & Contract
Construction Division

Hew Thean Poh
Head, Plant & Machinery

GADANG IN THE NEWS

By YVONNE TAN
yvonne@thestar.com.my

Gadang adopts cautious outlook for this year

Company to focus on Rapid jobs in the interim

GADANG Holdings Bhd, which is mainly involved in construction and property, is cautious on the economic outlook for this year and is conservative when it comes to expecting new jobs.

"This year should be tough for the economy and we choose to be conservative and have not yet identified any jobs that we think we can add to our order book or even tender for," managing director and chief executive officer Tan Sri Kok Onn tells StarBizWeek.

He says this after being asked whether the firm, which is involved in works for the Klang Valley MRT projects, plans to tender for jobs under Penang's light rail transit (LRT) system project which reportedly will be back on the cards soon after being put on the back burner for over a decade.

"We are definitely cautious on the economy this year given the current oil price slide and the overall impact of rising costs on Malaysians," he says.

Increasing competition among contractors have also pushed profit margins for certain jobs to razor-thin figures, making it pointless for mid-sized firms like Gadang to pursue them.

"We are comfortable as it is for now and will fully focus on our jobs at the Refinery and Petrochemical Integrated Development (Rapid) in Pengerang, Johor."

Gadang currently has over RM1bil in construction jobs, comprising mainly Rapid jobs, and those jobs are expected to provide it with earnings visibility for the next two to three years.

So far, the company has tendered for "a few billion ringgit worth of projects", Kok says.

"As for our property segment, everything is going as planned."

At the beginning of 2014, StarBizWeek picked Gadang as one of its top 10 stock for the year.

In the first six months, the stock price had doubled from RM1.01 in January to an all-time high of RM2.01 in July, boosted by it obtaining Rapid jobs and its improving earnings.

Thereafter, profit-taking as well as overall market weakness had pushed the stock down to RM1.35 yesterday.

For its financial year ended May 31 (FY14), Gadang reported a net profit of RM43.8mil on revenue of RM540.7mil against a net profit of RM20.5mil on revenue of RM356.5mil in FY13.

Under its property segment, Gadang is developing a RM1.8bil Capital City planned mixed development project in Johor Baru which is expected to be fully completed in five years.

It also has an utility division involved in the Indonesian water supply sector and has acquired two small hydropower projects in Indonesia to supplement its recurri[illegible]

Gadang also has a plantation seg[illegible] where early harvesting had started [illegible] and RM30mil of yearly revenue fro[illegible] business upon maturity, which is a[illegible] to five years from now, is expected.

A file picture shows Kok (right) looking at a model of the company's mixed development project called Capital City in Joh[illegible] The project is expected to be fully completed in five years.

Gadang's property biz to overtake construction

Property and construction company undertaking several property projects in the Klang Valley and Kedah with total GDV of RM1.7 bil

Kok Pei Ling

Gadang to buy Semenyih land for RM96mil

PETALING JAYA: Property and construction player Gadang Holdings Bhd has proposed to acquire a 62.84-acre parcel of freehold land in Semenyih, Ulu Langat from Sementar Properties Sdn Bhd for RM95.8mil in cash.

Gadang said in a circular to shareholders that its indirect unit Crimson Villa Sdn Bhd entered into a sale and purchase agreement (SPA) with Sementar to acquire the land on Jan 30. It issued the circular to seek approval from its shareholders as well as provide the relevant information on the acquisition. The company will hold an EGM on April 23 to obtain approval for the acquisition.

In its filing with Bursa Malaysia, Gadang said the acquisition would expand its land bank in a location that had growth potential and would increase its presence in the Klang Valley property market.

Gadang added that the proposed acquisition was in line with its strategy to expand the revenue and earnings contribution from its property development segment.

Gadang's preliminary plan for the land is for a mixed development project comprising low-rise and high-rise residential units and two to three storey shop offices, with an estimated gross development value (GDV) of more than RM450mil.

It will submit the master development plan to the relevant authorities when the proposed acquisition is complete.

The proposed acquisition will be financed via a combination of internally generated funds and, or bank borrowings.

Gadang on Dec 5, 2014 paid RM1.92mil as deposit, while on Ja[illegible] it paid RM2.87mil as real prop[illegible] gains tax retention sum [illegible] RM4.79mil upon signing the SPA.

The remainder RM86.23mil is [illegible] able on or before the comple[illegible] date.

In its circular, Gadang said the [illegible] chase consideration was at a [illegible] premium to the market value o[illegible] land of RM87.6mil as appraised b[illegible] valuer in its valuation report.

Gadang added that the land w[illegible] large tract of contiguous vacant [illegible] with potential for residential dev[illegible] ment, which was expected to inc[illegible] its development order book.

Gadang currently has four ong[illegible] projects with a total estimated G[illegible] RM754.4mil.

It expects to complete the acq[illegible] tion by the third quarter of this y[illegible]

Shah Alam Hospital to open in October

7-YEAR WAIT: Health minister says it will reduce congestion at Tengku Ampuan Rahimah Hospital

MAZLINDA MAHMOOD
SHAH ALAM
news@nst.com.my

THE Shah Alam Hospital (HSA) will start operating in phases from October and is expected to be fully operational by next January after a seven-year wait.

Health Minister Datuk Seri Dr S. Subramaniam said HSA's specialist clinics and haemodialysis centre will open for outpatient services in October and the 300-bed hospital in Section 7 here is expected to be ready to accept inpatients by next January.

"The equipment has arrived and we are testing and commissioning to make sure that all systems, including the computer system, is running smoothly before we start admitting patients.

"I hope with the opening of the hospital, Shah Alam residents and those in surrounding areas will receive satisfactory service and we can reduce congestion at the Tengku Ampuan Rahimah Hospital in Klang due to the huge number of patients seeking treatment there," he said at the handover ceremony of HSA to the Health Ministry here yesterday.

When asked to comment on the dengue situation, Dr Subramaniam said the number of cases dropped during the Hari Raya holidays as many Klang Valley residents went back to their hometowns.

"There has been an improvement since my visit to Kampung Kayu Ara and Kajang. The local authorities have improved their services, so we can see some changes.

"Before Hari Raya, between 2,800 and 3,000 cases were reported weekly.

"Now, people are back (from their holiday) and we are monitoring to see whether the number of cases increase."

HSA's construction was delayed after the services of the original contractor, which received the project in November 2007, was terminated in September 2010 at 27 per cent completion and had cost RM139.9 million.

A new contractor, Gadang Engineering (M) Sdn Bhd, was appointed at a cost of RM410.87 million on Oct 19, 2011 and the hospital was completed on June 30.

HSA, which is built to withstand tremors, is equipped with 10 operation theatres and an auditorium that can accommodate 244 people. It also has a royal ward and a VVIP ward.

The RM565 million hospital will have 1,268 staff, including 366 doctors and 60 specialists from 14 fields, including paediatrics, obstetrics and gynaecology, rehabilitation (physiotherapy and occupational therapy), orthopaedics, ophthalmology, oral surgery and paediatrics dental surgery.

Present was Works Minister Datuk Seri Fadillah Yusof.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board, it gives me great pleasure to present the Annual Report and Financial Statements for the financial year ended (FYE) 31 May 2015.

Though the financial year was challenging with margins compression, the Group continues to record another sterling performance with better overall performance attributed by the strategic positioning and selection of the Group's projects moving forward.

DATUK WAN LOKMAN
BIN DATO' WAN IBRAHIM
Chairman

BUSINESS LANDSCAPE

The global economic and financial landscape has become more depressed since late 2014 and into 2015. Beyond the significant sharp decline in commodity prices, the market growth momentum in several major economies are also weaker than expectations.

As an emerging and developing economy, Malaysia's economic outlook will be affected by these on-going developments. Overall, the Malaysian economy is expected to register a steady growth of 4.5% - 5.5% in 2015 (Bank Negara Malaysia, 2014: 6.0%), supported mainly by a sustained expansion in domestic demand amid strong domestic fundamentals and a resilient export sector. Domestic demand will continue to anchor growth in 2015, driven by private sector spending.

The construction sector is expected to continue to record high growth, albeit at a more moderate pace in 2015. New and existing multi-year civil engineering projects, particularly in the transport and utility segments, will continue to provide additional support to the sector.

Laman View, Cyberjaya (Phase 1B)

FINANCIAL PERFORMANCE

Notwithstanding the softer market conditions and tighter fiscal policies implemented, the Group managed to achieve a creditable and sustainable performance. We achieved solid earnings growth for the FYE 2015 with net profit before tax increased by 34% to RM84.8 million from RM63.1 million in the previous financial year. Our core revenue pillars of construction and property continued to be the major contributors to the Group's results.

Completed Shah Alam Hospital

With focus on efficient capital management, the Group registered a low gearing of 0.06 times and a strong cash position of RM232.7 million, which enables the Group to explore and invest in long-term recurring income utility projects.

DIVIDEND

In line with the better financial performance, the Board has recommended a first and final single-tier dividend of 5.0 sen per share for FYE 2015 (FYE 2014: 4.0 sen per share). The proposed distribution of RM12 million is equivalent to a dividend payout ratio of 20%. This is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

CORPORATE DEVELOPMENTS

(1) On 12 June 2014, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd has accepted the Letter of Award dated 11 June 2014 from Petronas Refinery and Petrochemical Corporation Sdn Bhd for the award of a contract known as "Provision of Phase 2 Site Preparation

Works for the Proposed Refinery and Petrochemical Integrated Development (RAPID) Project – Package 18C" for the total estimated provisional contract price of RM350,000,000.

(2) On 2 June 2014, Bursa Malaysia Securities Berhad ("Bursa Securities") approved the Proposed Private Placement. On 27 June 2014, the Company fixed the issue price for the placement shares at RM1.68 per share. On 4 July 2014, the Private Placement was completed with the listing and quotation of 19,669,900 new ordinary shares of RM1.00 each on the main market of Bursa Securities representing 10% of the issued and paid-up share capital of the Company.

(3) On 26 June 2014, Asian Utilities Pte Ltd ("AUPL"), an indirect wholly-owned subsidiary of the Company has completed the acquisition of 60% equity interest in PT Ikhwan Mega Power ("IMP"). IMP is the holder of a 9 megawatt mini hydro power concession in Kabupaten Tanah Datar, Sumatera Barat for a period of 15 years.

(4) On 2 July 2014, Gadang Land Sdn Bhd, a wholly-owned subsidiary of the Company has acquired 100% equity interest of Tema Warisan Sdn Bhd ("Tema Warisan") for a total purchase consideration of RM2. Tema Warisan is currently dormant and its intended principal activity shall be property management and maintenance.

(5) On 21 July 2014, AUPL has entered into a Sale and Purchase of Shares Agreement to acquire 70% equity interest in PT Dewata Bangun Tirta ("DBT") for a purchase consideration of IDR55 billion. DBT is the holder of 200 litres per second water treatment and supply concession in Kabupaten Gresik, Jawa Timur for a period of 25 years commencing February 2013. On 5 November 2014, the acquisition was completed and DBT became an indirect subsidiary of the Company.

(6) On 15 August 2014, Gadang Engineering (M) Sdn Bhd, the Company's wholly-owned subsidiary acquired 539,001 ordinary shares of RM1.00 each representing 49% of the issued and paid-up share capital of Era Berkat Sdn Bhd ("Era Berkat") thereby increasing its interest in Era Berkat to 1,100,002 ordinary shares representing 100% equity interest in Era Berkat. Following the acquisition, Era Berkat became an indirect wholly-owned subsidiary of the Company.

(7) On 27 August 2014, New-Mix Concrete Industries Sdn Bhd, a dormant indirect wholly-owned subsidiary of the Company has been struck off from the register by the Companies Commission of Malaysia pursuant to the powers conferred by Section 308(4) of the Companies Act, 1965 and dissolved accordingly.

(8) On 24 October 2014, Jiawei Environment International Investment (HK) Limited, a dormant indirect wholly-owned subsidiary of the Company has been struck off from the register by the Companies Registry of Hong Kong and dissolved accordingly.

(9) On 12 December 2014, AUPL completed its acquisition of 6,000 shares of nominal value IDR1,000,000 each representing 80% of the total issued and paid-up share capital of PT. Hidronusa Rawan Energi ("PTHRE") for a purchase consideration of IDR10.80 billion, resulting in PTHRE becoming an indirect subsidiary of the Company.

(10) On 30 January 2015, Crimson Villa Sdn Bhd ("Crimson Villa"), an indirect wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Sementar Properties Sdn Bhd for the acquisition by Crimson Villa of a parcel of freehold land held under Geran 271958, Lot 20504, Mukim Semenyih, Daerah Ulu Langat, Selangor measuring approximately 62.84 acres for a cash consideration of approximately RM95.8 million.

(11) On 4 May 2015, AUPL completed its acquisition of an additional 450 shares representing 15% of the equity interest in DBT from the minority shareholders for a total cash consideration of IDR1.50 billion. Following the acquisition, AUPL's equity interest in DBT increased from 70% to 85%.

SUBSEQUENT EVENTS

(1) On 10 July 2015, Crimson Villa had, via its letter agreed with Sementar to a new completion date for the Acquisition of Semenyih Land not falling beyond 22 October 2015.

(2) On 25 August 2015, the Company announced that following the applications made to the Accounting and Corporate Regulatory Authority Singapore ("ACRA") for striking-off of its two dormant indirect wholly-owned subsidiaries, Green Water Investment Pte. Ltd. ("GWIPL") and Asian Energy Pte. Ltd. ("AEPL"), ACRA had in its letter dated 23 July 2015 and 24 July 2015 to GWIPL and AEPL respectively advised that the names of the said companies have been struck off from the register on 13 July 2015.

BUSINESS OUTLOOK

Despite the prevalent macro uncertainties, the Group remains focused on executing its secured contracts, while actively tendering for other significant domestic infrastructure projects.

The Construction Division will continue to record strong performance from its existing on-going infrastructure projects. The Division has secured RM393.0 million worth of new contracts and the order book standing at some RM805.0 million as at end of FYE 2015. The Division has successfully established itself as a major infrastructure construction entity based on its past completed large scale projects in transportation, healthcare and earthwork sectors.

The Property Division's earnings will be underpinned by its unbilled sales of some RM189.0 million as at end of FYE 2015, located at various strategic locations, namely the Vyne project in Salak South, Kuala Lumpur and Capital City project in Tampoi, Johor Bahru which continue to enjoy encouraging sales and take-up rates. FYE 2016 will also see the launching of our integrated township development in Cyberjaya, with a projected gross development value of approximately RM1.0 billion.

The Utility Division will continue to provide stable earnings growth and with the Group's recent entry in the power supply sector in Kabupaten Tanah Datar, Sumatera Barat, Indonesia, by way of a mini-hydro power plant concession, additional earnings are expected from FYE 2017 onwards.

Although FYE 2016 is expected to be another challenging financial year, the Group had initiated various cost down initiatives and realigned its management structure to enhance overall staff productivity and commitment to excellence.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our shareholders, customers and business partners for their continued support for the Group.

My appreciation also goes out to our Directors for their guidance in navigating the Company through these challenging times. The hard work and commitment of the Management team and employees must also be acknowledged.

Datuk Wan Lokman
Bin Dato' Wan Ibrahim
Chairman


Haulage Road, RAPID Package 20C3

MANAGING DIRECTOR CUM CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

DEAR VALUED SHAREHOLDERS,

The year under review was another busy and eventful year for Gadang, which recorded its third consecutive year of higher and better overall performance. Profit before tax increased significantly to RM84.8 million, a 34% jump from previous financial year's figure of RM63.1 million. The Group revenue increased marginally by 8% to RM587.4 million. The strong financial performance came on the back of improved profitability by both the Construction and Property Divisions.

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

CONSTRUCTION DIVISION

The Construction Division delivered another set of excellent results in FYE 31 May 2015 ("FY 2015"). It registered an all-time high profit before tax of RM49.2 million, an increase of 46% from RM33.7 million in the previous financial year, due to improved construction margins and the large scale of the projects. The overall improved margins were attributable to improved cost management and project implementation controls initiatives that resulted in higher cost efficiencies and productivity achieved. Revenue increased marginally to RM449.7 million from RM442.2 million.


Package V2 of KVMRT

During the year, the Division secured another contract valued at RM393.0 million from Petronas Refinery and Petrochemical Corporation Sdn Bhd. This reflects a strong client's endorsement of the Division's operational capabilities and technical competencies to implement large scale projects. The outstanding order book of some RM805.3 million as at end of FY 2015 has secured the earnings visibility for the Division for the next two years.

In June 2015, we have proudly handed over the duly completed Hospital Shah Alam to Jabatan Kerja Raya.

Other on-going works are advancing fast with progress on-track, namely Package V2 of Klang Valley Mass Rapid Transit (KVMRT) project and the site preparation works for the proposed refinery and petrochemical integrated development (RAPID) project. At the same time, we fully embrace


RAPID Phase 2 Project

Laman View, Cyberjaya

and uphold the highest standard in safety, health and environmental best practices.

The strong financial performance and smooth execution of the projects under the Division in FY 2015 have provided us a solid foundation to pursue other large-scale domestic infrastructure projects.

PROPERTY DEVELOPMENT DIVISION

The Property Division reported another year of robust performance. Profit before tax surged 30% to RM39.8 million from RM30.6 million in the previous financial year. Revenue grew 37.6% to RM119.7 million.

The Vyne (an exclusive condominium development at Salak South, Kuala Lumpur) and Capital City project located in Tampoi, yield significant contribution to the Division's performance for FY 2015. Capital City, with total estimated gross development value ("GDV") of RM1.8 billion, is a joint venture integrated development featuring a retail-concept mall dubbed Capital 21. The 10 storey mall will feature a "21 capital cities" concept, a hypermarket, a Cineplex and a world museum.

During FY 2015, we have launched Phase 1B of Laman View which comprise 142 units of landed terrace homes in Cyberjaya, Selangor. This is a 121 acres eco-friendly integrated joint venture development with Cyberview Sdn Bhd and is also part of the PRIMA housing initiative by the Government to provide affordable homes. The entire development is expected to generate a GDV of approximately RM1.0 billion. Phase 1A of the PRIMA One apartment has also been launched in July 2015. The project to-date received positive market traction with potential purchasers.

The Property Division made great strides on the landbanking initiatives in FY 2015. We executed a Sale and Purchase Agreement with Sementar Properties Sdn Bhd to acquire 62.84 acres of land in Semenyih, Selangor. The preliminary plan is to develop the land into a mixed development project with an expected GDV of more than RM500 million. This acquisition brought our total landbank to 274 acres, with estimated GDV of approximately RM1.5 billion.

Looking ahead, we remain sanguine on the outlook for the property market. Barring external factors, FY 2016 may be a better year as we remain optimistic about the long term prospects of Malaysia's property markets, with our strong fundamentals such as continued economic growth, rising urbanisation and a growing middle-class.

UTILITY DIVISION

Revenue rose 12.9% to RM16.7 million in FY 2015, however profit before tax declined to RM2.65 million as compared to the preceding year of RM4.7 million. This was mainly due to the pre-operating losses incurred by the newly acquired 9 megawatt mini-hydro power concession company PT Ikhwan Mega Power ("PT IMP") and disposal of our subsidiary PT Sarana Tirta Rejeki which does not have the potential to improve and contribute to our bottom line in the long run. PT IMP has started the construction of the Division's first mini-hydro power plant in Kabupaten Tanah Datar, Sumatera Barat, Indonesia and expect to complete it by FY 2017. Upon full commissioning, it is expected to contribute positively to the future earnings of the Division.

With completion of our recent acquisition of another water concession company, PT Dewata Bangun Tirta, the Division now owns stake in 4 concessionaires in Indonesia with total capacity of 980 litres per second.

To build up a stream of recurring income, we will continue to step up our commercial presence in utility segment.

We are confident of leveraging on our expertise to tap the wide business opportunities within the water and mini-hydro concession industry in Indonesia.

PLANTATION DIVISION

For FY 2015, revenue for Plantation Division increased to RM1.3 million mainly due to higher harvesting activities. In line with this, loss for the current financial year decreased to RM1.7 million.

While we continue to look out for more expansion opportunities for our plantation business, we remain prudent in our investment approach as long gestation period is required and its capital intensive in nature. The Board remains mindful of the inherent risks in expanding and will carefully scrutinise the merits and investment case for each potential investment before any decision.


Oil Palm Plantation in Ranau, Sabah


PT. Hanarida Tirta Birawa

CONCLUSION

The Group's achievements in the past year was the culmination of tireless efforts, support and cooperation by the various stakeholders.

We will continue to adopt strict financial discipline and conservative approach in doing business. We will remain selective about the type of work we accept and concentrate on construction projects that fit our profile and strengths.

We look forward to an exciting new financial year where we hope to achieve even greater milestones and goals.

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

AUDIT COMMITTEE REPORT

A. MEMBERSHIP

The members of the Audit Committee during the financial year ended 31 May 2015 comprised the following directors:-

Adam Bin Bachek - Chairman

Datuk Wan Lokman Bin Dato' Wan Ibrahim

Boey Tak Kong

Mr Boey Tak Kong who is a member of the Malaysian Institute of Accountants fulfils the requirement of Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). All the members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the Audit Committee.

B. TERMS OF REFERENCE

The Audit Committee Terms of Reference are summarised as follows:-

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 or implementation of major accounting policies and practices;
   - significant and unusual events;
   - significant adjustments arising from the audit;
   - going concern assumption; and
   - compliance with applicable approved accounting standards and regulatory requirements.

d. To review the external auditor's evaluation of the Group's system of internal controls;

e. 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);

f. To review the external auditors' management letter to the Audit Commitee and management's response;

g. To review the assistance given by the employees of the Group to the external auditors;

h. 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 plan;
   - 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 auditors;
   - review and appraise the performance of the internal auditors;
   - approve any appointment or termination of senior staff members of the internal audit function; and
   - be informed of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.

i. To consider 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 questions of management integrity; and

j. Any other activities, as authorised by the Board.

C. MEETINGS AND ATTENDANCE

The Audit Committee held 5 meetings during the financial year ended 31 May 2015 and the details of attendance of each committee member are as follows:-

	No. of Meetings	
	Held	**Attended**
Adam Bin Bachek	5	5
Datuk Wan Lokman Bin Dato' Wan Ibrahim	5	5
Boey Tak Kong	5	4

The Audit Committee meeting is always held before the Board's meeting. This is to ensure that all critical issues highlighted can be brought to the attention of the Board on a timely basis.

The Heads of Division, Chief Financial Officer, Finance Manager, Internal Auditors and External Auditors were in attendance at the meetings, where necessary. The Committee also held two (2) separate private sessions with the External Auditors, without the presence of the Executive Directors and the Management.

D. TRAINING

During the financial year, the members of the Audit Committee have attended conferences, seminars and training programmes on the following topics:-

1. Risk Management & Internal Control: Workshops for Audit Committee
2. Board Chairman Series – The Role of the Chairman
3. Directors' Continuing Education Programme;
   - Economic Outlook
   - Consumer Trends & Market Insight
   - Goods & Services Tax
4. Social Media Crisis Management The Value Of Quality Audit
5. Advocacy Session on Corporate Disclosure for Directors
6. Enhancing Internal Audit Practice
7. Impact of IFRS 15 on Different Business Sectors
8. Appreciation & Application of ASEAN Corporate Governance
9. Forum and Launch of Guides for Malaysian Listed Companies – A Guide to Understanding Annual Reports and A Guide to Understanding Auditing and Assurance for Malaysian Listed Companies
10. Nominating Committee Programme Part 2 – Effective Board Evaluation
11. Great Companies Deserve Great Boards
12. 2014 MASB Roundtable on Financial Reporting
13. Forum on 2015 Economy & Investment Outlook
14. Audit Committee Institute Breakfast Roundtable – The impact of Cyber Security at Board Levels
15. 2014 Global Conference – Towards Customer Satisfaction
16. Trouble in the Boardroom?
17. Conversation with Audit Committees
18. Walking with Ethical Tightrope
19. Strengthening the Board's role in setting a right high performance culture

E. SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2015, the Audit Committee discharged its functions and carried out its duties as set out in its Terms of Reference through the following activities:-

1. Financial Reporting

a. Reviewed the quarterly unaudited financial results with management before submission to the Board for consideration, approval and release to Bursa Securities.

b. Reviewed the Company's annual audited financial statements, issues and reservations arising from the statutory audit with the external auditors.

c. Reviewed and recommended the Audit Committee Report, Statement on Corporate Governance and Statement of Risk Management and Internal Control for insertion into the Company's Annual Report.

2. Internal Audit Function

a. Reviewed and approved the internal audit plan.

b. Reviewed the internal audit reports presented and considered the major findings of the Internal Auditors 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. Authorised Internal Auditors to undertake specific assignments on specific areas of concern, reviewed outcome of findings and deliberated on appropriate actions and/or recommendations arising therefrom.

3. External Audit

a. Reviewed with the external auditors, the audit plan of the Company and of the Group for the year (inclusive of audit approach, scope of work and audit fees) prior to the commencement of the annual audit.

b. Reviewed the findings of the external auditors' reports, particularly issues raised in the management letter together with management's response to their findings.

c. Evaluated the performance and effectiveness of the external auditors and recommended to the Board on reappointment.

4. Related Party Transactions

a. 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.

b. Reviewed all recurrent related party transactions to ensure that they are within the mandate obtained.

c. Reviewed the related party transactions entered into by the Company and its subsidiaries.

F. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Board obtains adequate assurance on the effectiveness of system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the Internal Auditors, who report directly to the Audit Committee. The Group's internal audit function is outsourced to KPMG Management & Risk Consulting Sdn Bhd. The Internal Auditors are 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, a total of 2 reports covering a total of 17 observations were issued. The areas reviewed included the operations and financial management for the Plantation business, payroll procedures for foreign workers in the KVMRT V2 project, financial management process and procedures for Gadang Holdings Berhad, Kartamo Corporation Sdn Bhd and Datapuri Sdn Bhd.

Audit reports were issued to the management of the operating units audited, highlighting the findings on any systems and control weaknesses together with recommendations for improvement. Management implements the corrective and preventive actions based on agreed deadlines. These reports together with follow-up audit reports were tabled to the Audit Committee for deliberations and process improvement.

The total cost incurred for maintaining the internal audit function for the year under review was RM67,130.00 comprising mainly professional fees and disbursements.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Gadang Holdings Berhad recognises the importance of good corporate governance and is committed to ensure a high standard of corporate governance is practiced throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group.

Below is the governance process framework on how the Group has applied all the eight (8) principles of the Malaysian Code on Corporate Governance 2012 ("the Code") and the extent to which it has complied with the recommendations of the Code.

1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

The Board is collectively the primary decision-making body for all material matters affecting the Group. It also provides leadership, guidance and sets strategic direction.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Group are firmly in its hands. This includes, amongst others, reviewing and approving the following:-

- Strategic/business plans and annual budget.
- Risk management policy.
- Financial reporting, related party transactions and capital financing.
- New Investments, divestments, corporate restructuring, including the establishment of subsidiaries or joint ventures.
- Major capital expenditure.
- Appointment of new Directors, Chief Executive Officer (CEO) and other senior management positions based on recommendations of the Nomination and Remuneration Committee.

Other than as specifically reserved for the Board in the Board Charter, the Board delegates to the CEO and through the CEO to other senior management, the authority and responsibility for managing the daily affairs of the Group. The Board monitors management and their performance on behalf of its shareholders. At the senior management level, Gadang has a Group Management Committee ("GMC") which comprises the CEO and Gadang's senior management team. The GMC meets every bi-monthly with the CEO to review and monitor the performances of the Group's operating divisions, review shared initiatives and update the operational policies.

1.2 Directors' roles and responsibilities

The Board assumes the following principal roles and responsibilities in discharging its fiduciary and leadership functions:-

a. Reviewing and adopting the strategic plans for the Group.

b. Overseeing the conduct and performance of the company and subsidiaries to ensure they are being properly and appropriately managed. To discharge this duty the Board will give specific and regular attention to:

    - monitoring performance against the strategic and business plans;
    - monitoring performance against industry's competing companies; and
    - enquiring into and following up on areas of poor performance and their root cause.

c. Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage the identified risks.

d. Succession planning, including ensuring all the selected candidates for senior management positions are of sufficient caliber and relevant training programmes are in place to provide for an orderly promotion to senior management.

e. Overseeing the development and implementation of an effective communication policy for the Company.

f. Reviewing the adequacy and integrity of management information and internal control system of the Company

The Board of Directors has also established various Board Committees to assist and complement the Board in the execution of its responsibilities. Each Board Committee operates within its terms of reference, which clearly define its functions and authority, and the Board receives reports of their proceedings and deliberations with their recommendations. The ultimate responsibility for decision making lies with the Board.

1.3 Formalised ethical standards through Code of Ethics

The Board has formalised a Code of Conduct ("Code") for its Directors which is incorporated in the Board Charter, to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

For all its employees, the Group has in place a Group Code of Conduct to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The Code of Conduct is disseminated to the Company's employees and as part of its enforcement, employees are required to submit their declarations to adhere and observe to its provisions.

Further, in line with the Company's commitment in achieving and maintaining the highest standards of ethics, honesty, openness and accountability, the Company has also established a Whistleblowing Policy & Procedure ("WPP"). The WPP is aimed to provide an avenue for employees and external parties to raise concerns related to possible malpractices at the earliest opportunity, in an appropriate manner and without fear of reprisal or victimisation. The Board has the responsibility to oversee the implementation of the WPP. The Group Managing Director/Chief Executive Officer, Group Chief Financial Officer and the Senior Independent Non-Executive Director are responsible for receiving report(s) made by the employees or external parties for the purpose of whistle-blowing in the form as prescribed under the WPP. The concern will then be deliberated with the Board to decide on the appropriate course of action.

1.4 Strategies promoting sustainability

The Board views the commitment to environmental, social and governance performance as part of its broader responsibility to clients, shareholders and the communities in which it operates to deliver long term sustainable values to the shareholders of the Company.

The Company's approach to sustainability is detailed in the Statement of Corporate Responsibility of this Annual Report.

1.5 Access to information and advice

The Management is able to consult Directors as required. Employees have access to the Directors directly or through the Company Secretary. Directors have access to any information relating to the Company's business and affairs in the discharge of their duties. Directors also have unrestricted access to Management and, in addition to the regular presentations made by Management to Board and Board Committee meetings, Directors may seek briefings or other additional information from Management on special matters, where appropriate. The Company Secretary also provides advice and support to the Directors as required. In order to assist Directors in fulfilling their responsibilities, each Director has the right (with the prior approval of the Chairman) to seek independent professional advice regarding his/her responsibilities, at the expense of the Company.

1.6 Qualified and competent Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary who is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities and disclosure of any conflict of interest in a transaction.

The Company Secretary is responsible for the day-to-day operations of the Company Secretary's office including lodgements with Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory authorities, the administrations of Board and Board Committee meetings (including preparation of meeting minutes), the management of dividend payments and resolutions passed are taken and maintained in the statutory register. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

1.7 Board Charter

The Board has developed and adopted a formal Board Charter to provide a clear statement of the roles, responsibilities, processes and operations of the Board for the benefit of both the Board and management, and to ensure the practices of the Board are consistent with and reflect the Board's commitment to best practices in corporate governance.

The Board will regularly review this Charter and the Terms of Reference of its Committees and make any necessary or desirable amendments to ensure they remain consistent with the Board's objectives, current law and best practices.

The Board Charter addresses, amongst others, the following areas:-

- Responsibilities of the Board
- Role of Chairman
- Role of CEO
- Role of Non-Executive Director
- Composition
- Performance
- Board Committees
- Meetings
- Code of Conduct
- Schedule of matters reserved for collective decision by the Board

The Board Charter is available on the Company's website.

2.0 STRENGTHEN COMPOSITION

2.1 Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") comprises entirely of Independent Non-Executive Directors and its members are:-

Boey Tak Kong *(Chairman)*
Datuk Wan Lokman Bin Dato' Wan Ibrahim
Adam Bin Bachek

The salient Terms of Reference of the NRC in relation to its nomination role are as follows:-

- Review, recommend and consider candidates to the Board of the Company, subsidiaries and associates of the Group, including committees of the Board.
- Review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- Assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis, including the independence of the Independent Non-Executive Director.
- Responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- Recommend to the Board concerning the re-appointment of any Independent Non-Executive Director at the conclusion of their specified term of office.
- Review induction and training needs of Directors.

During financial year 2015, the activities of the NRC are as follows:-

Remuneration Matters

- Appraising and determining the employment packages for the Executive Directors of the Group.
- Reviewing and implementing a new remuneration framework for Non-Executive Directors.

Nomination Matters

- Conducting individual, peer and Board assessment.
- Reviewing the tenure of Independent Non-Executive Directors and their independence.
- Nominating the directors who are due for retirement by rotation and are eligible to stand for re-election.
- Evaluating and determining the training needs of the Directors.

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

2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors

a. Recruitment or Appointment of Directors

Nominations for appointment to the Board are considered by the Board as a whole. The Board's overall skill composition is reviewed annually by the Board as part of its performance review. The general attributes required of a Director include ability to exercise sound business judgement, demonstrate strong performance focus, display leadership quality, and a willingness to devote the required time commitment to the Board's affairs, and with good reputation and integrity.

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 ("AA") of the Company, 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.

At this forthcoming AGM, the Directors who will be retiring by rotation are Encik Adam Bin Bachek and Ms Kok Pei Ling. Both of them, being eligible, offer themselves for re-election.

b. Annual assessment

The Board undertakes an annual assessment of its Committees and individual Directors.

The NRC reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a peer review in which they assessed their fellow Directors' performance. The results were compiled and analysed by the Company Secretary and presented at Board meeting. The evaluation process concluded that during the year, the Board had functioned well with a good balance of the necessary skills required and its main Committees had been effective in their areas of responsibilities in accordance with their respective terms of reference. The individual Directors had also met the standards expected of them, with each making strong contributions, generally and through the knowledge derived from their specialised areas of expertise, skills and experience.

c. Board diversity policy

The Board recognises diversity in the boardroom as an essential component of a good corporate governance. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board currently has one female Director out of five Directors following the appointment of Ms Kok Pei Ling as an Executive Director on 2 January 2013. Female representation as a percentage of the full Board is 20%. The Company will increase female representation on the Board if appropriate candidates are available when Board vacancies arise.

d. Appointment of Senior Independent Non-Executive Director

Mr Boey Tak Kong assumes the role of Senior Independent Non-Executive Director. He acts as a designated contact to whom stakeholders' concerns or queries may be raised, as an alternative to the formal channel of communication with stakeholders. His contact details are as follows:-

Contact No. : 6012-6575641
Email : tkboey22@gmail.com

2.3 Remuneration policies

The specific responsibilities of the NRC in relation to its remuneration role as set out under its Terms of Reference include, amongst others:-

- To establish and review the terms and conditions of employment and remuneration of the Executive Directors and senior executives of the Group; and
- To review and approve the annual salary increments and bonuses of the Executive Directors and senior executives of the Group;

The policy practiced on Directors' and senior management's remuneration by the NRC is to provide the employment packages necessary to attract, retain and motivate Directors of the calibre required to manage the business of the Group.

The NRC is responsible for the recommendation of the remuneration and other benefit packages of Non-Executive Directors, Executive Directors and Senior Management of the Group, for approval by the Board. The component parts of their remuneration are structured so as to link rewards to individual performance and of the Group which include salary, allowances, bonuses and benefits-in-kind, in the case of the Executive Directors and Senior Management. 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 based on industry standard.

The current remuneration policy for the non-executive directors comprises the following:-

a. Directors' Fees

All Non-Executive Directors of the Company are entitled to annual Directors' fees which are subject to shareholders' approval at the AGM of the Company.

In 2015, the Board has approved the NRC's recommendation to increase the Directors' fees in line with their increased responsibilities and accountabilities based on the accepted industry range. The revised Directors' fees will be presented to the shareholders for approval at the forthcoming 22nd AGM.

b. Meeting Attendance Allowance

The Non-Executive Directors are paid a sum RM500 per meeting as meeting attendance allowance for Board, Board Committee and general meetings that they attend.

c. Other Emoluments

Non-Executive Directors do not receive any performance related remuneration. However, they are given other allowance, such as leave passage.

The Executive Directors are not entitled to the above Director's fees nor are they entitled to receive any meeting allowance for Board or Board Committee or general meetings.

The Executive Directors' remuneration package comprises a fixed component which includes a monthly salary, bonus and benefits-in-kind/emoluments, such as company car, driver and leave passage.

In addition to the above, the Directors have the benefit of Directors and Officers (D&O) Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors of the Company. The Directors shall not be indemnified in the event of any negligence, fraud, breach of duty or breach of trust proven against them.

The aggregate Directors' Remuneration paid or payable to the Directors by the Company and its subsidiaries for the financial year ended 31 May 2015 is as follows:-

Directors	Directors' Fees# RM	Salary and other emoluments* RM	Benefits-in-kind RM	Total RM
Executive Director				
Tan Sri Dato' Kok Onn	-	1,005,910	4,875	1,010,785
Kok Pei Ling	-	457,100	-	457,100
Non-Executive Directors				
Datuk Wan Lokman Bin Dato' Wan Ibrahim	80,000	22,500	-	102,500
Adam Bin Bachek	70,000	22,500	-	92,500
Boey Tak Kong	70,000	21,500	-	91,500
Total	**220,000**	**1,529,510**	**4,875**	**1,754,385**

Subject to shareholders' approval.

* Include leave passage and meeting allowance for Non-Executive Directors

3.0 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The diverse experience and backgrounds of the Non-Executive Directors ensure that they can debate with, and constructively challenge Management in relation to both the development of strategy and the evaluation of operational and financial performance. To determine their independence, all Non-Executive Directors are reviewed annually against any circumstances relevant to their current or ongoing independence as set out in the Code and Listing Requirements of Bursa Malaysia Securities Berhad.

Following such review, the Board considers all the Non-Executive Directors to be independent and free of any circumstances that could materially interfere with their ability to provide a strong, valuable contribution to the Board's deliberations, or which could interfere with the Director's ability to act in the best interests of the Group.

3.2 Tenure of Independent Directors

The Company has not established term limits for the independent Directors as the Board believes the term limit will not interfere with exercise of independent judgement and ability to act in the best interests of the Company. Moreover, the term limit has the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Both Datuk Wan Lokman Bin Dato' Wan Ibrahim ("Datuk Wan Lokman") and Encik Adam Bin Bachek ("Encik Adam") who were appointed on 19 May 1997, have served as Independent Non-Executive Directors for a cumulative terms of more than nine years. Based on the NRC's assessment, the Board believes that their independence is not affected as they have the ability to exercise independent judgement at all times and have contributed to the effective functioning of the Board. The Board also acknowledged that Datuk Wan Lokman's vast experience in the banking sector and in-depth expertise in the plantation segment will greatly contribute in know-how to support the Company's palm oil activities and Encik Adam's legal background in contract negotiations and technical knowledge in contract management shall be valuable to the Gadang Group, as more complex and higher value projects are being tendered by the Group. Hence, the Board has recommended that the approval of the shareholders be sought to retain them as independent directors of the Company.

3.3 Separation of positions of the Chairman and CEO

The roles of the Chairman and Group Managing Director/CEO are separate and clearly defined. This ensures a balance of power and authority. The Chairman leads the Board and is responsible for ensuring its effectiveness. The Group Managing Director/CEO is responsible for the day-to-day running of the business, satisfactory execution of the policies and decision-making on operational matters.

3.4 Composition of the Board

The Board currently comprises three Independent Non-Executive Directors and two Executive Directors. The structure and composition of the Board comply with the Main Market Listing Requirements ("MMLR") of Bursa Securities and the Code. The number of Independent Directors exceeds the requirement that one-third of Board Members be independent as set out in the MMLR of Bursa Securities and the Code. A brief profile of each Director is presented on pages 8 and 9 of this Annual Report.

The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise, particularly in areas such as law, finance and risk management, accountancy, taxation, regulation, business and operations, amongst others. The presence of a majority of Independent Non-Executive Directors will serve to bring objective and independent views, advice and judgement to the decision making of the Board and provide the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process. 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.

4.0 FOSTER COMMITMENT

4.1 Time commitment

The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings during the financial year ended 31 May 2015 as set out in the table below:-

Directors	No. of Meetings Attended	Percentage
Datuk Wan Lokman Bin Dato' Wan Ibrahim	9/9	100%
Tan Sri Dato' Kok Onn	9/9	100%
Adam Bin Bachek	9/9	100%
Boey Tak Kong	8/9	89%
Kok Pei Ling	9/9	100%

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors are required to submit an update on their other directorships in public and private limited companies half yearly.

In order to facilitate the directors' time planning, an annual meeting calendar with scheduled dates for meetings of the Board and Board Committees as well as the AGM are prepared and circulated to them before the beginning of every year.

4.2 Training

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities. The Directors are mindful that they should receive appropriate continuous training by attending seminars and courses to keep themselves abreast on matters relating to their duties and responsibilities as Directors. The Board delegates his role to the NRC, which in turn assesses the training needs for the Directors.

Directors also receive regular business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of the Company's business, in particular regarding performance, key issues, risks and strategies for growth. In addition, Non-Executive Directors are also encouraged to visit the group operations to increase their exposure to the business. During the financial year 2015, Mr Boey Tak Kong, the Non-Executive Director visited the Group's property development project in Tampoi, Johor.

The Company Secretary will also facilitate in organizing internal and external programmes, training sessions, workshops and seminars for Directors and keeps a complete record of the training received and attended by the Directors.

The details of the training programmes attended by the Directors during the financial year ended 31 May 2015 are summarised below:-

1.	**Datuk Wan Lokman Bin Dato' Wan Ibrahim** • Risk Management & Internal Control: Workshops for Audit Committee • Board Chairman Series – The Role of the Chairman • Strengthening the Board's role in setting a right high performance culture	 3 June 2014 24 June 2014 13 May 2015
2.	**Tan Sri Dato' Kok Onn** • Advocacy Session on Corporate Disclosure for Directors • Strengthening the Board's role in setting a right high performance culture	 2 July 2014 13 May 2015
3.	**Adam Bin Bachek** • Appreciation & Application of ASEAN Corporate Governance Scorecard • Nominating Committee Programme Part 2 – Effective Board Evaluation • Strengthening the Board's role in setting a right high performance culture	 21 Aug 2014 9 Oct 2014 13 May 2015
4.	**Boey Tak Kong** • Risk Management & Internal Control: Workshops for Audit Committee • Board Chairman Series – The Role of the Chairman • Directors' Continuing Education Programme: - Economic Outlook - Consumer Trends & Market Insight - Goods & Services Tax - Social Media Crisis Management • Advocacy Session on Corporate Disclosure for Directors • Enhancing Internal Audit Practice • Impact of IFRS 15 on Different Business Sectors • Appreciation & Application of ASEAN Corporate Governance Scorecard • Forum and Launch of Guides for Malaysian Listed Companies – A Guide to Understanding Annual Reports and A Guide to Understanding Auditing and Assurance for Malaysian Listed Companies • Nominating Committee Programme Part 2 – Effective Board Evaluation • Great Companies Deserve Great Boards • 2014 MASB Roundtable on Financial Reporting • Forum on 2015 Economy & Investment Outlook • Audit Committee Institute Breakfast Roundtable – The impact of Cyber Security at Board Levels • 2014 Global Conference – Towards Customer Satisfaction • Trouble in the Boardroom? • Conversation with Audit Committees • Walking with Ethical Tightrope	 3 June 2014 24 June 2014 27 June 2014 2 July 2014 13 Aug 2014 26 Sept 2014 29 Sept 2014 30 Sept 2014 9 Oct 2014 10 Oct 2014 21 Oct 2014 1 Nov 2014 12 Nov 2014 16 & 17 Nov 2014 5 March 2015 7 May 2015 18 May 2015
5.	**Kok Pei Ling** • Director's Responsibility for Financial Statements Reporting Integrity • Strategic Senior Management Enhancement Program • Strengthening the Board's role in setting a right high performance culture	 24 July 2014 10 Dec 2014 & 10 March 2015 13 May 2015

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

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 the Group Managing Director/CEO's 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. A full Audit Committee Report detailing its composition, terms of reference and a summary of activities during the year is set out on pages 20 to 23 of this Annual Report.

5.2 Assessment of suitability and independence of external auditors

The Audit Committee is responsible for the annual performance review and nomination for appointment by the Board of the Company's independent external auditors. The Audit Committee reviews the effectiveness, objectivity and independence of the external auditors, considers the external annual plan and proposed fees. In addition, the work performance of the external auditors is also assessed through a survey sent out to the finance personnel requesting feedback and comments on their dealings with the external auditors throughout the reporting financial year. The survey covers areas such as quality of service provided, sufficiency of audit firm resources, communication and interaction and the independence, objectivity, and professional scepticism. After having satisfied itself with their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

6.0 RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

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 Group has in place a Risk Management Policy which is reviewed yearly to ensure it remains relevant and up-to-date. As required by the policy, the management operates a risk management process to identify, evaluate and report significant risks within the business and to report to the Board on how those risks are being managed. Risks are highlighted through a number of different reviews and culminate in a risk register, monitored by the Risk Management Committee on a group-wide basis, which identifies the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The Risk Management Committee's report is tabled to the Board for review and evaluation on a quarterly basis.

6.2 Internal audit function

The Group has outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd. The internal auditors report to the Audit Committee periodically on its assessment of reviews covering the financial, operational and compliance control as well as risk management. Details of the Company's internal control system and framework are set out in the Statement of Risk Management & Internal Control in this Annual Report.

7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company has in place an investor relations policy approved by the Board. This policy provides a framework for the Board and management to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public. The policy deals with the following:-

- Corporate disclosure process;
- Primary Spokesperson;
- Financial Reports and the Annual General Meeting;
- Briefing and meetings;
- Reports and rumours;
- Forward-Looking Information and Comment;
- Major Corporate Developments; and
- The Company's Website.

7.2 Leverage on information technology for effective dissemination of information

The Group has established a current website at www.gadang.com.my to further enhance investor relations and shareholders' communication, including their access to information about the Company and the Group. Various announcements and disclosures to the Bursa Securities made via Bursa LINK, 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.

8.0 STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. The notice of meeting and the annual report are sent out to shareholders at least 21 days before the date of the meeting in accordance with the Company's Articles of Association.

At the AGM, the Group Managing Director/CEO or the Group Chief Financial Officer (CFO) will conduct a brief presentation on the Group's performance for the year and its business outlook. Shareholders are also encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Answers and clarifications, where appropriate, are provided by the Directors and Senior Management of the Company.

The Company's External Auditors are also required to attend each AGM and be available to answer questions about the conduct of the audit, and the preparation and content of the auditor's report. Notices of meeting are accompanied by explanatory notes on the items of business and together they seek to clearly and accurately explain the nature of the business of the meeting.

Shareholders, if unable to attend the meeting, are encouraged to vote on the motions proposed by appointing a proxy. The proxy form included with a notice of meeting will clearly explain how the proxy form is to be completed and submitted.

8.2 Encourage poll voting

At the 21st AGM of the Company held on 19 November 2014, no substantive resolutions were put forth for shareholders' approval, other than pertaining to the adoption of the ordinary business, authority to directors to issue shares, recurrent related party transactions and approval for independent non-executive directors to continue in office.

As such, the resolutions put for the shareholders' approval at the 21st AGM were voted on by a show of hands.

8.3 Effective communication and proactive engagement

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders.

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's website, www.gadang.com.my provides an avenue for providing information about the Company and the Group and receiving feedback from the stakeholders.

COMPLIANCE STATEMENT

The Board is satisfied that in 2015, the Company has been in compliance with the provisions as set out in the Code.

This Statement is made in accordance with the resolution of the Board dated 7 October 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("Board") has overall responsibility for risk management and system of internal controls of the Group comprising the Company and its subsidiary companies, excluding the associated company.

The Board recognises the importance of maintaining a sound risk management framework and internal control system for good corporate governance and efficient work processes. The Board acknowledges its overall responsibility and re-affirms its commitment to maintaining a sound system of risk management and internal controls and for reviewing its adequacy and effectiveness to safeguard shareholders' investments and the Group's assets.

The system of internal controls cover not only financial controls but also non-financial controls relating to operational management, 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.

The Board has received assurance from the Group Managing Director/Group Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls system are operating adequately and effectively in all material aspects, based on the risk management and internal controls system of the Group.

The Board confirms that there is an ongoing process of identifying, evaluating, managing and monitoring significant risks faced by the Group and the process has been in place for the year and up to the date of approval of this Statement for inclusion in the Annual Report. The process is reviewed regularly by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers.

RISK MANAGEMENT

The Group's Risk Management Framework is outlined in the Risk Management Policy. The Framework prescribes a structured and integrated approach in managing key business risks with the aim of safeguarding the shareholders' interests and the Group's assets.

The Framework clearly defines the authority and accountability in implementing the risk management process and internal control system. The management of each business unit is responsible to identify, evaluate, manage and monitor significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks.

In accordance with the Framework, the Group has a Risk Management Committee (RMC) which is chaired by the Group Managing Director / Chief Executive Officer and its members comprise the senior management heading the respective business units and the Chief Financial Officer. The appointed Risk Manager facilitates a continual process to identify, evaluate, manage and monitor significant risks that the Group faces in its businesses and operations. The risk owners update their Key Risk Registers at specific intervals i.e. half-yearly basis for Company level risks and quarterly basis for project-specific risks. At the same intervals the Risk Manager submits reports on these updates to the RMC and the Board, highlighting the key risks and the progress of action plans to manage these risks. The RMC reviews the key risks and planned actions to ascertain if those risks are mitigated and are managed appropriately. On ad-hoc basis, new business proposals or investments are tabled to the RMC for review and deliberation. The RMC report is tabled to the Board for review and evaluation on a quarterly basis.

The Risk Management Policy is reviewed annually to ensure it is relevant and adequate to manage the organisation's risks, which continue to evolve along with the changing business environment.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Board monitors the continual effectiveness, adequacy and integrity of the risk management framework and internal control system to ensure good corporate governance. Reviews and appraisals were made by the Internal and External Auditors and these had been in place during the year under review.

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

1. Risk review

The Board, with the assistance of the Risk Management Committee (RMC), evaluates the adequacy and effectiveness of the risk management system. The RMC report is tabled to the Board for review and evaluation on a quarterly basis.

Feasibility study, risk impact and assessment on new business proposals / investments are evaluated by the project leader and proposed to the Board for deliberation and decision making.

2. Organisation structure and delegation of authority

The organisation structure, lines of responsibility and delegated authority is clearly defined. The Authority Limits are reviewed from time to time to reflect the authority and authorisation limits of Management.

Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are:-

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Group Management Committee
- Procurement Committee
- Disciplinary Committee

3. Planning, monitoring and reporting

a) An annual budget planning exercise is prepared and submitted by all divisions for the forthcoming year. These business plans and budgets are deliberated upon and approved by the Board before implementation.

b) Updates on the Group's performance against budget are provided to the Board on a quarterly basis. Financial performance variances are explained to the Board.

c) There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy and business plan.

d) On a quarterly basis the Group Finance department reviews and updates the profit forecast for the year, in consultation with heads of business divisions and/or project leaders.

4. Policies and procedures

Operational policies and procedures are formalised to strengthen the control environment for financial management and as a guide to employees in their day-to-day work. These operational policies and procedures are periodically reviewed, updated and circulated.

5. Financial reporting

Adequate processes and controls are in place to ensure proper and correct recording of financial information and timely generation of up-to-date financial statements, including the consolidated condensed financial statements. 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.

6. Management meetings

The Group Management Committee (GMC) meets bi-monthly to review and resolve key operational, corporate, financial, legal and regulatory matters. The minutes of GMC meetings are included in the papers for quarterly Board meetings. The Board is kept informed of the operational progress and/or issues and the mitigation plans.

7. Internal audit function

The Group outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd (“KPMG”). The Internal Auditors assist 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 financial reporting, internal control systems and risk management practices.

Internal Auditors provide independent assurance on the adequacy and integrity of the Group’s 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 the Internal Auditors. 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. On a half-yearly basis, the Audit Committee reviews internal audit findings and recommendations on internal control improvements, management’s response and agreed implementation action thereto.

CONCLUSION

The Board is satisfied that the risk management and internal controls system are operating adequately and effectively for the year under review, and up to the date of approval of this Statement. The internal controls are sound and sufficient to safeguard shareholders’ investment, the interests of customers, regulators, employees and other stakeholders, and the Group’s assets.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2015 Annual Report. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor factually inaccurate.

GADANG GROUP RECOGNISES THAT GOOD CORPORATE RESPONSIBILITY ("CR") EMBRACES ALL ASPECTS OF SUSTAINABLE DEVELOPMENT AND THE WAY IT AFFECTS PEOPLE THROUGH ITS BUSINESS OPERATIONS.

Corporate Responsibility is part and parcel of the way we do business. By adopting best practice across all aspects of our business, by constantly seeking initiatives which add value, by building partnerships with customers and our supply chain, by investing in the training and development of our employees and by treating health and safety and environmental issues with priority, we aim to achieve the future sustainability of our business in a responsible way.

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

Towards this end, Gadang Group fully subscribed to the CR practices and will strive to be in line with the Corporate Social Responsibility (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 talent and relevant knowledge in ensuring business growth and its sustainability. The Group aims to attract, retain and motivate the highest caliber of employees within the context of an operating structure that encourages their contribution and development.

Continuous training and development programs are provided for staff internally and externally to equip them with both the skills and knowledge necessary to perform their current work, and the opportunities to demonstrate their ability to advance within the Group. During the year, the Group established a Strategic Management Enhancement Programme

("SMEP") for key and critical positions. The SMEP program is a leadership and management development process where employees strategically explore, develop and align their future career path under a continuous management career development program to achieve their potential and fulfill the Company's knowledge and skills development opportunities, to contribute and support the Company's sustainable productivity and high performance culture. The primary purpose of this program is to ensure that the employee maintains the current level of job proficiency through continued training and skills developmental activities and to chart a definite career path by identifying new knowledge, skills and abilities to manage the future work challenges. The overall learning activities required at least 12 months program to reach the desired goals with the first module commenced in December 2014.

Health and Safety

The Group also emphasised on the importance of the employees' health and well-being at the workplace. Besides providing a health and hospitalisation for the staff, health and safety talks are held on a regular basis to instill a health-conscious awareness among the staff. Efforts are continually made to create 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. During the year, the Health, Safety and Environment (HSE) department was set up with the main objective of establishing and implementing safety culture across the companies within the Group through various HSE management programs, trainings and campaigns. This department will drive strategies and initiate improvements to ensure the risk of occupational safety and health is reduced to safeguard the wellbeing of the employees, business partners and the public. To further improve the Group's commitment to occupational health and safety management, the Group is advancing towards achieving certifications of its integrated management system incorporating OHSAS 18001 (Occupational Health & Safety Management System) and ISO 14001 (Environmental Management System).

During the year, the Group managed to achieve a track record of:

- 1 million Safe Manhours without a Lost Time Incident for Refinery and Petrochemical Integrated Development (RAPID) Project (Package 18 AC – Site Preparation).
- 5 million Manhours without Loss Time Injury for Shah Alam Hospital Project.
- Awarded Five-Star rating in Safety & Health Assessment System in Construction (SHASSIC) Assessment by Malaysian Construction Industy Development Board (CIBD) for the Klang Valley Mass Rapid Transit (KVMRT) Package V2 Project.

Equal opportunity and diversity policy

The Group is committed to providing equality of opportunity to all existing and prospective employees without unlawful discrimination on the basis of religion, gender, race, marital status, nationality, colour, ethnic or national origin, age or disability. The Group encourages diversity and opportunity, which is reinforced through the Group's

Employment policy. As of 31 May 2015, female employees made up 28% of our total workforce while 21% of the Group's Senior Management personnel were women. For employee's ethnic composition, Malays made up to 46% of the total workforce, Chinese 41%, Indians 5% while the other races accounted for 8%.

Employee Rewards & Recognition

The Group seeks to recognise 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.

Employee Wellness

The Gadang Sports Club was established by the Company with the aim to provide sports and recreational activities for its members. The Sports Club actively facilitates sporting activities on a regular basis for its members such as weekly badminton, yoga, table tennis and bowling to encourage a healthy lifestyle as well as to promote teamwork among its members. Besides sports, the Club also organises recreational activities such as family days, outings and trips (local and overseas), welfare and charitable activities and dinners for its members and their families. Encouraging participation in these activities underline the enthusiasm and a sense of belonging and unity among the staff.

To ease the financial burden of the staff with school-aged children, particularly during the beginning of a new schooling year, the Group distributed a one-off RM200 schooling aid to each of their school-aged children in December 2014. A total of 192 pupils had received the aid totaling RM52,600.

COMMUNITY

The Group encourages all our business to support the particular needs of their communities by contributing to local charities and community initiatives. Support takes the form of employee time and skills, gifts in kind and cash donations.

During the year, the Group made various contributions to charitable organisations such as Rumah Sejahtera Rumah Orang Tua Bidor, Majlis Pusat Kebajikan Cawangan Kampar, Majlis Pusat Kebajikan Daerah Tanjung Malim, Than Hsiang Mitra Welfare Association, Great Heart Charity Association, Lion Club of Kuala Lumpur City, Pemegang Amanah Yayasan Kebajikan SSL Strok dan Pembangunan Masyarakat Berdaftar, Pertubuhan Kebajikan Skizofrenia Malaysia, Oriental Daily Sdn Bhd (Charity Account) and Yayasan Sin Chew, amongst others.

Besides the above, the Group and the management staff also organised social visits and gave donations towards the children with special needs association. On 14 December 2014, members of Gadang Sports Club paid a social visit to an orphanage home, Rumah Kasih Harmoni in Paya Jaras, Sungai Buloh, a non-profit organisation established to provide shelter, care and education for disadvantaged children including orphans, those with poor single parents, homeless and hardcore poor. During the visit, the Group contributed cash and essential items totaling RM7,000 to the home. In providing the children with better environment to live, the Company has also done some repair works to the surau room.

The Group also participated in sponsorships and contributions to healthcare, sports and education development funds.

As part of the Group's social responsibilities, Gadang Scholarship was established in 2012 to formalise the Company's involvement in providing financial assistance to deserving and financially challenged Malaysian students pursuing higher education in local private and public universities and colleges. This year a total of RM100,000 was approved to be given to 10 needy students for their educational support.

MARKETPLACE

At the marketplace, the Group maintains high standards of corporate governance, ethics and honesty in all our dealings, and operate in compliance both with Bursa Securities listing requirements and the local laws wherever we work.

ENVIRONMENT

The Group recognises its responsibility to minimise 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 comply with all applicable environmental legislation in all jurisdictions in which we operate and to adopt responsible environmental practices.

The Group also seeks to promote sustainable development by conserving energy, materials and resources through minimising consumption, maximising efficiency and effectively managing waste.

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.

ADDITIONAL COMPLIANCE INFORMATION

- **Status of Utilisation of Proceeds Raised From the Private Placement**

  As at 31 May 2015, the status of the utilisation proceeds raised under the Private Placement Exercise which was completed on 4 July 2014 is set out below:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Investments in utility	27,295	(17,194)	10,101
Investments in plantation	5,000	(1,850)	3,150
Expenses relating to the Private Placement	750	(750)*	-
Total	33,045	(19,794)	13,251

  * Note: Actual utilisation for expenses relating to the Private Placement is RM0.64 million, the balance of RM0.11 million has been used for the working capital of the Group in its existing business.

- **Share Buybacks**

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

- **Options, Warrants or Convertible Securities**

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

  The warrants 2010/2015 carry the rights to subscribe for new shares in the Company at an exercise price of RM1.00 per shares. 8,325 warrants 2010/2015 were exercised during the financial year. The warrants expired on 29 September 2015 and were removed from the Official List of Bursa Malaysia Securities Berhad with effect from 30 September 2015.

- **Imposition of Sanctions/Penalties**

  There were no sanctions and/or penalties imposed on the Company, its subsidiaries, Directors and management by the relevant regulatory bodies which have material impact on the operations or financial position of the Group during the financial year.

- **Non-audit Fees**

  The amount of non-audit fee payable to the external auditors by the Group for the financial year is RM500,000.

- **Profit Guarantees**

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

- **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 19 November 2014, 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.

  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 2015 pursuant to the said shareholders' mandate are as follows:-

Name of Related Party	Relationship	Nature of Transactions	The Company	Aggregate Value RM'000
Kok Khim Boon	Kok Khim Boon is the brother of Tan Sri Dato' Kok Onn ("TSDKO") who is the Managing Director cum Chief Executive Officer and major shareholder of Gadang	Provision of sub-contract works	Gadang Group	714
Datapuri Sdn Bhd ("DPSB")	DPSB is a 51% owned subsidiary of Gadang and 49% owned by Exclusive Acres Sdn Bhd ("EASB"). Mr Liew Swee Kong who is a director and shareholder of EASB is the nephew TSDKO.	• Provision of mechanical & engineering subcontract works by DPSB	Gadang Group	650
		• Provision of management services by Gadang	Gadang	74
		• Financial assistance	Gadang	2,391

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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year attributable to:		
Owners of the Company	59,619,715	11,824,841
Non-controlling interests	1,161,634	-
	60,781,349	11,824,841
Total comprehensive income for the financial year attributable to:		
Owners of the Company	59,887,702	11,824,841
Non-controlling interests	1,188,383	-
	61,076,085	11,824,841

DIVIDENDS

On 19 November 2014, the shareholders approved a first and final single tier dividend of 4 sen per ordinary share for the financial year ended 31 May 2014, amounting to RM8,654,778 which was paid on 23 December 2014.

The directors propose a first and final single tier dividend of 5 sen per share for the financial year ended 31 May 2015 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM196,691,218 to RM216,369,443 by:-

(i) the allotment of 19,669,900 new ordinary shares of RM1 each at an issue price of RM1.68 per ordinary share for the purpose of working capital; and

(ii) the issuance of 8,325 new ordinary shares of RM1 each from the exercise of Warrants 2010/2015 at the exercise price of RM1 each in accordance with the Deed Poll dated 20 August 2010.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 47 to the financial statements. At the date of this report, there does not exist:-

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Datuk Wan Lokman Bin Dato' Wan Ibrahim
Tan Sri Dato' Kok Onn
Adam Bin Bachek
Boey Tak Kong
Kok Pei Ling

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1.00 each			
	At 1.6.2014	Acquired	Sold	At 31.5.2015
Shareholdings registered in the name of Directors:				
Direct interest				
Tan Sri Dato' Kok Onn	4,766,666	570,000	-	5,336,666
Boey Tak Kong	900,000	-	131,000	769,000
Indirect interest				
Tan Sri Dato' Kok Onn*	66,802,527	-	-	66,802,527

* Indirect interest by virtue of shares held by companies in which the Director has interest.

By virtue of the substantial interest in the shares of the Company, Tan Sri Dato' Kok Onn is deemed to have interest in all the Company's subsidiaries to the extent the Company's interest, in accordance with Section 6A of the Companies Act 1965.

Other than as disclosed above, according to the register of Directors' Shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares and warrants of the Company and its subsidiaries during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company as disclosed in Note 36 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 45 to the financial statements.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 51 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 52 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 17 September 2015

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM

TAN SRI DATO' KOK ONN

STATEMENT BY DIRECTORS

We, Datuk Wan Lokman Bin Dato' Wan Ibrahim and Tan Sri Dato' Kok Onn, being two of the directors of Gadang Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 56 to 148 are drawn up in accordance with Financial Reporting Standards and the requirements 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 at 31 May 2015 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 54, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 17 September 2015

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM

TAN SRI DATO' KOK ONN

STATUTORY DECLARATION

I, KOK PEI LING, being the director primarily responsible for the financial management of Gadang Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 148 are, to the best of my knowledge and belief, 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
Kok Pei Ling,
at Kuala Lumpur in the Federal Territory
on this 17 September 2015

PESURUHJAYA SUMPAH
NO. W 668
LAI DIN
MALAYSIA

Before me

KOK PEI LING

COMMISSIONER FOR OATHS

B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (COMPANY NO. 278114-K)
(INCORPORATED IN MALAYSIA)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Gadang Holdings Berhad, which comprise the statements of financial position as at 31 May 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 148.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 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 give a true and fair view of the financial position of the Group and of the Company as of 31 May 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Other Matters

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 18 September 2014, expressed an unmodified opinion on those statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

(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 5 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 54 on page 149 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Chua Wai Hong
Approval No: 2974/09/17 (J)
Chartered Accountant

17 September 2015

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2015

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Investments in subsidiaries	5	-	-	131,930,162	133,930,162
Investment in an associate	6	-	-	-	-
Concession assets	7	46,051,656	28,033,317	-	-
Property, plant and equipment	8	93,061,365	61,074,458	215,065	112,305
Biological assets	9	12,445,863	11,771,382	-	-
Investment properties	10	19,102,546	19,360,489	-	-
Non-trade receivables	16	612,419	537,422	5,115,631	188,600
Other investments	11	100,000	138,000	-	-
Goodwill on consolidation	12	16,717,481	9,147,181	-	-
Deferred tax assets	13	4,201,673	2,261,881	-	-
		192,293,003	132,324,130	137,260,858	134,231,067
Current assets					
Inventories	14	3,283,314	95,207	-	-
Property development costs	15	200,048,315	137,660,286	-	-
Trade and non-trade receivables	16	178,274,469	116,645,466	66,483,031	42,736,363
Amounts owing by contract customers	18	13,287,011	43,964,229	-	-
Tax recoverable		6,255,432	4,625,404	-	485,548
Deposits with licensed banks	19	122,414,901	71,650,140	36,253,862	9,721,114
Cash and bank balances	20	110,246,695	73,870,142	11,605,455	28,603,211
		633,810,137	448,510,874	114,342,348	81,546,236
TOTAL ASSETS		826,103,140	580,835,004	251,603,206	215,777,303

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	21	216,369,443	196,691,218	216,369,443	196,691,218
Reserves	22	164,987,353	101,445,862	34,605,900	18,702,334
Total equity attributable to of the Company		381,356,796	298,137,080	250,975,343	215,393,552
Non-controlling interests	23	7,029,567	3,194,248	-	-
Total equity		388,386,363	301,331,328	250,975,343	215,393,552
Non-current liabilities					
Bank borrowings	24	91,766,248	65,726,437	-	-
Deferred tax liabilities	13	9,003,916	12,310,914	-	23,861
Defined benefit obligations	27	1,228,811	1,218,830	-	-
Non-trade payables	28	2,094,271	9,514,274	-	-
		104,093,246	88,770,455	-	23,861
Current liabilities					
Amounts owing to contract customers	18	68,363,010	3,975,666	-	-
Trade and non-trade payables	28	159,117,424	106,285,133	602,114	359,890
Bank borrowings	24	101,246,206	78,342,913	-	-
Provisions	29	-	163,971	-	-
Tax payable		4,896,891	1,965,538	25,749	-
		333,623,531	190,733,221	627,863	359,890
Total liabilities		437,716,777	279,503,676	627,863	383,751
TOTAL EQUITY AND LIABILITIES		826,103,140	580,835,004	251,603,206	215,777,303
NET ASSETS PER ORDINARY SHARE (RM)	30	1.76	1.52		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	31	587,397,971	544,945,855	21,245,001	17,696,000
Cost of sales	32	(461,150,453)	(454,199,057)	-	-
Gross profit		126,247,518	90,746,798	21,245,001	17,696,000
Other income	33	15,951,200	8,947,443	1,567,456	1,615,410
Administrative expenses		(18,215,621)	(15,267,348)	(4,359,580)	(3,394,770)
Depreciation and amortisation		(5,615,302)	(5,432,465)	(25,885)	(18,066)
Operating expenses		(22,417,744)	(12,501,655)	(1,779,887)	(1,860,445)
Other expenses		(8,615,652)	(1,389,957)	(4,269,812)	(4,117,963)
Profit from operations		87,334,399	65,102,816	12,377,293	9,920,166
Finance costs	37	(2,510,338)	(2,018,098)	-	(522,268)
Profit before taxation	34	84,824,061	63,084,718	12,377,293	9,397,898
Income tax expense	38	(24,042,712)	(18,706,300)	(552,452)	(142,788)
Profit after taxation		60,781,349	44,378,418	11,824,841	9,255,110
Other comprehensive income:					
Foreign currency translation		294,736	(3,478,689)	-	-
Total comprehensive income for the financial year		61,076,085	40,899,729	11,824,841	9,255,110
Profit after taxation attributable to:					
Owners of the Company		59,619,715	43,224,708	11,824,841	9,255,110
Non-controlling interests		1,161,634	1,153,710	-	-
		60,781,349	44,378,418	11,824,841	9,255,110
Total comprehensive income attributable to:					
Owners of the Company		59,887,702	39,973,328	11,824,841	9,255,110
Non-controlling interests		1,188,383	926,401	-	-
		61,076,085	40,899,729	11,824,841	9,255,110
Earnings per share (sen)					
- basic	39	27.79	21.98		
- diluted	39	26.76	21.81		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

The Group	Note	Share capital RM	Warrant reserves RM	Capital reserves RM	Foreign exchange translation reserves RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		← Non-distributable			→	Distributable			
Balance at 1.6.2013		196,691,218	6,175,984	1,346,681	(1,915,273)	60,290,696	262,589,306	3,841,635	266,430,941
Profit after taxation for the financial year		-	-	-	-	43,224,708	43,224,708	1,153,710	44,378,418
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	-	(3,251,380)	-	(3,251,380)	(227,309)	(3,478,689)
Total comprehensive income for the financial year:		-	-	-	(3,251,380)	43,224,708	39,973,328	926,401	40,899,729
Contributions by and distribution to owners of the Company:									
- Dividend	40	-	-	-	-	(4,425,554)	(4,425,554)	-	(4,425,554)
- Disposal of investment in subsidiaries		-	-	-	296,385	(296,385)	-	(1,573,788)	(1,573,788)
Total transactions with owners		-	-	-	296,385	(4,721,939)	(4,425,554)	(1,573,788)	(5,999,342)
Balance at 31.5.2014		196,691,218	6,175,984	1,346,681	(4,870,268)	98,793,465	298,137,080	3,194,248	301,331,328

		Non-distributable					Distributable			
The Group	Note	Share capital RM	Warrant reserves RM	Capital reserves RM	Share Premium RM	Foreign exchange translation reserves RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
Balance at 1.6.2014		196,691,218	6,175,984	1,346,681	-	(4,870,268)	98,793,465	298,137,080	3,194,248	301,331,328
Profit after taxation for the financial year		-	-	-	-	-	59,619,715	59,619,715	1,161,634	60,781,349
Other comprehensive income for the financial year:										
- Foreign currency translation differences		-	-	-	-	267,987	-	267,987	26,749	294,736
Total comprehensive income for the financial year		-	-	-	-	267,987	59,619,715	59,887,702	1,188,383	61,076,085
Contributions by and distribution to owners of the Company:										
- Dividend	40	-	-	-	-	-	(8,654,778)	(8,654,778)	-	(8,654,778)
- Issuance of shares		19,669,900	-	-	12,736,117	-	-	32,406,017	-	32,406,017
- Issuance of shares upon exercise of warrants		8,325	(2,614)	-	-	-	-	5,711	-	5,711
- Acquisition of a subsidiary		-	-	-	-	(11,210)	(413,726)	(424,936)	3,062,415	2,637,479
- Changes in ownership interest in subsidiaries (effects of change in stake)		-	-	-	-	-	-	-	(415,479)	(415,479)
Total transactions with owners		19,678,225	(2,614)	-	12,736,117	(11,210)	(9,068,504)	23,332,014	2,646,936	25,978,950
Balance at 31.5.2015		216,369,443	6,173,370	1,346,681	12,736,117	(4,613,491)	149,344,676	381,356,796	7,029,567	388,386,363

The Company	Note	Non-distributable Share capital RM	Non-distributable Share premium RM	Non-distributable Warrant reserves RM	Distributable Retained profits RM	Total RM
Balance at 1.6.2013		196,691,218	-	6,175,984	7,696,794	210,563,996
Profit after taxation for the financial year		-	-	-	9,255,110	9,255,110
Contributions by and distribution to owners of the Company:						
- Dividend	40	-	-	-	(4,425,554)	(4,425,554)
Balance at 31.5.2014		196,691,218	-	6,175,984	12,526,350	215,393,552
Profit after taxation for the financial year		-	-	-	11,824,841	11,824,841
Contributions by and distribution to owners of the Company:						
- Issuance of shares		19,669,900	12,736,117	-	-	32,406,017
- Issuance of shares upon exercise of warrants		8,325	-	(2,614)	-	5,711
- Dividend	40	-	-	-	(8,654,778)	(8,654,778)
Total transactions with owners		19,678,225	12,736,117	(2,614)	(8,654,778)	23,756,950
Balance at 31.5.2015		216,369,443	12,736,117	6,173,370	15,696,413	250,975,343

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2015

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	84,824,061	63,084,718	12,377,293	9,397,898
Adjustments for:				
Amortisation on biological assets	384,531	331,168	-	-
Bad debts recovered	(273,113)	(1,899,441)	-	-
Bad debts written off	345	543,540	-	-
Deposits written off	-	61,230	-	-
Depreciation of:				
- property, plant and equipment	20,583,434	11,426,593	25,885	18,066
- concession assets	1,882,150	2,172,302	-	-
- investment properties	257,943	275,958	-	-
Dividend income	-	-	(16,600,000)	(13,300,000)
Fair value adjustments on:				
- trade and non-trade receivables	6,182,028	35,979	-	-
- amount owing to a director	35,729	90,260	-	-
- trade and non-trade payables	(4,139,845)	799,013	-	-
- amounts owing by subsidiaries	-	-	1,472,969	(12,831)
Gain on bargain purchase	(206,206)	-	-	-
Gain on disposal on investment property	-	(537,851)	-	-
Gain on disposal of investment in subsidiaries	-	(519,535)	-	-
Impairment loss on:				
- goodwill	1,524	-	-	-
- property, plant and equipment	-	4,183,205	-	-
- trade and non-trade receivables	-	-	-	2,431
- amounts owing by subsidiaries	-	-	90,051	-
- other investment	-	25,000	-	-
- investment in subsidiaries	-	-	2,000,000	3,710,000
- concession assets	275,678	-	-	-
Increase liability for defined benefit obligations	9,981	194,792	-	-
Interest expense	7,406,277	4,182,078	-	522,268
Interest income	(5,286,454)	(3,505,907)	(1,553,217)	(871,444)
Inventories written off	-	90,460	-	-
Net loss/(gain) on disposal of property, plant and equipment	(961,309)	1,236,926	-	-
Net unrealised loss/(gain) on foreign exchange	1,435,643	473,252	693,023	(566,965)
Property, plant and equipment written off	31,938	132,067	1	-
Reversal of impairment loss on assets held for sale	-	(554,075)	-	-
Waiver of liabilities	-	(547,377)	-	-
Operating profit/(loss) before working capital changes	112,444,335	81,774,355	(1,493,995)	(1,100,577)
Changes in working capital:				
Decrease/(Increase) in amounts owing by/(to) contract customers	95,064,562	(23,288,295)	-	-
Increase in biological assets	(1,059,012)	(1,459,695)	-	-
Increase in inter-company balances	-	-	(29,477,100)	(9,143,409)
(Increase)/Decrease in inventories	(1,097,387)	822,615	-	-
Increase/(Decrease) in payables	31,523,261	(6,307,393)	129,270	57,831

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities (Continued)				
Changes in working capital: (continued)				
(Increase)/Decrease in property development costs	(62,388,030)	2,543,951	-	-
(Increase)/Decrease in receivables	(53,138,216)	(70,385,831)	(1,339,688)	6,324
Cash generated from operations	121,349,513	(16,300,293)	(32,181,513)	(10,179,831)
Income tax (paid)/refund	(28,129,075)	(22,839,550)	(65,016)	104,124
Net Operating Cash Flows	93,220,438	(39,139,843)	(32,246,529)	(10,075,707)
Cash flows from investing activities				
Acquisition of:				
- concession assets	(4,309,489)	(407,561)	-	-
- property, plant and equipment (Note 43)	(28,550,483)	(8,379,909)	(128,646)	(29,831)
- investment properties	-	(147,018)	-	-
Dividends received	-	-	16,600,000	13,300,000
Interest received	5,286,454	3,505,907	1,553,217	871,444
Acquisition of subsidiaries (Note 41)	(16,876,293)	-	-	-
Proceeds from disposal of:				
- assets held for sale	-	1,865,500	-	-
- concession assets	-	75,640	-	-
- investment properties	-	6,395,693	-	-
- other investment	38,000	-	-	-
- property, plant and equipment	1,052,418	966,813	-	-
Net Investing Cash Flows	(43,359,393)	3,875,065	18,024,571	14,141,613
Cash flows from financing activities				
Dividends paid	(8,654,778)	(4,425,554)	(8,654,778)	(4,425,554)
Drawdown of bank borrowings	111,778,945	106,862,912	-	-
Fixed deposits pledged as security values	5,598,228	(23,828,528)	(259,138)	(244,546)
Interest paid	(7,406,277)	(4,182,078)	-	(522,268)
Proceeds from issuance of share capital	32,406,017	-	32,406,017	-
Proceeds from issue of shares upon exercise of warrants	5,711	-	5,711	-
Repayment of:				
- bank borrowings	(80,075,417)	(49,945,329)	-	-
- hire purchase payables	(7,771,789)	(6,416,784)	-	-
Net Financing Cash Flows	45,880,640	18,064,639	23,497,812	(5,192,368)
Net change in cash and cash equivalents	95,741,685	(17,200,139)	9,275,854	(1,126,462)
Effect of exchange rate changes on cash and cash equivalents	(1,797,845)	(1,996,701)	-	-
Cash and cash equivalents at the beginning of the financial year	76,153,910	95,350,750	28,603,211	29,729,673
Cash and cash equivalents at the end of the financial year (Note 44)	170,097,750	76,153,910	37,879,065	28,603,211

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 September 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

FRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") after 1 June 2014 and are not yet effective for the current financial year:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016

3. BASIS OF PREPARATION (CONTINUED)

FRSs and/or IC Interpretations (Including The Consequential Amendments) (Continued)	Effective Date
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "transitioning entities").

As announced by MASB on 8 September 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 May 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Critical Accounting Estimates And Judgements (Continued)

(b) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) *Property Development*

The Group recognised property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the 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.

(e) *Construction Contracts*

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) *Contract Revenue*

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) *Contract Costs*

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Critical Accounting Estimates And Judgements (Continued)

(f) Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Critical Accounting Estimates And Judgements (Continued)

(j) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(k) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(l) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(m) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(n) Projected Water Revenue of the Concession

Significant estimation is involved in determining projected water revenue of concession where the concession period ranges between 16 to 22 years, commencing from 2005 to 2007. The projected water revenue is estimated based on the scheduled tariff as set out in Concession Agreement and projected water consumption as assessed by the management.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Critical Accounting Estimates And Judgements (Continued)

(n) Projected Water Revenue of the Concession (Continued)

A projection, in this context, means prospective financial information prepared on the basis of assumptions that includes 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.

(o) Carrying Value of Investments in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

4.2 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to 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.

A financial instrument is recognised initially, at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

(a) *Financial Assets (Continued)*

(i) *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than the reporting date which are classified as non-current assets.

(iv) *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

(a) Financial Assets (Continued)

(iv) Available-for-sale Financial Assets (Continued)

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Financial Instruments (Continued)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and reward of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration is paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.3 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations 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 end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls on entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income, expenses and any unrealised gains and losses arising from intra-group transactions are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Basis of Consolidation (Continued)

Business combinations from 1 June 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 June 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.5 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 June 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Goodwill (Continued)

Business combinations before 1 June 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes the transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 May 2015. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standard.

4.9 Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any, and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over lease period
Buildings	2% – 20%
Plant and machinery	5% – 10%
Tools and equipment	10%
Office equipment	10% – 25%
Furniture and fittings	10%
Motor vehicles	20% – 25%
Renovation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, 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 the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.9 Property, Plant and Equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

4.10 Biological Assets

Biological assets are stated at cost less accumulated amortisation and impairment loss, if any.

Planting expenditure incurred on land clearing, upkeep of immature trees, administrative expenses directly attributable to planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is recognised in profit or loss.

Pre-cropping cost is amortised on a straight-line basis over 20 years, the expected useful lives of oil palm trees, upon maturity.

4.11 Impairment

(a) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment (Continued)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case, the reversal of the impairment loss is treated as a revaluation increase.

4.12 Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated in accordance with the policy set out in Note 4.9 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.13 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties range from 50 to 94 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.13 Investment Properties (Continued)

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.14 Inventories

(a) Inventories, which consist of completed development properties held for sale, are stated at the lower of cost and net realisable value. The cost of completed development properties is determined on the specific identification basis and comprises cost associated with the acquisition of land, direct building and construction 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.

(b) Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less and the estimated costs necessary to make the sale.

4.15 Property Development Costs

(a) Land Held For Property Development

Land held for property development consist of land costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are carried at cost less any accumulated impairment losses.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Land held for property development is classified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Property Development Costs (Continued)

(b) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

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

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

4.16 Progress Billing/Accrued Billings

In respect of progress billings:-

(i) Where revenue recognised in profit or loss exceeds the billings to purchasers, the balance is shown as accrued billings under current assets; and

(ii) Where billings to purchasers exceed the revenue recognised in profit or loss, the balance is shown as progress billings under current liabilities.

4.17 Amount Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

4.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.18 Borrowing Costs (Continued)

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.19 Income Taxes

Income tax 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 reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.20 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Cash and Cash Equivalents (Continued)

The Group and the Company excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows.

4.21 Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.22 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs and construction costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to a defined contribution plan are recognised in profit or loss and included in the development costs and construction costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plan. A foreign subsidiary of the Group makes contributions to its respective country's pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred.

(c) Unfunded Defined Benefit Plan

Foreign subsidiaries in Indonesia operate 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 statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.22 Employee Benefits (Continued)

(d) *Termination Benefits*

Termination benefits are payable when employment is terminated 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 the end of the reporting date are discounted to present value.

4.23 Related Parties

A party is related to an entity (referred to as the “reporting entity”) if:-

(a) A person or a close member of that person’s family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others.)
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) the entity is controlled or jointly controlled by a person identified in (a) above.
(vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.24 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.25 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.26 Revenue Recognition

(a) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.26 Revenue Recognition (Continued)

(b) *Property Development Revenue*

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

Revenue from sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised based on the stage of completion method unless the outcome of the development cannot be reliably determined in which case the revenue on the development is only recognised to the extent of development costs incurred that are recoverable.

The stage of completion is determined based on the proportion that the development costs incurred for work performed to date bear to the estimated total development costs.

Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss.

(c) *Sale of Goods*

Revenue is measured at fair value of the consideration received and is recognised upon delivery of goods and customers' acceptance, and where applicable, net of returns and trade discounts.

(d) *Management Fee and Administrative Charges*

Management fee and administrative charges are recognised on an accrual basis.

(e) *Rental Income*

Rental income is recognised on an accrual basis.

(f) *Dividend Income*

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

(g) *Interest Income*

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Interest income on late payment is recognised on a receipt basis.

(h) *Water Concession*

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.27 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.28 Warrants

Warrants are recognised on the date of issue. The issue of ordinary shares upon exercise of warrants are treated as new subscription of ordinary shares for the consideration equivalent to the warrants exercise price.

4.29 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:

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

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 in the scheduled tariff and projected water consumption.

At the end of each reporting 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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2015 RM	The Company 2014 RM
Unquoted shares, at cost	105,657,851	105,657,851
Amount owing by subsidiaries	31,982,311	31,982,311
	137,640,162	137,640,162
Allowance for impairment loss for the financial year	(5,710,000)	(3,710,000)
	131,930,162	133,930,162
Allowance for impairment loss:-		
At 1 June	(3,710,000)	-
Addition during the financial year	(2,000,000)	(3,710,000)
At 31 May	(5,710,000)	(3,710,000)

During the financial year, an impairment loss of RM2,000,000 (2014 – RM3,710,000) was recognised in profit or loss to write down the carrying amount of the cost of investment in subsidiaries to the recoverable amount.

The details of the subsidiaries are as follows:-

Name of subsidiaries	Country of incorporation	Equity interest held 2015	Equity interest held 2014	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	100%	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%	Earthwork, building and civil engineering construction works
New-Mix Concrete Industries Sdn Bhd *	Malaysia	-	100%	Under member's voluntary liquidation

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation	Equity interest held 2015	Equity interest held 2014	Principal activities
Regional Utilities Sdn Bhd and its subsidiaries *	Malaysia	100%	100%	Investment holding
Asian Energy Pte Ltd *	Singapore	100%	100%	Investment holding
Asian Utilities Pte Ltd * and its subsidiaries	Singapore	100%	100%	Investment holding
Green Water Investment Pte Ltd *	Singapore	100%	100%	Water concession
PT Taman Tirta Sidoarjo *	Indonesia	95%	95%	Water concession
PT Bintang Hytien Jaya *	Indonesia	95%	95%	Water concession
PT Hanarida Tirta Birawa *	Indonesia	95%	95%	Water concession
PT Ikhwan Mega Power *	Indonesia	60%	-	Power concession
PT Dewata Bangun Tirta *	Indonesia	85%	-	Water concession
PT Hidronusa Rawan Energi *	Indonesia	80%	-	Power concession
Datapuri Sdn Bhd	Malaysia	51%	51%	Provision of mechanical and electrical engineering services
Mandy Corporation Sdn Bhd	Malaysia	100%	100%	Property development, building and civil engineering contractor
Achwell Property Sdn Bhd	Malaysia	100%	100%	Property development
Gadang Land Sdn Bhd and its subsidiaries	Malaysia	100%	100%	Property development, provision of 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

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation	Equity interest held 2015	Equity interest held 2014	Principal activities
Gadang Land Sdn Bhd and its subsidiaries (Continued)				
City Version Sdn Bhd *	Malaysia	100%	100%	Property development
Splendid Pavilion Sdn Bhd *	Malaysia	100%	100%	Property development
Natural Domain Sdn Bhd	Malaysia	100%	100%	Property development
Crimson Villa Sdn Bhd *	Malaysia	100%	100%	Property development
Elegance Sonata Sdn Bhd *	Malaysia	100%	100%	Property development
Hillstrand Development Sdn Bhd	Malaysia	100%	100%	Property development
Detik Tiara Sdn Bhd	Malaysia	100%	100%	Property development
Skyline Symphony Sdn Bhd *	Malaysia	100%	100%	Property development
Tema Warisan Sdn Bhd *	Malaysia	100%	-	Dormant
Prelude Avenue Sdn Bhd *	Malaysia	100%	100%	Property development
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	100%	100%	Property development and investment holding
Buildmark Sdn Bhd *	Malaysia	100%	100%	Property development
Flora Masyhur Sdn Bhd * and its subsidiary	Malaysia	100%	100%	Property development
Camar Ajaib Sdn Bhd	Malaysia	100%	100%	Property development
Gadang International (HK) Ltd * and its subsidiary	Hong Kong	100%	100%	Dormant
Jiawei Environment International Investment (HK) Ltd *	Hong Kong	-	100%	Under member's voluntary liquidation
GLP Resources (M) Sdn Bhd and its subsidiaries *	Malaysia	100%	100%	Dormant

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Country of incorporation	Equity interest held 2015	Equity interest held 2014	Principal activities
GLP Resources (M) Sdn Bhd and its subsidiaries * (Continued)				
GLP Manufacturing (M) Sdn Bhd *	Malaysia	100%	100%	Dormant
GLP Paints (M) Sdn Bhd *	Malaysia	100%	100%	Dormant
Gadang Plantations Holdings Sdn Bhd* and its subsidiaries	Malaysia	100%	100%	Investment holding
Desiran Impian Sdn Bhd	Malaysia	100%	100%	Oil palm plantation
Jauhari Mahir Sdn Bhd *	Malaysia	100%	100%	Dormant

* *Not audited by Messrs. Crowe Horwath.*

Changes in the Group Structure during the financial year

A. Voluntary Strike-Off

On 27 August 2014, New-Mix Concrete Industries Sdn Bhd has been struck off from the register by the Companies Commission of Malaysia pursuant to the powers conferred by Section 308(4) of the Companies Act, 1965.

On 24 October 2014, Jiawei Environment International Investment (HK) Ltd has been struck off from the register by the Companies Registry of Hong Kong.

B. Acquisition of Subsidiaries

(i) On 2 May 2013, Asian Utilities Pte Ltd ("AUPL"), the Company's indirect wholly-owned subsidiary proposed to subscribe for 9,000 new shares of Indonesian Rupiah (IDR) 1,000,000 each representing 60% of the enlarged issued share capital of PT. Ikhwan Mega Power ("PTIMP") for a total cash subscription price of IDR 9 billion. On 26 June 2014, the subscription of shares was completed and PTIMP became an indirect subsidiary of the Company.

(ii) On 2 July 2014, Gadang Land Sdn Bhd, the Company's wholly-owned subsidiary acquired the entire issued and paid-up share capital of Tema Warisan Sdn Bhd ("TWSB") comprising two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00. TWSB is currently dormant and its intended principal activity is property management and maintenance.

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Changes in the Group Structure during the financial year (continued)

B. Acquisition of Subsidiaries (Continued)

(iii) On 15 August 2014, Gadang Engineering (M) Sdn Bhd, the Company's wholly-owned subsidiary acquired 539,001 ordinary shares of RM1.00 each representing 49% of the issued and paid-up share capital of Era Berkat Sdn Bhd ("Era Berkat") thereby increasing its interest in Era Berkat to 1,100,002 ordinary shares representing 100% equity interest in Era Berkat. Following the acquisition, Era Berkat became an indirect wholly-owned subsidiary of the Company.

(iv) On 21 July 2014, AUPL proposed to acquire 700 shares of nominal value IDR 1,000,000 each representing 70% of the total issued and paid-up share capital of PT. Dewata Bangun Tirta ("PTDBT") for a purchase consideration of IDR 55 billion. On 5 November 2014, the acquisition was completed and PTDBT became an indirect subsidiary of the Company.

(v) On 29 October 2013, AUPL proposed to acquire 6,000 shares of nominal value IDR 1,000,000 each representing 80% of the total issued and paid-up share capital of PT. Hidronusa Rawan Energi ("PTHRE") for a purchase consideration of IDR 10.80 billion. On 12 December 2014, the acquisition was completed and PTHRE became an indirect subsidiary of the Company.

(vi) On 4 May 2015, AUPL completed its acquisition of an additional 450 shares representing 15% of the equity interest in PTDBT from the minority shareholders for a total cash consideration of IDR 1.50 billion. Following the acquisition, AUPL's equity interest in PTDBT increased from 70% to 85%.

Disposal of subsidiaries in the previous financial year

On 16 July 2013, the Company announced that its indirect wholly-owned sudsidiary, Asian Utilities Pte Ltd ("AUPL"), entered into a Conditional Sale and Purchase of Shares agreement with Hj. Ratna Dewi Panduwinata for the disposal of its 65% equity interests in PT. Sarana Catur Tirtakelola ("SCTK") and 10% equity interests in PT. Sarana Tirta Rejeki ("STR") for a total consideration of IDR 6,500,000,000 (equivalent to RM1,865,500) ("Disposal").

SCTK and STR ceased to be indirect subsidiaries of the Company following the completion of the Disposal on 21 November 2013.

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of subsidiaries in the previous financial year (continued)

The summary of the effects of the disposal of the subsidiaries on the financial results of the Group in the previous financial year was as follows:

	Group	
	2015 RM	2014 RM
Net assets disposed of:		
Assets of disposal group	-	5,907,061
Liabilities of disposal group	-	(2,987,308)
Non-controlling interest		
- Share of retained earnings	-	(1,573,788)
	-	1,345,965
Total disposal proceeds	-	(1,865,500)
Gain on disposal to the Group (Note 33)	-	(519,535)

The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2015 %	2014 %	2015 RM	2014 RM
Datapuri Sdn Bhd	49	49	2,667,004	1,474,444
PT Hidronusa Rawan Energi	20	-	1,831,165	-
Other individual immaterial subsidiaries			2,531,398	1,719,804
			7,029,567	3,194,248

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Datapuri Sdn Bhd	
	2015 RM	2014 RM
At 31 May		
Non-current assets	1,845,485	1,892,386
Current assets	10,254,061	12,361,192
Non-current liabilities	(2,508,770)	(2,462,938)
Current liabilities	(4,147,909)	(8,781,568)
Net assets	5,442,867	3,009,072

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (continued)

	Datapuri Sdn Bhd	
	2015	2014
	RM	RM
Financial year ended 31 May		
Revenue	22,361,775	23,091,933
Profit for the financial year	2,433,795	1,991,970
Total comprehensive income	2,433,795	1,991,970
Total comprehensive income attributable to non-controlling interests	1,192,560	976,065
Net cash flows from operating activities	(4,711,620)	7,639,549
Net cash flows from investing activities	115,335	60,790
Net cash flows from financing activities	(129,320)	(3,166,726)

	PT Hidronusa Rawan Energi	
	2015	2014
	RM	RM
At 31 May		
Non-current assets	1,130,603	-
Current assets	8,039,771	-
Current liabilities	(14,543)	-
Net assets	9,155,831	-
Financial year ended 31 May		
Profit for the financial year	14,884	-
Total comprehensive income	14,938	-
Net cash flows from operating activities	(213,931)	-
Net cash flows from investing activities	(234,877)	-
Net cash flows from financing activities	1,424,824	-

6. INVESTMENT IN AN ASSOCIATE

	The Group 2015 RM	The Group 2014 RM
Unquoted shares, at cost	25	25
Share of post-acquisition reserves	(25)	(25)
	-	-

The details of the associate are as follows:-

Name of associate	Country of incorporation	Equity interest held 2015	Equity interest held 2014	Principal activity
Maha Abadi Sdn Bhd	Malaysia	25%	25%	Dormant

7. CONCESSION ASSETS

	The Group 2015 RM	The Group 2014 RM
At cost:-		
At 1 June	41,530,561	44,564,338
Acquisition of subsidiaries	16,473,626	-
Additions	4,309,489	407,561
Disposals	-	(75,640)
Foreign exchange difference	422,121	(3,365,698)
	62,735,797	41,530,561
Accumulated depreciation		
At 1 June	(13,488,739)	(13,529,925)
Acquisition of subsidiaries	(898,153)	-
Charge for the financial year (Note 34)	(1,882,150)	(2,172,302)
Foreign exchange difference	(129,855)	2,213,488
	(16,398,897)	(13,488,739)
Accumulated impairment loss		
At 1 June	(8,505)	(8,505)
Charge for the financial year (Note 34)	(275,678)	-
Foreign exchange difference	(1,061)	-
	(285,244)	(8,505)
At 31 May	46,051,656	28,033,317

8. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2015										
Cost/Valuation										
At 1 June 2014	2,860,000	144,000	10,265,797	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	144,357,489
Acquisition of subsidiaries	-	-	19,152	-	-	16,258	-	-	-	35,410
Reclassifications	-	-	-	-	-	32,728	(32,728)	-	-	-
Additions	-	-	150,743	48,084,800	112,910	556,410	60,288	3,044,714	665,558	52,675,423
Disposals/Writeoffs	-	-	-	(3,271,275)	(135,640)	(14,116)	(949)	(1,249,891)	-	(4,671,871)
Foreign exchange difference	-	-	791	-	-	3,040	-	2,495	105	6,431
At 31 May 2015	2,860,000	144,000	10,436,483	146,245,838	8,927,656	3,854,641	1,930,614	16,253,373	1,750,277	192,402,882
Representing:										
At cost	-	144,000	2,003,334	146,245,838	8,927,656	3,854,641	1,930,614	16,253,373	1,750,277	181,109,733
At valuation	2,860,000	-	8,433,149	-	-	-	-	-	-	11,293,149
	2,860,000	144,000	10,436,483	146,245,838	8,927,656	3,854,641	1,930,614	16,253,373	1,750,277	192,402,882

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
Accumulated depreciation										
At 1 June 2014	-	15,360	2,813,724	55,456,744	7,291,823	2,199,526	1,352,148	9,075,211	894,409	79,098,945
Acquisition of subsidiaries	-	-	3,591	-	-	16,156	-	-	-	19,747
Charge for the financial year										
- recognised in profit or loss (Note 34)	-	1,920	409,070	9,518	269,381	174,322	81,029	1,903,561	241,877	3,090,678
- recognised in cost of sales (Note 32)	-	-	-	17,075,496	82,980	30,964	1,541	301,775	-	17,492,756
	-	1,920	409,070	17,085,014	352,361	205,286	82,570	2,205,336	241,877	20,583,434
Disposals/Writeoffs	-	-	-	(3,241,677)	(135,627)	(10,327)	(949)	(1,160,245)	-	(4,548,825)
Foreign exchange difference	-	-	155	-	-	2,415	-	1,448	106	4,124
At 31 May 2015	-	17,280	3,226,540	69,300,081	7,508,557	2,413,056	1,433,769	10,121,750	1,136,392	95,157,425
Accumulated impairment loss										
At 1 June 2014	-	-	-	4,183,205	-	881	-	-	-	4,184,086
Foreign exchange difference	-	-	-	-	-	6	-	-	-	6
At 31 May 2015	-	-	-	4,183,205	-	887	-	-	-	4,184,092
Carrying value										
At cost	-	126,720	1,394,120	72,762,552	1,419,099	1,440,698	496,845	6,131,623	613,885	84,385,542
At valuation	2,860,000	-	5,815,823	-	-	-	-	-	-	8,675,823
	2,860,000	126,720	7,209,943	72,762,552	1,419,099	1,440,698	496,845	6,131,623	613,885	93,061,365

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2014										
Cost/Valuation										
At 1 June 2013	2,860,000	144,000	9,355,539	93,691,097	11,386,982	4,338,198	2,213,931	14,160,551	959,471	139,109,769
Reclassifications	-	-	-	-	-	-	-	66,999	75,549	142,548
Additions	-	-	910,258	11,916,131	17,582	99,032	92,331	1,450,774	51,740	14,537,848
Disposals/Writeoffs	-	-	-	(4,174,915)	(2,454,178)	(1,138,050)	(402,259)	(1,190,946)	-	(9,360,348)
Foreign exchange difference	-	-	-	-	-	(38,859)	-	(31,323)	(2,146)	(72,328)
At 31 May 2014	2,860,000	144,000	10,265,797	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	144,357,489
Representing:										
At cost	-	144,000	1,832,648	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	133,064,340
At valuation	2,860,000	-	8,433,149	-	-	-	-	-	-	11,293,149
	2,860,000	144,000	10,265,797	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	144,357,489

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
Accumulated depreciation										
At 1 June 2013	-	13,440	2,429,919	51,120,776	7,762,477	3,065,378	1,527,594	7,901,777	796,567	74,617,928
Reclassifications	-	-	-	-	-	(1,013)	-	66,999	75,549	141,535
Charge for the financial year										
- recognised in profit or loss (Note 34)	-	1,920	383,805	22,611	273,749	151,556	75,710	1,719,246	24,439	2,653,036
- recognised in cost of sales (Note 32)	-	-	-	8,358,129	77,073	31,408	1,961	304,986	-	8,773,557
	-	1,920	383,805	8,380,740	350,822	182,964	77,671	2,024,232	24,439	11,426,593
Disposals/Writeoffs	-	-	-	(4,044,772)	(821,476)	(1,014,800)	(253,117)	(890,377)	-	(7,024,542)
Exchange difference	-	-	-	-	-	(33,003)	-	(27,420)	(2,146)	(62,569)
At 31 May 2014	-	15,360	2,813,724	55,456,744	7,291,823	2,199,526	1,352,148	9,075,211	894,409	79,098,945
Accumulated impairment loss										
At 1 June 2013	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	1,013	-	-	-	1,013
Charge for the financial year (Note 32)	-	-	-	4,183,205	-	-	-	-	-	4,183,205
Exchange difference	-	-	-	-	-	(132)	-	-	-	(132)
At 31 May 2014	-	-	-	4,183,205	-	881	-	-	-	4,184,086
Carrying value										
At cost	-	128,640	1,467,587	41,792,364	1,658,563	1,059,914	551,855	5,380,844	190,205	52,229,972
At valuation	2,860,000	-	5,984,486	-	-	-	-	-	-	8,844,486
	2,860,000	128,640	7,452,073	41,792,364	1,658,563	1,059,914	551,855	5,380,844	190,205	61,074,458

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Furniture and fittings RM	Office equipment RM	Total RM
31 May 2015			
Cost			
At 1 June 2014	36,103	196,418	232,521
Additions during the financial year	1,550	127,096	128,646
Disposal during the financial year	-	(2,200)	(2,200)
At 31 May 2015	37,653	321,314	358,967
Accumulated depreciation			
At 1 June 2014	14,606	105,610	120,216
Charge for the financial year (Note 34)	3,434	22,451	25,885
Disposal during the financial year	-	(2,199)	(2,199)
At 31 May 2015	18,040	125,862	143,902
Carrying value at cost	19,613	195,452	215,065
31 May 2014			
Cost			
At 1 June 2013	30,307	172,383	202,690
Additions during the financial year	5,796	24,035	29,831
At 31 May 2014	36,103	196,418	232,521
Accumulated depreciation			
At 1 June 2013	11,380	90,770	102,150
Charge for the financial year (Note 34)	3,226	14,840	18,066
At 31 May 2014	14,606	105,610	120,216
Carrying value at cost	21,497	90,808	112,305

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Freehold land and building were revalued in 1997 by an independent firm of professional valuers. These properties were hence forth stated on the basis of the 1997 valuation, as allowed by the transitional provisions in the accounting standard on property, plant and equipment. Had the freehold land and building been carried under the cost method, their carrying values would have been as follows:

Group	Freehold land RM	Building RM
31 May 2015		
Carrying value	986,686	4,305,533
31 May 2014		
Carrying value	986,686	4,426,747

(b) The carrying value of property, plant and equipment of the Group acquired under hire purchase arrangements are as follows:

	The Group 2015 RM	The Group 2014 RM
Plant and machinery	26,178,694	16,350,801
Motor vehicles	5,713,937	4,395,985
	31,892,631	20,746,786

(c) Freehold land and buildings with an aggregate carrying value of RM728,257 (2014 - RM9,587,915) are pledged to licensed banks as security for credit facilities granted to the Group as disclosed in Note 24 to the financial statements.

9. BIOLOGICAL ASSETS

	The Group 2015 RM	The Group 2014 RM
At cost:-		
At 1 June	11,771,382	10,642,855
Additions during the financial year	1,059,012	1,459,695
Amortisation (Note 34)	(384,531)	(331,168)
At 31 May	12,445,863	11,771,382

10. INVESTMENT PROPERTIES

	The Group	
	2015	2014
	RM	RM
Cost		
At 1 June	19,743,560	25,472,932
Additions during the financial year	-	147,018
Disposal during the financial year	-	(5,876,390)
At 31 May	19,743,560	19,743,560
Accumulated depreciation		
At 1 June	383,071	125,661
Charge for the financial year (Note 34)	257,943	275,958
Disposal during the financial year	-	(18,548)
At 31 May	641,014	383,071
Net carrying value	19,102,546	19,360,489
Represented by:		
Freehold land	222,800	222,800
Leasehold lands	13,963,546	14,116,889
Building	4,916,200	5,020,800
	19,102,546	19,360,489

Investment properties with an aggregate carrying value of RM14,036,386 (2014 – RM14,240,118) are pledged to certain licensed banks as security for credit facilities granted to the Group as disclosed in Note 24 to the financial statements.

The fair values of the investment properties of the Group as at the reporting date are estimated at RM26,111,276 (2014 – RM23,012,885) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

11. OTHER INVESTMENTS

	The Group	
	2015 RM	2014 RM
Available-for-sale		
Unquoted shares, at cost	100,000	100,000
Investment in golf club membership		
At 1 June	63,000	63,000
Disposal during the financial year	(63,000)	-
At 31 May	-	63,000
	100,000	163,000
Accumulated impairment loss		
At 1 June	(25,000)	-
Addition during the financial year (Note 34)	-	(25,000)
Disposal during the financial year	25,000	-
At 31 May	-	(25,000)
	100,000	138,000

Investments in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

12. GOODWILL

	The Group	
	2015 RM	2014 RM
Cost		
At 1 June	28,289,052	29,566,060
Reclassification	-	(1,230)
Acquisition of subsidiaries	7,396,879	-
Foreign exchange difference	174,945	(1,275,778)
At 31 May	35,860,876	28,289,052
Accumulated amortisation and impairment		
At 1 June	(19,141,871)	(19,143,101)
Reclassification	-	1,230
Charge for the financial year (Note 34)	(1,524)	-
At 31 May	(19,143,395)	(19,141,871)
Carrying value	16,717,481	9,147,181

12. GOODWILL (CONTINUED)

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group 2015 RM	The Group 2014 RM
Property development	5,939,203	5,939,203
Power concession	4,912,707	-
Water concession	5,865,571	3,207,978
	16,717,481	9,147,181

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budget approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:

	Gross Margin 2015 %	Gross Margin 2014 %	Growth Rate 2015 %	Growth Rate 2014 %	Discount Rate 2015 %	Discount Rate 2014 %
Property development	23 – 42	23 – 36	5	5	8	8
Water concession	95 – 96	-	5 – 12	-	8	-
Power concession	41 – 79	45 – 80	5 – 12	5 – 12	8	8

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(ii) Growth rate

The growth rates used are based on past years achievement and the expected projects/contracts to be secured.

(iii) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

13. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
At 1 June	10,049,033	10,689,929	23,861	23,861
Recognised in profit or loss (Note 38)	(5,384,877)	(645,064)	(23,861)	-
Acquisition of subsidiaries	136,246	-	-	-
Foreign exchange difference	1,841	4,168	-	-
At 31 May	4,802,243	10,049,033	-	23,861
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	9,003,916	12,310,914	-	23,861
Deferred tax assets	(4,201,673)	(2,261,881)	-	-
	4,802,243	10,049,033	-	23,861

Deferred tax assets and liabilities are attributable to the following items:-

	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Deferred tax assets:-				
Accretion on receivables	(1,448,809)	-	-	-
Reversal of tax effects on revaluation	(1,517,750)	-	-	-
Unrealised profit on contract works	(1,303,134)	-	-	-
Unabsorbed tax losses	(3,158,112)	(2,363,903)	-	-
Unabsorbed capital allowances	(2,147,399)	(2,054,787)	-	-
Others	(159,327)	(78,563)	-	-
	(9,734,531)	(4,497,253)	-	-
Deferred tax liabilities:				
Accelerated capital allowances over:				
- depreciation	8,656,704	7,553,442	-	23,861
- biological assets	1,563,706	-	-	-
Accretion on payables	1,948,778	-	-	-
Surplus arising from revaluation of land held for property development	2,367,586	2,993,396	-	-
Others	-	3,999,448	-	-
	14,536,774	14,546,286	-	23,861
	4,802,243	10,049,033	-	23,861

13. DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

No deferred tax assets are recognised in respect of the following items:-

	The Group	
	2015	2014
	RM	RM
Unutilised tax losses	6,634,347	7,592,659
Unabsorbed capital allowances	1,853,512	1,887,158
	8,487,859	9,479,817

14. INVENTORIES

	The Group	
	2015	2014
	RM	RM
At cost:-		
Raw materials	77,848	26,144
Oil palm nurseries	-	69,063
Unsold completed properties	3,205,466	-
	3,283,314	95,207

There is no impairment on the carrying value of the inventories.

15. PROPERTY DEVELOPMENT COSTS

	The Group	
	2015	2014
	RM	RM
At 1 June		
- Freehold lands	48,538,271	78,951,178
- Leasehold lands	35,554,128	59,841,071
- Development costs	175,031,444	155,685,143
	259,123,843	294,477,392
Costs incurred during the financial year:		
- Freehold lands	3,902,481	4,036,536
- Leasehold lands	33,110,000	-
- Development costs	88,979,716	45,435,349
	125,992,197	49,471,885
	385,116,040	343,949,277

15. PROPERTY DEVELOPMENT COSTS (CONTINUED)

	The Group	
	2015 RM	2014 RM
Reversal of completed projects during the financial year:		
- Freehold lands	(5,000,629)	(34,449,443)
- Leasehold lands	-	(24,286,943)
- Development costs	(84,294,107)	(26,089,048)
	(89,294,736)	(84,825,434)
	295,821,304	259,123,843
Costs recognised as an expenses in profit or loss:		
- Previous year	(121,463,557)	(154,273,155)
- Current year	(58,267,129)	(52,015,836)
- Reversal of completed project during the financial year	89,294,736	84,825,434
	(90,435,950)	(121,463,557)
Unsold completed units transferred to inventories	(5,337,039)	-
At 31 May	200,048,315	137,660,286

The net progress billings are represented by:-

	The Group	
	2015 RM	2014 RM
Accrued billings (Note 16)	18,249,606	27,872,032
Progress billings (Note 28)	(19,273,952)	(1,833,598)
	(1,024,346)	26,038,434

Included in development expenditure is interest expense capitalised during the financial year amounting to RM16,261,335 (2014 – RM10,842,891).

The lands under development of the Group with a carrying amount of RM107,859,620 (2014 – RM74,907,276) have been charged to financial institutions for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

16. TRADE AND NON-TRADE RECEIVABLES

	The Group		The Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Trade receivables	87,384,219	32,213,161	-	-
Retention sums (Note 18)	33,067,803	17,992,716	-	-
Accrued billings on contracts for property development costs (Note 15)	18,249,606	27,872,032	-	-
Less: Impairment loss				
At 1 June	(6,405)	(1,834,212)	-	-
Additions during the financial year (Note 34)	-	(6,405)	-	-
Written off	5,903	1,834,212	-	-
At 31 May	(502)	(6,405)	-	-
Less: Fair value				
At 1 June	-	-	-	-
Additions during the financial year (Note 34)	(6,171,570)	-	-	-
At 31 May	(6,171,570)	-	-	-
Trade receivables, net	132,529,556	78,071,504	-	-
Amount owing by subsidiaries (Note 17)	-	-	73,038,315	43,448,261
Non-trade receivables	17,706,411	8,020,983	4,570	39,383
Prepayments	2,318,469	3,208,857	89,146	70,517
Deposits	13,553,261	16,872,784	1,000	1,000
Advances to subcontractors	13,038,227	11,257,338	-	-
	46,616,368	39,359,962	73,133,031	43,559,161
Less: Impairment loss				
At 1 June	-	(32,193)	(572,798)	(586,756)
Additions during the financial year (Note 34)	-	-	(90,051)	(2,431)
Written off	-	32,193	662,849	16,389
At 31 May	-	-	-	(572,798)
Less: Fair value				
At 1 June	(248,578)	(212,599)	(61,400)	(74,231)
(Additions)/Reversal during the financial year:				
- non-trade receivables	(10,458)	(35,979)	-	-
- amount owing by subsidiaries	-	-	(1,472,969)	12,831
At 31 May	(259,036)	(248,578)	(1,534,369)	(61,400)
Trade and non-trade receivables	178,886,888	117,182,888	71,598,662	42,924,963

16. TRADE AND NON-TRADE RECEIVABLES (CONTINUED)

The maturities of trade and non-trade receivables are as follows:

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current asset:				
Receivables within one year	178,274,469	116,645,466	66,483,031	42,736,363
Non-current asset:				
Receivables more than one year but less than five years	612,419	537,422	5,115,631	188,600
	178,886,888	117,182,888	71,598,662	42,924,963

The Group's normal trade credit terms range from 30 to 90 days (2014 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2015 RM	2014 RM
Amount owing by subsidiaries:		
Current portion:		
Trade balances	1,954,278	1,085,134
Non-trade balances	64,434,037	42,113,127
	66,388,315	43,198,261
Non-current portion:		
Non-trade balances	6,650,000	250,000
Less: Fair value	(1,534,369)	(61,400)
	5,115,631	188,600
	71,503,946	43,386,861
Amount owing to a subsidiary:		
Current portion:		
Non-trade balance (Note 28)	(112,954)	-

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONTINUED)

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 days (2014 – 30 to 90) days.

The amount represents current balances which are unsecured, interest free and repayable on demand.

The amount represents non-current balances which are unsecured, interest free and repayable within the next five years.

18. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2015 RM	2014 RM
Construction contract costs incurred to date	1,337,297,136	1,266,423,705
Attributable profits	112,714,616	81,229,323
	1,450,011,752	1,347,653,028
Less: Progress billings	(1,505,087,751)	(1,307,664,465)
Due (to)/from customers on contract work-in-progress	(55,075,999)	39,988,563
Represented by:		
Amount owing by contract customers	13,287,011	43,964,229
Amount owing to contract customers	(68,363,010)	(3,975,666)
	(55,075,999)	39,988,563
Advances received on contract, included within trade payables (Note 28)	-	10,670,554
Retention sum on contract, included within trade receivables (Note 16)	33,067,803	17,992,716

19. DEPOSITS WITH LICENSED BANKS

The effective interest rates of the deposits with licensed banks range from 2.10% to 9.25% (2014 – 2.55% to 9.25%) per annum. The short-term deposit has maturity periods ranging from 1 month to 12 months (2014 – 1 month to 12 months).

Included in the fixed deposits with licensed banks of the Group and the Company at the end of the reporting period was an amount of RM57,696,671 and RM9,980,252 (2014 – RM63,294,899 and RM9,721,114) which has been pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Note 24 to the financial statements.

20. CASH AND BANK BALANCES

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	110,246,695	73,870,142	11,605,455	28,603,211

The foreign currency exposure profile of the cash and bank balances is as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Singapore Dollar	9	2,102,838	-	-
Indonesian Rupiah	4,388,940	8,495,456	136,267	106,338

Included in the cash and bank balances of the Group is an amount of RM6,389,342 (2014 - RM3,213,013) maintained under the Housing Development Accounts pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966.

21. SHARE CAPITAL

	The Company			
	2015		2014	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM1 each:				
Authorised	400,000,000	400,000,000	400,000,000	400,000,000
Issued and fully paid:				
At 1 June	196,691,218	196,691,218	196,691,218	196,691,218
Issuance of shares pursuant to:				
- private placement	19,669,900	19,669,900	-	-
- conversion of warrant exercised	8,325	8,325	-	-
At 31 May	216,369,443	216,369,443	196,691,218	196,691,218

During the financial year, the Company increased its issued and paid-up share capital from RM196,691,218 to RM216,369,443 by:-

(a) the allotment of 19,669,900 new ordinary shares of RM1 each at RM1.68 per ordinary share for the purpose of working capital; and

21. SHARE CAPITAL (CONTINUED)

(b) the issuance of 8,325 new ordinary shares of RM1 each from the exercise of Warrants 2010/2015 at the exercise price of RM1 each in accordance with the Deed Poll dated 20 August 2010.

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

22. RESERVES

		The Group		The Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-distributable					
Warrant reserves	22(a)	6,173,370	6,175,984	6,173,370	6,175,984
Capital reserves	22(b)	1,346,681	1,346,681	-	-
Share premium	22(c)	12,736,117	-	12,736,117	-
Foreign exchange reserves	22(d)	(4,613,491)	(4,870,268)	-	-
		15,642,677	2,652,397	18,909,487	6,175,984
Distributable					
Retained profits	22(e)	149,344,676	98,793,465	15,696,413	12,526,350
		164,987,353	101,445,862	34,605,900	18,702,334

(a) Warrant reserves

On 6 September 2010, the Company issued a Renounceable Two-Call Rights Issue of 78,677,194 new ordinary shares of RM1.00 each in the Company on the basis of 2 rights shares for every 3 existing shares of the Company together with 19,668,739 free detachable warrants on the basis of 1 warrant for every 4 rights shares held in the Company at an issue price of RM1.00 per rights shares, of which the first call of RM0.65 is payable in cash on application and the second call of RM0.35 is to be capitalised from the Company's share premium and retained profits accounts.

The Warrants 2010/2015 have an exercise price of RM1.00 per warrant.

(b) Capital reserves

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

22. RESERVES (CONTINUED)

(c) The movements in the share premium of the Group and of the Company are as follows:

	The Group/The Company 2015 RM	2014 RM
At 1 June	-	-
Issuance of shares	13,375,532	-
Conversion of warrant exercised	2,614	-
Share issuance expenses	(642,029)	-
At 31 May	12,736,117	-

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(d) Foreign exchange reserves

The foreign exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(e) Retained profits

Under the single tier tax system, tax on the Company's profit is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

23. NON-CONTROLLING INTERESTS

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parents and the non-controlling interest based on their respective ownership interest.

The movement in non-controlling interest in subsidiaries are as follows:

	The Group 2015 RM	2014 RM
At 1 June	3,194,248	3,841,635
Acquisition of subsidiaries	3,062,415	-
Share of results attributable to non-controlling interests	1,188,383	926,401
Changes in ownership interest in subsidiaries (effects of change in stake)	(415,479)	-
Disposal of investment in subsidiaries (Note 5)	-	(1,573,788)
At 31 May	7,029,567	3,194,248

24. BANK BORROWINGS

	The Group 2015 RM	The Group 2014 RM
Current		
Secured:		
Bank overdrafts (Note 44)	4,867,175	6,071,473
Bankers' acceptances	8,916,138	10,286,772
Revolving credits	55,028,781	52,978,928
Trust receipts	-	40,877
Term loans (Note 25)	22,899,504	3,818,282
Hire purchase payables (Note 26)	9,534,608	5,146,581
	101,246,206	78,342,913
Non-current		
Secured:		
Term loans (Note 25)	72,881,649	58,806,962
Hire purchase payables (Note 26)	18,884,599	6,919,475
	91,766,248	65,726,437
Total bank borrowings	193,012,454	144,069,350

The weighted average effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

	The Group 2015 %	The Group 2014 %
Bank overdrafts	7.60	7.60
Bankers' acceptances	5.14 – 6.14	5.03 – 5.74
Revolving credits	5.43 – 6.07	4.43 – 5.53
Trust receipts	-	7.85

Bank borrowings are secured by:-

(i) charge over leasehold building of the Group as disclosed in Note 8 to the financial statements;

(ii) charge over freehold lands and leasehold lands under development of the Group as disclosed in Note 15 to the financial statements;

(iii) charge over investment properties of the Group as disclosed in Note 10 to the financial statements;

(iv) a corporate guarantee of the Company; and

(v) deposits with licensed banks of the Group and the Company as disclosed in Note 19 to the financial statements.

25. TERM LOANS

	The Group	
	2015	2014
	RM	RM
Current:		
- repayable within one year (Note 24)	22,899,504	3,818,282
Non-current:		
-repayable between one to two years	4,889,821	1,873,129
-repayable between two to five years	56,717,497	43,452,902
-repayable in more than five years	11,274,331	13,480,931
Total non-current (Note 24)	72,881,649	58,806,962
	95,781,153	62,625,244

Details of the term loans outstanding at the end of the reporting period are as follows:-

	The Group	
	2015	2014
	RM	RM
Term Loan		
I	19,800,000	-
II	6,266,360	14,634,279
III	4,563,872	-
IV	7,917,285	16,920,430
V	13,000,000	13,000,000
VI	12,717,463	961,298
VII	2,180,932	2,500,000
VIII	8,750,000	8,750,000
IX	18,174,100	-
X	1,340,090	2,016,090
XI	-	2,535,563
XII	952,651	1,033,312
XIII	118,400	274,272
	95,781,153	62,625,244

25. TERM LOANS (CONTINUED)

Term Loan	Interst Rate Per Annum	Date of Commencement of Repayment
I	5.85%	Upon redemption of units to be developed or by instalments, whichever is earlier
II	7.35%	Upon redemption of units to be developed or by instalments, whichever is earlier
III	5.78%	Upon redemption of units to be developed or by instalments, whichever is earlier
IV	8.10%	Upon redemption of units to be developed or by instalments, whichever is earlier
V	8.10%	Upon redemption of units to be developed or by instalments, whichever is earlier
VI	8.10%	Upon redemption of units to be developed or by instalments, whichever is earlier
VII	6.85%	November 2014
VIII	8.35%	Upon redemption of units to be developed or by instalments, whichever is earlier
IX	5.35%	5 May 2015
X	5.35%	30 April 2012
XI	7.25%	1 June 2011
XII	4.50%	13 February 2013
XIII	13.50%	26 November 2010

(a) Term loan I has a tenure of 8 years and is repayable by redemption of units developed or 16 quarterly instalments of RM1,237,500 each. The term loan is secured by:-

(i) a charge over a freehold land held for development by a subsidiary; and

(ii) a corporate guarantee of the Company.

(b) Term loan II has a tenure of 20 years and is repayable by redemption of units sold or 204 monthly instalments of RM141,000 each commencing on the 37th month of first drawdown in September 2012, whichever is earlier. The term loan is secured by:-

(i) a first legal assignment or upon issuance of strata/individuals title, first party legal charge over the retail shop offices at Jentayu Residensi ("the Shop Offices");

(ii) a debenture over the fixed and floating assets of a subsidiary;

(iii) an assignment over the rental proceeds and/or sale proceeds from the Shop Offices; and

(iv) a corporate guarantee of the Company.

25. TERM LOANS (CONTINUED)

(c) Term loan III has a tenure of 9 years and is repayable by redemption of units sold or 23 monthly instalments of RM830,000 each and a final instalment of RM910,000 commencing on the 24th month of first drawdown in January 2015. The term loan is secured by:-

(i) a debenture over all present and future assets of a subsidiary;

(ii) an assignment of sales proceeds from the projects developed by a subsidiary; and

(iii) a corporate guarantee of the Company.

(d) Term loan IV has a tenure of 5 years and is repayable by redemption of units sold or 29 monthly instalments of RM566,667 each and a final instalment of RM566,657 commencing June 2015, whichever is earlier. Term loan V has tenure of 5 years and is repayable by redemption of units sold or 29 monthly instalment of RM433,334 each and a final instalment of RM433,314 commencing February 2016, whichever is earlier. Term loan VI has tenure of 3 years and is repayable by redemption of units sold or 17 monthly instalments of RM1,111,112 each and a final instalment of RM1,111,096 commencing November 2015, whichever is earlier. The term loans are secured by way of:-

(i) a first party legal charge over a land held for development by a subsidiary;

(ii) an assignment of sales proceeds from the proposed development;

(iii) limited debenture over the proposed development; and

(iv) a corporate guarantee of the Company.

(e) Term loan VII has a tenure of 6 years and is repayable by 48 monthly instalments of RM59,403 each. The term loan is secured by:-

(i) a first legal charge over a freehold land held for development by a subsidiary; and

(ii) a corporate guarantee of the Company.

(f) Term loan VIII has a tenure of 6 years and is repayable by redemption of units sold or in 71 monthly instalments of RM77,292 each and a final instalment of RM8,827,291 commencing on the 1st month of first drawdown in October 2011, whichever is earlier. The term loan is secured by:-

(i) a first party legal charge over a land held for development by a subsidiary;

(ii) a debenture over the present and future assets of a subsidiary; and

(iii) a corporate guarantee of the Company and a subsidiary.

25. TERM LOANS (CONTINUED)

(g) Term loan IX has a tenure of 5 years and is repayable by 53 monthly instalments of RM350,900 each. The term loan is secured by:-

(i) a corporate guarantee of the Company; and

(ii) a debenture over the present and future assets financed under the term loan.

(h) Term loan X has a tenure of 5 years and is repayable by 20 quarterly instalments of RM169,000 each. The term loan is secured by:-

(i) a first legal charge over an investment property; and

(ii) a corporate guarantee of the Company.

(i) Term loan XI has a tenure of 4 years and 2 months and is repayable by 50 monthly instalments of RM310,420 each commencing June 2011. The term loan is secured by:-

(i) a specific debenture over the assets financed under the term loan; and

(ii) a corporate guarantee of the Company.

(j) Term loan XII has a tenure of 20 years and is repayable by 240 monthly instalments of RM6,722 each. The term loan is secured by:-

(i) a joint and several guarantee of a director of a subsidiary; and

(ii) a corporate guarantee of the Company.

(k) Term loan XIII has a tenure of 5 years and is repayable in 20 quarterly instalments of approximately RM130,000 each. The term loan is secured by:-

(i) a legal charge over a piece of land and building of a subsidiary located at Kota Tanggerang, Indonesia; and

(ii) a corporate guarantee of the Company.

26. HIRE PURCHASE PAYABLES

	The Group 2015 RM	The Group 2014 RM
Minimum hire purchase payments:		
- not later than one year	11,181,223	5,817,516
- later than one year and not later than five years	20,490,288	7,408,961
- later than five years	-	164,890
	31,671,511	13,391,367
Less: Future finance charges	(3,252,304)	(1,325,311)
Present value of hire purchase payables	28,419,207	12,066,056
Current:		
- not later than one year (Note 24)	9,534,608	5,146,581
Non-Current:		
- later than one year and not later than five years	18,884,599	6,771,000
- later than five years	-	148,475
Total non-current (Note 24)	18,884,599	6,919,475
	28,419,207	12,066,056

The hire purchase payables at the end of the reporting period bore effective interest rates ranging from 4.46% to 7.24% (2014 – 4.37% to 6.80%) per annum.

27. DEFINED BENEFIT OBLIGATIONS

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

	The Group 2015 RM	The Group 2014 RM
At 1 June	1,218,830	1,185,322
Recognised in profit or loss	332,807	194,792
Payment of employee benefit liabilities	(331,694)	-
Foreign exchange difference	8,868	(161,284)
At 31 May	1,228,811	1,218,830

27. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

	The Group	
	2015 RM	2014 RM
Analysed as		
Present value of benefit obligation	1,351,245	1,265,879
Fair value of plan assets	-	-
Funded status	1,351,245	1,265,879
Unrecognised actuarial past service cost	(59,025)	(6,652)
Unrecognised actuarial loss	(63,409)	(40,397)
Liabilities recognised in the statement of financial position	1,228,811	1,218,830
Breakdown of costs		
Service cost	227,542	121,954
Interest cost	107,659	75,697
Amortisation from unrecognised past service cost	920	953
Recognised actuarial loss/(gain)	(3,314)	(3,812)
Total cost incurred during the financial year	332,807	194,792

The Group has calculated the estimated employee benefit liability in accordance with Republic of Indonesia Labour Law and the application of this liability is represented by an independent actuary calculation reports. Actuarial assumptions used in determining expense and liabilities on employee benefits are as follows:

	The Group	
	2015	2014
Normal retirement age	55 years	55 years
Future salary increment rate	9% p.a.	9% p.a.
Discount rate	8% p.a.	8% p.a.

28. TRADE AND NON-TRADE PAYABLES

	Note	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Trade payables	28(a)	41,103,736	57,684,627	-	-
Retention payable		27,150,160	-	-	-
Accrued subcontractor work		51,322,153	33,330,336	-	-
Less: Fair value					
At 1 June		-	-	-	-
Addition during the financial year		(4,007,870)	-	-	-
At 31 May		(4,007,870)	-	-	-
Trade payables, net		115,568,179	91,014,963	-	-
Advances from contract customers	18	-	10,670,554	-	-
Non-trade payables		17,072,073	9,691,103	82,129	22,091
Progress billings on contract for property development costs	15	19,273,952	1,833,598	-	-
Accruals		7,143,525	1,660,696	407,031	337,799
Deposits		191,670	125,560	-	-
Amount owing to a director	28(b)	3,010,697	3,010,697	-	-
Amount owing to a subsidiary	17	-	-	112,954	-
		46,691,917	26,992,208	602,114	359,890
Less: Fair value					
At 1 June		(2,207,764)	(3,097,037)	-	-
Reversal:					
- amount owing to a director		35,729	90,260	-	-
- non-trade payables		1,123,634	799,013	-	-
At 31 May		(1,048,401)	(2,207,764)	-	-
Trade and non-trade payables		161,211,695	115,799,407	602,114	359,890

The maturities of trade and non-trade payables are as follows:

	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Current liability:				
Payables within one year	159,117,424	106,285,133	602,114	359,890
Non-current liability:				
Payables more than one year and less than five years	2,094,271	9,514,274	-	-
	161,211,695	115,799,407	602,114	359,890

28. TRADE AND NON-TRADE PAYABLES (CONTINUED)

(a) Included in trade payables of the Group are amounts owing to parties related to a director of the Company. Balances as at end of the reporting period are as follows:

	The Group	
	2015 RM	2014 RM
Parties related to Tan Sri Dato' Kok Onn:		
- Kok Khim Boon (brother)	173,867	1,105,699

(b) Amount owing to Raja Zainal Abidin Bin Raja Hussin, a director of a subsidiary, is unsecured, interest free and repayable within the next five years.

(c) The normal trade credit terms granted to the Group range from 30 to 90 (2014 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

29. PROVISIONS

	The Group	
	2015 RM	2014 RM
Provision for liquidated ascertained damages		
At 1 June/31 May	-	163,971

Provisions for liquidated ascertained damages in the previous financial year were in respect of projects undertaken by certain subsidiaries. The provisions were recognised for expected liquidated ascertained damages claims based on the terms of the applicable sale and purchase agreements.

30. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM381,356,796 (2014 – RM298,137,080) attributable to ordinary shares divided by the number of ordinary shares in issue at the end of the reporting period of 216,369,443 (2014 – 196,691,218) shares.

31. REVENUE

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income	-	-	16,600,000	13,300,000
Management fees	6,000	-	4,645,001	4,396,000
Rental income	161,841	96,957	-	-
Revenue from construction contracts	449,500,291	442,161,865	-	-
Revenue from water concession	16,682,471	14,780,210	-	-
Revenue from property development	119,714,608	86,967,408	-	-
Sales of oil palm fresh fruit bunches	1,332,760	939,415	-	-
	587,397,971	544,945,855	21,245,001	17,696,000

32. 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.

The cost of sales included the following charges made during the financial year:

	The Group	
	2015 RM	2014 RM
Depreciation of property, plant and equipment (Note 8)	17,492,756	8,773,557
Hire of plant and machinery	6,551,299	10,688,124
Loss on disposal of property, plant and equipment	-	1,778,473
Impairment loss on property, plant and equipment (Note 8)	-	4,183,205
Interest expense	4,895,939	2,163,980
Property, plant and equipment written off	-	9,164
Rental of land and premises	441,488	502,980

33. OTHER INCOME

	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Administrative fees	162,791	243,231	-	-
Bad debts recovered	273,113	1,899,441	-	-
Fair value adjustments on				
- amounts owing by subsidiaries (Note 16)	-	-	13,768	12,831
- trade and non-trade payables (Note 28)	4,139,845	-	-	-
- trade and non-trade receivables (Note 16)	560,167	-	-	-
Gain on disposal of investment in subsidiaries (Note 5)	-	519,535	-	-
Gain on disposal of investment property	-	537,851	-	-
Gain on disposal of property, plant and equipment	961,309	541,547	-	-
Gain on bargain purchase	206,206	-	-	-
Interest income	5,286,454	3,505,907	1,553,217	871,444
Miscellaneous income	1,401,455	764,517	471	322
Realised gain on foreign exchange	-	-	-	163,848
Rental income	1,066,500	68,400	-	-
Sales of car park	1,770,000	-	-	-
Sales of scrap iron	123,360	319,637	-	-
Unrealised gain on foreign exchange	-	-	-	566,965
Waiver of liabilities	-	547,377	-	-
	15,951,200	8,947,443	1,567,456	1,615,410

34. PROFIT BEFORE TAXATION

	The Group 2015 RM	The Group 2014 RM	The Company 2015 RM	The Company 2014 RM
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation on biological assets (Note 9)	384,531	331,168	-	-
Auditors' remuneration				
- current year	353,075	235,158	52,000	41,600
- underprovision in prior year	7,457	22,029	-	-
Bad debts written off	345	543,540	-	-
Depreciation of:				
- property, plant and equipment (Note 8)	3,090,678	2,653,036	25,885	18,066
- concession assets (Note 7)	1,882,150	2,172,302	-	-
- investment properties (Note 10)	257,943	275,958	-	-
Deposits written off	-	61,230	-	-

34. PROFIT BEFORE TAXATION (CONTINUED)

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before taxation is arrived at after charging/(crediting):- (continued)				
Employee benefits (Note 35)	18,215,621	15,267,348	4,359,580	3,394,770
Fair value adjustments on:				
- amounts owing by subsidiaries (Note 16)	-	-	1,486,737	-
- amount owing to a director (Note 28)	35,729	90,260	-	-
- trade and non-trade receivables (Note 16)	6,742,195	35,979	-	-
Impairment loss on:				
- goodwill (Note 12)	1,524	-	-	-
- concession assets (Note 7)	275,678	-	-	-
- other investment (Note 11)	-	25,000	-	-
- trade and non-trade receivables (Note 16)	-	6,405	-	2,431
- amounts owing by subsidiaries (Note 16)	-	-	90,051	-
- investments in subsidiaries	-	-	2,000,000	3,710,000
Inventories written off	-	90,460	-	-
Operating lease				
- land and building	668,276	481,572	202,392	202,394
- motor vehicle	1,600	14,931	-	-
Property, plant and equipment written off	31,938	122,903	1	-
Realised loss on foreign exchange	92,301	392,213	-	407,962
Reversal of impairment loss on assets classified as held for sale	-	(554,075)	-	-
Unrealised loss on foreign exchange	1,435,643	473,252	693,023	-

35. EMPLOYEE BENEFITS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries and other benefits	16,492,969	13,963,446	4,048,653	3,159,181
Contributions to:				
- defined contribution plan	1,389,845	1,109,110	310,927	235,589
- defined benefit plan (Note 27)	332,807	194,792	-	-
	18,215,621	15,267,348	4,359,580	3,394,770

Included in employee benefits of the Group and of the Company are executive directors' remuneration amounting to RM5,110,079 (2014 – RM4,140,834) and RM1,463,010 (2014 – RM1,024,767) respectively as further disclosed in Note 36 to the financial statements.

36. DIRECTORS' REMUNERATION

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,420,530	998,967	1,420,530	998,967
Defined contribution plan	42,480	25,800	42,480	25,800
Non-executive:				
Director fees	220,000	192,000	220,000	192,000
Other emoluments	66,500	68,358	66,500	68,358
	1,749,510	1,285,125	1,749,510	1,285,125
Directors of the subsidiaries				
Executive:				
Salaries and other emoluments	3,329,465	2,853,633	-	-
Defined contribution plan	317,604	262,434	-	-
	3,647,069	3,116,067	-	-
Total Directors' remuneration	5,396,579	4,401,192	1,749,510	1,285,125
Estimated money value of benefits-in-kind	30,300	18,900	4,875	5,000
Total Directors' remuneration including benefits-in-kind	5,426,879	4,420,092	1,754,385	1,290,125
Directors of the Company				
Executive:				
RM300,001 to RM350,000	-	1	-	1
RM400,001 to RM450,000	1	-	1	-
RM650,001 to RM700,000	-	1	-	1
RM950,001 to RM1,000,000	1	-	1	-
	2	2	2	2
Non-executive:				
RM50,001 to RM100,000	3	3	3	3

36. DIRECTORS' REMUNERATION (CONTINUED)

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors of the subsidiaries				
Executive:				
RM150,001 to RM200,000	2	1	-	-
RM200,001 to RM250,000	1	1	-	-
RM250,001 to RM300,000	1	2	-	-
RM300,001 to RM350,000	2	1	-	-
RM350,001 to RM400,000	2	1	-	-
RM400,001 to RM450,000	-	1	-	-
RM450,001 to RM500,000	1	1	-	-
RM500,001 to RM550,000	1	1	-	-
	10	9	-	-

37. FINANCE COSTS

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Bank borrowing interest	1,780,032	1,189,732	-	522,268
Hire purchase interest	730,306	828,366	-	-
	2,510,338	2,018,098	-	522,268

38. INCOME TAX EXPENSE

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expense				
- Malaysian income tax	17,315,939	16,267,251	64,178	52,936
- Foreign tax	1,181,237	1,195,959	-	-
	18,497,176	17,463,210	64,178	52,936
Underprovision in the previous financial year				
- Malaysian income tax	10,930,413	1,888,154	512,135	89,852
	29,427,589	19,351,364	576,313	142,788

38. INCOME TAX EXPENSE (CONTINUED)

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred taxation (Note 13)				
- for the financial year	(1,812,789)	325,693	-	-
- overprovision in the previous financial year	(3,572,088)	(970,757)	(23,861)	-
	(5,384,877)	(645,064)	(23,861)	-
	24,042,712	18,706,300	552,452	142,788

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

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit before tax	84,824,061	63,084,718	12,377,293	9,397,898
Tax at Malaysian tax rate of 25%	21,206,015	15,771,180	3,094,323	2,349,475
Non-deductible expenses	3,516,393	10,857,351	1,079,648	1,361,926
Non-taxable income	(8,517,004)	(8,839,628)	(4,473,377)	(3,658,465)
Deferred tax assets not recognised	551,442	-	363,584	-
Utilisation of deferred tax assets previously not recognised	(72,459)	-	-	-
	16,684,387	17,788,903	64,178	52,936
Underprovision of income tax in prior year	10,930,413	1,888,154	512,135	89,852
Overprovision of deferred tax in prior year	(3,572,088)	(970,757)	(23,861)	-
Income tax expense for the financial year	24,042,712	18,706,300	552,452	142,788

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

39. EARNINGS PER SHARE

	The Group 2015	The Group 2014
Profit after tax attributable to owners of the Company (RM)	59,619,715	43,224,708
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 June	196,691,218	196,691,218
Effect of new ordinary shares issued	17,845,527	-
Weighted average number of ordinary shares at 31 May	214,536,745	196,691,218
Basic earnings per ordinary share (sen)	27.79	21.98

The basic earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group 2015	The Group 2014
Profit after tax attributable to owners of the Company (RM)	59,619,715	43,224,708
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 June	196,691,218	196,691,218
Effect of new ordinary shares issued	17,845,527	-
	214,536,745	196,691,218
Effect of dilution:		
- conversion/exercise of warrants	8,250,310	1,498,661
Weighted average number of ordinary shares at 31 May	222,787,055	198,189,879
Diluted earnings per share (sen)	26.76	21.81

The diluted earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of the dilutive potential ordinary shares.

40. DIVIDEND

	The Company 2015 RM	The Company 2014 RM
First and final single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 May 2014	8,654,778	-
First and final dividend of 3 sen per ordinary share less 25% tax in respect of the financial year ended 31 May 2013	-	4,425,554

The Directors proposed a first and final single tier dividend of 5 sen per share in respect of the financial year ended 31 May 2015 to be approved by the shareholders at the forthcoming Annual General Meeting. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

41. ACQUISITION OF SUBSIDIARIES

The details of the Group's share of net assets acquired and cash flow arising from the acquisition of subsidiaries as disclosed in Note 5 to the financial statements are as follows:

	Fair Value Recognised At Date Of Acquisition 2015 RM
Property, plant and equipment	15,663
Concession assets	15,575,473
Trade and non-trade receivables	14,469,203
Cash and bank balances	371,562
Bank borrowings	(5,708,333)
Trade and non-trade payables	(11,839,287)
Deferred taxation	(136,246)
Net identifiable assets and liabilities	12,748,035
Less : Non-controlling interests	(3,062,415)
Add : Goodwill on consolidation	7,396,879
Less : Gain on bargain purchase	(206,206)
Total purchase consideration	16,876,293

42. JOINTLY-CONTROLLED OPERATIONS

The details of jointly-controlled operations, all of which are unincorporated as joint ventures, are as follows:

Name of jointly controlled entities	Country of operation	Proportion of ownership 2015	2014	Principal activities
Held by Gadang Engineering (M) Sdn Bhd:				
- Konsortium Gadang Perembun	Malaysia	55%	55%	Undertake design and build of Cheras Rehabilitation Hospital
Held by Datapuri Sdn Bhd:				
- Zeta Datapuri JV	Malaysia	45%	45%	Undertake the development of new LCCT terminal and associated works at KL International Airport

43. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group 2015 RM	2014 RM	The Company 2015 RM	2014 RM
Cost of property, plant and equipment purchased	52,675,423	14,537,848	128,646	29,831
Amount financed through hire purchase	(24,124,940)	(5,456,838)	-	-
Amount financed through term loan	-	(701,101)	-	-
Cash disbursed for purchase of property, plant and equipment	28,550,483	8,379,909	128,646	29,831

44. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group 2015 RM	2014 RM	The Company 2015 RM	2014 RM
Deposits with licensed banks	122,414,901	71,650,140	36,253,862	9,721,114
Cash and bank balances	110,246,695	73,870,142	11,605,455	28,603,211
Bank overdrafts (Note 24)	(4,867,175)	(6,071,473)	-	-
	227,794,421	139,448,809	47,859,317	38,324,325
Less: Fixed deposits pledged as security values (Note 19)	(57,696,671)	(63,294,899)	(9,980,252)	(9,721,114)
Cash and cash equivalents	170,097,750	76,153,910	37,879,065	28,603,211

45. SIGNIFICANT RELATED PARTY DISCLOSURES

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:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Subsidiaries				
Gross dividend income	-	-	16,600,000	13,300,000
Management fee received/ receivable	-	-	4,645,001	4,396,000
Rental expense – land and building	-	-	202,392	202,394
Related parties				
Subcontractor work payable to				
- Datapuri Sdn Bhd (a)	1,023,157	29,881,983	-	-
- Kok Khim Boon (b)	2,024,772	892,688	-	-

(a) Datapuri Sdn Bhd is a 51% owned subsidiary of the Company and 49% owned by Exclusive Acres Sdn Bhd, of which Tan Sri Dato' Kok Onn's nephew is a Director and shareholder of the Company.

(b) Tan Sri Kok Onn's Brother.

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 comprise all the Directors of the Group and of the Company and members of senior management of the Group.

The key management personnel compensations are as follows:

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Directors				
Salaries and other emoluments	5,036,495	4,112,958	1,707,030	1,259,325
Defined contribution plan	360,084	288,234	42,480	25,800
	5,396,579	4,401,192	1,749,510	1,285,125
Key management personnel				
Salaries and other emoluments	2,232,641	1,435,792	284,060	-
Defined contribution plan	241,540	149,853	33,780	-
	2,474,181	1,585,645	317,840	-
Total key management personnel compensations	7,870,760	5,986,837	2,067,350	1,285,125

46. CAPITAL COMMITMENTS

	The Group 2015 RM	The Group 2014 RM
Approved and contracted for:		
Purchase of land for property development	86,225,220	19,800,000
Approved but not contracted for:		
Oil palm plantations development	2,881,994	5,323,000
New investments from Utility Division	277,000	21,130,000
	3,158,994	26,453,000

47. CONTINGENT LIABILITIES

	The Company 2015 RM	The Company 2014 RM
Unsecured		
Corporate guarantee issued to suppliers of subsidiaries	39,400,000	46,118,066
Secured		
Corporate guarantee issued to:		
- financial institutions for banking and hire purchase facilities granted to subsidiaries	186,902,055	144,069,351
- financial institutions for bank guarantees granted to subsidiaries in the ordinary course of business	161,175,866	168,213,579
	387,477,921	358,400,996

48. OPERATING SEGMENTS

BUSINESS SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:

(i) Construction division – civil engineering works, specialising in earthworks, highway construction and related infrastructure works;

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

48. OPERATING SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

The following are the Group's main business segments: (continued)

(iii) Utility division – construction, maintenance and management of facilities to provide treated water and power supply in Indonesia;

(iv) Investment holding and others – investment activities and provision of management services; and

(v) Plantation division – oil palm cultivation.

The Group	Construction division RM	Property division RM	Utility division RM	Investment holding and others RM	Plantation division RM	Elimination RM	Group RM
31 May 2015							
Revenue	449,662,132	119,720,608	16,682,471	-	1,332,760	-	587,397,971
Inter-segment sales	17,017,440	1,686,651	-	21,245,001	-	(39,949,092)	-
Total revenue	466,679,572	121,407,259	16,682,471	21,245,001	1,332,760		587,397,971
Results							
Segment results	45,953,064	37,551,955	3,347,054	12,377,292	(1,053,183)	(10,841,783)	87,334,399
Finance costs	(781,517)	(1,677,956)	(27,632)	-	(23,233)	-	(2,510,338)
Profit from ordinary activities before taxation	45,171,547	35,873,999	3,319,422	12,377,292	(1,076,416)		84,824,061
Income tax expense							(24,042,712)
Profit from ordinary activities after taxation							**60,781,349**
Non-controlling interests							**(1,161,634)**
Net profit attributable to shareholders							**59,619,715**

48. OPERATING SEGMENTS (CONTINUED)

The Group	Construction division RM	Property division RM	Utility division RM	Investment holding and others RM	Plantation division RM	Elimination RM	Group RM
31 May 2015							
Segment assets	378,474,185	310,473,597	87,321,996	251,603,208	17,353,131	(219,122,977)	826,103,140
Segment liabilities	276,653,432	184,522,656	62,648,949	627,863	2,505,884	(89,242,007)	437,716,777
Other information:							
- Depreciation and amortisation	19,834,164	650,118	1,936,540	25,885	671,179	(9,828)	23,108,058
- Capital expenditure	51,065,993	762,606	4,735,124	128,646	1,351,555	-	58,043,924
31 May 2014							
Revenue	442,192,822	87,033,408	14,780,210	-	939,415	-	544,945,855
Inter-segment sales	33,430,250	4,942,846	-	17,696,000	-	(56,069,096)	-
Total revenue	475,623,072	91,976,254	14,780,210	17,696,000	939,415		544,945,855
Results							
Segment results	41,284,093	29,735,661	5,257,091	9,920,166	(2,011,177)	(19,083,018)	65,102,816
Finance costs	(919,942)	(975,595)	(95,662)	(522,268)	(26,899)	522,268	(2,018,098)
Profit from ordinary activities before taxation	40,364,151	28,760,066	5,161,429	9,397,898	(2,038,076)		63,084,718
Income tax expense							(18,706,300)
Profit from ordinary activities after taxation							**44,378,418**
Non-controlling interests							**(1,153,710)**
Net profit attributable to shareholders							**43,224,708**

48. OPERATING SEGMENTS (CONTINUED)

The Group	Construction division RM	Property division RM	Utility division RM	Investment holding and others RM	Plantation division RM	Elimination RM	Group RM
31 May 2014							
Segment assets	267,345,304	224,774,301	52,852,404	215,777,306	16,238,977	(196,153,288)	580,835,004
Segment liabilities	184,698,201	119,351,607	33,375,162	383,751	1,072,814	(59,377,859)	279,503,676
Other information:							
- Depreciation and amortisation	10,950,434	436,716	2,196,372	18,066	614,261	(9,828)	14,206,021
- Capital expenditure	14,586,130	264,881	442,410	29,831	1,723,266	(491,397)	16,555,121

GEOGRAPHICAL INFORMATION

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 civil engineering and construction works, property development, investment holding and oil palm cultivation.

(ii) Indonesia – the operations in this area are principally water concessions and power concession.

(iii) Singapore – the operations in the area are investment holding.

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
31 May 2015			
Malaysia	570,715,500	740,474,500	53,308,800
Indonesia	16,682,471	85,628,631	4,735,124
Singapore	-	9	-
	587,397,971	826,103,140	58,043,924
31 May 2014			
Malaysia	530,165,645	531,320,704	16,142,269
Indonesia	14,780,210	42,566,383	412,852
Singapore	-	6,947,917	-
	544,945,855	580,835,004	16,555,121

48. OPERATING SEGMENTS (CONTINUED)

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of Group revenue:

	Revenue 2015 RM	Revenue 2014 RM	Division
Customer A	140,445,322	163,740,613	Construction
Customer B	182,030,026	118,400,966	Construction
Customer C	114,247,360	117,648,127	Construction
	436,722,708	399,789,706	

49. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period is as follows:-

	The Group 2015 RM	The Group 2014 RM
Singapore Dollar	2.7202	2.5630
Indonesian Rupiah	0.000277	0.000275

50. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

50.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on investments and bank balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is Singapore Dollar and Indonesian Rupiah. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(a) Market Risk (Continued)

(i) Foreign Currency Risk (Continued)

The Group	Singapore Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
31 May 2015				
Financial Assets				
Trade and non-trade receivables	-	13,181,693	165,705,195	178,886,888
Deposits with licensed banks	-	8,979,366	113,435,535	122,414,901
Cash and bank balances	9	4,388,940	105,857,746	110,246,695
	9	26,549,999	384,998,476	411,548,484
Financial liabilities				
Trade and non-trade payables	-	1,934,094	159,277,601	161,211,695
Bank borrowings	-	118,400	192,894,054	193,012,454
	-	2,052,494	352,171,655	354,224,149
Net currency exposure	9	24,497,505	32,826,821	57,324,335
31 May 2014				
Financial Assets				
Trade and non-trade receivables	4,776,329	2,231,516	110,175,043	117,182,888
Deposits with licensed banks	68,750	3,343,869	68,237,521	71,650,140
Cash and bank balances	2,102,838	8,495,456	63,271,848	73,870,142
	6,947,917	14,070,841	241,684,412	262,703,170
Financial liabilities				
Trade and non-trade payables	12,815	2,134,893	113,651,699	115,799,407
Bank borrowings	-	274,272	143,795,078	144,069,350
	12,815	2,409,165	257,446,777	259,868,757
Net currency exposure	6,935,102	11,661,676	(15,762,365)	2,834,413

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(a) Market Risk (Continued)

(i) Foreign Currency Risk (Continued)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2015 RM	2014 RM
Effects on profit after tax		
SGD/RM		
Strengthened by 5%	-	260,066
Weakened by 5%	-	(260,066)
IDR/RM		
Strengthened by 5%	918,656	437,313
Weakened by 5%	(918,656)	(437,313)
Effects on equity		
SGD/RM		
Strengthened by 5%	-	260,066
Weakened by 5%	-	(260,066)
IDR/RM		
Strengthened by 5%	918,656	437,313
Weakened by 5%	(918,656)	(437,313)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates its effective interest rates at the reporting date and the period, in which they reprice or mature, whichever is earlier.

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(a) Market Risk (Continued)

(ii) Interest Rate Risk (Continued)

Effective interest rates and repricing analysis

The Group	Effective interest rate per annum %	On demand or within 1 year RM	1 – 5 years RM	Above 5 years RM	Total RM
31 May 2015					
Financial liabilities					
Floating rate:					
Bank overdrafts	7.60	4,867,175	-	-	4,867,175
Bankers' acceptances	5.14 – 6.14	8,916,138	-	-	8,916,138
Revolving credits	5.43 – 6.07	55,028,781	-	-	55,028,781
Term loans	4.50 – 13.50	22,899,504	61,607,318	11,274,331	95,781,153
Fixed rate:					
Hire purchase payables	4.46 – 7.24	9,534,608	18,884,599	-	28,419,207
		101,246,206	80,491,917	11,274,331	193,012,454
31 May 2014					
Financial liabilities					
Floating rate:					
Bank overdrafts	7.60	6,071,473	-	-	6,071,473
Bankers' acceptances	5.03 – 5.74	10,286,772	-	-	10,286,772
Revolving credits	4.43 – 5.53	52,978,928	-	-	52,978,928
Trust receipts	7.85	40,877	-	-	40,877
Term loans	4.50 – 13.50	3,818,282	45,326,031	13,480,931	62,625,244
Fixed rate:					
Hire purchase payables	4.37 – 6.80	5,146,581	6,771,000	148,475	12,066,056
		78,342,913	52,097,031	13,629,406	144,069,350

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(a) Market Risk (Continued)

(ii) Interest Rate Risk (Continued)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

The Group	2015 RM	2014 RM
Effects on profit after tax		
Increase of 10 basis points	(123,445)	(99,002)
Decrease of 10 basis points	123,445	99,002
Effects on equity		
Increase of 10 basis points	(123,445)	(99,002)
Decrease of 10 basis points	123,445	99,002

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two customers which constituted approximately 66% (2014 - 63%) of its trade receivables as at the end of the reporting period.

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(b) Credit Risk (Continued)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:

	The Group	
	2015 RM	2014 RM
Malaysia	84,926,614	30,193,128
Indonesia	2,457,103	2,013,628
	87,383,717	32,206,756

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying value RM
31 May 2015				
Not past due	47,991,238	-	-	47,991,238
Past due:				
- less than 3 months	34,540,729	-	-	34,540,729
- more than 3 months	4,852,252	(502)	-	4,851,750
	87,384,219	(502)	-	87,383,717
31 May 2014				
Not past due	20,286,788	-	-	20,286,788
Past due:				
- less than 3 months	8,999,571	-	-	8,999,571
- more than 3 months	2,926,802	(6,405)	-	2,920,397
	32,213,161	(6,405)	-	32,206,756

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(b) Credit Risk (Continued)

Ageing analysis (continued)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The trade receivables that are past due but not impaired are unsecured in nature. However, the directors are of the opinion that these debts should be realised in full without material losses in the ordinary course of business.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Average effective rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Group						
31 May 2015						
Trade and non-trade payables	-	141,937,743	146,994,014	139,843,472	7,150,542	-
Bank overdrafts	7.60	4,867,175	4,867,175	4,867,175	-	-
Bankers' acceptances	5.14 – 6.14	8,916,138	8,916,138	8,916,138	-	-

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.1 Financial Risk Management Policies (Continued)

(c) Liquidity Risk (Continued)

	Average effective rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Group (Continued)						
31 May 2015						
Revolving credits	5.43 – 6.07	55,028,781	56,114,961	56,114,961	-	-
Hire purchase payables	4.46 – 7.24	28,419,207	31,671,511	11,181,223	20,490,288	-
Term loans	4.50 – 13.50	95,781,153	107,896,321	29,489,469	66,480,389	11,926,463
		334,950,197	356,460,120	250,412,438	94,121,219	11,926,463
31 May 2014						
Trade and non-trade payables	-	113,965,809	116,173,573	106,285,133	9,888,440	-
Provisions	-	163,971	163,971	163,971	-	-
Bank overdrafts	7.60	6,071,473	6,071,473	6,071,473	-	-
Bankers' acceptances	5.03 – 5.74	10,286,772	10,286,772	10,286,772	-	-
Revolving credits	4.43 – 5.53	52,978,928	54,102,265	54,102,265	-	-
Trust receipts	7.85	40,877	42,238	42,238	-	-
Hire purchase payables	4.37 – 6.80	12,066,056	13,391,367	5,817,516	7,408,961	164,890
Term loans	4.50 – 13.50	62,625,244	72,992,972	8,674,131	49,899,141	14,419,700
		258,199,130	273,224,631	191,443,499	67,196,542	14,584,590

	Average effective rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1-5 years RM	Over 5 years RM
The Company						
31 May 2015						
Trade and non-trade payables	-	602,114	602,114	602,114	-	-
		602,114	602,114	602,114	-	-
31 May 2014						
Trade and non-trade payables	-	359,890	359,890	359,890	-	-
		359,890	359,890	359,890	-	-

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. The debt-to-equity ratio is calculated as total borrowings from financial institutions less cash and cash equivalent divided by total equity.

The debt-to-equity ratio of the Group and the Company as at the end of the reporting period was as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total interest bearing financial liabilities	193,012,454	144,069,350	-	-
Less: Cash and cash equivalent	(170,097,750)	(76,153,910)	(37,879,065)	(28,603,211)
Net debt	22,914,704	67,915,440	(37,879,065)	(28,603,211)
Shareholders' equity	388,386,363	301,331,328	250,975,343	215,393,552
Debt-to-equity	0.06	0.23	Not applicable	Not applicable

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.3 Classification Of Financial Instruments

The table below provides an analysis of financial instruments categories as follows:

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
Available-for-sale financial assets				
Other investment, at cost	100,000	138,000	-	-
Loans and receivables financial assets				
Trade and non-trade receivables	158,318,813	86,101,999	71,509,516	42,854,446
Deposits with licensed banks	122,414,901	71,650,140	36,253,862	9,721,114
Cash and bank balances	110,246,695	73,870,142	11,605,455	28,603,211
	390,980,409	231,622,281	119,368,833	81,178,771
Financial liabilities				
Other financial liabilities				
Trade and non-trade payables	(141,937,743)	(113,965,809)	(602,114)	(359,890)
Provisions	-	(163,971)	-	-
Bank borrowings	(193,012,454)	(144,069,350)	-	-
	(334,950,197)	(258,199,130)	(602,114)	(359,890)

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are included in level 2 and level 3 of the fair value hierarchy.

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
The Group								
31 May 2015								
Financial asset								
Other investment:								
- unquoted shares	-	-	-	-	#	-	#	100,000
Financial liabilities								
Term loans	-	-	-	-	95,781,153	-	95,781,153	95,781,153
Hire purchase payables	-	-	-	-	28,419,207	-	28,419,207	28,419,207
31 May 2014								
Financial asset								
Other investments:								
- golf club membership	-	-	-	-	#	-	#	38,000
- unquoted shares	-	-	-	-	#	-	#	100,000
Financial liability								
Term loans	-	-	-	-	62,625,244	-	62,625,244	62,625,244
Hire purchase	-	-	-	-	12,066,056	-	12,066,056	12,066,056

 # The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

50. FINANCIAL INSTRUMENTS (CONTINUED)

50.4 Fair Value Information (Continued)

The fair values of level 2 above have been determined using the following basis:-

(a) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2015	2014
	%	%
Hire purchase payables	4.70 – 7.98	4.37 – 6.80
Term loans	4.50 – 13.50	4.50 – 13.50

In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial year.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

(i) On 12 June 2014, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award dated 11 June 2014 from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd for the award of contract known as "Provision of Phase 2 Site Preparation Works for the Proposed Refinery and Petrochemical Integrated Development (RAPID) project – Package 18C" for the total estimated provisional contract price of RM350,000,000.

(ii) On 2 June 2014, Bursa Malaysia Securities Berhad ("Bursa Securities") approved the Proposed Private Placement. On 27 June 2014, the Company fixed the issue price for the placement shares at RM1.68 per share. On 4 July 2014, the Private Placement was completed with the listing and quotation of 19,669,900 new ordinary shares of RM1.00 each on the Main Market of Bursa Securities representing 10% of the issued and paid-up share capital of the Company.

(iii) On 30 January 2015, Crimson Villa Sdn Bhd ("Crimson Villa"), an indirect wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Sementar Properties Sdn Bhd for the acquisition by Crimson Villa of a parcel of freehold land held under Geran 271958, Lot 20504, Mukim Semenyih, Daerah Ulu Langat, Selangor measuring approximately 62.84 acres for a purchase cash consideration of approximately RM95.8 million.

52. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 25 August 2015, the Company announced that following the applications made to the Accounting and Corporate Regulatory Authority Singapore ("ACRA") for striking-off of its two dormant indirect wholly-owned subsidiaries, Green Water Investment Pte. Ltd. ("GWIPL") and Asian Energy Pte. Ltd. ("AEPL"), ACRA had in its letter dated 23 July 2015 and 24 July 2015 to GWIPL and AEPL respectively advised that the names of the said companies have been struck off from the register on 13 July 2015.

53. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Restated RM	As Previously Reported RM	As Restated RM	As Previously Reported RM
Consolidated Statements of Profit or Loss and Other Comprehensive Income (Extract):-				
Depreciation and amortisation	(5,432,465)	-	(18,066)	-
Operating expenses	(12,501,655)	-	(1,860,445)	-
Other expenses	(1,389,957)	(19,324,077)	(4,117,963)	(5,996,474)

54. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained profits of the Company and its subsidiaries				
- realised	186,238,311	144,925,187	16,389,436	11,983,246
- unrealised	(6,237,886)	(10,522,285)	(693,023)	543,104
	180,000,425	134,402,902	15,696,413	12,526,350
Less: Consolidation adjustments	(30,655,749)	(35,609,437)	-	-
At 31 May	149,344,676	98,793,465	15,696,413	12,526,350

LIST OF PROPERTIES
AS AT 31 MAY 2015

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Net Book Value (RM)
Wisma Gadang No. 52 Jalan Tago 2 Off Jalan Persiaran Utama Sri Damansara 52200 Kuala Lumpur	6 1/2 storey office block for own use	Freehold	(June 1997)	42,625 (45,043)	8,675,823
Geran No. 49848 Lot No. 1132 Daerah Johor Baru Bandar Johor Baru Negeri Johor Darul Takzim	Mixed industrial and commercial development	Freehold	31/07/2003	705,672	21,318,469
Salak South Land Mukim Kuala Lumpur HS(D) 42144 Lot 49280	Land for development	Leasehold ending 17/06/2112	27/01/2010	531,432	33,985,365
Plot No. 209 held under HS(D) 252119 PT No. 1014; Plot No. 211 held under HS(D) 252212 PT No. 1016; Plot No. 212 held under HS(D) 2521122 PT No. 1017; Plot No. 201 held under HS(D) 252138 PT No. 1033; Plot No. 202 held under HS(D) 252126 PT No. 1021; Plot No. 203 held under HS(D) 252127 PT No. 1022; Pekan Baru Sungai Besi District of Petaling Selangor	Vacant bungalow lot for sale/ development	Leasehold ending 01/12/2107	31/01/2010	62,123	9,120,186
Pokok Sena Lot 165, Pokok Sena Kedah	Land for development	Freehold	11/06/2010	8,786,923	14,369,977
Gasing Indah Land Mukim Kuala Lumpur HS(D) 171475 PT No.399	Land for development	Freehold	17/06/2010	46,165	3,693,200

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Net Book Value (RM)
Lot 183 to 186 Mukim of Rawang District of Gombak State of Selangor	Industrial land for development	Freehold	15/04/2011	198,712	11,987,940
Parcel No. B-D-37 Kenny Heights Estate (Lot No. 67802) Geran Title 72851 Mukim of Batu District of Kuala Lumpur	Town villa	Freehold	29/12/2011	(5,226)	4,916,200
Pajakan Mukim No. Hakmilik 2288 Lot 20470 Mukim Serendah Daerah Hulu Selangor Negeri Selangor	Residential land for sale	Leasehold ending 31/08/2105	01/10/2012	400,300	4,608,679
PM 317 Lot 4249 Mukim Setapak Tempat Dusun Ranjau Daerah Kuala Lumpur	Land for development	Leasehold ending 06/02/2091	25/10/2013	413,883	33,110,000

ANALYSIS OF SHAREHOLDINGS

I. ANALYSIS OF SHAREHOLDINGS as a 30 September 2015

Share Capital

Authorised Share Capital	:	RM400,000,000
Issued & Fully Paid-Up Share Capital	:	RM225,291,368
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	77	1.24	2,403	0.00
100 - 1,000	1,004	16.17	916,388	0.41
1,001 - 10,000	3,612	58.16	18,578,070	8.25
10,001 - 100,000	1,337	21.53	42,494,082	18.86
100,001 - 11,264,567	178	2.87	96,497,898	42.83
11,264,568* and above	2	0.03	66,802,527	29.65
Total	**6,210**	**100.00**	**225,291,368**	**100.00**

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

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name	Direct Interest	%	Deemed Interest	%
1. Sumber Raswira Sdn Bhd	32,247,161	14.31	-	-
2. Tan Sri Dato' Kok Onn	5,336,666	2.37	66,802,527*(a)*	29.65
3. Meloria Sdn Bhd	34,555,366	15.34	-	-
4. Puan Sri Datin Chan Ngan Thai	-	-	34,555,366*(b)*	15.34

Notes

(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

THIRTY LARGEST SHAREHOLDERS

		No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn Berhad *Pledged securities account for Meloria Sdn Bhd*	34,555,666	15.34
2.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged securities for Sumber Raswira Sdn Bhd (Margin)*	32,247,161	14.31
3.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (CIMB Prin)*	7,421,500	3.29
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)*	6,620,600	2.94
5.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities for Kok Onn (474131)*	5,336,666	2.37
6.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Fong Siling (CEB)*	4,600,000	2.04
7.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd*	4,200,600	1.86
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Teh Win Kee (8106483)*	3,662,600	1.62
9.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	3,374,000	1.50
10.	Ang Bee Lian	2,325,800	1.03
11.	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	2,308,650	1.02
12.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Law Wan Ni (M68103)*	1,913,000	0.85
13.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB-Principal Asset Management Berhad for Lembaga Tabung Haji (CAFM)*	1,806,900	0.80
14.	Toh Poh Seng	1,743,000	0.77
15.	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML Cap FD)*	1,661,800	0.74
16.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd (EPF)*	1,584,900	0.70

THIRTY LARGEST SHAREHOLDERS (Continued)

	No. of Shares	%
17. Law Wan Ni	1,373,000	0.61
18. Law Wan Cheen	1,296,600	0.58
19. Lee Chee Beng	1,245,900	0.55
20. Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd*	1,134,300	0.50
21. Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd*	1,125,500	0.50
22. Maybank Nominees (Tempatan) Sdn Bhd *Tan Seng*	1,086,000	0.48
23. Wu Chung Ta	1,072,000	0.48
24. Maybank Nominees (Tempatan) Sdn Bhd *Chee Shu Ying*	1,036,000	0.46
25. Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged securities account for Law Wan Ni (M09)*	1,000,000	0.44
26. Su Ming Keat	1,000,000	0.44
27. Public Invest Nominees (Asing) Sdn Bhd *Exempt An for Phillip Securities Pte Ltd (Clients)*	985,000	0.44
28. Yeoh Ah Tu	958,000	0.42
29. Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Darby Leong @ Leong Ti Seong (REM 609-Margin)*	903,000	0.40
30. Boey Tak Kong	769,000	0.34

II. DIRECTORS' SHAREHOLDINGS as at 30 September 2015

THE COMPANY

	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Deemed interest	%
Tan Sri Dato' Kok Onn	5,336,666	2.37	66,802,527*(a)*	29.65
Boey Tak Kong	769,000	0.34	-	-

Note:

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

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

Save as disclosed, none of the other Directors of the Company had any interest in the shares of the Company or its related corporations as at 30 September 2015.

NOTICE OF 22ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second (22nd) Annual General Meeting (AGM) of Gadang Holdings Berhad (the Company) will be held at Banyan, Casuarina & Dillenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 19th November 2015 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 2015 together with the Reports of the Directors and Auditors thereon. *Please refer to Note B*

2. To approve the payment of a first and final single tier dividend of 5 sen per share in respect of the financial year ended 31 May 2015. *(Ordinary Resolution 1)*

3. To approve the payment of Directors' fees of RM220,000.00 in respect of the financial year ended 31 May 2015 (FY2014: RM192,000). *(Ordinary Resolution 2)*

4. To re-elect Encik Adam Bin Bachek, who is retiring in accordance with Article 108 of the Company's Articles of Association. *(Ordinary Resolution 3)*

5. To re-elect Ms Kok Pei Ling, who is retiring in accordance with Article 108 of the Company's Articles of Association. *(Ordinary Resolution 4)*

6. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS

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

7. **Authority to Directors to issue shares** *(Ordinary Resolution 6)*

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised 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."

8. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and the provision of financial assistance** *(Ordinary Resolution 7)*

"**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 28th October 2015 ("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;

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 authorised 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 authorised by this resolution."

9. **Continuing In Office As Independent Director – Datuk Wan Lokman Bin Dato' Wan Ibrahim** *(Ordinary Resolution 8)*

"**THAT** approval be and is hereby given to Datuk Wan Lokman Bin Dato' Wan Ibrahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company".

10. **Continuing In Office As Independent Director – Encik Adam Bin Bachek** *(Ordinary Resolution 9)*

"**THAT** subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Encik Adam Bin Bachek who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company".

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final single tier dividend of 5 sen per share, for the financial year ended 31 May 2015, if approved by the shareholders at the 22nd Annual General Meeting, will be paid on 23 December 2015 to Depositors whose names appear in the Record of Depositors at the close of business on 30 November 2015.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 November 2015 in respect of transfers; and

b. shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

SALLY TAN SEOK CHUNG
Secretary

Kuala Lumpur
28 October 2015

NOTES:

A. Appointment of Proxy and Entitlement of Attendance

1. Only depositors whose names appear in the Record of Depositors as at 12 November 2015 be regarded as members and entitled to attend, speak and vote at this meeting.

2. A member of the Company entitled to attend, speak and vote at this meeting, is entitled to appoint a proxy to attend, speak 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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3. 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.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. 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.

B. Audited Financial Statements

The agenda is meant for discussion only under the provisions of Section 169(1) of the Companies Act, 1965. As such, the Audited Financial Statements do not require formal approval of the shareholders, hence the matter will not be put for voting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

(i) Ordinary Resolution 6 – Authority to Directors to issue shares

The proposed Ordinary Resolution 6 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965, obtained from the shareholders at the last Annual General Meeting. The resolution, if passed, will empower the Directors of the Company 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 a 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 mandate granted to the Directors at the last Annual General Meeting held on 19 November 2014 and which will lapse at the conclusion of this 22nd Annual General Meeting.

This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

(ii) Ordinary Resolution 7 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance

The proposed Ordinary Resolution 7 is in relation to the approval of Shareholders' Mandate for Recurrent Related Party Transactions and 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 7 are set out in the Circular to Shareholders dated 28 October 2015, which is despatched together with this Annual Report 2015.

(iii) Ordinary Resolutions 8 and 9 – Continuing In Office As Independent Non-Executive Directors

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Datuk Wan Lokman Bin Dato' Wan Ibrahim and Encik Adam Bin Bachek, who have served as Independent Non-Executive Directors for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) Both of them have met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.
(b) Datuk Wan Lokman Bin Dato' Wan Ibrahim's vast experience in the banking sector and in-depth expertise in the plantation segment will greatly contribute in know-how to support Gadang's upstream and downstream palm oil activities.
(c) Encik Adam Bin Bachek's legal background in contract negotiations and technical knowledge in contract management shall be valuable to the Gadang Group, as more complex and higher value projects are being tendered by the Group.
(d) Both of them, having been with the Company for more than nine years, are familiar with the Group's business goals and have devoted sufficient time to discharge their statutory duties and fiduciary responsibilities.
(e) Both have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in the interest of the Company and shareholders.

EXPLANATORY NOTES TO SPECIAL BUSINESS (CONTINUED)

(iii) Ordinary Resolutions 8 and 9 – Continuing In Office As Independent Non-Executive Directors (Continued)

The proposed Ordinary Resolution 8, if passed, will authorise Datuk Wan Lokman Bin Dato' Wan Ibrahim to continue in office as an Independent Non-Executive Director of the Company.

The proposed Ordinary Resolution 9, if passed, will authorise Encik Adam Bin Bachek to continue in office as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No individual is seeking new election as a Director at the 22nd Annual General Meeting of the Company.

Further details of the Directors who are seeking for re-election are set out in the Directors' Profile on page 9 of this Annual Report 2015.

FORM OF PROXY

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

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

of ____
(FULL ADDRESS AND TELEPHONE NO.)

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

Proxy 1 ______________________________ NRIC No.: ____________________
(FULL NAME IN BLOCK LETTERS)

Proxy 2 ______________________________ NRIC No.: ____________________
(FULL NAME IN BLOCK LETTERS)

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 22nd Annual General Meeting of the Company to be held at Banyan, Casuarina & Dillenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 19 November 2015 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 approve the payment of a first and final dividend		
2.	To approve the payment of Directors' fees		
3.	To re-elect Encik Adam Bin Bachek as Director		
4.	To re-elect Ms Kok Pei Ling as Director		
5.	To re-appoint Messrs Crowe Horwath as Auditors		
6.	To authorise the Directors to issue shares		
7.	To renew the shareholders' mandate for Recurrent Related Party Transactions and provision of financial assistance		
8.	To continue in office for Datuk Wan Lokman Bin Dato' Wan Ibrahim as Independent Director		
9.	To continue in office for Encik Adam Bin Bachek as Independent Director		

** Strike out whichever not applicable*

Dated this ________ day of ____________________, 2015

For appointment of 2 proxies, no. of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

____
Signature/Common Seal of Member

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 12 November 2015 be regarded as members and entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend, speak and vote at this meeting, is entitled to appoint a proxy to attend, speak 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 authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. 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.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. 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
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur

1st fold here

www.gadang.com.my

GADANG HOLDINGS BERHAD (278114-K)
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur

Tel : 603-6275 6888
Fax : 603-6275 2136
Email : corporate@gadang.com.my