



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017**

	UNAUDITED		UNAUDITED		UNAUDITED		AUDITED	
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD		CUMULATIVE PERIOD		CUMULATIVE PERIOD	
	3 Months Ended 31/05/2017 RM'000	3 Months Ended 31/05/2016 RM'000 (Restated)	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000 (Restated)	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000 (Restated)	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000 (Restated)
Revenue	163,784	247,495	542,801	673,530	542,801	673,530	542,801	673,530
Cost of sales	(102,130)	(200,656)	(358,197)	(517,929)	(358,197)	(517,929)	(358,197)	(517,929)
Gross profit	61,654	46,839	184,604	155,601	184,604	155,601	184,604	155,601
Other income	3,295	5,986	14,345	15,989	14,345	15,989	14,345	15,989
Administrative expenses	(5,211)	(4,981)	(24,796)	(20,765)	(24,796)	(20,765)	(24,796)	(20,765)
Depreciation and amortisation	(1,671)	(95)	(6,084)	(3,780)	(6,084)	(3,780)	(6,084)	(3,780)
Operating expenses	(10,125)	(3,545)	(22,425)	(13,132)	(22,425)	(13,132)	(22,425)	(13,132)
Other expenses	(2,400)	(5,179)	(2,466)	(5,293)	(2,466)	(5,293)	(2,466)	(5,293)
Finance costs	(556)	(639)	(2,296)	(2,545)	(2,296)	(2,545)	(2,296)	(2,545)
Share of results of joint ventures	37	-	37	-	37	-	37	-
Profit before tax	45,023	38,386	140,919	126,075	140,919	126,075	140,919	126,075
Income tax expense	(13,177)	(8,073)	(37,542)	(30,426)	(37,542)	(30,426)	(37,542)	(30,426)
Net profit from continuing operations	31,846	30,313	103,377	95,649	103,377	95,649	103,377	95,649
Discontinued operation:								
Profit/(Loss) after tax from discontinued operation	(1,736)	465	(2,709)	(947)	(2,709)	(947)	(2,709)	(947)
Net profit for the financial year	30,110	30,778	100,668	94,702	100,668	94,702	100,668	94,702
Other comprehensive income:								
Actuarial gain/(loss) on defined benefit obligation	48	(127)	48	(127)	48	(127)	48	(127)
Foreign currency translation	(1,944)	(1,860)	3,175	3,781	3,175	3,781	3,175	3,781
Total comprehensive income for the financial year	28,214	28,791	103,891	98,356	103,891	98,356	103,891	98,356
Net profit attributable to:								
Equity holders of the Company	29,986	31,073	100,376	94,767	100,376	94,767	100,376	94,767
Non-controlling interests	124	(295)	292	(65)	292	(65)	292	(65)
	30,110	30,778	100,668	94,702	100,668	94,702	100,668	94,702
Total comprehensive income attributable to:								
Equity holders of the Company	28,247	29,252	103,350	98,079	103,350	98,079	103,350	98,079
Non-controlling interests	(33)	(461)	541	277	541	277	541	277
	28,214	28,791	103,891	98,356	103,891	98,356	103,891	98,356



GADANG HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 (Continued)**

	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/05/2017 RM'000	3 Months Ended 31/05/2016 RM'000	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000
Basic earnings per share (sen)				
- continuing operations	4.89	5.44	15.91	17.01
- discontinued operation	(0.27)	0.08	(0.42)	(0.17)
	4.63	5.52	15.49	16.84
Diluted earnings per share (sen)				
- continuing operations	4.67	N/A	15.19	N/A
- discontinued operation	(0.26)	N/A	(0.40)	N/A
	4.42	N/A	14.79	N/A

Notes:

1) The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016.

2) Basic earnings per share for the corresponding quarter of the preceding year have been restated by taking into consideration the implementation of share split and bonus issue, which was completed on 28 November 2016.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2017

	UNAUDITED As At 31/05/2017 RM'000	AUDITED As At 31/05/2016 RM'000
ASSETS		
Non-current assets		
Concession assets	92,089	61,313
Property, plant and equipment	63,770	76,424
Biological assets	-	12,493
Investment properties	15,984	17,045
Land held for property development	3,889	3,881
Investment in joint ventures	37	-
Non-trade receivables	2,840	2,360
Other investment	100	100
Goodwill	18,430	17,690
Deferred tax assets	11,467	20,441
	208,606	211,747
Current assets		
Inventories	983	3,353
Property development costs	730,241	484,816
Trade and other receivables	181,940	172,550
Amount due from customers on contracts	24,921	50,753
Current tax assets	6,407	5,324
Short term funds	56,221	106,635
Fixed deposits placed with licensed banks	87,895	86,151
Cash and bank balances	117,970	101,495
	1,206,578	1,011,077
Assets classified as held for sale	15,521	-
TOTAL ASSETS	1,430,705	1,222,824
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	331,678	258,623
Reserves	291,813	270,479
	623,491	529,102
Non-controlling interests	7,805	7,264
Total equity	631,296	536,366



GADANG HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2017 (Continued)

	UNAUDITED	AUDITED
	As At	As At
	31/05/2017	31/05/2016
	RM'000	RM'000
Non-current liabilities		
Bank borrowings	144,096	166,972
Deferred tax liabilities	10,956	11,238
Defined benefit obligations	1,724	1,889
Non-trade payables	246,369	130,927
	<u>403,145</u>	<u>311,026</u>
Current liabilities		
Amount due to customers on contracts	26,824	43,668
Trade and other payables	320,658	254,838
Bank borrowings	44,139	55,849
Current tax liabilities	4,122	21,077
	395,743	375,432
Liabilities classified as held for sale	521	-
Total liabilities	<u>799,409</u>	<u>686,458</u>
TOTAL EQUITY AND LIABILITIES	<u>1,430,705</u>	<u>1,222,824</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.95	0.82

Notes:

- 1) The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016.*
- 2) Net assets per share attributable to owners of the Company as at preceding financial year end has been restated by taking into consideration the implementation of share split and bonus issue, which was completed on 28 November 2016.*



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2017

	Attributable to Equity Holders of the Company						Total	Non-controlling Interest	Total Equity
	Non-Distributable			Distributable					
	Share Capital	Employee Share Option Reserve	Capital Reserve	Share Premium	Foreign Exchange Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
(UNAUDITED)									
At 1 June 2016	258,623	-	1,347	38,041	(1,158)	232,249	529,102	7,264	536,366
Total comprehensive income	-	-	-	-	2,926	100,424	103,350	541	103,891
Recognition of share option expenses	-	1,910	-	-	-	-	1,910	-	1,910
Employees share option exercised	7,172	-	-	-	-	-	7,172	-	7,172
Dividend on ordinary shares	-	-	-	-	-	(18,104)	(18,104)	-	(18,104)
Issue of shares upon exercise of warrants	61	-	-	-	-	-	61	-	61
Bonus issue of shares	64,655	-	-	(38,041)	-	(26,614)	-	-	-
Transfer to share capital for employees share option exercised	1,167	(1,167)	-	-	-	-	-	-	-
At 31 May 2017	331,678	743	1,347	-	1,768	287,955	623,491	7,805	631,296



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 (Continued)**

	← Attributable to Equity Holders of the Company →						Total	Non- controlling Interest	Total Equity
	← Non-Distributable →			Distributable					
	Share Capital	Warrant Reserve	Capital Reserve	Share Premium	Foreign Exchange Reserve	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
(AUDITED)									
At 1 June 2015	216,369	6,173	1,347	12,736	(4,614)	149,345	381,356	7,030	388,386
Effect of adopting FRS119	-	-	-	-	-	6	6	-	6
Total comprehensive income	-	-	-	-	3,440	94,640	98,080	277	98,357
Dividend on ordinary shares	-	-	-	-	-	(11,756)	(11,756)	-	(11,756)
Striking off subsidiary companies	-	-	-	-	16	(16)	-	-	-
Issue of shares	42,254	(5,885)	-	25,305	-	-	61,674	-	61,674
Transfer to retained earning upon expiry of warrants	-	(288)	-	-	-	288	-	-	-
Changes in ownership interest in subsidiary (effects of change in stake)	-	-	-	-	-	(258)	(258)	(43)	(301)
At 31 May 2016	258,623	-	1,347	38,041	(1,158)	232,249	529,102	7,264	536,366

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016.



GADANG HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017**

	UNAUDITED	AUDITED
	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax:		
- continuing operations	140,919	126,075
- discontinued operation	(2,709)	(1,572)
Adjustments for:		
Amortisation of biological assets	695	450
Bad debts written off	6	1
Depreciation of concession assets	2,534	756
Depreciation of investment properties	278	258
Depreciation of property, plant and equipment	18,951	23,478
Dividend received from short term fund	(2,699)	(2,780)
Equity-settled share based payment	1,910	-
Fair value adjustments on:		
- trade and other receivables	760	(4,669)
- amount owing to a director	-	570
- trade and other payables	401	725
Finance costs	3,925	5,800
Gain on disposal of property, plant and equipment	(3,997)	(1,905)
Impairment loss on:		
- assets held for sale	1,350	-
- investment property	-	1,800
- trade and other receivables	-	1,203
Increase/(Decrease) in liability for defined benefit obligations	(117)	288
Interest income	(4,751)	(4,313)
Net unrealised gain on foreign exchange	(936)	(724)
Property, plant and equipment written off	888	133
Share of results of joint ventures	(37)	-
Waiver of liability	(168)	(45)
Operating profit before working capital changes	157,203	145,529
Changes in working capital:		
Property development costs	(245,433)	(288,649)
Biological assets	(389)	(497)
Amount due from/(to) customers on contracts	8,988	(62,161)
Inventories	2,257	(70)
Receivables	(10,992)	7,521
Payables	181,500	222,873
Net income tax paid	(50,060)	(26,606)
Net Operating Cash Flows	43,074	(2,060)



GADANG HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2017 (Continued)**

	UNAUDITED	AUDITED
	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(3,814)	(3,204)
- concession assets	(31,779)	(13,731)
- investment property	(3,724)	-
Investment in subsidiaries	-	(301)
Proceeds from disposal of:		
- concession assets	945	-
- investment property	-	4,116
- property, plant and equipment	10,268	-
Dividend received from short term funds	2,699	2,780
Interest received	4,751	4,313
Net Investing Cash Flows	(20,654)	(6,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	5,733	96,480
Finance costs	(3,925)	(5,800)
Proceeds from issue of ordinary share capital	7,172	42,931
Proceeds from issue of share upon exercise of warrants	61	18,743
Repayment of:		
- bank borrowings	(30,353)	(63,668)
- hire purchase liabilities	(18,391)	(10,601)
Fixed deposits pledged as security values	(3,760)	2,387
Dividend paid	(18,104)	(11,756)
Net Financing Cash Flows	(61,567)	68,716
Net change in cash and cash equivalents	(39,147)	60,629
Effect of exchange rate changes	1,800	1,777
Cash and cash equivalents at the beginning of the financial year	232,504	170,098
Cash and cash equivalents at the end of the financial year	195,157	232,504
Analysis of Cash and Cash Equivalents		
Cash and bank balances	117,970	101,495
Short term funds	56,221	106,635
Fixed deposits placed with licensed banks	87,895	86,151
Bank overdrafts	(7,521)	(6,146)
	254,565	288,135
Less: Fixed deposits pledged as security values	(59,408)	(55,631)
Total	195,157	232,504

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2016.



GADANG HOLDINGS BERHAD
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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2017

**PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD
("FRS") 134 INTERIM FINANCIAL REPORTING**

A1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 May 2016. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2016.

A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for financial year ended 31 May 2016, except for the changes arising from the adoption of amendments/improvements to FRSs that are effective for financial period beginning 1 June 2016 as follows:

Amendments/Improvements to FRSs

FRS 5	Non-current Assets Held for Sale and Discontinued Operations [Annual Improvements to FRSs 2012-2014 Cycle]
FRS 7	Financial Instruments: Disclosures [Annual Improvements to FRSs 2012-2014 Cycle]
FRS 10	Consolidated Financial Statements [Investment Entities: Applying the Consolidation Exception]
FRS 11	Joint Arrangements [Accounting for Acquisitions of Interests in Joint Operations]
FRS 12	Disclosures of Interests in Other Entities [Investment Entities: Applying the Consolidation Exception]
FRS 14	Regulatory Deferral Accounts
FRS 101	Presentations of Financial Statements [Disclosure Initiative]
FRS 116	Property, Plant and Equipment [Clarification of Acceptable Methods of Depreciation and Amortisation]
FRS 119	Employee Benefits [Annual Improvements to FRSs 2012-2014 Cycle]
FRS 127	Separate Financial Statements [Equity Method in Separate Financial Statements]
FRS 128	Investment in Associates and Joint Venture [Investment Entities: Applying the Consolidation Exception]
FRS 134	Interim Financial Reporting [Annual Improvements to FRSs 2012-2014 Cycle]
FRS 138	Intangible Assets [Clarification of Acceptable Methods of Depreciation and Amortisation]

The adoption of these amendments/improvements to FRSs do not have a material impact on the financial statements of the Group.



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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2017

**PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD
("FRS") 134 INTERIM FINANCIAL REPORTING**

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

FRSs, Amendments/Improvements to FRSs and IC Interpretations issued but not yet effective

Standard	Title	Effective Date
FRS 1	First-time Adoption of Financial Reporting Standards [Annual Improvements to FRS Standards 2014-2016 Cycle]	1 January 2018
FRS 2	Shared-based Payment [Classification and Measurement of Share-based Payment Transactions]	1 January 2018
FRS 4	Insurance Contracts [Applying FRS 9 Financial Instruments]	1 January 2018
FRS 9	Financial Instruments [IFRS 9 as issued by IASB in July 2014]	1 January 2018
FRS 10	Consolidated Financial Statements [Sale or Contribution of Assets between an Investor and its Associate or Joint Venture]	Deferred
FRS 12	Disclosure of Interest in Other Entities [Annual Improvements to FRS Standard 2014-2016 Cycle]	1 January 2017
FRS 107	Statements of Cash Flows [Disclosure Initiative]	1 January 2017
FRS 112	Income Taxes [Recognition of Deferred Tax Assets for Unrealised Losses]	1 January 2017
FRS 128	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture (Amendments to FRS 10 and FRS 128)	Deferred
FRS 128	Investment in Associates and Joint Ventures [Annual Improvements to FRS Standards 2014-2016 Cycle]	1 January 2018
FRS 140	Investment Property [Transfer of Investment Property]	1 January 2018
<u>IC Interpretations</u>		
IC 22	Foreign Currency Transactions and Advance Construction	1 January 2018

The Group will apply the above FRSs, amendments/improvement to FRSs and IC interpretations that are applicable once they become effective. The adoption of the above FRSs, amendments/improvement to FRSs and IC interpretations is not expected to have any material impact on the financial statements of the Group.

Malaysian Financial Reporting Standards ("MFRSs")

Malaysian Accounting Standards Board ("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 further announced by MASB on 28 October 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 MFRSs 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.

A3. AUDIT REPORT

The auditors' report on the Group's annual financial statements for the financial year ended 31 May 2016 was not subject to any audit qualification.



GADANG HOLDINGS BERHAD
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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2017

**PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD
("FRS") 134 INTERIM FINANCIAL REPORTING**

A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group are not significantly affected by any seasonal or cyclical factors.

A5. UNUSUAL SIGNIFICANT ITEMS

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

A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have any material effect in the current quarter under review.

A7. DEBT AND EQUITY SECURITIES

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter under review, except for the issuance of:-

- (a) 7,478,850 new ordinary shares pursuant to the exercise of share options under the Company's Employees' Share Option Scheme; and
- (b) 57,600 new ordinary shares pursuant to the conversion of Warrant 2016/2021.

A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2017

PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

A9. SEGMENTAL REPORTING

12 months ended 31 May 2017 (Current Financial Year)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Plantation Division RM'000	Consolidated RM'000
Revenue	275,907	243,828	23,066	-	-	542,801
Results						
Segment results	81,325	65,058	6,169	(9,374)	-	143,178
Finance costs	(534)	(1,223)	(539)	-	-	(2,296)
Share of results of joint ventures	37	-	-	-	-	37
Profit/(Loss) before tax	80,828	63,835	5,630	(9,374)	-	140,919
Income tax expense						(37,542)
Loss after tax from discontinued operation	-	-	-	-	(2,709)	(2,709)
Profit for the financial year						100,668

12 months ended 31 May 2016 (Previous Financial Year)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Plantation Division RM'000	Consolidated RM'000
(Restated) Revenue	480,609	172,021	20,900	-	-	673,530
Results						
Segment results	72,024	54,411	6,134	(3,949)	-	128,620
Finance costs	(542)	(1,483)	(520)	-	-	(2,545)
Profit/(Loss) before tax	71,482	52,928	5,614	(3,949)	-	126,075
Income tax expense						(30,426)
Loss after tax from discontinued operation:	-	-	-	-	(947)	(947)
Profit for the financial year						94,702

A10. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment and concession assets have been brought forward without amendment from the audited financial statements for the financial year ended 31 May 2016.



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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2017

PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD (“FRS”) 134 INTERIM FINANCIAL REPORTING

A11. SIGNIFICANT SUBSEQUENT EVENT

On 10 July 2017, the Company’s wholly-owned subsidiary, Gadang Plantation Holdings Sdn Bhd entered into a Sale of Shares Agreement with Kumpulan Sawit Tan Holdings Sdn Bhd in relation to the 100% equity interest disposal in Desiran Impian Sdn Bhd for a total cash consideration of RM15,000,000.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the current quarter and year ended 31 May 2017, except for the following:-

- (a) On 26 August 2016, the Company’s wholly-owned subsidiary, Regional Utilities Sdn Bhd (“RUSB”) incorporated a new subsidiary in Indonesia under the name of PT. Asian Utilities Indonesia (“PTAUI”) with a paid-up share capital of IDR 3,945,000,000 (equivalent to USD300,000) divided into 300,000 shares of IDR 13,150 each (equivalent to USD1.00 each) of which RUSB holds 99% and the remaining 1% is held by the Company. The intended activity of PTAUI is to provide business management consulting services.
- (b) On 5 May 2017, GLP Paints (M) 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 Section 308(4) of the Companies Act, 1965.
- (c) On 5 May 2017, Gadang Engineering (M) Sdn Bhd (“GESB”), the Company’s wholly-owned subsidiary subscribed for 51% equity interest representing 509 ordinary shares in Gadang CRFG Consortium Sdn Bhd (“GCC”) for a total cash consideration of RM509 (“Subscription of Shares”). As a result of the Subscription of Shares, GCC became a 51% owned subsidiary of GESB, which in turn is an indirect 51% subsidiary of the Company.

A13. CHANGES IN CONTINGENT LIABILITIES

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

	Group		Company	
	31/05/2017	31/05/2016	31/05/2017	31/05/2016
	RM'000	RM'000	RM'000	RM'000
Unsecured				
Corporate guarantee issued to suppliers and subcontractors of subsidiaries	-	-	27,990	26,100
Secured				
Corporate guarantee issued to:				
- financial institutions for banking and hire purchase facilities granted to subsidiaries	-	-	185,126	216,334
- financial institutions for bank guarantees granted to subsidiaries in the ordinary course of business	276,201	198,299	276,201	198,299
	276,201	198,299	489,317	440,733



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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2017

PART A – EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD (“FRS”) 134 INTERIM FINANCIAL REPORTING

A14. CAPITAL COMMITMENTS

	As At 31/05/2017 RM'000
Approved and contracted for	
- Balance of purchase consideration for investment property as per Sale and Purchase Agreement	50,121
Approved but not contracted for	
- Purchase of property, plant and equipment	8,147
	58,268

A15. DISCONTINUED OPERATION AND ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

Pursuant to the Group’s portfolio review in the financial year 2017, the Board had strategically decided to exit the plantation business. The decision offers an opportunity for the Group to exit from its non-core activity business and to reallocate its resources to other key businesses within the Group. Therefore, the Group presents and disclose in its financial statements the financial effects of discontinued operation in accordance to FRS 5 (*Non-Current Assets Held for Sale and Discontinued Operations*). The financial results are as follows:-

	As At 31/05/2017 RM'000
<u>Results of discontinued operation</u>	
Revenue	2,672
Cost of sales	(2,137)
Gross profit	535
Expenses	(3,244)
Loss before tax	(2,709)
Income tax expense	-
Net loss from discontinued operation	(2,709)
<u>Cash flows of discontinued operation</u>	
Net operating cash flows	592
Net investing cash flows	(263)
Net financing cash flows	(119)
Effect of cash flows	(382)



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**A15. DISCONTINUED OPERATION AND ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE
(Continued)**

	As At 31/05/2017 RM'000
<u>Assets classified as held for sale</u>	
Property, plant and equipment	1,043
Biological assets	12,188
Deferred tax assets	3,122
Inventories	113
Trade and other receivables	262
Cash and bank balances	143
	<hr/>
	16,871
Less: Impairment loss on assets held for sale	(1,350)
	<hr/>
	15,521
	<hr/>
<u>Liabilities classified as held for sale</u>	
Bank borrowings	50
Trade and other payables	471
	<hr/>
	521
	<hr/>



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

B1. OPERATING SEGMENTS REVIEW

REVIEW OF PERFORMANCE AGAINST PREVIOUS YEAR CORRESPONDING PERIOD

During the current quarter, the Group posted revenue of RM163.78 million as compared to RM247.50 million in the corresponding quarter of the preceding year. The Group's profit before tax increased to RM45.02 million as compared to RM38.39 million in the corresponding quarter of the preceding year.

For the current year to date, revenue decreased by 19.41% to RM542.80 million. However, profit before tax increased by 11.77% to RM140.92 million. The increase in profit before tax was mainly due to improved profit margins from construction projects and higher contributions arising from property activities.

Tabulated below is the various divisional contributions:-

UNAUDITED INDIVIDUAL QUARTER		UNAUDITED AUDITED CUMULATIVE PERIOD	
3 Months Ended 31/05/2017 RM'000	3 Months Ended 31/05/2016 RM'000	12 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2016 RM'000

REVENUE

Continuing operations

Construction Division	89,948	180,021	275,907	480,609
Property Division	67,802	62,592	243,828	172,021
Utility Division	6,034	4,882	23,066	20,900
Investment Holding	-	-	-	-
	163,784	247,495	542,801	673,530

Discontinued operation

Plantation Division	667	632	2,672	1,874
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PROFIT/(LOSS) BEFORE TAX

Continuing operations

Construction Division	33,821	21,199	80,828	71,482
Property Division	14,290	17,222	63,835	52,928
Utility Division	1,069	1,987	5,630	5,614
Investment Holding	(4,157)	(2,022)	(9,374)	(3,949)
	45,023	38,386	140,919	126,075

Discontinued operation

Plantation Division	(1,736)	(160)	(2,709)	(1,572)
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B1. OPERATING SEGMENTS REVIEW (Continued)

(A) Continuing operations

During the current quarter, the Group reclassified related assets and liabilities under Plantation Division as assets held for sale. As such, the quarter results had been presented separately between continuing operations and discontinued operation.

Construction Division

For the current quarter, revenue decreased to RM89.95 million as compared to RM180.02 million in the corresponding quarter of the preceding year. Profit before tax for the current quarter increased to RM33.82 million as compared to RM21.20 million in the corresponding quarter of the preceding year.

Revenue for the current year to date decreased by 42.59% to RM275.91 million as compared to RM480.61 million recorded in the preceding year to date. This was mainly due to completion of some projects in the preceding year. However, Profit before tax increased by 13.07% to RM80.83 million due to improved profit margins for various projects.

Property Division

For the current quarter, revenue increased to RM67.80 million as compared to RM62.59 million in the corresponding quarter of the preceding year. Profit before tax reduced to RM14.29 million as compared to RM17.22 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased from RM172.02 million to RM243.83 million. In tandem with this, profit before tax increased from RM52.93 million to RM63.84 million. This was mainly due to higher development progress for various on-going projects.

Utility Division

Revenue for current quarter increased to RM6.03 million as compared to RM4.88 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM1.07 million as compared to RM1.99 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased by 10.36% to RM23.07 million and profit before tax increased marginally to RM5.63 million. This was mainly attributed to water tariff rate adjustment.

(B) Discontinued operation

Plantation Division recorded revenue for the current quarter and year to date at RM0.67 million and RM2.67 million respectively. This was mainly due to higher harvesting activities. Loss before tax for year to date increased to RM2.71 million as compared to RM1.57 million in the preceding year.



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B2. MATERIAL CHANGES IN CURRENT QUARTER'S RESULT AS COMPARED TO PRECEDING QUARTER

	REVENUE		PROFIT/(LOSS) BEFORE TAX	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	3 Months Ended 31/05/2017	3 Months Ended 28/02/2017	3 Months Ended 31/05/2017	3 Months Ended 28/02/2017
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
Construction Division	89,948	70,765	33,821	23,226
Property Division	67,802	51,825	14,290	16,915
Utility Division	6,034	5,455	1,069	914
Investment Holding	-	-	(4,157)	(4,006)
	163,784	128,045	45,023	37,049
<u>Discontinued operation</u>				
Plantation Division	667	494	(1,736)	(340)

The Group recorded revenue of RM163.78 million from continuing operations in the current quarter as compared to RM128.04 million in the preceding quarter. This was mainly due to higher work progress from existing construction and property activities. In line with this, the Group's profit before tax increased by 21.51% to RM45.02 million as compared to RM37.05 million in the preceding quarter.

B3. BUSINESS PROSPECTS

The Board expects the new financial year 2017/18 to remain challenging with market conditions becoming more complex and intense due to rapid cost escalation impacted by inflationary pressure. Accordingly, the Board initiated a strategic review to realign the Group's business activities to remain competitive and stay growth driven. Arising from the strategic assessment, the Board approved the disposal of the plantation business and to consolidate its resources to further strengthen the construction and property activities.

Based on the Divisional activities, the following on-going projects are likely to support the Group's sustainable profitability moving forward:-

- (a) **Construction Division**
The recent award Package V206 of the Project Mass Rapid Transit Laluan 2: Sungai Buloh – Serdang – Putrajaya (SSP) for a contract sum of RM952.09 million and Package 2 of the "Cadangan Peyuraian Trafik Dan Kerja-kerja Menaiktaraf Jalan Tun Razak Dari Jalan Langgak Golf ke Bulatan Kampung Pandan KL" for a contract sum of RM327.9 million, reinforced the total outstanding order book to some RM1.5 billion.
- (b) **Property Division**
The current focus on affordable homes strengthen the unbilled sales to some RM136.2 million in value.
- (c) **Utility Division**
The mini hydro project of 9MW in Indonesia is expected to be income generating by the fourth quarter of the financial year.



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

This is not applicable to the Group.

B5. TAXATION

Taxation comprises the following:

	3 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2017 RM'000
Income tax expense:		
Malaysian income tax	(6,920)	(29,884)
Foreign income tax	(566)	(2,110)
Deferred tax	<u>(5,691)</u>	<u>(5,548)</u>
	<u>(13,177)</u>	<u>(37,542)</u>

The effective tax rate for the Group for the current financial year was higher than the statutory tax rate mainly due to expenses not deductible for tax purpose.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 6 February 2017, the Company announced that its indirect wholly-owned subsidiary, Gadang Construction Sdn Bhd had entered into a sale and purchase agreement (“SPA”) with Nusvita Development Sdn Bhd for the acquisition of a piece of leasehold commercial land located in Damansara Perdana for a purchase consideration of RM55,690,000 (“Proposed Acquisition”).

The Company has received the approval of the Economic Planning Unit, Prime Minister’s Department (“EPU”) and the State Authority’s consent vide their letters dated 20 April 2017 and 16 May 2017 respectively. Pursuant thereto, all the conditions precedent have been met and the SPA has become unconditional.



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B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/05/2017		Total RM'000
	Secured RM'000	Unsecured RM'000	
<u>Continuing operations</u>			
Short term borrowings	44,139	-	44,139
Long term borrowings	144,096	-	144,096
	<hr/>	<hr/>	<hr/>
	188,235	-	188,235
Currency denominations:			
Ringgit Malaysia	147,951	-	147,951
United States Dollar	10,862	-	10,862
Indonesian Rupiah	29,422	-	29,422
	<hr/>	<hr/>	<hr/>
	188,235	-	188,235
<u>Discontinued operation</u>			
Short term borrowings	43	-	43
Long term borrowings	6	-	6
	<hr/>	<hr/>	<hr/>
	49	-	49
Currency denominations:			
Ringgit Malaysia	49	-	49
	<hr/>	<hr/>	<hr/>

B8. MATERIAL LITIGATION

As at 19 July 2017, being 7 days prior to the date of this report, there has been no material litigation pending of which the value exceeds 5% of the Group's net tangible assets.

B9. DIVIDEND

The Board has proposed a first and final single tier dividend of 3 sen per share in respect of the financial year ended 2017 for approval of the shareholders at the forthcoming Annual General Meeting. The entitlement date and the payment date of the proposed first and final single tier dividend shall be announced later.



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B10. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share has been calculated by dividing the net profit for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/05/2017	3 Months Ended 31/05/2016	12 Months Ended 31/05/2017	12 Months Ended 31/05/2016
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	31,722	30,608	103,085	95,714
- from discontinued operation	(1,736)	465	(2,709)	(947)
	29,986	31,073	100,376	94,767
Weighted average number of ordinary shares in issue ('000)	648,113	562,706	648,113	562,706
Basic earnings per share (sen)				
- from continuing operations	4.89	5.44	15.91	17.01
- from discontinued operation	(0.27)	0.08	(0.42)	(0.17)
	4.63	5.52	15.49	16.84



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B10. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The diluted earnings per share has been calculated by dividing the net profit for the financial year attributable to ordinary equity holder of the Company by the weighted average number of ordinary shares that would have been issued upon full conversion of the remaining Warrants 2016/2021 and employee share option.

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/05/2017	3 Months Ended 31/05/2016	12 Months Ended 31/05/2017	12 Months Ended 31/05/2016
Net profit attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	31,722	N/A	103,085	N/A
- from discontinued operation	(1,736)	N/A	(2,709)	N/A
	<u>29,986</u>	<u>N/A</u>	<u>100,376</u>	<u>N/A</u>
Weighted average number of ordinary shares in issue ('000)	648,113	N/A	648,113	N/A
Effect of dilution:				
Exercise of warrants	7,973	N/A	7,973	N/A
Employee share option	22,675	N/A	22,675	N/A
Adjusted weighted average number of ordinary shares ('000)	<u>678,761</u>	<u>N/A</u>	<u>678,761</u>	<u>N/A</u>
Basic earnings per share (sen)				
- from continuing operations	4.67	N/A	15.19	N/A
- from discontinued operation	(0.26)	N/A	(0.40)	N/A
	<u>4.42</u>	<u>N/A</u>	<u>14.79</u>	<u>N/A</u>



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B11. DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

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

The breakdown of the retained profits of the Group as at 31 May 2017, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31/05/2017 RM'000	As at 31/05/2016 RM'000
Total retained profits of the Group		
- Realised	286,509	222,322
- Unrealised	1,446	9,927
Total Group's retained profits as per consolidated account	<u>287,955</u>	<u>232,249</u>

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

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



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B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Current Quarter 31/05/2017 RM'000	Current Year-to-date 31/05/2017 RM'000
Depreciation of property, plant and equipment	3,892	15,258
Finance costs	361	1,622
Hire of plant and machinery	163	558
Rental of land and premises	342	1,282

Total comprehensive income for the financial year was derived after charging/(crediting) the following items:

	Current Quarter 31/05/2017 RM'000	Current Year-to-date 31/05/2017 RM'000
<u>Continuing operations</u>		
Bad debts written off	-	6
Dividend received from short term funds	(615)	(2,699)
Depreciation and amortisation	1,672	6,084
Fair value loss on receivables	760	760
Fair value gain on payables	401	401
Equity-settled share based payment	-	1,910
Finance costs	557	2,296
Gain on disposal of property, plant and equipment	(1,730)	(3,997)
Interest income	(1,468)	(4,751)
Property, plant and equipment written off	888	888
Net unrealised (gain)/loss on foreign exchange	1,393	(936)
Waiver of liability	(168)	(168)
<u>Discontinued operation</u>		
Depreciation and amortisation	279	1,116
Impairment loss on assets held for sale	1,350	1,350
Finance costs	-	7

Other than as disclosed above, the Group does not have any material items that were recognised as profit/(loss) in the Condensed Consolidated Statements of Comprehensive Income.



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B13. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year under review:-

INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
As restated	As previously reported	As restated	As previously reported
31/05/2016	31/05/2016	31/05/2016	31/05/2016
RM'000	RM'000	RM'000	RM'000

Condensed Consolidated
Statements of Comprehensive
Income (Extract):-

Revenue	247,495	248,127	673,530	675,404
Cost of sales	(200,656)	(201,075)	(517,929)	(519,730)
Other income	5,986	6,034	15,989	16,040
Administrative expenses	(4,981)	(5,100)	(20,765)	(21,322)
Depreciation and amortisation	(95)	(95)	(3,780)	(4,628)
Operating expenses	(3,545)	(3,841)	(13,132)	(13,401)
Other expenses	(5,179)	(5,181)	(5,293)	(5,298)
Finance costs	(639)	(643)	(2,545)	(2,562)
Income tax expense	(8,073)	(7,448)	(30,426)	(29,801)
Loss after tax from discontinued operation	465	-	(947)	-