



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	UNAUDITED UNAUDITED			UNAUDITED AUDITED		
	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 31/05/2018 RM'000	3 Months Ended 31/05/2017 RM'000	Variance %	12 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2017 RM'000	Variance %
Revenue	182,007	174,848	4	594,295	553,866	7
Cost of sales	(126,275)	(110,830)	14	(396,172)	(366,896)	8
Gross profit	55,732	64,018	-13	198,123	186,970	6
Other income	4,793	3,420	40	17,281	14,471	19
Administrative expenses	(7,204)	(5,505)	31	(31,804)	(25,092)	27
Depreciation and amortisation	(1,532)	(1,650)	-7	(6,413)	(6,062)	6
Operating expenses	(5,991)	(11,079)	-46	(25,546)	(23,380)	9
Other expenses	(13,914)	(3,028)	>100	(18,161)	(3,094)	>100
Finance costs	899	(555)	>100	(1,824)	(2,295)	-21
Share of results of joint ventures	519	37	>100	908	37	>100
Profit before tax	33,302	45,658	-27	132,564	141,555	-6
Income tax expense	(10,001)	(13,630)	-27	(37,155)	(37,996)	-2
Net profit from continuing operations	23,301	32,028	-27	95,409	103,559	-8
Discontinued operation:						
Loss after tax from discontinued operation	-	(1,980)	>100	(155)	(2,953)	-95
Net profit for the financial year	23,301	30,048	-22	95,254	100,606	-5
Other comprehensive income:						
Actuarial gain/(loss) on defined benefit obligation	(220)	(19)	>100	(220)	(19)	>100
Foreign currency translation	313	(1,940)	>100	(6,476)	3,179	>100
Total comprehensive income for the financial year	23,394	28,089	-17	88,558	103,766	-15
Net profit attributable to:						
Equity holders of the Company	23,270	29,727	-22	95,122	100,116	-5
Non-controlling interests	31	321	-90	132	490	-73
	23,301	30,048	-22	95,254	100,606	-5
Total comprehensive income attributable to:						
Equity holders of the Company	23,352	27,924	-16	88,884	103,027	-14
Non-controlling interests	42	165	-75	(326)	739	>100
	23,394	28,089	-17	88,558	103,766	-15



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2018 (Continued)

	UNAUDITED		UNAUDITED	AUDITED
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/05/2018 RM'000	3 Months Ended 31/05/2017 RM'000	12 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2017 RM'000
Basic earnings per share (sen)				
- continuing operations	3.53	4.89	14.46	15.90
- discontinued operation	-	(0.31)	(0.02)	(0.46)
	3.53	4.59	14.44	15.45
Diluted earnings per share (sen)				
- continuing operations	3.39	4.79	13.89	15.58
- discontinued operation	-	(0.30)	(0.02)	(0.45)
	3.39	4.49	13.87	15.13

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018

	UNAUDITED	AUDITED
	As At 31/05/2018 RM'000	As At 31/05/2017 RM'000
ASSETS		
Non-current assets		
Concession assets	116,521	91,619
Property, plant and equipment	73,795	63,646
Investment properties	78,837	15,984
Land held for property development	3,897	3,889
Investment in joint ventures	1,455	37
Non-trade receivables	2,427	2,593
Other investment	100	100
Goodwill	17,101	18,430
Deferred tax assets	15,128	6,245
	309,261	202,543
Current assets		
Inventories	69,806	980
Property development costs	834,465	731,019
Trade and other receivables	158,165	183,178
Amount due from customers on contracts	42,548	24,695
Current tax assets	7,543	6,632
Short term funds	54,368	59,435
Fixed deposits placed with licensed banks	92,542	87,909
Cash and bank balances	130,439	114,572
	1,389,876	1,208,420
Assets classified as held for sale	-	15,521
TOTAL ASSETS	1,699,137	1,426,484
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	338,380	331,678
Reserves	364,904	291,490
	703,284	623,168
Non-controlling interests	4,437	8,003
Total equity	707,721	631,171



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018 (Continued)

	UNAUDITED	AUDITED
	As At 31/05/2018 RM'000	As At 31/05/2017 RM'000
Non-current liabilities		
Bank borrowings	223,507	143,819
Deferred tax liabilities	5,929	6,449
Defined benefit obligations	2,508	2,039
Non-trade payables	260,187	243,554
	492,131	395,861
Current liabilities		
Amount due to customers on contracts	184	18,843
Trade and other payables	434,529	327,167
Bank borrowings	59,904	48,771
Current tax liabilities	4,668	4,150
	499,285	398,931
Liabilities classified as held for sale	-	521
Total liabilities	991,416	795,313
TOTAL EQUITY AND LIABILITIES	1,699,137	1,426,484
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.06	0.95

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Share Capital	Employee Share Option Reserve	Capital Reserve	Foreign Exchange Reserve	Retained Profits	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(UNAUDITED)								
At 1 June 2017	331,678	743	1,347	1,772	287,628	623,168	8,003	631,171
Total comprehensive income	-	-	-	(6,018)	94,902	88,884	(326)	88,558
Recognition of share option expenses	-	4,382	-	-	-	4,382	-	4,382
Employees share option exercised	5,823	-	-	-	-	5,823	-	5,823
Employees share option lapsed	-	(525)	-	-	525	-	-	-
Dividend on ordinary shares	-	-	-	-	(19,758)	(19,758)	-	(19,758)
Issue of shares upon exercise of warrants	-	-	-	-	-	-	-	-
Transfer to share capital for employees share option exercised	879	(879)	-	-	-	-	-	-
Changes in ownership interest in subsidiary (effects of change in stake)	-	-	-	-	785	785	(3,240)	(2,455)
At 31 May 2018	338,380	3,721	1,347	(4,246)	364,082	703,284	4,437	707,721



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2018 (Continued)

	Share Capital	Employee Share Option Reserve	Capital Reserve	Share Premium	Foreign Exchange Reserve	Retained Profits	Total	Non- controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(AUDITED)									
At 1 June 2016	258,623	-	1,347	38,041	(1,158)	232,249	529,102	7,264	536,366
Total comprehensive income	-	-	-	-	2,930	100,097	103,027	739	103,766
Dividend on ordinary shares	-	-	-	-	-	(18,104)	(18,104)	-	(18,104)
Bonus issue of shares	64,655	-	-	(38,041)	-	(26,614)	-	-	-
Issue of shares upon exercise of warrants	61	-	-	-	-	-	61	-	61
Employees share option exercised	7,172	-	-	-	-	-	7,172	-	7,172
Recognition of share option expenses	-	1,910	-	-	-	-	1,910	-	1,910
Transfer to share capital for employees share option exercised	1,167	(1,167)	-	-	-	-	-	-	-
At 31 May 2017	331,678	743	1,347	-	1,772	287,628	623,168	8,003	631,171

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 2017.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	UNAUDITED	AUDITED
	12 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax:		
- continuing operations	132,564	141,555
- discontinued operation	(155)	(2,953)
Adjustments for:		
Accretion of interest on:		
- trade and other receivables	(2,300)	824
- amount owing to a director	129	(17)
- trade and other payables	3,059	353
Amortisation of biological assets	-	687
Bad debts recovered	(614)	(7)
Bad debts written off	59	106
Concession assets written off	-	324
Depreciation of:		
- concession assets	2,715	2,518
- investment properties	745	227
- property, plant and equipment	19,607	18,996
Dividend received from short term funds	(2,261)	(2,699)
Equity-settled share based payment	4,382	1,910
Finance costs	3,646	3,918
Gain on disposal of property, plant and equipment	(904)	(3,997)
Impairment loss on:		
- assets held for sale	-	1,211
- investment property	1,197	-
- inventories	2,540	-
- trade and other receivables	6,750	138
Increase/(Decrease) in liability for defined benefit obligations	249	10
Interest income	(5,264)	(4,902)
Loss on disposal of non-current assets held for sale	1,304	-
Net unrealised (gain)/loss on foreign exchange	3,942	(1,139)
Property, plant and equipment written off	52	1,018
Reversal of impairment losses on non-current assets held for sale	(1,211)	-
Share of results of joint ventures	(908)	(37)
Waiver of liability	(36)	(169)
Operating profit before working capital changes	169,287	157,875
Changes in working capital:		
Property development costs	(103,453)	(246,210)
Amount due from/(to) customers on contracts	(36,513)	1,234
Inventories	(71,367)	2,260
Receivables	21,244	(12,185)
Payables	120,795	185,260
Net income tax paid	(46,787)	(50,239)
Net Operating Cash Flows	53,206	37,995



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2018 (Continued)

	UNAUDITED	AUDITED
	12 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(4,806)	(4,715)
- concession assets	(38,580)	(31,615)
- investment property	(51,294)	(3,724)
Acquisition of subsidiaries:		
- investment in new subsidiary	(140)	-
- acquisition of additional equity interest in a subsidiary from non-controlling interest	(2,500)	-
Investment in a joint venture	(509)	-
Proceeds from disposal of:		
- concession assets	1,785	807
- non-current assets held for sale, net of cash and cash equivalents disposed of	1,498	-
- property, plant and equipment	1,635	10,268
Dividend received from short term funds	2,261	2,699
Interest received	5,264	4,902
Net Investing Cash Flows	(85,386)	(21,378)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	90,524	10,981
Finance costs	(3,646)	(3,918)
Proceeds from issue of ordinary share capital	5,823	7,171
Proceeds from issue of share upon exercise of warrants	-	61
Repayment of:		
- bank borrowings	(14,760)	(30,640)
- hire purchase liabilities	(7,189)	(18,045)
Fixed deposits pledged as security values	(16,304)	2,333
Dividend paid	(19,758)	(18,104)
Net Financing Cash Flows	34,690	(50,161)
Net change in cash and cash equivalents	2,510	(33,544)
Effect of exchange rate changes	(4,311)	2,261
Cash and cash equivalents at the beginning of the financial year	201,221	232,504
Cash and cash equivalents at the end of the financial year	199,420	201,221



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2018 (Continued)

	UNAUDITED	AUDITED
	12 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2017 RM'000
Analysis of Cash and Cash Equivalents		
Cash and bank balances	130,439	114,572
Short term funds	54,368	59,435
Fixed deposits placed with licensed banks	92,542	87,909
Bank overdrafts	(8,327)	(7,522)
	<hr/> 269,022	<hr/> 254,394
Cash and cash equivalent under assets classified as assets held for sale	-	142
	<hr/> 269,022	<hr/> 254,536
Less: Fixed deposits pledged as security values	(69,602)	(53,315)
Total	<hr/> 199,420	<hr/> 201,221

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2017.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2018

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 2017. 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 2017.

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 2017, except the Amendments and Improvements to FRSs as follows:

Standard	Title	Effective Date
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

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

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 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



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2018

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

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

IC Interpretations

IC 22	Foreign Currency Transactions and Advance Construction	1 January 2018
IC 23	Uncertainty over Income Tax Treatments	1 January 2019

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 and amendments/improvement to FRSs 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 2017 was not subject to any audit qualification.

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.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2018

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

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 1,706,700 new ordinary shares pursuant to the exercise of share options under the Company’s Employees’ Share Option Scheme.

The movement of the share options are as follows:-

Option price (RM)	Date of offer	No. of options					As at 31/05/2018	Exercisable as at 31/05/2018
		As at 28/02/2018	Granted	Exercised	Lapsed*	As at 31/05/2018		
0.86	16.12.2016	71,900,300	-	(1,706,700)	(2,820,900)	67,372,700	16,204,400	
1.03	05.01.2018	15,183,200	-	-	(249,900)	14,933,300	3,569,600	
		87,083,500	-	(1,706,700)	(3,070,800)	82,306,000	19,774,000	

* Due to resignation of employees as at 31 May 2018.

There was no conversion of Warrant 2016/2021 for the current quarter under review. The number of outstanding warrants as at 31 May 2018 was 129,254,039.

A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.

A9. SEGMENTAL REPORTING

12 months ended 31 May 2018 (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	376,367	195,114	22,814	-	-	594,295
Results						
Segment results	84,385	66,741	(1)	(17,645)	-	133,480
Finance costs	(160)	(1,260)	(404)	-	-	(1,824)
Share of results of joint ventures	908	-	-	-	-	908
Profit /(Loss) before tax	85,133	65,481	(405)	(17,645)	-	132,564
Income tax expense						(37,155)
Loss after tax from discontinued operation	-	-	-	-	(155)	(155)
Profit for the financial year						95,254



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2018

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

A9. SEGMENTAL REPORTING (Continued)

12 months ended 31 May 2017 (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
Revenue	286,623	244,176	23,067	-	-	553,866
Results						
Segment results	83,590	64,060	5,189	(8,989)	-	143,850
Finance costs	(534)	(1,223)	(538)	-	-	(2,295)
Profit /(Loss) before tax	83,056	62,837	4,651	(8,989)	-	141,555
Income tax expense						(37,996)
Loss after tax from discontinued operation	-	-	-	-	(2,953)	(2,953)
Profit for the financial year						100,606

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 2017.

A11. SIGNIFICANT SUBSEQUENT EVENT

There were no significant events subsequent to the end of the quarter under review.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the current quarter under review and year ended 31 May 2018, except for the following :-

- (a) On 9 June 2017, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd (“GESB”) subscribed for an additional 509,490 ordinary shares in Gadang CRFG Consortium Sdn Bhd (“GCC”) for a cash consideration of RM509,490 pursuant to the Shareholders Agreement. Following the subscription, GESB's investment increased to RM510,000. CRFG Malaysia Berhad (“CRFG”) had also on the same day subscribed for 489,510 shares in GCC for a cash consideration of RM489,510. GESB's and CRFG's percentage shareholding interests in GCC remain unchanged at 51% and 49% respectively.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2018

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

A12. CHANGES IN COMPOSITION OF THE GROUP (Continued)

- (b) On 29 June 2017, the Company's wholly-owned subsidiary, Regional Utilities Sdn Bhd subscribed for 70% equity interest representing 139,999 ordinary shares in Nusantara Suriamas Sdn Bhd ("NSSB") for a total cash consideration of RM139,999. The remaining 30% equity interest in NSSB was subscribed by BT Solar Sdn Bhd. As a result of the subscription of shares, NSSB became an indirect 70% owned subsidiary of the Company.
- (c) On 16 April 2018, the Company acquired the remaining 49% equity interest in Datapuri Sdn Bhd ("Datapuri") comprising 980,000 ordinary shares from Exclusive Acres Sdn Bhd for a cash consideration of RM2,500,000. Pursuant to the Acquisition, Datapuri became a wholly-owned subsidiary of the Company.
- (d) On 24 April 2018, GLP Manufacturing (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.

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:

	RM'000
As at 28 February 2018	597,281
Increase during the period	3,958
As at 31 May 2018	<u>601,239</u>

A14. CAPITAL COMMITMENTS

There are no material capital commitments as at the date of this report.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2018

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

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 Group had ceased its control over Plantation Division. The disposal of the discontinued operation was deemed completed on 27 November 2017 and resulted the Plantation Division ceased to be a subsidiary of the Group.

An analysis of the results of discontinued operation is as follows:

	12 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2017 RM'000
<u>Results of discontinued operation</u>		
Revenue	235	2,672
Cost of sales	(163)	(2,526)
Gross profit	72	146
Expenses	(227)	(3,099)
Loss before tax	(155)	(2,953)
Income tax expense	-	-
Net loss from discontinued operation	(155)	(2,953)

The discontinued operation had the following effects on the financial position of the Group as at the end of the financial year:

	31/05/2018 RM'000
Property, plant and equipment	1,036
Biological assets	11,806
Deferred tax assets	3,365
Inventories	114
Other receivables	2
Cash and bank balances	2
Other payables	(21)
Net assets disposed	16,304
Sale consideration	(15,000)
Loss on disposal of non-current assets held for sale	1,304
Cash inflow from disposal of non-current assets held for sale:	
Sale consideration	15,000
Settlement by way of lands	(6,750)
Balance of consideration	(6,750)
Cash and cash equivalents of non-current assets held for sale disposed	(2)
Net cash inflow	1,498



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B1. OPERATING SEGMENTS REVIEW

REVIEW OF PERFORMANCE AGAINST PREVIOUS YEAR CORRESPONDING PERIOD

During the current quarter, the Group recorded revenue of RM182.01 million as compared to RM174.85 million in the corresponding quarter of the preceding year. The Group's profit before tax decreased to RM33.30 million as compared to RM45.66 million in the corresponding quarter of the preceding year.

For the current year to date, revenue increased to RM594.30 million as compared to RM553.87 million in the preceding year to date. This was mainly due to higher construction progress from ongoing projects. However, profit before tax declined by 6% to RM132.56 million.

Total expenses for the current year to date increased by RM23.95 million as compared to the preceding year to date. This was mainly attributed by the following accounting charges:

- fair value adjustment pursuant to the granting of the Employees' Share Option Scheme of some RM4.38 million; and
- one-off impairment costs amounting to some RM10.49 million in relation to investment properties, inventories and other receivables.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended	3 Months Ended	Variance	12 Months Ended	12 Months Ended	Variance
31/05/2018	31/05/2017		31/05/2018	31/05/2017	
RM'000	RM'000	%	RM'000	RM'000	%

REVENUE

Continuing operations

Construction Division	104,558	100,663	4	376,367	286,623	31
Property Division	71,714	68,150	5	195,114	244,176	-20
Utility Division	5,735	6,035	-5	22,814	23,067	-1
Investment Holding	-	-	-	-	-	-
	182,007	174,848	4	594,295	553,866	7

Discontinued operation

Plantation Division	-	-	-	-	2,005	-
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B1. OPERATING SEGMENTS REVIEW (Continued)

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 31/05/2018	3 Months Ended 31/05/2017	Variance	12 Months Ended 31/05/2018	12 Months Ended 31/05/2017	Variance
RM'000	RM'000	%	RM'000	RM'000	%

PROFIT/(LOSS) BEFORE TAX

Continuing operations

Construction Division	16,759	36,049	-54	85,133	83,056	3
Property Division	26,885	13,292	>100	65,481	62,837	4
Utility Division	(2,246)	90	>100	(405)	4,651	>100
Investment Holding	(8,096)	(3,773)	>100	(17,645)	(8,989)	96
	<u>33,302</u>	<u>45,658</u>	<u>-27</u>	<u>132,564</u>	<u>141,555</u>	<u>-6</u>

Discontinued operation

Plantation Division	-	(1,980)	-	(155)	(2,953)	-95
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(A) Continuing operations

Construction Division

For current quarter, revenue increased marginally to RM104.56 million as compared to RM100.66 million recorded in the corresponding quarter of the preceding year. Profit before tax for the current quarter decreased to RM16.76 million as compared to RM36.05 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased by 31% to RM376.37 million as compared to RM286.62 million recorded in the preceding year to date. Profit before tax increased by 3% to RM85.13 million.

This overall improvement in performance was mainly due to:

- Progress arising from existing project namely, RAPID package 301 and 402;
- Work progress for new projects namely, KVMRT V206 project, TRX project and Cyberjaya Hospital project; and
- Subsequent income recognition of variation orders upon finalisation of completed projects.

Property Division

Revenue for the current quarter increased to RM71.71 million as compared to RM68.15 million in the corresponding quarter of the preceding year. Profit before tax increased to RM26.88 million as compared to RM13.29 million in the corresponding quarter of the preceding year.

As the entire property market experienced weak demand, revenue for the current year to date declined from RM244.18 million to RM195.11 million. However, profit before tax increased by 4% to RM65.48 million due to higher profit margin, mainly attributed to higher profit reported for the Capital City project.



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B1. OPERATING SEGMENTS REVIEW (Continued)

(A) Continuing operations (Continued)

Utility Division

Revenue for the current year to date decreased to RM22.81 million from RM23.07 million in the preceding year. The Division recorded loss of RM0.41 million for the current year to date as compared to profit before tax of RM4.65 million in the preceding year. The operating loss was mainly due to unrealised loss on foreign exchange of RM3.86 million, pre-operating expenses for the mini-hydro power project of RM0.91 million and fair value adjustment pursuant to the granting of the Employees' Share Option Scheme of RM0.24 million taken up at Utility Division level.

(B) Discontinued operation

In Note A15, the Group presents and discloses in its financial statements, the financial effects of discontinued operations in accordance to FRS 5 (*Non Current Assets Held For Sale and Discontinued Operations*).

The revenue and loss before taxation from Plantation Division up to the date of completion of its disposal were recorded at RM0.24 million and RM0.16 million respectively.

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

	Current Quarter 31/05/2018 RM'000	Preceding Quarter 28/02/2018 RM'000	Variance %
Revenue	182,007	152,680	19
Operating profit	33,935	38,319	-11
Profit before interest and tax	32,403	36,868	-12
Profit before tax	33,302	35,809	-7
Profit after tax	23,301	25,029	-7
Profit attributable to equity holders of the Company	23,270	25,143	-7

The Group posted higher revenue of RM182.01 million in the current quarter as compared to RM152.68 million in the preceding quarter, mainly due to higher construction progress from ongoing projects. However, the Group's profit before tax decreased to RM33.30 million as compared to RM35.81 million in the preceding quarter.



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B3. BUSINESS PROSPECTS

Construction Division

Based on the on-going infrastructure projects under construction, a stable earnings stream is expected for the financial year ending 31 May 2019. In addition, the division's outstanding order book of some RM1.51 billion, shall provide good income viability for the Construction Division.

Property Division

The overall weakness in the property market has impacted sales and therefore more aggressive marketing programmes will be initiated. With unbilled sales of some RM100.80 million, and planned new launches, the Property Division is expected to maintain a satisfactory performance in the coming financial year.

Utility Division

Whilst the water concessions will continue to provide recurrent income, the successful implementation of the mini-hydro power plant by early 2019 will add a fresh recurring income stream to the Group.

B4. PROFIT FORECAST AND PROFIT GUARANTEE

There is no profit forecast and profit guarantee provided by the Group and as such, this disclosure requirement is not applicable.

B5. TAXATION

Taxation comprises the following:

	3 Months Ended 31/05/2018 RM'000	12 Months Ended 31/05/2018 RM'000
Income tax expense:		
Malaysian income tax	(7,009)	(44,038)
Foreign income tax	(253)	(2,304)
Deferred tax	(2,739)	9,187
	<u>(10,001)</u>	<u>(37,155)</u>
Income tax expense on continuing operations	(10,001)	(37,155)
Income tax expense on discontinued operations	-	-
	<u>(10,001)</u>	<u>(37,155)</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.



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B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 6 February 2018, the Company's indirect wholly-owned subsidiary, Splendid Pavilion Sdn Bhd entered into a conditional Sale and Purchase Agreement ("SPA") with GP Views Development Sdn Bhd for the acquisition of 2 parcels of freehold land measuring approximately 78 acres located at Pontian, State of Johor Darul Takzim for a purchase consideration of RM149 million ("Proposed Acquisition").

The Proposed Acquisition is yet to be completed pending the fulfillment of certain conditions precedent as stipulated in the SPA.

B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/05/2018 RM'000	As at 31/05/2017 RM'000
(a) (i) Short Term Borrowings		
Revolving credits	34,999	15,200
Banker acceptance	-	4,693
Trust receipt	169	-
Bank overdraft	8,327	7,522
Term loans	5,324	17,518
Hire purchase payables	11,085	3,838
	<u>59,904</u>	<u>48,771</u>
(ii) Long Term Borrowings		
Term loans	205,019	136,690
Hire purchase payables	18,488	7,129
	<u>223,507</u>	<u>143,819</u>

(b) Foreign currency borrowings included in the above are as follows:

	As at 31/05/2018		As at 31/05/2017	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	1,878	7,494	2,461	10,524
Indonesian Rupiah	149,344,444	44,256	91,656,994	29,422
		<u>51,750</u>		<u>39,946</u>

(c) Bank borrowings for the current year to date increased to RM283.41 million as compared to RM192.59 million in the preceding year to date. This was mainly to finance:

- an investment property in Damansara Perdana of RM45 million;
- construction of concession assets in Indonesia of RM18 million;
- capital expenditure for Construction Division; and
- property development expenditure for Property Division.



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B8. MATERIAL LITIGATION

As at 18 July 2018, being 7 days prior to the date of this announcement, 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 dividend of 3 sen per share in respect of the financial year 2018 for approval of the shareholders at the forthcoming Annual General Meeting. The entitlement date and the payment date of the proposed dividend shall be announced later.

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 31/05/2018	3 Months Ended 31/05/2017	12 Months Ended 31/05/2018	12 Months Ended 31/05/2017
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	23,270	31,707	95,277	103,069
- from discontinued operation	-	(1,980)	(155)	(2,953)
	<u>23,270</u>	<u>29,727</u>	<u>95,122</u>	<u>100,116</u>
Weighted average number of ordinary shares in issue ('000)	658,851	648,090	658,851	648,090
Basic earnings per share (sen)				
- from continuing operations	3.53	4.89	14.46	15.90
- from discontinued operation	-	(0.31)	(0.02)	(0.46)
	<u>3.53</u>	<u>4.59</u>	<u>14.44</u>	<u>15.45</u>



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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 31/05/2018	3 Months Ended 31/05/2017	12 Months Ended 31/05/2018	12 Months Ended 31/05/2017
Net profit attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	23,270	31,707	95,277	103,069
- from discontinued operation	-	(1,980)	(155)	(2,953)
	<u>23,270</u>	<u>29,727</u>	<u>95,122</u>	<u>100,116</u>
Weighted average number of ordinary shares in issue ('000)	658,851	648,090	658,851	648,090
Effect of dilution:				
Exercise of warrants	10,767	3,541	10,767	3,541
Employee share option	16,205	9,875	16,205	9,875
Adjusted weighted average number of ordinary shares ('000)	<u>685,823</u>	<u>661,506</u>	<u>685,823</u>	<u>661,506</u>
Basic earnings per share (sen)				
- from continuing operations	3.39	4.79	13.89	15.58
- from discontinued operation	-	(0.30)	(0.02)	(0.45)
	<u>3.39</u>	<u>4.49</u>	<u>13.87</u>	<u>15.13</u>



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B11. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Current Quarter 31/05/2018 RM'000	Current Year-to-date 31/05/2018 RM'000
Depreciation of property, plant and equipment	4,371	16,654
Finance costs	540	1,822
Rental of land and premises	441	1,580

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

	Current Quarter 31/05/2018 RM'000	Current Year-to-date 31/05/2018 RM'000
Bad debts recovered	(614)	(614)
Bad debts written off	-	59
Dividend received from short term funds	(281)	(2,261)
Depreciation and amortisation	1,532	6,413
Accretion of interest on:		
- trade and other receivables	(298)	(2,300)
- amount owing to a director	129	129
- trade and other payables	3,059	3,059
Equity-settled share based payment	-	4,382
Finance costs	(899)	1,824
Gain on disposal of property, plant and equipment	(329)	(904)
Impairment loss on:		
- assets held for sale		
- investment property	1,197	1,197
- inventories	2,540	2,540
- other receivables	6,750	6,750
Interest income	(1,444)	(5,264)
Loss on disposal of non-current assets held for sale	-	1,304
Property, plant and equipment written off	45	52
Net unrealised loss on foreign exchange	184	3,942
Reversal of impairment loss on non-current assets held for sale	-	(1,211)
Waiver of liability	(32)	(36)

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.