



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2016

	UNAUDITED		UNAUDITED	
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/08/2016 RM'000	3 Months Ended 31/08/2015 RM'000	3 Months Ended 31/08/2016 RM'000	3 Months Ended 31/08/2015 RM'000
Revenue	104,600	149,382	104,600	149,382
Cost of sales	(74,109)	(117,027)	(74,109)	(117,027)
Gross profit	30,491	32,355	30,491	32,355
Other income	3,517	3,667	3,517	3,667
Administrative expenses	(6,504)	(4,950)	(6,504)	(4,950)
Depreciation and amortisation	(1,658)	(1,452)	(1,658)	(1,452)
Operating expenses	(3,171)	(3,084)	(3,171)	(3,084)
Other expenses	(28)	(80)	(28)	(80)
Finance costs	(530)	(578)	(530)	(578)
Profit before tax	22,117	25,878	22,117	25,878
Income tax expense	(5,495)	(5,121)	(5,495)	(5,121)
Net profit for the financial period	16,622	20,757	16,622	20,757
Other comprehensive income:				
Foreign currency translation	478	3,520	478	3,520
Total comprehensive income for the financial period	17,100	24,277	17,100	24,277
Net profit attributable to:				
Equity holders of the Company	16,696	20,862	16,696	20,862
Non-controlling interests	(74)	(105)	(74)	(105)
	16,622	20,757	16,622	20,757
Total comprehensive income attributable to:				
Equity holders of the Company	17,135	24,047	17,135	24,047
Non-controlling interests	(35)	230	(35)	230
	17,100	24,277	17,100	24,277
Earnings per share attributable to equity holders of the Company:				
Basic (sen)	6.46	9.61	6.46	9.61
Diluted (sen)	N/A	9.43	N/A	9.43

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.



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2016**

	UNAUDITED	AUDITED
	As At 31/08/2016 RM'000	As At 31/05/2016 RM'000
ASSETS		
Non-current assets		
Concession assets	61,911	61,313
Property, plant and equipment	71,879	76,424
Biological assets	12,325	12,493
Investment properties	16,980	17,045
Land held for property development	3,884	3,881
Non-trade receivables	2,533	2,360
Other investment	100	100
Goodwill	17,807	17,690
Deferred tax assets	20,438	20,441
	<u>207,857</u>	<u>211,747</u>
Current assets		
Inventories	150	3,353
Property development costs	496,980	484,816
Trade and other receivables	140,234	172,550
Amount due from customers on contracts	46,743	50,753
Current tax assets	5,668	5,324
Short term funds	63,671	106,635
Fixed deposits placed with licensed banks	99,847	86,151
Cash and bank balances	120,500	101,495
	<u>973,793</u>	<u>1,011,077</u>
TOTAL ASSETS	<u><u>1,181,650</u></u>	<u><u>1,222,824</u></u>
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	258,623	258,623
Reserves	287,614	270,479
	<u>546,237</u>	<u>529,102</u>
Non-controlling interests	7,229	7,264
Total equity	<u><u>553,466</u></u>	<u><u>536,366</u></u>



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 AUGUST 2016 (Continued)

	UNAUDITED	AUDITED
	As At	As At
	31/08/2016	31/05/2016
	RM'000	RM'000
Non-current liabilities		
Bank borrowings	157,457	166,972
Deferred tax liabilities	11,191	11,238
Defined benefit obligations	1,852	1,889
Non-trade payables	130,927	130,927
	<u>301,427</u>	<u>311,026</u>
Current liabilities		
Amount due to customers on contracts	34,956	43,668
Trade and other payables	225,233	254,838
Bank borrowings	44,005	55,849
Current tax liabilities	22,563	21,077
	<u>326,757</u>	<u>375,432</u>
Total liabilities	<u>628,184</u>	<u>686,458</u>
TOTAL EQUITY AND LIABILITIES	<u>1,181,650</u>	<u>1,222,824</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	2.11	2.05

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.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2016

	← 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	
(UNAUDITED)									
At 1 June 2016	258,623	-	1,347	38,041	(1,158)	232,249	529,102	7,264	536,366
Total comprehensive income	-	-	-	-	439	16,696	17,135	(35)	17,100
At 31 August 2016	258,623	-	1,347	38,041	(719)	248,945	546,237	7,229	553,466
(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
Dividends 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
(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2016**

	UNAUDITED	UNAUDITED
	3 Months Ended 31/08/2016 RM'000	3 Months Ended 31/08/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,117	25,878
Adjustments for:		
Amortisation of biological assets	172	112
Bad debts written off	6	-
Depreciation of concession assets	552	537
Depreciation of investment properties	64	65
Depreciation of property, plant and equipment	4,773	5,852
Dividend received from short term funds	(808)	-
Finance costs	966	1,579
Gain on disposal of property, plant and equipment	(988)	(343)
Increase / (Decrease) in liability for defined benefit obligations	(37)	102
Interest income	(1,159)	(1,277)
Property, plant and equipment written off	4	82
Unrealised gain on foreign exchange	(242)	(2)
Operating profit before working capital changes	25,420	32,585
Changes in working capital:		
Property development costs	(12,167)	(9,800)
Biological assets	(3)	(118)
Amount due from/(to) customers on contracts	(4,701)	(21,967)
Inventories	3,203	(242)
Receivables	32,137	26,339
Payables	(29,607)	6,892
Net income tax paid	(4,407)	(4,513)
Net Operating Cash Flows	9,875	29,176



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2016 (Continued)**

	UNAUDITED	UNAUDITED
	3 Months Ended 31/08/2016 RM'000	3 Months Ended 31/08/2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(576)	(222)
Purchase of concession assets	(767)	(3,973)
Proceeds from disposal of property, plant and equipment	2,412	1,014
Dividend received from short term funds	808	-
Interest received	1,159	1,277
Net Investing Cash Flows	3,036	(1,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	-	21,577
Finance costs	(966)	(1,579)
Proceeds from issue of shares upon exercise of warrants	-	1,738
Repayment of:		
- bank borrowings	(20,052)	(18,145)
- hire purchase liabilities	(4,029)	(3,096)
Fixed deposits pledged as security values	799	(4,638)
Net Financing Cash Flows	(24,248)	(4,143)
Net change in cash and cash equivalents	(11,337)	23,129
Effect of exchange rate changes	(32)	443
Cash and cash equivalents at the beginning of the financial period	232,504	170,098
Cash and cash equivalents at the end of the financial period	221,135	193,670
Analysis of Cash and Cash Equivalents		
Cash and bank balances	120,500	90,826
Short term funds	63,671	-
Fixed deposits placed with licensed banks	99,847	165,178
Bank overdrafts	(7,652)	-
	276,366	256,004
Less: Fixed deposits pledged as security values	(55,231)	(62,334)
Total	221,135	193,670

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
(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

**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 following amendments/improvements to FRSs:

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 AUGUST 2016

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

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

FRSs and Amendments to FRSs issued but not yet effective

Standard	Title	Effective Date
FRS 2	Shared-based Payment [Classification and Measurement of Share-based Payment Transactions]	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 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	Investment Entities [Applying the Consolidation Exception]	Deferred

The Group will apply the above new FRSs and amendments that are applicable once they become effective. The adoption of the above new FRSs and amendments 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 2016 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.



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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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

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 issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter under review.

A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.

A9. SEGMENTAL REPORTING

3 months ended 31 August 2016 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Plantation Division RM'000	Investment Holding RM'000	Consolidated RM'000
31 August 2016						
Revenue	42,137	56,163	5,551	749	-	104,600
Results						
Segment results	8,538	13,713	2,000	(370)	(1,234)	22,647
Finance costs	(126)	(264)	(137)	(3)	-	(530)
Profit /(Loss) before tax	8,412	13,449	1,863	(373)	(1,234)	22,117
Income tax expense						(5,495)
Profit for the financial period						16,622



GADANG HOLDINGS BERHAD
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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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

A9. SEGMENTAL REPORTING (Continued)

3 months ended 31 August 2015 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Plantation Division RM'000	Investment Holding RM'000	Consolidated RM'000
31 August 2015						
Revenue	105,743	38,155	5,024	460	-	149,382
Results						
Segment results	8,483	16,985	1,120	(387)	255	26,456
Finance costs	(183)	(335)	(55)	(5)	-	(578)
Profit /(Loss) before tax	8,300	16,650	1,065	(392)	255	25,878
Income tax expense						(5,121)
Profit for the financial period						20,757

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.

A11. SIGNIFICANT SUBSEQUENT EVENT

On 23 September 2016, the Company accepted a Letter of Award from Kwasa Land Sdn Bhd, a wholly owned subsidiary of the Employees Provident Fund (EPF) as its development partner to develop the proposed residential development identified as R3-1 of “Kwasa Damansara Township”.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review, other than 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.



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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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

A13. CHANGES IN CONTINGENT LIABILITIES

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

	RM'000
As at 31 May 2016	440,733
Increase during the period	8,598
As at 31 August 2016	<u>449,331</u>

A14. CAPITAL COMMITMENTS

	As At 31/08/2016 RM'000
Approved but not contracted for	
- Oil palm plantations development	300
	<u>300</u>



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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 recorded revenue of RM104.60 million as compared to RM149.38 million in the corresponding quarter of the preceding year. The Group's profit before tax decreased to RM22.12 million as compared to RM25.88 million in the corresponding quarter of the preceding year.

Tabulated below is the various divisional contributions:-

UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE PERIOD	
3 Months Ended 31/08/2016 RM'000	3 Months Ended 31/08/2015 RM'000	3 Months Ended 31/08/2016 RM'000	3 Months Ended 31/08/2015 RM'000

REVENUE

Construction Division	42,137	105,743	42,137	105,743
Property Division	56,163	38,155	56,163	38,155
Utility Division	5,551	5,024	5,551	5,024
Plantation Division	749	460	749	460
Investment Holding	-	-	-	-
	<u>104,600</u>	<u>149,382</u>	<u>104,600</u>	<u>149,382</u>

PROFIT/(LOSS) BEFORE TAX

Construction Division	8,412	8,300	8,412	8,300
Property Division	13,449	16,650	13,449	16,650
Utility Division	1,863	1,065	1,863	1,065
Plantation Division	(373)	(392)	(373)	(392)
Investment Holding	(1,234)	255	(1,234)	255
	<u>22,117</u>	<u>25,878</u>	<u>22,117</u>	<u>25,878</u>

Construction Division

For the current quarter, revenue decreased to RM42.14 million as compared to RM105.74 million in the corresponding quarter of the preceding year. This was mainly due to the completion of some projects. However, profit before tax for the current quarter increased marginally to RM8.41 million as compared to RM8.30 million in the corresponding quarter of the preceding year. This was mainly due to higher margins achieved for ongoing projects.

Property Division

For the current quarter, revenue increased to RM56.16 million as compared to RM38.16 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM13.45 million as compared to RM16.65 million in the corresponding quarter of the preceding year. This was mainly due to higher development progress achieved for project with lower margins.



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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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 (Continued)

Utility Division

Revenue for the current quarter increased to RM5.56 million as compared to RM5.02 million of the corresponding quarter of the preceding year. Profit before tax increased to RM1.86 million for the current quarter as compared to RM1.07 million in the corresponding quarter of the preceding year. This was mainly due to improved operating margins.

Plantation Division

Revenue for the current quarter increased to RM0.75 million as compared to RM0.46 million of the corresponding quarter of the preceding year. This was mainly due to higher harvesting activities. Loss before tax for the current quarter decreased to RM0.37 million as compared to RM0.39 million in the corresponding quarter of the preceding year.

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

	UNAUDITED 3 Months Ended 31/08/2016 RM'000	UNAUDITED 3 Months Ended 31/05/2016 RM'000	UNAUDITED 3 Months Ended 31/08/2016 RM'000	UNAUDITED 3 Months Ended 31/05/2016 RM'000
	REVENUE		PROFIT/(LOSS) BEFORE TAX	
Construction Division	42,137	180,051	8,412	21,229
Property Division	56,163	63,295	13,449	17,408
Utility Division	5,551	4,881	1,863	1,349
Plantation Division	749	632	(373)	(165)
Investment Holding	-	-	(1,234)	(2,017)
	104,600	248,859	22,117	37,804

The Group recorded lower revenue of RM104.60 million for the current quarter as compared to RM248.86 million in the preceding quarter mainly due to completion of various construction projects.

In line with this, the Group's profit before tax decreased from RM37.80 million in the preceding quarter to RM22.12 million in the current quarter.



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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

B3. BUSINESS PROSPECTS

The Board is mindful of the market condition moving forward and has accordingly instituted appropriate measures to ensure the Group's performance is sustainable based on the following actions taken:

- (i) **Construction Division**
This division is actively bidding for new contracts involving Government's infrastructure and building projects. On-going projects are being executed on a fast track basis to optimise on cost saving and design effectiveness. Presently its outstanding order book stands at some RM603.7 million.
- (ii) **Property Division**
Development focus is on building affordable homes for the current financial year, in line with market demand. Continuous efforts are directed at securing property joint ventures with land owners having approved development plans in order to improve on the overall property development timeline. Unbilled sales recorded some RM221.0 million.
- (iii) **Utility Division**
The stable recurring income from the four water treatment operations is expected to increase with fresh negotiation for more attractive tariff rates during the financial year. The mini hydro project of 9MW is still in the construction phase and not expected to generate revenue until FYE 2018.
- (iv) **Plantation Division**
Higher production yield is expected with more maturing acreage coming on stream during this financial year. Relevant cost rationalization in operating cost to improve on harvesting productivity has been implemented.

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 31/08/2016 RM'000
Income tax expense:	
Malaysian income tax	(5,011)
Foreign income tax	(529)
Deferred tax	45
	<u>(5,495)</u>

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



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2016

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

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

On 25 August 2016, the Company announced that it proposed to undertake the following:

- (i) proposed share split involving the subdivision of every one (1) ordinary share of RM1.00 each in the Company (“Existing Share(s)”) into two (2) ordinary shares of RM0.50 each in the Company (“Subdivided Share(s)”) by the entitled shareholders of the Company whose names appear in the Record of Depositors (“Entitled Shareholders”) on an entitlement date to be determined and announced later (“Entitlement Date”) (“Proposed Share Split”);
- (ii) proposed bonus issue of 129,311,689 new Subdivided Shares (“Bonus Share(s)”) on the basis of one (1) Bonus Share for every four (4) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split;
- (iii) proposed bonus issue of 129,311,689 warrants (“Warrant(s)”) on the basis of one (1) Warrant for every four (4) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split;
- (iv) proposed establishment of an Employees’ Share Option Scheme (“ESOS”) of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time to be granted to the eligible Directors and employees of the Company and its subsidiaries which are not dormant ;
- (v) proposed increase in authorised share capital of the Company from RM400,000,000 comprising 400,000,000 Existing Shares to RM500,000,000 comprising 1,000,000,000 Subdivided Shares (“Proposed Increase in Authorised Share Capital”); and
- (vi) proposed amendments to the Memorandum and Articles of Association of the Company as a consequence of the Proposed Share Split and Proposed Increase in Authorised Share Capital.

(collectively referred to as the “Proposals”)

The Proposals which have been approved by Bursa Malaysia Securities Berhad on 29 September 2016 are currently pending approval from the shareholders of the Company at the forthcoming Extraordinary General Meeting to be held on 3 November 2016.



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B7. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds of RM43,495,350 raised from the Private Placement in 2016 as at the date of this report is as follows: -

Purpose	Proposed utilisation RM'000	Actual utilisation as at 31 August 2016 RM'000	Balance unutilised as at 31 August 2016 RM'000	Intended timeframe for utilisation from the date of listing
Investments in Property Division	42,795	(22,000)	20,795	Within 24 months
Expenses relating to the Private Placement	700	(700)*	-	Within 1 month
	43,495	(22,700)	20,795	

*Note: The balance unutilised has been used for the working capital of the Group in its existing business.

B8. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/08/2016		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	44,005	-	44,005
Long term borrowings	157,457	-	157,457
	201,462	-	201,462
Currency denominations:			
Ringgit Malaysia	187,677	-	187,677
United States Dollar	12,090	-	12,090
Indonesian Rupiah	1,695	-	1,695
	201,462	-	201,462

B9. MATERIAL LITIGATION

As at 20 October 2016, 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.



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B10. DIVIDEND

No interim dividend has been declared for the current quarter under review.

In respect of the financial year ended 31 May 2016, the Board recommended a first and final single tier dividend of 7 sen per share for approval by shareholders at the forthcoming Annual General Meeting and if approved, will be paid on 25 November 2016. The entitlement date for the dividend payment is 10 November 2016.

B11. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share has been calculated by dividing the net profit for the financial period 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 31/08/2016	3 Months Ended 31/08/2015	3 Months Ended 31/08/2016	3 Months Ended 31/08/2015
Net profit attributable to ordinary equity holders of the Company (RM'000)	16,696	20,862	16,696	20,862
Weighted average number of ordinary shares in issue ('000)	258,623	217,089	258,623	217,089
Basic earnings per share (sen)	<u>6.46</u>	<u>9.61</u>	<u>6.46</u>	<u>9.61</u>

(b) Diluted earnings per share

There is no dilution effect to the earnings per share for the current financial period as the Warrants have expired on 29 September 2015.



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B12. 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 August 2016, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31/08/2016 RM'000	As at 31/08/2015 RM'000
Total retained profits of the Group		
- Realised	239,456	174,560
- Unrealised	9,489	(4,369)
Total Group's retained profits as per consolidated account	<u>248,945</u>	<u>170,191</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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**B13. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME**

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

	Current Quarter 31/08/2016 RM'000	Current Year-to-date 31/08/2016 RM'000
Depreciation of property, plant and equipment	3,903	3,903
Finance costs	436	436
Property, plant and equipment written off	4	4

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

	Current Quarter 31/08/2016 RM'000	Current Year-to-date 31/08/2016 RM'000
Bad debts written off	6	6
Dividend received from short term funds	(808)	(808)
Depreciation and amortisation	1,658	1,658
Finance costs	530	530
Gain on disposal of property, plant and equipment	(988)	(988)
Interest income	(1,159)	(1,159)
Unrealised (gain)/loss on foreign exchange	(242)	(242)

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.

BY ORDER OF THE BOARD
Tan Seok Chung
Company Secretary
27 October 2016