



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2017

	UNAUDITED			UNAUDITED		
	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 31/08/2017 RM'000	3 Months Ended 31/08/2016 RM'000 (Restated)	Variance %	3 Months Ended 31/08/2017 RM'000	3 Months Ended 31/08/2016 RM'000 (Restated)	Variance %
Revenue	116,740	103,851	12	116,740	103,851	12
Cost of sales	(81,272)	(73,522)	11	(81,272)	(73,522)	11
Gross profit	35,468	30,329	17	35,468	30,329	17
Other income	2,689	3,517	-24	2,689	3,517	-24
Administrative expenses	(6,265)	(6,318)	-1	(6,265)	(6,318)	-1
Depreciation and amortisation	(1,831)	(1,378)	33	(1,831)	(1,378)	33
Operating expenses	(4,248)	(3,105)	37	(4,248)	(3,105)	37
Other expenses	(137)	(28)	389	(137)	(28)	389
Finance costs	(559)	(527)	6	(559)	(527)	6
Share of results of joint ventures	61	-	-	61	-	-
Profit before tax	25,178	22,490	12	25,178	22,490	12
Income tax expense	(6,630)	(5,495)	21	(6,630)	(5,495)	21
Net profit from continuing operations	18,548	16,995	9	18,548	16,995	9
Discontinued operation:						
Loss after tax from discontinued operation	(155)	(373)	-58	(155)	(373)	-58
Net profit for the financial year	18,393	16,622	11	18,393	16,622	11
Other comprehensive income:						
Foreign currency translation	(168)	478	-135	(168)	478	-135
Total comprehensive income for the financial year	18,225	17,100	7	18,225	17,100	7
Net profit attributable to:						
Equity holders of the Company	18,339	16,696	10	18,339	16,696	10
Non-controlling interests	54	(74)	-173	54	(74)	-173
	18,393	16,622	11	18,393	16,622	11
Total comprehensive income attributable to:						
Equity holders of the Company	18,184	17,135	6	18,184	17,135	6
Non-controlling interests	41	(35)	-217	41	(35)	-217
	18,225	17,100	7	18,225	17,100	7



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2017 (Continued)

	UNAUDITED		UNAUDITED	
	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/08/2017 RM'000	3 Months Ended 31/08/2016 RM'000 (Restated)	3 Months Ended 31/08/2017 RM'000	3 Months Ended 31/08/2016 RM'000 (Restated)
Basic earnings per share (sen)				
- continuing operations	2.82	2.64	2.82	2.64
- discontinued operation	(0.02)	(0.06)	(0.02)	(0.06)
	2.79	2.58	2.79	2.58
Diluted earnings per share (sen)				
- continuing operations	2.78	N/A	2.78	N/A
- discontinued operation	(0.02)	N/A	(0.02)	N/A
	2.76	N/A	2.76	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 2017.*

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 AUGUST 2017

	UNAUDITED	AUDITED
	As At 31/08/2017 RM'000	As At 31/05/2017 RM'000
ASSETS		
Non-current assets		
Concession assets	100,172	91,619
Property, plant and equipment	71,732	63,646
Investment properties	15,921	15,984
Land held for property development	3,892	3,889
Investment in joint ventures	608	37
Non-trade receivables	2,654	2,593
Other investment	100	100
Goodwill	18,424	18,430
Deferred tax assets	6,388	6,245
	219,891	202,543
Current assets		
Inventories	11,186	980
Property development costs	724,770	731,019
Trade and other receivables	153,048	183,178
Amount due from customers on contracts	39,567	24,695
Current tax assets	7,965	6,632
Short term funds	78,007	59,435
Fixed deposits placed with licensed banks	87,579	87,909
Cash and bank balances	120,551	114,572
	1,222,673	1,208,420
Assets classified as held for sale	15,146	15,521
TOTAL ASSETS	1,457,710	1,426,484
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	334,511	331,678
Reserves	309,277	291,490
	643,788	623,168
Non-controlling interests	8,090	8,003
Total equity	651,878	631,171



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2017 (Continued)

	UNAUDITED	AUDITED
	As At 31/08/2017 RM'000	As At 31/05/2017 RM'000
Non-current liabilities		
Bank borrowings	159,020	143,819
Deferred tax liabilities	6,449	6,449
Defined benefit obligations	1,978	2,039
Non-trade payables	243,554	243,554
	411,001	395,861
Current liabilities		
Amount due to customers on contracts	18,431	18,843
Trade and other payables	312,975	327,167
Bank borrowings	57,845	48,771
Current tax liabilities	5,477	4,150
	394,728	398,931
Liabilities classified as held for sale	103	521
Total liabilities	805,832	795,313
TOTAL EQUITY AND LIABILITIES	1,457,710	1,426,484
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.98	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 PERIOD ENDED 31 AUGUST 2017

	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
(UNAUDITED)									
At 1 June 2017	331,678	743	1,347	-	1,772	287,628	623,168	8,003	631,171
Total comprehensive income	-	-	-	-	(155)	18,339	18,184	41	18,225
Employees share option exercised	2,436	-	-	-	-	-	2,436	-	2,436
Transfer to share capital for employees share option exercised	397	(397)	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	46	46
At 31 August 2017	334,511	346	1,347	-	1,617	305,967	643,788	8,090	651,878
(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 PERIOD ENDED 31 AUGUST 2017

	UNAUDITED 3 Months Ended 31/08/2017 RM'000	UNAUDITED 3 Months Ended 31/08/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax:		
- continuing operations	25,178	22,490
- discontinued operation	(155)	(373)
Adjustments for:		
Amortisation of biological assets	-	172
Bad debts written off	-	6
Depreciation of concession assets	913	552
Depreciation of investment properties	64	64
Depreciation of property, plant and equipment	4,734	4,773
Dividend received from short term fund	(684)	(808)
Finance costs	889	966
Gain on disposal of property, plant and equipment	(394)	(988)
Increase/(Decrease) in liability for defined benefit obligations	(60)	(37)
Interest income	(1,392)	(1,159)
Net unrealised gain on foreign exchange	(120)	(242)
Property, plant and equipment written off	7	4
Share of results of joint ventures	(61)	-
Operating profit before working capital changes	28,919	25,420
Changes in working capital:		
Property development costs	6,245	(12,167)
Biological assets	-	(3)
Amount due from/(to) customers on contracts	(15,284)	(4,701)
Inventories	(10,205)	3,203
Receivables	30,218	32,137
Payables	(13,315)	(29,607)
Net income tax paid	(6,779)	(4,407)
Net Operating Cash Flows	19,799	9,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(1,113)	(576)
- concession assets	(9,708)	(767)
Investment in a subsidiary	(140)	-
Investment in a joint venture	(509)	-
Proceeds from disposal of:		
- property, plant and equipment	750	2,412
Dividend received from short term funds	684	808
Interest received	1,392	1,159
Net Investing Cash Flows	(8,644)	3,036



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2017 (Continued)

	UNAUDITED	UNAUDITED
	3 Months Ended 31/08/2017 RM'000	3 Months Ended 31/08/2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	25,152	-
Finance costs	(889)	(966)
Proceeds from issue of ordinary share capital	2,436	-
Repayment of:		
- bank borrowings	(12,188)	(20,052)
- hire purchase liabilities	(1,632)	(4,029)
Fixed deposits pledged as security values	(8,863)	799
Net Financing Cash Flows	4,016	(24,248)
Net change in cash and cash equivalents	15,171	(11,337)
Effect of exchange rate changes	104	(32)
Cash and cash equivalents at the beginning of the financial period	201,221	232,504
Cash and cash equivalents at the end of the financial period	216,496	221,135
Analysis of Cash and Cash Equivalents		
Cash and bank balances	120,551	120,380
Short term funds	78,007	63,671
Fixed deposits placed with licensed banks	87,579	99,847
Bank overdrafts	(7,600)	(7,652)
	278,537	276,246
Cash and cash equivalent under assets classified as assets held for sale	145	120
	278,682	276,366
Less: Fixed deposits pledged as security values	(62,186)	(55,231)
Total	216,496	221,135

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 AUGUST 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 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 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 12	Disclosure of Interest in Other Entities [Annual Improvements to FRS Standard 2014-2016 Cycle]
FRS 107	Statements of Cash Flows [Disclosure Initiative]
FRS 112	Income Taxes [Recognition of Deferred Tax Assets for Unrealised Losses]

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

FRSs and Amendments/Improvements to FRSs 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

The Group will apply the above FRSs and amendments/improvement to FRSs 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.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

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.

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 2,832,200 new ordinary shares pursuant to the exercise of share options under the Company's Employees' Share Option Scheme.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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

A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.

A9. SEGMENTAL REPORTING

3 months ended 31 August 2017 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Plantation Division RM'000	Consolidated RM'000
Revenue	76,758	33,787	6,195	-	-	116,740
Results						
Segment results	16,788	8,841	1,723	(1,676)	-	25,676
Finance costs	(140)	(303)	(116)	-	-	(559)
Share of results of joint ventures	61	-	-	-	-	61
Profit /(Loss) before tax	16,709	8,538	1,607	(1,676)	-	25,178
Income tax expense						(6,630)
Loss after tax from discontinued operation	-	-	-	-	(155)	(155)
Profit for the financial period						18,393

3 months ended 31 August 2016 (Previous Financial Period)

	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	42,137	56,163	5,551	-	-	103,851
Results						
Segment results	8,538	13,713	2,000	(1,234)	-	23,017
Finance costs	(126)	(264)	(137)	-	-	(527)
Profit /(Loss) before tax	8,412	13,449	1,863	(1,234)	-	22,490
Income tax expense						(5,495)
Loss after tax from discontinued operation	-	-	-	-	(373)	(373)
Profit for the financial period						16,622



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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

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, except for the following:-

- (1) 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 has increased to RM510,000. CRFG Malaysia Berhad ("CRFG") has 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 therefore remain unchanged at 51% and 49% respectively.
- (2) 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.

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 31 May 2017	473,687
Increase during the period	71,186
As at 31 August 2017	<u>544,873</u>



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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

A14. CAPITAL COMMITMENTS

	As At 31/08/2017 RM'000
Approved but not contracted for	
- Purchase of property, plant and equipment	1,385
	<u>1,385</u>

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 discloses 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 31/08/2017 RM'000
<u>Results of discontinued operation</u>	
Revenue	235
Cost of sales	<u>(163)</u>
Gross profit	72
Expenses	<u>(227)</u>
Loss before tax	(155)
Income tax expense	-
Net loss from discontinued operation	<u>(155)</u>
<u>Cash flows of discontinued operation</u>	
Net operating cash flows	17
Net investing cash flows	-
Net financing cash flows	<u>(50)</u>
Effect of cash flows	<u>(33)</u>



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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
(Continued)**

	As At 31/08/2017 RM'000
<u>Assets classified as held for sale</u>	
Property, plant and equipment	1,036
Biological assets	11,806
Deferred tax assets	3,365
Inventories	113
Trade and other receivables	2
Cash and bank balances	36
	<hr/>
	16,358
Less: Impairment loss on assets held for sale	(1,212)
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	15,146
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<u>Liabilities classified as held for sale</u>	
Trade and other payables	103
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GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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 RM116.74 million as compared to RM103.85 million in the corresponding quarter of the preceding year. The Group's profit before tax increased to RM25.18 million as compared to RM22.49 million in the corresponding quarter of the preceding year.

Tabulated below is the various divisional contributions:-

UNAUDITED		UNAUDITED		UNAUDITED		UNAUDITED	
INDIVIDUAL QUARTER		INDIVIDUAL QUARTER		CUMULATIVE PERIOD		CUMULATIVE PERIOD	
3 Months Ended 31/08/2017	3 Months Ended 31/08/2016	3 Months Ended 31/08/2017	3 Months Ended 31/08/2016	3 Months Ended 31/08/2017	3 Months Ended 31/08/2016	3 Months Ended 31/08/2017	3 Months Ended 31/08/2016
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

REVENUE

Continuing operations

Construction Division	76,758	42,137	76,758	42,137
Property Division	33,787	56,163	33,787	56,163
Utility Division	6,195	5,551	6,195	5,551
Investment Holding	-	-	-	-
	<u>116,740</u>	<u>103,851</u>	<u>116,740</u>	<u>103,851</u>

Discontinued operation

Plantation Division	235	749	235	749
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PROFIT/(LOSS) BEFORE TAX

Continuing operations

Construction Division	16,709	8,412	16,709	8,412
Property Division	8,538	13,449	8,538	13,449
Utility Division	1,607	1,863	1,607	1,863
Investment Holding	(1,676)	(1,234)	(1,676)	(1,234)
	<u>25,178</u>	<u>22,490</u>	<u>25,178</u>	<u>22,490</u>

Discontinued operation

Plantation Division	(155)	(373)	(155)	(373)
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GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2017

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)

(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 increased to RM76.76 million as compared to RM42.14 million in the corresponding quarter of the preceding year. Profit before tax for the current quarter increased to RM16.71 million as compared to RM8.41 million in the corresponding quarter of the preceding year. This was mainly due:

- Progress from existing project namely, RAPID package 301 and 402;
- Commencement of work for new projects namely, KVMRT V206 project , TRX project and Cyberjaya Hospital project; and
- Recognition of some variation orders for completed projects.

Property Division

For the current quarter, revenue decreased by 39.8% to RM33.79 million as compared to RM56.16 million in the corresponding quarter of the preceding year. In line with this, profit before tax reduced by 36.5% to RM8.54 million as compared to RM13.45 million in the corresponding quarter of the preceding year. This was mainly due to completion of some development projects.

Utility Division

Revenue for current quarter increased to RM6.20 million as compared to RM5.56 million in the corresponding quarter of the preceding year. This was mainly attributed to water tariff rate adjustment and upgrading of PT Hanarida Tirta Birawa water treatment plant. However, profit before tax decreased to RM1.61 million as compared to RM1.86 million in the corresponding quarter of the preceding year. This was mainly due to increase in operating costs.

(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 Division recorded revenue and loss before tax for the current quarter at RM0.24 million and RM0.16 million respectively.



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

	Current Quarter 31/08/2017 RM'000	Preceding Quarter 31/05/2017 RM'000	Variance %
Revenue	116,740	174,848	-33
Operating profit	31,778	51,279	-38
Profit before interest and tax	26,067	46,574	-44
Profit before tax	25,178	45,657	-45
Profit after tax	18,548	32,027	-42
Profit attributable to equity holders of the Company	18,339	29,727	-38

The Group posted revenue of RM116.74 million from continuing operations in the current quarter as compared to RM174.85 million in the preceding quarter. This was mainly due to completion of some construction and development projects. In tandem with this, the Group's profit before tax decreased to RM25.18 million as compared to RM45.66 million in the preceding quarter.

B3. BUSINESS PROSPECTS

Amidst the challenging market conditions, the Board anticipates that the current financial year's performance will remain satisfactory as the following on-going projects are likely to support the Group's sustainable profitability moving forward:-

(a) Construction Division

This Division is actively bidding for new contracts involving Government's infrastructure and building projects. On-going projects i.e. RAPID package 301 and 402, KVMRT V206 and TRX are executed on a fast track basis to optimise on cost saving and design effectiveness. With the latest award of Cyberjaya Hospital in August 2017, the outstanding order book of the Division has increased to RM1.98 billion.

(b) Property Division

The Division has a total land bank (including joint ventures land) of 442.20 acres with a total estimated gross development value (GDV) of RM3.87 billion. The Division will remain focused on affordable homes in line with the current market demand. The unbilled sales as at to-date stand at RM119.10 million. The on-going projects include:

- Laman View in Cyberjaya;
- The Vyne in Salak South;
- Bandar Puncak Sena in Kedah; and
- Capital City in Johor Bahru.



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B3. BUSINESS PROSPECTS (Continued)

(b) Property Division (Continued)

Property sales have slowed down due to the softening of the market. However, sales are expected to pick up in the next few quarters due to new launches. During the quarter, the Division has launched Cyberjaya's Phase 2B's Maple Residence in June 2017 and Phase 2A's PRIMA apartments in August 2017 with a total estimated GDV of RM337 million. The Division has also handed over vacant possession to purchasers for The Vyne - Phase 1 in July 2017 and Pokok Sena - Phase 1A in August 2017.

(c) Utility Division

The stable recurring income from the 4 water treatment operations is expected to increase during the financial year. The mini hydro project of 9MW in Indonesia is expected to be income generating by the fourth quarter of the financial year.

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 31/08/2017 RM'000
Income tax expense:	
Malaysian income tax	(6,012)
Foreign income tax	(761)
Deferred tax	143
	<hr/>
	(6,630)
	<hr/>
Income tax expense on continuing operations	(6,630)
Income tax expense on discontinued operations	-
	<hr/>
	(6,630)
	<hr/>

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

There were no pending corporate proposals.



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B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	Exchange rate	As at 31/08/2017					
		Long term		Short term		Total	
		Foreign denomination '000	RM denomination '000	Foreign denomination '000	RM denomination '000	Foreign denomination '000	RM denomination '000
Secured							
Revolving credit		-	-	-	33,200	-	33,200
Bank overdraft		-	-	-	7,600	-	7,600
Term loan (RM)		-	98,085	-	9,304	-	107,389
Term loan (USD)	4.2626	USD 1,878	8,005	USD 437	1,865	USD 2,315	9,870
Term loan (IDR)	0.00032	IDR 114,006,102	36,482	-	-	IDR 114,006,102	36,482
Hire purchase		-	16,052	-	6,273	-	22,325
			158,624		58,242		216,866

	Exchange rate	As at 31/08/2016					
		Long term		Short term		Total	
		Foreign denomination '000	RM denomination '000	Foreign denomination '000	RM denomination '000	Foreign denomination '000	RM denomination '000
Secured							
Revolving credit		-	-	-	8,700	-	8,700
Bank overdraft		-	-	-	7,652	-	7,652
Term loan (RM)		-	133,663	-	16,856	-	150,519
Term loan (USD)	4.1589	USD 2,325	9,668	USD 582	2,422	USD 2,907	12,090
Term loan (IDR)	0.00031	IDR 5,558,188	1,695	-	-	IDR 5,558,188	1,695
Hire purchase		-	12,431	-	8,375	-	20,806
			157,457		44,005		201,462

B8. MATERIAL LITIGATION

As at 18 October 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

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

In respect of the financial year ended 31 May 2017, the Board recommended a first and final dividend of 3 sen per share for approval by shareholders at the forthcoming Annual General Meeting and if approved, will be paid on 5 December 2017. The entitlement date for the dividend payment is 17 November 2017.



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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 31/08/2017	3 Months Ended 31/08/2016	3 Months Ended 31/08/2017	3 Months Ended 31/08/2016
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	18,494	17,069	18,494	17,069
- from discontinued operation	(155)	(373)	(155)	(373)
	<u>18,339</u>	<u>16,696</u>	<u>18,339</u>	<u>16,696</u>
Weighted average number of ordinary shares in issue ('000)	656,728	646,558	656,728	646,558
Basic earnings per share (sen)				
- from continuing operations	2.82	2.64	2.82	2.64
- from discontinued operation	(0.02)	(0.06)	(0.02)	(0.06)
	<u>2.79</u>	<u>2.58</u>	<u>2.79</u>	<u>2.58</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 31/08/2017	3 Months Ended 31/08/2016	3 Months Ended 31/08/2017	3 Months Ended 31/08/2016
Net profit attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	18,494	N/A	18,494	N/A
- from discontinued operation	(155)	N/A	(155)	N/A
	18,339	N/A	18,339	N/A
Weighted average number of ordinary shares in issue ('000)	656,728	N/A	656,728	N/A
Effect of dilution:				
Exercise of warrants	1,709	N/A	1,709	N/A
Employee share option	6,213	N/A	6,213	N/A
Adjusted weighted average number of ordinary shares ('000)	664,650	N/A	664,650	N/A
Basic earnings per share (sen)				
- from continuing operations	2.78	N/A	2.78	N/A
- from discontinued operation	(0.02)	N/A	(0.02)	N/A
	2.76	N/A	2.76	N/A



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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 August 2017, into realised and unrealised profits, pursuant to the directive, is as follows:

	As at 31/08/2017 RM'000	As at 31/08/2016 RM'000
Total retained profits of the Group		
- Realised	306,147	239,456
- Unrealised	(180)	9,489
Total Group's retained profits as per consolidated account	305,967	248,945

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 period:

	Current Quarter 31/08/2017 RM'000	Current Year-to-date 31/08/2017 RM'000
Depreciation of property, plant and equipment	3,880	3,880
Finance costs	330	330
Hire of plant and machinery	54	54
Rental of land and premises	478	478

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

	Current Quarter 31/08/2017 RM'000	Current Year-to-date 31/08/2017 RM'000
<u>Continuing operations</u>		
Dividend received from short term funds	(684)	(684)
Depreciation and amortisation	1,831	1,831
Finance costs	559	559
Gain on disposal of property, plant and equipment	(394)	(394)
Interest income	(1,392)	(1,392)
Net unrealised (gain)/loss on foreign exchange	(120)	(120)
<u>Discontinued operation</u>		
Property, plant and equipment written off	7	7
Finance costs	1	1

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 period under review:-

INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
As restated	As previously reported	As restated	As previously reported
31/08/2016	31/08/2016	31/08/2016	31/08/2016
RM'000	RM'000	RM'000	RM'000

Condensed Consolidated
Statements of Comprehensive
Income (Extract):-

Revenue	103,851	104,600	103,851	104,600
Cost of sales	(73,522)	(74,109)	(73,522)	(74,109)
Administrative expenses	(6,318)	(6,504)	(6,318)	(6,504)
Depreciation and amortisation	(1,378)	(1,658)	(1,378)	(1,658)
Operating expenses	(3,105)	(3,171)	(3,105)	(3,171)
Finance costs	(527)	(530)	(527)	(530)