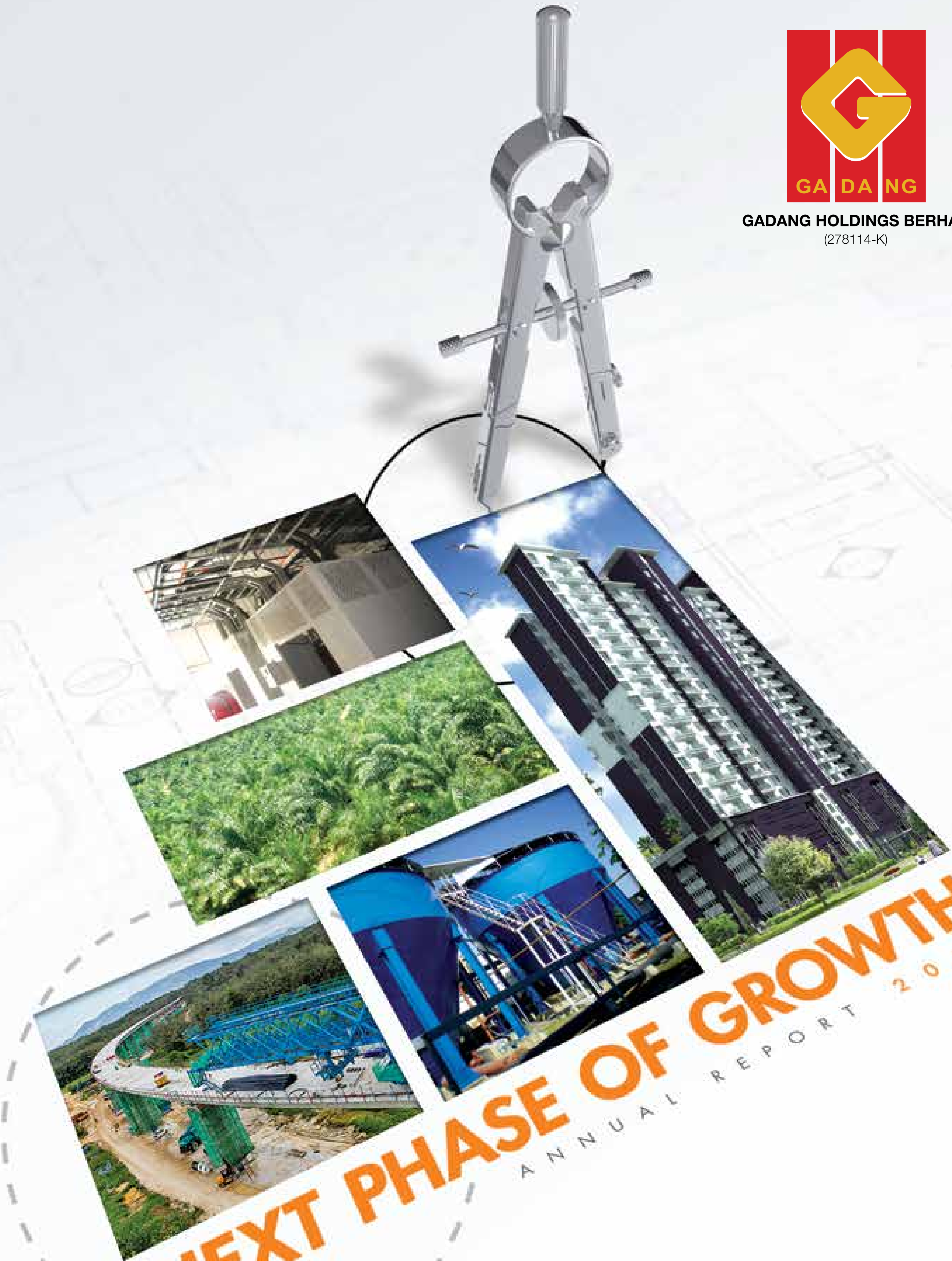
GADANG

GADANG HOLDINGS BERHAD
(278114-K)



NEXT PHASE OF GROWTH

ANNUAL REPORT 2014

MONITOR

With constant pro-activeness and vigilance, we monitor every aspect of our operations to ensure that the highest quality is being achieved in accordance to our set standards for professionalism and commitment. Through constant and detailed attention, we ensure that every work process is done correctly from start to end.

ANALYZE

We continue to analyze not just our internal operations, but external market conditions to learn how we can get better. We remain honest and unbiased in this process so that truthful insights may be revealed that potentially will fuel effective business improvement and progress.

Gadang Group embraces a distinctive corporate philosophy that uniquely defines who we are, what we stand for and governs how we operate, within both internal and the external environment.

Our philosophy enables us to strive for excellence in quality and customer satisfaction across our five business divisions.

21ST ANNUAL GENERAL MEETING

Date : **Wednesday**
19th November 2014
Time : **10.00 a.m.**
Venue : **Dewan Berjaya, Bukit Kiara Equestrian & Country Resort**

CONTENTS

CORPORATE INFORMATION

EXECUTE

With clear direction, strategies are put into action with precision and timeliness. With determination and persistence coupled with competence, we set out with a clear focus to achieve our targets that ultimately deliver success.

DEVELOP

In a dynamic business environment, we develop dynamic strategies that enable us to harness internal strengths and leverage on external opportunities. Bold action plans are devised to seize the opportunities presented and to propel the Group forward.

PLAN

We seek to constantly think ahead and device our next move in tandem with the directions of the company. We learn from the past, operate in the present and continue to plan for the future with the experience and knowledge gained providing precious insight that will fuel continued sustainable growth.

CORPORATE GOVERNANCE

OTHER CORPORATE INFORMATION

CORPORATE PROFILE

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

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

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

CIVIL ENGINEERING & BUILDING CONSTRUCTION

PLANTATION

PROPERTY DEVELOPMENT

UTILITY

MECHANICAL & ELECTRICAL ENGINEERING

FINANCIAL CALENDAR
FOR FINANCIAL YEAR ENDED 31 MAY 2014

ANNOUNCEMENT OF QUARTERLY RESULTS

First Financial Quarter ended 31 August 2013	**24 OCTOBER 2013**
Second Financial Quarter ended 30 November 2013	**23 JANUARY 2014**
Third Financial Quarter ended 28 February 2014	**24 APRIL 2014**
Fourth Financial Quarter ended 31 May 2014	**24 JULY 2014**

FIRST AND FINAL DIVIDEND

Book Closure	**28 NOVEMBER 2014**
Payment	**23 DECEMBER 2014**

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

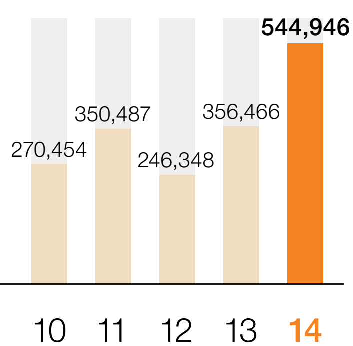
Notice of 21st Annual General Meeting	**28 OCTOBER 2014**
21ST ANNUAL GENERAL MEETING	**19 NOVEMBER 2014**

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 MAY	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
TURNOVER					
Construction Division	**442,193**	265,665	189,127	299,836	201,264
Property Division	**87,034**	73,516	40,890	35,950	55,614
Utility Division	**14,780**	17,151	16,331	14,692	13,497
Plantation Division	**939**	134	-	-	-
Investment Holding and Others	**-**	-	-	9	79
	544,946	356,466	246,348	350,487	270,454
PROFIT/(LOSS) BEFORE TAX					
Construction Division	**33,666**	12,605	7,560	(10,879)	12,256
Property Division	**30,631**	19,087	10,864	8,668	9,208
Utility Division	**4,684**	4,236	2,170	3,175	(76)
Plantation Division	**(2,020)**	(830)	(761)	(498)	(447)
Investment Holding and Others	**(3,876)**	(2,626)	(1,915)	731	(1,828)
	63,085	32,472	17,918	(1,197)	19,113
Profit/(Loss) After Tax	**44,378**	20,663	13,735	(4,175)	13,887
Profit/(Loss) Attributable to Shareholders	**43,225**	20,470	14,451	(4,404)	14,916
Shareholders' Funds	**298,137**	262,589	245,850	230,493	184,969
Total Tangible Assets	**571,688**	500,343	447,426	496,828	428,710
Net Earnings Per Share (RM)	**0.2198**	0.1041	0.0735	(0.0258)	0.1264
Net Assets Per Share (RM)	**1.53**	1.35	1.27	1.19	1.60

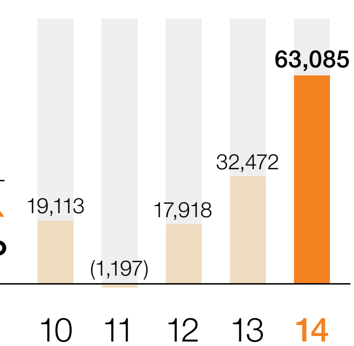
TURNOVER
RM'000

52.9%



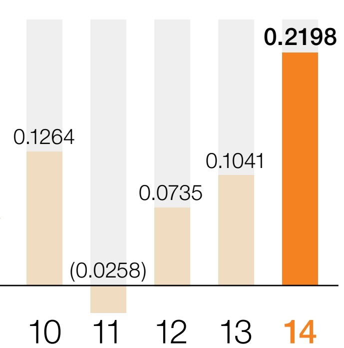
PROFIT BEFORE TAXATION
RM'000

94.3%



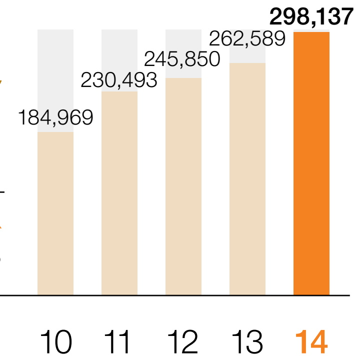
NET EARNINGS PER SHARE
RM

111.1%



SHAREHOLDERS' FUNDS
RM'000

13.5%



CORPORATE STRUCTURE

GADANG HOLDINGS BERHAD
(278114-K)

ENGINEERING AND CONSTRUCTION

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

PROPERTY INVESTMENT AND DEVELOPMENT

- 100% Achwell Property Sdn Bhd
- 100% Mandy Corporation Sdn Bhd
- 100% Gadang Land Sdn Bhd
  - 100% Gadang Properties Sdn Bhd
    - 100% Buildmark Sdn Bhd
  - 100% Noble Paradise Sdn Bhd
  - 100% Damai Klasik Sdn Bhd
  - 100% Magnaway Sdn Bhd
  - 100% Splendid Pavilion Sdn Bhd
  - 100% Sama Pesona Sdn Bhd
  - 100% City Version Sdn Bhd
  - 100% Natural Domain Sdn Bhd
  - 100% Crimson Villa Sdn Bhd
  - 100% Flora Masyhur Sdn Bhd
    - 100% Camar Ajaib Sdn Bhd
  - 100% Skyline Symphony Sdn Bhd
  - 100% Hillstrand Development Sdn Bhd
  - 100% Detik Tiara Sdn Bhd
  - 100% Prelude Avenue Sdn Bhd
  - 100% Tema Warisan Sdn Bhd

MECHANICAL AND ELECTRICAL WORKS

- 51% Datapuri Sdn Bhd

PLANTATION

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

UTILITY

- 100% Regional Utilities Sdn Bhd
  - 100% Asian Utilities Pte Ltd
    - 95% PT. Taman Tirta Sidoarjo
    - 95% PT. Bintang Hytien Jaya
    - 95% PT. Hanarida Tirta Birawa
    - 60% PT. Ikhwan Megapower

* Dormant companies are not included here.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM
Chairman and Independent Non-Executive Director

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

KOK PEI LING
Executive Director

ADAM BIN BACHEK
Independent Non-Executive Director

BOEY TAK KONG
Senior Independent Non-Executive Director

SECRETARY

Tan Seok Chung, Sally
MAICSA 0829689

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel. : (03) 6275 6888
Fax. : (03) 6275 2136
E-mail : corporate@gadang.com.my
Website : www.gadang.com.my

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel. : (03) 2264 3883
Fax. : (03) 2282 1886
E-mail : is.enquiry@my.tricorglobal.com

AUDITORS

PKF (AF 0911)
Chartered Accountants
Level 33, Menara 1MK
Kompleks 1 Mont' Kiara
No.1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel. : (03) 6203 1888
Fax. : (03) 6201 8880

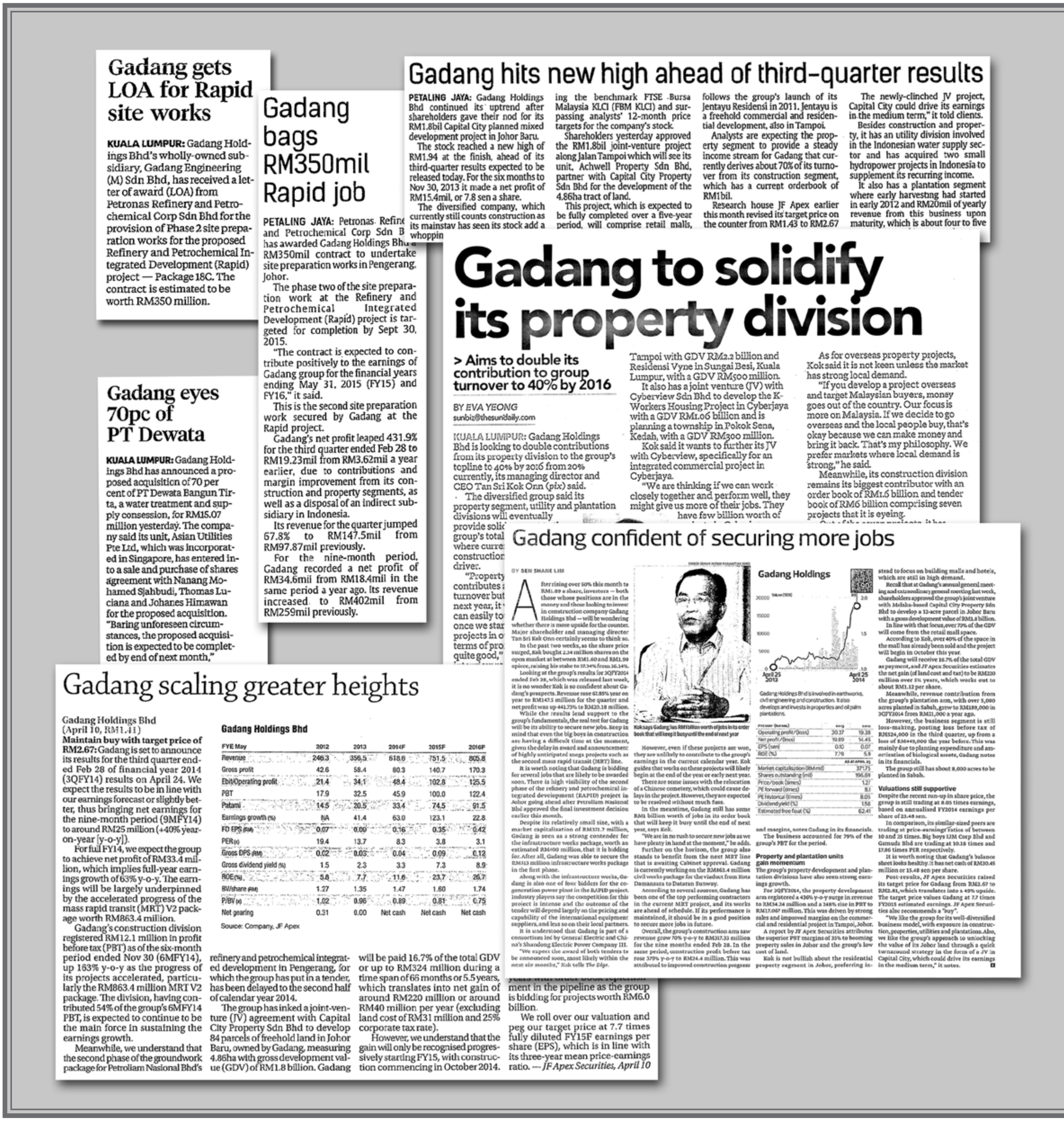
PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

GADANG IN THE NEWS



Gadang gets LOA for Rapid site works

KUALA LUMPUR: Gadang Holdings Bhd's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd, has received a letter of award (LOA) from Petronas Refinery and Petrochemical Corp Sdn Bhd for the provision of Phase 2 site preparation works for the proposed Refinery and Petrochemical Integrated Development (Rapid) project — Package 18C. The contract is estimated to be worth RM350 million.

Gadang bags RM350mil Rapid job

PETALING JAYA: Petronas Refine and Petrochemical Corp Sdn B has awarded Gadang Holdings Bhd a RM350mil contract to undertake site preparation works in Pengerang, Johor.

The phase two of the site preparation work at the Refinery and Petrochemical Integrated Development (Rapid) project is targeted for completion by Sept 30, 2015.

"The contract is expected to contribute positively to the earnings of Gadang group for the financial years ending May 31, 2015 (FY15) and FY16," it said.

This is the second site preparation work secured by Gadang at the Rapid project.

Gadang's net profit leaped 431.9% for the third quarter ended Feb 28 to RM19.23mil from RM3.62mil a year earlier, due to contributions and margin improvement from its construction and property segments, as well as a disposal of an indirect subsidiary in Indonesia.

Its revenue for the quarter jumped 67.8% to RM147.5mil from RM97.87mil previously.

For the nine-month period, Gadang recorded a net profit of RM34.6mil from RM18.4mil in the same period a year ago. Its revenue increased to RM402mil from RM259mil previously.

Gadang eyes 70pc of PT Dewata

KUALA LUMPUR: Gadang Holdings Bhd has announced a proposed acquisition of 70 per cent of PT Dewata Bangun Tirta, a water treatment and supply consession, for RM15.07 million yesterday. The company said its unit, Asian Utilities Pte Ltd, which was incorporated in Singapore, has entered into a sale and purchase of shares agreement with Nanang Mohamed Sjahbudi, Thomas Luciana and Johanes Himawan for the proposed acquisition. "Baring unforeseen circumstances, the proposed acquisition is expected to be completed by end of next month,"

Gadang hits new high ahead of third-quarter results

PETALING JAYA: Gadang Holdings Bhd continued its uptrend after shareholders gave their nod for its RM1.8bil Capital City planned mixed development project in Johor Baru.

The stock reached a new high of RM1.94 at the finish, ahead of its third-quarter results expected to be released today. For the six months to Nov 30, 2013 it made a net profit of RM15.4mil, or 7.8 sen a share.

The diversified company, which currently still counts construction as its mainstav has seen its stock add a whoppin

ing the benchmark FTSE Bursa Malaysia KLCI (FBM KLCI) and surpassing analysts' 12-month price targets for the company's stock.

Shareholders yesterday approved the RM1.8bil joint-venture project along Jalan Tampoi which will see its unit, Achwell Property Sdn Bhd, partner with Capital City Property Sdn Bhd for the development of the 4.86ha tract of land.

This project, which is expected to be fully completed over a five-year period, will comprise retail malls,

follows the group's launch of its Jentayu Residensi in 2011. Jentayu is a freehold commercial and residential development, also in Tampoi.

Analysts are expecting the property segment to provide a steady income stream for Gadang that currently derives about 70% of its turnover from its construction segment, which has a current orderbook of RM1bil.

Research house JF Apex earlier this month revised its target price on the counter from RM1.43 to RM2.67

The newly-clinched JV project, Capital City could drive its earnings in the medium term," it told clients.

Besides construction and property, it has an utility division involved in the Indonesian water supply sector and has acquired two small hydropower projects in Indonesia to supplement its recurring income.

It also has a plantation segment where early harvesting had started in early 2012 and RM20mil of yearly revenue from this business upon maturity, which is about four to five

Gadang to solidify its property division

> Aims to double its contribution to group turnover to 40% by 2016

BY *EVA YEONG*
sunbiz@thesundaily.com

KUALA LUMPUR: Gadang Holdings Bhd is looking to double contributions from its property division to the group's topline to 40% by 2016 from 20% currently, its managing director and CEO Tan Sri Kok Onn (*pix*) said.

The diversified group said its property segment, utility and plantation divisions will eventually provide solic group's total where curre construction driver.

"Property contributes turnover but next year, it can easily to once we star projects in o terms of pro quite good,"

Tampoi with GDV RM2.2 billion and Residensi Vyne in Sungai Besi, Kuala Lumpur, with a GDV RM500 million.

It also has a joint venture (JV) with Cyberview Sdn Bhd to develop the K-Workers Housing Project in Cyberjaya with a GDV RM1.06 billion and is planning a township in Pokok Sena, Kedah, with a GDV RM300 million.

Kok said it wants to further its JV with Cyberview, specifically for an integrated commercial project in Cyberjaya.

"We are thinking if we can work closely together and perform well, they might give us more of their jobs. They have few billion worth of

As for overseas property projects, Kok said it is not keen unless the market has strong local demand.

"If you develop a project overseas and target Malaysian buyers, money goes out of the country. Our focus is more on Malaysia. If we decide to go overseas and the local people buy, that's okay because we can make money and bring it back. That's my philosophy. We prefer markets where local demand is strong," he said.

Meanwhile, its construction division remains its biggest contributor with an order book of RM1.6 billion and tender book of RM6 billion comprising seven projects that it is eyeing.

Gadang confident of securing more jobs

BY BEN SHANE LIM

Gadang scaling greater heights

Gadang Holdings Bhd
(April 10, RM1.41)

Maintain buy with target price of RM2.67: Gadang is set to announce its results for the third quarter ended Feb 28 of financial year 2014 (3QFY14) results on April 24. We expect the results to be in line with our earnings forecast or slightly better, thus bringing net earnings for the nine-month period (9MFY14) to around RM25 million (+40% year-on-year [y-o-y]).

For full FY14, we expect the group to achieve net profit of RM33.4 million, which implies full-year earnings growth of 63% y-o-y. The earnings will be largely underpinned by the accelerated progress of the mass rapid transit (MRT) V2 package worth RM863.4 million.

Gadang's construction division registered RM12.1 million in profit before tax (PBT) as of the six-month period ended Nov 30 (6MFY14), up 163% y-o-y as the progress of its projects accelerated, particularly the RM863.4 million MRT V2 package. The division, having contributed 54% of the group's 6MFY14 PBT, is expected to continue to be the main force in sustaining the earnings growth.

Meanwhile, we understand that the second phase of the groundwork package for Petroliam Nasional Bhd's refinery and petrochemical integrated development in Pengerang, for which the group has put in a tender, has been delayed to the second half of calendar year 2014.

The group has inked a joint-venture (JV) agreement with Capital City Property Sdn Bhd to develop 84 parcels of freehold land in Johor Baru, owned by Gadang, measuring 4.86ha with gross development value (GDV) of RM1.8 billion. Gadang will be paid 16.7% of the total GDV or up to RM324 million during a time span of 66 months or 5.5 years, which translates into net gain of around RM220 million or around RM40 million per year (excluding land cost of RM31 million and 25% corporate tax rate).

However, we understand that the gain will only be recognised progressively starting FY15, with construction commencing in October 2014.

ment in the pipeline as the group is bidding for projects worth RM6.0 billion.

We roll over our valuation and peg our target price at 7.7 times fully diluted FY15F earnings per share (EPS), which is in line with its three-year mean price-earnings ratio. — *JF Apex Securities, April 10*

Gadang Holdings Bhd

FYE May	2012	2013	2014F	2015F	2016F
Revenue	246.3	356.5	618.6	751.5	805.8
Gross profit	42.6	58.4	80.3	140.7	170.3
Ebit/Operating profit	21.4	34.1	48.4	102.8	125.5
PBT	17.9	32.5	45.9	100.0	122.4
Patami	14.5	20.5	33.4	74.5	91.5
Earnings growth (%)	NA	41.4	63.0	123.1	22.8
FD EPS (RM)	0.07	0.09	0.16	0.35	0.42
PER (x)	19.4	13.7	8.3	3.8	3.1
Gross DPS (RM)	0.02	0.03	0.04	0.09	0.12
Gross dividend yield (%)	1.5	2.3	3.3	7.3	8.9
ROE (%)	5.8	7.7	11.6	23.7	26.7
BV/share (RM)	1.27	1.35	1.47	1.60	1.74
P/BV (x)	1.02	0.96	0.89	0.81	0.75
Net gearing	0.31	0.00	Net cash	Net cash	Net cash

Source: Company, JF Apex

Gadang bids for more RAPID projects

BY JANICE MELISSA THEAN

Gadang Holdings Bhd is bidding for another of Petroliam Nasional Bhd's Refinery and Petrochemical Integrated Development (RAPID) infrastructure packages in Johor, valued at more than RM500 million, according to Gadang chief financial officer Kok Pei Ling.

Having just won its second RAPID contract worth RM350 million last month, the latest bid will bump up its tender book to some RM4.5 billion.

"Currently, our order book [for the construction division] is about RM1.3 billion. That should be sufficient for another two years," Kok tells *The Edge* in an interview.

This includes two site preparation packages for RAPID (one each for Phases 1 and 2), a civil works package under the Klang Valley mass rapid transit for the viaduct gateway from Kota Damansara to Dataran Sunway (Package V2) and the construction of the Shah Alam Hospital (see table).

Gadang won its second RAPID contract (Package 18C for Phase 2) last month and is expected to complete it in September 2015.

"But at the moment, we are not lobbying aggressively for RAPID packages as we have just been awarded our second one. We want to concentrate on completing our existing projects before we think of other packages within RAPID," Kok says.

Its first contract for Phase 1 is 60% completed and Gadang is hoping to complete it by mid-2015.

Gadang's construction division contributes about 70% to the group's earnings and its property segment, 20%.

For its latest nine months ended Feb 28, 2014, the group posted revenue of RM401.55 million, up from RM259.15 million the year before. Net profit almost doubled to RM34.63 million for the period, from RM18.39 million.

In terms of profit, the construction and property segments contribute almost equally to the group, but the property segment could overtake the construction division in a few years' time, says Kok.

She adds that while construction projects are big-ticket jobs, margins are still in the single digit whereas property margins are between 20% and 30%.

Gadang's future property projects have a gross development value (GDV) of some RM1.7 billion. The bulk of this is from its joint-venture development with Cyberview Sdn Bhd in Cyberjaya, where they will develop 2,500 housing units and 50 commercial units worth RM1.06 billion over eight to nine years.

Gadang also has 200 acres in Kedah to be developed into the Bandar Puncak Sena township. "The expected GDV of the development is RM300 million and it will be built over 9 to 10 years," says Kok.

The remaining GDV of RM340 million will come from Phases 2, 3 and 4 of The Vyne, an integrated development in Salak South, Kuala Lumpur. Phase 1, which has an estimated GDV of RM182 million, has already been launched.

On top of that, Gadang is also developing a parcel of land in Tampoi, Johor. "Phase 1 of Jentayu Residensi has a GDV of RM104 million and is sold out," Kok says.

Phase 2, which is a joint venture with Hatten Group Sdn Bhd, is an integrated project called Capital City. This project, to be developed over five to six years, is expected to have a GDV of RM1.8 billion, but Gadang's share of this will come to RM324 million at most.

Recurring income streams

"Our plantation and utility businesses offer recurring income," says Kok.

Gadang ventured into the water treatment

still incurring losses. We expect to break even in 2018," she says.

For 9MFY2014, the plantation segment registered a net loss of RM1.59 million on the back of RM480,000 in revenue. The water utility division, on the other hand, saw a profit of RM4.43 million on revenue of RM10.86 million.

Gadang has three water treatment plants in Indonesia where it has 10 to 13 years remaining in the concessions.

Two weeks ago, the group completed the purchase of a 60% stake in PT Ikhwan Mega Power (PT IMP), which has a 15-year power purchase agreement (PPA) with Indonesian state-owned power supply company PT Perusahaan Listrik Negara (PT PLN) for a 9MW mini hydropower plant in Indonesia.

"It is a greenfield [project] so we will take about two years to develop it, after which it will start to generate revenue," says Kok.

Gadang's stake in the company could bring in RM4 million to RM5 million in net profit a year once it begins generating income, she adds.

It also has an 80% stake in PT Hidronusa Rawan Energi, which is expecting to sign a PPA soon for a 4MW mini hydropower plant. Like PT IMP, PT PLN will be its sole consumer.

"We will wait for the PPA to be signed before proceeding with the acquisition," Kok says, adding that this could happen by the end of the year.

"Currently, we are exploring a few other mini hydropower plants in Indonesia; some may be more than 10MW.

"We are also looking at another water utility plant. We hope to complete the acquisition next month."

This is a 260-litre per second water treatment plant that has a 25-year concession. The acquisition will cost Gadang about RM21 million in investment cost, which will be financed by a recent private placement of RM31 million.

"Our utility unit's earnings will double in the next few years. With the existing plants and new acquisitions, we are looking at RM10 million net profit every year," says Kok.

Gadang has no plans to expand this division regionally and is happy to grow it within Indonesia where the government encourages partnerships with local companies for mini hydropower plants, she adds.

"In fact, if we can expand enough, we may want to list the unit there in the future. But that is still in the very early stages."

Gadang unlocks value of landbank

BY BEN SHANE LIM

As it keeps looking for civil engineering jobs, Gadang Holdings Bhd continues to unlock the value of its 150-acre undeveloped landbank. Last Thursday, it announced a joint venture with Melaka-based Capital City Property Sdn Bhd to develop a 12-acre tract in Johor Baru with an estimated gross development value of RM1.8 billion.

For a company with a market capitalisation of only RM207 million, it stands to extract upwards of RM300 million from developing the land, which has been sitting on its books since 2007.

The project, named Capital 21, is located in Tampoi, Johor, close to Plaza Angsana.

"We are simply the landowners in this joint venture and the RM300 million we expect to extract from the project over the next three years will go straight to our bottom line," says Gadang managing director Tan Sri Kok Onn.

Based on the JV agreement between Gadang's wholly owned Achwell Property Sdn Bhd and Capital City, Gadang will receive 16.7% of the project's estimated GDV of RM1.8 billion, an estimate which Kok says is very conservative.

If the realised GDV is higher, Gadang will receive more profit, up to a maximum of RM323 million, including the RM52.5 million market value of the land.

Kok also brushes off concerns that the project could be affected by the property oversupply in Johor, as well as the recent hike in the Real Property Gains Tax (RPGT) and the higher minimum purchase price of RM1 million for foreigners.

"Capital 21 isn't a typical residential development. It is a mixed development that will focus more on the retail, office and hotel space. While most other developers retain their retail space for recurring income, we plan to sell our retail units," says Kok.

In fact, the first phase of the project to be launched will be the 10-storey retail podium. Capital City will retain the first two levels, but the rest will be for sale, says Kok.

The other components include three office towers with about 195,000 sq ft of built-up per block, consisting of SoHo (small office/home office) units. There will also be two 15-storey hotel tower blocks. The group is in talks with a four- to five-star hotelier to manage the hotels.

However, Kok reiterates that civil engineering and construction will remain Gadang's core activities.

"We aren't venturing into property development. Our core strength is in heavy civil engineering like the MRT (mass rail transit) projects and the hospital projects and we plan to stick to it. We are not involved in the construction [of Capital 21]. Such construction jobs require a lot of manpower and resources but the margins aren't that good," Kok explains.

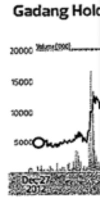
The group's construction division currently contributes about 71% of profits before tax. It currently has an outstanding order book of RM1.2 billion.

While the market barely reacted to the announcement, note that Gadang's share price has already risen by some 78% this year alone to last Friday's close of RM1.04. This values the group at 8.45 times historical earnings and 0.76 times net assets.

The anticipated profit of RM300 million from Capital 21 alone translates to RM1.52 per share. Assuming the earnings are evenly realised over the next three years, this works out to earnings per share of 50 sen each year. In comparison, the group's trailing 12 months earnings per share was 12.45 sen.

Kok is confident that Gadang will see the

Gadang Hold



5-fold surge in Gadang profit

PETALING JAYA: Construction and utility outfit Gadang Holdings Bhd saw its net profit surge more than five times to RM19.23mil in the three months to February from RM3.62mil the prior year, backed by an almost 250% increase in its property development earnings.

The company said in a stock exchange filing yesterday that third-quarter revenue was 67.85% higher to RM147.48mil versus RM87.87mil. Earnings per share leapt to 9.78 sen compared with 1.84 sen previously.

For the nine-month period, Gadang's net profit jumped 88.37% to RM34.63mil from RM18.39mil.

Gadang unit offers to buy 70% of Indonesian water firm for RM14.9m

PETALING JAYA: Gadang Holdings Bhd's indirect unit Asian Utilities Pte Ltd (AUPL) has offered to buy 70% equity interest of PT Dewata Bangun Tirta (DBT) of Indonesia for 55 million rupiah (RM14.9 million).

In a filing with Bursa Malaysia, Gadang said AUPL entered into a sale and purchase of shares agreement with Nanang Mohamad Sjahbudi, Thomas Luciana and Johanes Himawan for the proposed acquisition.

It said the proposed acquisition is

Indonesia, is the holder of a water treatment and supply concessionaire in Kabupaten Gresik, Jawa Timur based on the build, operate, transfer cooperation agreement between Perusahaan Daerah Air Minum Kabupaten Gresik (PDAM) and DBT.

Under the agreement, DBT has been granted the rights to sell bulk treated water to PDAM on a take or pay basis for a period of 25 years from the effective commencement date of DBT's water production operations.

Gadang to expand utilities division in Indonesia

BY *EVA YEONG*
sunbiz@thesundaily.com

KUALA LUMPUR: Gadang Holdings Bhd aims to expand its utilities division in Indonesia and is in talks for more water concessionaires there, said its managing director and CEO Tan Sri Kok Onn (*pix*).

"Our water concessionaires are doing very well in Indonesia. We're expanding our water treatment business and are negotiating for more deals. Now we have three water concessionaires, hopefully we can conclude another one very soon, perhaps within one or two months' time. We're very close to securing a deal already," he told *SunBiz* in an interview recently.

The group currently supplies treated water in Indonesia via its 95% stake each in three water concessionaires namely PT Taman Tirta Sidoarjo, PT Bintang Hytien Jaya and PT Hanarida Tirta Birawa with a combined capacity of 880 litres per second.

The duration for the concessionaires are from 1997 till 2027 for PT Taman Tirta Sidoarjo, 2002 till 2027 for PT Bintang Hytien Jaya and 2004 till 2024 for PT Hanarida Tirta Birawa. PT Taman Tirta Sidoarjo and PT Hanarida Tirta Birawa are both located within the East Jawa province while PT Bintang Hytien Jaya is located within the Banten province.

Kok said it is currently negotiating to increase the supply of its PT Bintang Hytien Jaya concessionaire from the current 30 litres per second to 500 litres per second.

"Water concessionaires give us very good profits. Very soon we will get a water plant. The deal is not so big as water concessionaires in Indonesia are all very small but they generate very good profits," he said.

Kok added that the group will definitely increase investments in this segment and will aggressively look for more deals in Indonesia.

Besides water concessionaires, Gadang Holdings also has a 60% stake in PT Ikhwan Mega Power in Indonesia, which it acquired in May last year and represents its first venture into the power sector.

PT Ikhwan Mega Power has a power purchase agreement with PT Perusahaan Listrik Negara (PLN), the state owned power supply company of Indonesia, to develop and supply power to PLN for 15 years from a 9MW mini hydro power plant.

"We will start work at the mini hydro power plant very soon, hopefully by mid-year. We still have some issues to conclude and some documents to settle," said Kok.

In October last year, the group announced its intention to buy 80%

stake in PT Hidronusa Rawan Energi for RM3.06 million. PT Hidronusa Rawan Energi is pursuing a 4MW hydropower project in Indonesia.

Gadang Holdings, whose other divisions include construction, property development and plantation, first ventured into Indonesia in 2005 by acquiring 100% stake in Singapore-based Asian Utilities Pte Ltd, which owns PT Taman Tirta Sidoarjo.

For its financial year ended May 31, 2013 (FY13), the utilities division contributed 23.4% to revenue. Revenue contribution from the division grew 5.5% year-on-year to RM17.2 million in FY13.

For the first six months ended Nov 30, 2013, its utilities division posted RM8.1 million in revenue, a slight drop from RM8.4 million a year ago, mainly due to the weakening of the Indonesian Rupiah against ringgit.

However, profit before tax for the same period rose to RM3.4 million from RM1.7 million a year ago mainly due to a gain on the disposal of investment in subsidiaries.

BOARD OF DIRECTORS

left to right:

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

PROFILE OF DIRECTORS

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM

Chairman and Independent Non-Executive Director

Datuk Wan Lokman Bin Dato' Wan Ibrahim, a Malaysian, aged 68, was appointed as a Director of Gadang Holdings Berhad ("Gadang" or "Company") on 19 May 1997. He was re-designated as Chairman of Gadang on 1 July 2008. He is a member of the Audit Committee and Nomination & Remuneration Committee.

He holds a Master of Agriculture Business Management Degree from the University of Philippines and a Bachelor Degree in Economics (Hons) from the University of Malaya.

Previously, he was attached to Bank of Pertanian Malaysia for 22 years holding various positions, his last position being Assistant General Manager of Economic Research Department. He then joined Johore Mining & Stevedoring Co. Sdn Bhd as the Project Planning Manager.

He was the Head of Group Business Development in Bridgecon Holdings Berhad ("Bridgecon") before he was appointed as an Executive Director of Indah Water Konsortium Sdn Bhd on 1 December 1996. Datuk Wan Lokman does not hold any directorship in any other public company.

TAN SRI DATO' KOK ONN

Managing Director cum Chief Executive Officer

Tan Sri Dato' Kok Onn, a Malaysian, aged 63, joined the Board on 10 March 1997 as the Joint Managing Director of Gadang and was subsequently appointed as the Managing Director cum Chief Executive Officer on 2 September 1997.

Prior to joining Gadang, Tan Sri Dato' Kok Onn was the Group Chief Executive Officer of Bridgecon. He was also the founder of Bridgecon Engineering Sdn Bhd ("BESB"), the wholly-owned subsidiary of Bridgecon. The track record of BESB was used to list Bridgecon on the Second Board of the Bursa Malaysia Securities Berhad on 16 November 1994.

Tan Sri Dato' Kok Onn's exposure in the construction industry began in 1972 and has been involved in the industry for more than 42 years. He has gained extensive knowledge and experience in most aspects of civil and structural engineering schemes with various projects in Malaysia, China, Middle East and South Africa.

Tan Sri Dato' Kok Onn was also the person who transformed Bridgecon from a pure construction company to activities involving manufacturing and supply of readymixed concrete, concrete pumping, quarrying, property and resort development and on international aspect where he spearheaded Bridgecon's venture into three toll expressway operations in the People's Republic of China. Tan Sri Dato' Kok Onn is also a Non-Independent Non-Executive Director of Green Packet Berhad.

ADAM BIN BACHEK

Independent Non-Executive Director

Encik Adam Bin Bachek, a Malaysian, aged 65, was appointed as a Director of Gadang on 19 May 1997. He is the Chairman of the Audit Committee and a member of the Nomination & Remuneration Committee.

Encik Adam, a practicing lawyer, holds a Bachelor of Laws (Hons) from the University of Buckingham, United Kingdom and a Diploma in Syariah Law & Practice from the International Islamic University (IIU). He was admitted as an advocate and solicitor of High Court of Malaya in 1990. Previously, he was a senior police officer for 22 years before being called to the Malaysian Bar. He served in various positions in the Police Department before taking the optional retirement in 1991.

Currently, Encik Adam is the senior partner of the legal firm, Messrs Adam Bachek & Associates. He is also a Director of Linear Corporation Berhad.

BOEY TAK KONG

Senior Independent Non-Executive Director

Mr Boey Tak Kong, a Malaysian aged 60, joined the Board on 3 December 2007 as an Independent Non-Executive Director. He is a member of the Audit Committee and the Chairman of the Nomination & Remuneration Committee.

He is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom, Associate Member of the Institute of Chartered Secretaries & Administrators, United Kingdom, Chartered Accountant of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Management and Associate Member of the Institute of Marketing Malaysia.

He is currently the Managing Director of Terus Mesra Sdn Bhd, a strategic management and leadership development training company.

His directorships in other public companies include Dutch Lady Milk Industries Berhad, Green Packet Berhad, Permaju Industries Berhad and Censof Holdings Berhad.

KOK PEI LING

Executive Director

Ms Kok Pei Ling, a Malaysian aged 32, joined the Board on 2 January 2013 as an Executive Director. She is currently the Company's Chief Financial Officer.

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

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

Other Information on Directors

None of the Directors has:

- any family relationship with any Director and/or major shareholder of the Company, except for Tan Sri Dato' Kok Onn who is the father of Kok Pei Ling, the Executive Director and spouse of Puan Sri Datin Chan Ngan Thai, a major shareholder of the Company.
- any conflict of interest in any business arrangement involving the Company.
- any conviction for offences within the past 10 years.

CHAIRMAN'S STATEMENT

Profit Before Taxation

▲94.3%

from RM32.5 million to **RM63.1 million**

DEAR VALUED SHAREHOLDERS,

"The financial year 2014 marked a new performance milestone driven by positive developments, strong fundamentals and the continuous efforts to optimize operational efficiencies that contributed to our sterling results in terms of revenue and profit despite the prevailing uncertainties in global markets and competitive business environment.

On behalf of Gadang's Board of Directors, it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 May 2014."

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM
Chairman

CHAIRMAN'S STATEMENT


The Vyne, Salak South


Shah Alam Hospital

ECONOMIC LANDSCAPE

Inflation remained elevated in the first five months of 2014, hovering well above the minimum of official forecast (BNM, 2014: 3 to 4%). "Cost of living" is undeniably on the rise, especially with the planned implementation of goods and services tax (GST) in April 2015 and an impending review of minimum wage policy in January 2015. The continued softening in global commodity prices and tightening of domestic credit conditions have to a large extent affected the corporate sector. Businesses are now coping hard with higher operating costs, continued exchange rate volatility and heightened business uncertainty.

With generally improving domestic economic fundamentals and broadly positive sentiments, domestic demand, along with robust private consumption and investment, are expected to continue powering growth of the Malaysian economy.

FINANCIAL PERFORMANCE

The Group recorded its highest revenue of RM544.9 million for the financial year ended 31 May 2014, an increase of 53% from RM356.5 million achieved in the previous financial year. Correspondingly, profit before tax strengthened by 94% to a record RM63.1 million from RM32.5 million registered in the previous financial year. The Construction Division, Property Development Division and Utility Division are the key contributors.

Overall, the Group's shareholders' funds surpassed RM298.1 million with earnings per share and net assets per share improved to 21.98 sen and RM1.52 respectively.

DIVIDEND

We remain mindful of balancing returns to shareholders with the ability to fund future growth. A healthy and strong balance sheets will harness the Group's desire to take on larger and more complex projects in future.

For the financial year ended 31 May 2014, the Board has proposed a first and final single tier dividend of 4 sen per share, representing a dividend payout ratio of 19% for approval of the shareholders at the forthcoming Annual General Meeting.

CORPORATE DEVELOPMENTS

(1) On 7 August 2013, the Company has accepted the Letter of Acceptance from Cyberview Sdn Bhd ("Cyberview") as the Developer Partner to develop 2,500 housing units on 109.31 acres of land in Cyberjaya, Selangor ("the Project"). Consequently, on 23 May 2014, the Company entered into a Joint Development Agreement with Cyberview and Hillstrand Development Sdn Bhd, an indirect wholly-owned subsidiary of the Company in respect of the Project.

(2) On 25 October 2013, Gadang Land Sdn Bhd, a wholly-owned subsidiary of the Company has entered into a Sale and Purchase Agreement to acquire a parcel of 9.5 acres residential land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur for a purchase consideration of RM33,110,000. The acquisition has been completed on 9 July 2014.

(3) On 29 October 2013, Asian Utilities Pte Ltd ("AUPL"), an indirect wholly-owned subsidiary of the Company has entered into a Sale and Purchase of Shares Agreement to acquire 80% equity interest in PT Hidronusa Rawan Energi ("HRE") for a purchase consideration of IDR10,800,000,000. HRE is pursuing a 4 Megawatt hydropower concession in Jawa Barat.

(4) On 21 November 2013, the disposal of 65% equity interest in PT. Sarana Catur Tirta kelola ("SCTK") and 10% equity interest in PT. Sarana Tirta Rejeki ("STR") by AUPL was completed. SCTK and STR ceased to be indirect subsidiaries of the Company.

(5) On 26 December 2013, Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company has entered into a Conditional Joint Venture Agreement ("the Agreement") with Capital City Property Sdn Bhd ("CCPSB") for the proposed development and construction of an integrated development project located in Bandar Johor Bahru, Johor. The proposed development is expected to generate an estimated gross development value ("GDV") of RM1.8 billion. CCPSB, the developer, shall pay to APSB, the landowner, a total value equivalent to 16.7% of the final GDV of the project, up to a maximum sum of RM323,999,999.00. On 23 April 2014, the Agreement has become unconditional following the fulfillment of the conditions precedent as stated in the Agreement.

(6) On 9 May 2014, the Company announced, that following the application made to the Companies Commission of Malaysia ("CCM") for voluntary striking-off of New-Mix Concrete Industries Sdn Bhd ("New-Mix"), a dormant indirect wholly-owned subsidiary of the Company, CCM had in its letter dated 29 April 2014 advised that New-Mix would be struck off the register and dissolved upon the expiration of 3 months from 29 April 2014 under Section 308(2) of the Companies Act,1965. The striking-off of New-Mix has no material financial effect on the Company.

(7) On 23 May 2014, the Company proposed to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company to third party investor(s) to be identified later ("the Private Placement").

SUBSEQUENT EVENTS

(1) On 12 June 2014, Gadang Engineering (M) Sdn Bhd, a wholly-owned subsidiary of the Company has accepted the Letter of Award from Petronas Refinery and Petrochemical Corporation Sdn Bhd for the award of a contract known as "Provision of Phase 2 Site Preparation Works for the Proposed Refinery and Petrochemical Integrated Development (RAPID) Project – Package 18C" for the total estimated provisional contract price of RM350.0 million.

(2) On 26 June 2014, AUPL has completed the acquisition of 60% equity interest in PT Ikhwan Mega Power (IMP). IMP is the holder of a 9 megawatt mini hydro power concession in Kabupaten Tanah Datar, Sumatera Barat for a period of 15 years.

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

(4) On 4 July 2014, the Company announced that in relation to the Private Placement, 19,669,900 new ordinary shares of RM1.00 each in the Company ("the Placement Shares") were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad representing 10% of the issued and paid-up share capital of the Company. As a result, the Private Placement is deemed completed. The Placement Shares were fixed at the issue price of RM1.68 per share, which represents a discount of approximately 8.94% to the five (5)-day volume weighted average market price (VWAP) of the Company's shares.

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

CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

Our financial health is strong and poised to grow even further as the Group's best years are still ahead.

The Construction Division expects to perform well in the forthcoming financial year with a stable and strong outstanding order book of some RM1.3 billion. The Division will continue to seek business opportunities to further establish itself as a key player in the construction industry with its main focus on infrastructure implementation.

The Property Division delivered a commendable set of results amidst challenges faced in the local property market. The unbilled property sales stand at RM155.0 million. With the recent joint venture with Capital City Property Sdn Bhd for an integrated development project called Capital City, located in Zone A of Iskandar Malaysia region, the Property Division will remain a resilient driver of growth moving forward.

With acquisition of PT Ikhwan Mega Power in June 2014, we have successfully made inroads into the mini hydro power supply concession in Indonesia. We have also identified several potential projects to further expand our utility business and strengthen our market presence in Indonesia concession industry. In line with this expansion strategy, we undertook a private placement exercise in July 2014 to raise required funds as and when appropriate opportunities present themselves.

Continuous strategic developments in our respective business segments are essential to our sustainable growth initiatives to meet changing market demands as well as future needs. We are confident of being able to withstand the challenges of a more dynamic global and local economy to take our journey to the next level of growth.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to say a heartfelt thank you to the management team and staff for their commitment to the Group, without which we would not be where we are today. I would also like to record my appreciation to our shareholders, business associates, clients, bankers, subcontractors, suppliers and various government agencies that have graciously supported us in seeing through our many objectives. Our journey thus far has been made possible because of your committed contributions.

Datuk Wan Lokman Bin Dato' Wan Ibrahim
Chairman

Capital City @ Tampoi, Johor Bahru

MANAGING DIRECTOR CUM CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

DEAR VALUED SHAREHOLDERS,

"Despite a moderate economic environment, Gadang recorded its best ever financial performance which saw its profit before tax surged 94% to RM63.1 million in financial year ended 31 May 2014 ("FY2014"). Group revenue grew by 53% to RM544.9 million with Construction Division remaining as our core revenue driver making up 81% of total revenue.

On the whole, the Group has a portfolio of three independently managed core divisions, namely Construction, Property Development and Utility. During FY2014, all three divisions continued to expand in accordance with their respective growth strategies and continued to contribute substantially to the Group's earnings."

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

Turnover

▲52.9%

from RM356.5 million to **RM544.9million**

MANAGING DIRECTOR CUM CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Package V2 of KVMRT

CONSTRUCTION DIVISION

The Construction Division continues to be the main thrust of the Group's business activities. It registered yet another year of record earnings from work progress of the on-going projects. For FY2014, it contributed RM442.2 million or 81% of the Group's consolidated revenue. In terms of profit before tax, it achieved RM33.7 million or 53% of the Group's total profit before tax.

In June 2014, the Division was awarded a RM350.0 million contract for the Phase 2 Package 18C site preparation works for the proposed refinery and petrochemical integrated development (RAPID) project. This has boosted our outstanding order book to a healthy RM1.3 billion.

The construction is proceeding at full speed for Package V2 of Klang Valley Mass Rapid Transit (KV MRT) project and the Phase 1 RAPID project. As long as we continue to maintain the level of excellence we have attained to date, we are certain that we will successfully complete the projects on time. These successful deliveries of projects will further strengthen our credentials and put us on a good stead to secure more large-scale infrastructure projects in the future.

PROPERTY DEVELOPMENT DIVISION

The Property Development Division delivered a solid profit before tax of RM30.6 million amidst challenges faced in the property markets, contributing 49% to the Group's profit before tax. Revenue grew by 18% to RM87 million.

During FY2014, we have launched Phase 1 of The Vyne, an integrated development at Salak South, Kuala Lumpur. The entire project comprises 800 units of condominium and 10 units of 3 storey shop office. The project was well received by the market and the strong sales performance has boosted our unbilled sales to RM155 million.

MANAGING DIRECTOR CUM
CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

The Division has a total pipeline gross development value ("GDV") of RM1.7 billion, comprising developments in Cyberjaya, Bandar Puncak Sena township in Kedah and the remaining phases of The Vyne.

It is also worth highlighting that in December 2013, our wholly-owned subsidiary Achwell Property Sdn Bhd, the owner of 12 acres of land in Tampoi, Johor Bahru, has entered into a Joint Venture Agreement with Capital City Property Sdn Bhd to jointly develop an integrated development project called Capital City, with total estimated GDV of RM1.8 billion. Achwell will be entitled for 16.7% of the GDV or up to a cap of RM324 million. This is certainly an exciting development as it provides us with a new template for pursuing our expansion plans where we leverage on the value of our existing land to open up new opportunities.

To further expand our quality land banks, we have during FY2014 acquired a parcel of 9.5 acres land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur. The proposed development is 629 units residential condominium and 32 units town villas with an estimated GDV of RM505 million.

With this promising backdrop, the Property Development Division will remain a strong driver of growth for the Group as we move forward.

UTILITY DIVISION

The Utility Division recorded a reduction in revenue of 14% to RM14.8 million in FY 2014, mainly due to the disposal of PT. Sarana Catur Tirtakelola ("SCTK") and PT. Sarana Tirta Rejeki ("STR"). Despite this, the profit before tax increased by 11% to RM4.7 million, mainly due to gain on the disposal of these investments. The investment in SCTK and STR do not have the potential to improve and contribute to our bottom line in the long run, hence we made the decision to dispose these investments.

As part of the Group's strategy to gain a stronger footing in business with recurring and sustainable income, we made inroads into the mini hydro power concession sector during FY2014 by acquiring 60% stake in PT Ikhwan Mega Power, the holder of a 9 megawatt mini hydro power concession in Kabupaten Tanah Datar, Sumatera Barat for a period of 15 years. The construction of the hydro power plant is expected to

K-Workers Housing Project in Cyberjaya

MANAGING DIRECTOR CUM
CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

complete by year 2016. Upon full commissioning, it is expected to contribute positively to the future earnings of the Division.

Riding on our experience and technical knowledge from our water concession projects, we further expanded our water concession business by acquiring 70% stake in PT Dewata Bangun Tirta, the concessionaire for 200 litres per second water treatment and supply in Kabupaten Gresik, Jawa Timur for a period of 25 years commencing February 2013.

New water infrastructure and hydro power supply in both urban and rural areas of Indonesia will continue to be needed as the country continues to develop. In light of this, we have been actively exploring opportunities to expand our footprint in local utility concession industry. We aim to provide the Group with sustainable earnings to counter any cyclical nature in other business divisions.

PLANTATION DIVISION

For FY2014, revenue for Plantation Division increased to RM0.94 million mainly due to higher harvesting activities. However, it has recorded higher loss of RM2.0 million in view of the amortization of planting expenditure capitalized under biological asset.

As suitable oil palm plantation land is getting scarce and expensive, we are looking for more joint venture with land owners, especially around the Ranau area in Sabah to jointly undertake the development of oil palm plantation.

CONCLUSION

The coming financial year holds much potential. We remain focused on our strategy of growing our construction order books, expanding our property development activities and building on our utility concession business.

Despite the optimism, the Group also remains cautious, given the highly competitive environment in the present construction and property development businesses in Malaysia. We will continue to strengthen and diversify our technical capability, improve operational efficiency and nurture our talents to ensure that we remain ahead of the competition.

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

Phase 1 RAPID project

AUDIT COMMITTEE REPORT

A. MEMBERSHIP

The members of the Audit Committee during the financial year ended 31 May 2014 comprised the following directors:-

Adam Bin Bachek - Chairman

Datuk Wan Lokman Bin Dato' Wan Ibrahim

Boey Tak Kong

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

B. TERMS OF REFERENCE

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

a. To review and recommend the appointment of external auditors, the audit fee and any question of resignation or dismissal;

b. To discuss with the external auditors where necessary, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved;

c. To review the quarterly results and annual financial statements before submission to the Board, focusing on:
   - any changes in or implementation of major accounting policies and practices;
   - significant and unusual events;
   - significant adjustments arising from the audit;
   - going concern assumption; and
   - compliance with applicable approved accounting standards and regulatory requirements;

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

e. To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);

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

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

h. To do the following in relation to the internal audit function:-

- review the adequacy of scope, function, competency and resources of the internal audit department and that it has the necessary authority to carry out its work;
- review internal audit programme;
- ensure co-ordination of external audit with internal audit;
- consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of the staff of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- be informed of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.

i. To review any related party transactions and conflict of interest situation that may arise within the Company and the Group, including any transaction, procedure or course of conduct that raises questions of management integrity; and

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

C. MEETINGS AND ATTENDANCE

The Audit Committee held 5 meetings during the financial year ended 31 May 2014 and the details of attendance of each committee member are as follows:-

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

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

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

D. TRAINING

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

1. ASEAN CG Scorecard 2013
2. Future Of Corporate Reporting
3. Advocacy Session On Corporate Disclosure
4. The Value Of Quality Audit
5. Optimising Work-Life Conference
6. 100 Drivers Of Change For The Global Accountancy Profession
7. Security Inside Out – The Impact & A Roadmap To Compliance
8. Security Operations Center Roundtable
9. Drive Better Business Outcomes with Big Data and Analytics
10. - The Importance of Government Relations to the Bottom Line
    - The Importance of the Wider Stakeholder Environment – Civil Society & the Community
    - Practical Application of Government Relations Design & Strategy, Lessons & Best Practices
    - Managing Asia's New Competitive Games
11. Audit Committee Conference 2014 – Stepping Up For Better Governance
12. Corporate Governance Guide: Towards Boardroom Excellence – An Update
13. Enhanced Understanding of Risk Management and Internal Control
14. Understanding and Awareness of Goods and Services Tax
15. Stepping up on Strategic Planning for Sustainable Performance

E. SUMMARY OF ACTIVITIES

During the financial year ended 31 May 2014, the Audit Committee discharged its functions and carried out its duties as set out in its Terms of Reference through the following activities:-

1. Financial Reporting

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

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

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

2. Internal Audit

a. Reviewed and approved the internal audit plan.

b. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of internal audit reports and the management responses thereof and ensuring significant findings are adequately addressed by management.

c. Authorized internal audit to undertake specific assignments on specific areas of concern, reviewed outcome of findings and deliberated on appropriate actions and/or recommendations arising therefrom.

3. **External Audit**

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

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

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

4. **Related Party Transactions**

   a. Reviewed the recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance for inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent transactions pursuant to the Listing Requirements of Bursa Securities for the Board's approval.

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

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

5. **Project Visits**

   a. Visited on-going earthwork and property development projects located at Pengerang and Tampoi respectively to obtain better information on the progress of the projects and to understand the project execution process and challenges faced during the project implementation stage.

   b. Visited the oil palm plantation project located in Ranau, Sabah to assess and review the planting and harvesting operations.

F. SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Board obtains adequate assurance on the effectiveness of system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the outsourced internal auditors, which report directly to the Audit Committee. The Group's internal audit function is outsourced to KPMG Management & Risk Consulting Sdn Bhd. The internal auditors are responsible to undertake independent, regular and systematic reviews of the systems of financial and operational controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

During the financial year, a total of 2 reports covering a total of 16 observations were issued. The areas reviewed included project management process for the Construction Division's existing RAPID Phase 1 project and development strategy, sales and marketing and monitoring of construction progress for the Property Division's existing projects.

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

The total cost incurred for maintaining the Internal Audit function for the year under review was RM65,378.00 comprising mainly professional fees and disbursements.

STATEMENT OF CORPORATE GOVERNANCE

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

Below is a statement and description in general on how the Group has applied all the eight (8) principles of the Malaysian Code on Corporate Governance 2012 ("the Code") and the extent to which it has complied with the recommendations of the Code.

1.0 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and Management

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

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

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

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

1.2 Directors' roles and responsibilities

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

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

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

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

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

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

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

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

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

1.3 Formalised ethical standards through Code of Ethics

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

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

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

1.4 Strategies promoting sustainability

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

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

1.5 Access to information and advice

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

1.6 Qualified and competent Company Secretary

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

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

1.7 Board Charter

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

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

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

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

In 2014, the Board has reviewed its Board Charter and a copy thereof has been uploaded on the Company's website.

2.0 STRENGTHEN COMPOSITION

2.1 Nomination & Remuneration Committee

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

Boey Tak Kong (Chairman)

Datuk Wan Lokman Bin Dato' Wan Ibrahim

Adam Bin Bachek

The salient terms and reference of the NRC in relation to its nomination role are as follows:-

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

During financial year 2014, the activities of the NRC are as follows:-

Remuneration Matters

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

Nomination Matters

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

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

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

a. Recruitment or Appointment of Directors

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

All Directors including Managing and Executive Directors shall retire from office once in every three (3) years but shall be eligible for re-election. In accordance with the Articles of Association ("AA") of the Company, one-third (1/3) of the Directors shall retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election or appointment.

At this forthcoming AGM, the Directors who will be retiring by rotation are Datuk Wan Lokman Bin Dato' Wan Ibrahim and Mr Boey Tak Kong. Both of them, being eligible, offer themselves for re-election.

b. Annual assessment

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

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

c. Gender diversity policy

The Company acknowledges gender diversity as essential for good governance. The Board has one female Director out of five Directors following the appointment of Ms Kok Pei Ling as an Executive Director on 2 January 2013. Female representation as a percentage of the full Board is 20%. The Company will actively work towards the 30% target set by 2016.

d. Appointment of Senior Independent Non-Executive Director

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

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

2.3 Remuneration policies

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

- To establish and review the terms and conditions of employment and remuneration of the Executive Directors and senior executives of the Group; and

- To review and approve the annual salary increments and bonuses of the Executive Directors and senior executives of the Group;

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

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

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

a. Directors' Fees

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

In 2014, the Board has approved the NRC's recommendation to increase the Directors' fees in line with their increased scope of responsibilities and accountabilities based on the accepted industry range. The revised Directors' fees will be presented to the shareholders for approval at the forthcoming 21st AGM.

b. Meeting Attendance Allowance

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

c. **Other Emoluments**

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

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

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

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

The aggregate Directors' Remuneration paid or payable to the Directors by the Company and its subsidiaries for the financial year ended 31 May 2014 is as follows:-

Directors	Directors' Fees# RM	Salary and other emoluments* RM	Benefits-in-kind RM	Total RM
Executive Director				
Tan Sri Dato' Kok Onn	-	694,750	5,000	699,750
Kok Pei Ling	-	329,397	-	329,397
Non-Executive Directors				
Datuk Wan Lokman Bin Dato' Wan Ibrahim	72,000	22,358	-	94,358
Adam Bin Bachek	60,000	23,500	-	83,500
Boey Tak Kong	60,000	22,500	-	82,500
Total	**192,000**	**1,092,050**	**5,000**	**1,289,505**

\# Subject to shareholders' approval.

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

3.0 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

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

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

3.2 Tenure of Independent Directors

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

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

3.3 Separation of positions of the Chairman and CEO

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

3.4 Composition of the Board

The Board currently comprises three Independent Non-Executive Directors and two Executive Directors. The structure and composition of the Board comply with the Main Market Listing Requirements ("MMLR") of Bursa Securities and the Code. The number of Independent Directors exceeds the requirement that one-third of Board Members be independent as set out in the MMLR of Bursa Securities and the Code. A brief profile of each Director is presented on page 11 of this Annual Report.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise, particularly in areas such as law, finance and risk management, accountancy, taxation, regulation, business and operations, amongst others. The presence of a majority of Independent Non-Executive Directors will serve to bring objective and independent views, advice and judgement to the decision making of the Board and provide the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Executive Directors who have in-depth knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

4.0 FOSTER COMMITMENT

4.1 Time commitment

The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings during the financial year ended 31 May 2014 as set out in the table below:-

Directors	No. of Meetings Attended	Percentage
Datuk Wan Lokman Bin Dato' Wan Ibrahim	6/6	100%
Tan Sri Dato' Kok Onn	6/6	100%
Adam Bin Bachek	6/6	100%
Boey Tak Kong	5/6	83%
Kok Pei Ling	6/6	100%

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

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

4.2 Training

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

Directors also receive regular business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of the Company's business, in particular regarding performance, key issues, risks and strategies for growth. In addition, Non-Executive Directors are also encouraged to visit the group operations to increase their exposure to the business. During the financial year 2014, the Non-Executive Directors visited the Group's oil palm plantation in Ranau, Sabah, property development project in Tampoi, Johor and construction project in Pengerang, Johor.

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

The details of the training programmes attended by the Directors during the financial year ended 31 May 2014 are summarized below:-

1.	**Datuk Wan Lokman Bin Dato' Wan Ibrahim** • Advocacy Session On Corporate Disclosure	 20 June 2013
2.	**Tan Sri Dato' Kok Onn** • Stepping Up On Strategic Planning For Sustainable Performance	 24 April 2014
3.	**Adam Bin Bachek** • Advocacy Session On Corporate Disclosure • Corporate Governance Guide: Towards Boardroom Excellence – An Update	 20 June 2013 26 Mar 2014
4.	**Boey Tak Kong** • ASEAN CG Scorecard 2013 • Future Of Corporate Reporting • Advocacy Session On Corporate Disclosure • The Value Of Quality Audit • Optimising Work-Life Conference • 100 Drivers Of Change For The Global Accountancy Profession • Security Inside Out – The Impact & A Roadmap To Compliance • Security Operations Center Roundtable • Drive Better Business Outcomes with Big Data and Analytics • The Importance of Government Relations to the Bottom Line • The Importance of the Wider Stakeholder Environment – Civil Society & the Community • Practical Application of Government Relations Design & Strategy, Lessons & Best Practices • Managing Asia's New Competitive Games • Audit Committee Conference 2014 – Stepping Up For Better Governance • Corporate Governance Guide: Towards Boardroom Excellence – An Update	 12 June 2013 12 June 2013 20 June 2013 5 July 2013 8 July 2013 17 July 2013 22 Aug 2013 18 Sept 2013 7 Oct 2013 29 Oct 2013 20 Mar 2014 26 Mar 2014
5.	**Kok Pei Ling** • Advocacy Session On Corporate Disclosure • Enhanced Understanding of Risk Management and Internal Control • Understanding And Awareness Of Goods And Services Tax • Stepping Up On Strategic Planning For Sustainable Performance	 20 June 2013 26 Nov 2013 16 April 2014 24 April 2014

5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

The Board aims to provide a balanced and meaningful assessment of the Group's financial performance, position and prospects, primarily through the issuance of audited annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's statement and the Group Managing Director/CEO's review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. A full Audit Committee Report detailing its composition, terms of reference and a summary of activities during the year is set out on pages 20 to 23 of this Annual Report.

5.2 Assessment of suitability and independence of external auditors

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

6.0 RECOGNISE AND MANAGE RISKS

6.1 Sound framework to manage risks

The Board acknowledges its responsibility to maintain a sound system of internal controls to safeguard shareholders' investment and the Company's assets. Accordingly, the Directors are required to ensure that an effective system of internal control is in place within the Group.

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

6.2 Internal audit function

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

7.0 ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

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

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

7.2 Leverage on information technology for effective dissemination of information

The Group has established a current website at www.gadang.com.my to further enhance investor relations and shareholders' communication, including their access to information about the Company and the Group. Various announcements and disclosures to the Bursa Securities made via Bursa LINK, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.

8.0 STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

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

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

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

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

8.2 Encourage poll voting

At the 20th AGM of the Company held on 19 November 2013, no substantive resolutions were put forth for shareholders' approval, other than pertaining to the adoption of the ordinary business, authority to directors to issue shares, recurrent related party transactions and approval for independent non-executive directors to continue in office.

As such, the resolutions put for the shareholders' approval at the 20th AGM were voted on by a show of hands.

8.3 Effective communication and proactive engagement

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

Various announcements and disclosures to the Bursa Securities made during the year, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations.

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

COMPLIANCE STATEMENT

The Board is satisfied that in 2014, the Company has been in compliance with the provisions as set out in the Code.

This Statement is made in accordance with the resolution of the Board dated 10 October 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

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

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

The system of internal control covers not only financial controls but also non-financial controls relating to operational management, compliance controls and risk management. The internal control system is designed to manage and mitigate the effects rather than to eliminate the risks. As such the internal control system can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against loss or fraud.

RISK MANAGEMENT

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

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

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

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

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

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

1. ***Risk review***

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

2. ***Authority and responsibility***

   a) Certain responsibilities are delegated to Board Committees through clearly defined Terms of Reference (TOR) which are reviewed as necessary. Further details are set out in the Corporate Governance Statement.

   b) The Authority Limits document is reviewed from time to time to reflect the authority and authorization limits of Management.

3. ***Planning, monitoring and reporting***

   a) An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year, which are deliberated upon and approved by the Board before implementation.

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

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

4. ***Policies and procedures***

   Policies and procedures are formalized to put in place / strengthen controls for financial management and operations. These policies and procedures are reviewed, updated and circulated as necessary.

5. ***Financial reporting***

   Adequate processes and controls are in place to ensure proper and correct recording of financial information and timely generation of up-to-date financial statements, including the consolidated condensed financial statements. The Audit Committee and the Board monitor and review the Group performance and results at quarterly meetings, deliberating on the quarterly financial statements, key financial and operational performance results.

6. ***Management meetings***

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

7. Internal audit function

The Group outsourced its internal audit function to KPMG Management & Risk Consulting Sdn Bhd ("KPMG"). The Internal Auditors assist the Audit Committee in the discharge of its duties and responsibilities to independently review and report on the adequacy and integrity of the Group's financial reporting, internal control systems and risk management practices.

Internal Auditors provide independent assurance on the adequacy and integrity of the Group's system of internal controls and business processes. Regular reviews on operational units to assess the effectiveness of internal controls and to monitor compliance with policies and procedures are carried out by the Internal Auditors. Reports on audit findings on the effectiveness of internal controls, significant risks, non-compliance and weaknesses observed with recommendations for remedial action are submitted to the operating management. On a half-yearly basis the Audit Committee reviews internal audit findings and recommendations on internal control improvements and management's response and action thereto.

CONCLUSION

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

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement for inclusion in the 2014 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

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

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

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

Towards this end, Gadang Group fully subscribed to the CSR practices and will strive to be in line with the CSR Framework for Public Listed Companies launched by Bursa Malaysia Securities Berhad ("Bursa Securities").

WORKPLACE

The Group believes that human capital development is very important to ensure that the Group has the right and relevant skill and knowledge in ensuring business sustainability and growth. The Group aims to attract, retain and motivate the highest caliber of employees within the context of an operating structure that encourages their contribution and development.

STATEMENT ON
CORPORATE SOCIAL RESPONSIBILITY

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

The Group also emphasized on the importance of the employees' health and well-being at the workplace. Besides providing health and hospitalization benefits for the staff, health and safety talks are held on a regular basis to instill a health-conscious mind among the staff. Efforts are continually made to create awareness on the collective responsibility among the employees for the prevention of injuries and occupational health hazards and the assurance of public safety when carrying out its business operations.

The Group seeks to recognize and honor the loyalty of employees who have helped to build the Group over a long period of time. Long Service Awards are presented to those employees serving more than 15 years of service. The awards were presented with the primary objectives of motivating staff to develop their career with the Group and rewarding them for their dedication and commitments towards the development and growth of the Group. During the year, 60 employees were recognized for their loyal service and were presented with Long Service Awards from completing their 15 years' service with the Group.

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

To ease the financial burden of the staff with school-aged children, particularly during the beginning of a new schooling year, the Group distributed a one-off RM200 schooling aid to each of their school-aged children in December 2013. A total of 244 pupils had received the aid totaling RM48,800.

COMMUNITY

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

During the year, a total of RM136,000 was contributed by the Group to 26 charitable organisations such as Rumah Sejahtera Rumah Orang Tua Bidor, Majlis Pusat Kebajikan Cawangan Kampar, Majlis Pusat Kebajikan Daerah Tanjung Malim, Pertubuhan Kebajikan Siri Jayanti, Ampang Welfare Committee, Yayasan Salam Malaysia, Little Sisters of the Poor, House of Hope & Light, Agathians Shelter, Rumah Orang Tua

STATEMENT ON
CORPORATE SOCIAL RESPONSIBILITY


Seri Setia Sg Way, Lovely Nursing Centre, Rumah Kanak-kanak Angels, Yayasan Kebajikan SSL Haemodialysis, Chempaka Welfare Home and Rumah Charis, amongst others.

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

As part of the Group's social responsibilities, Gadang Scholarship was established in 2012 to formalize the Company's involvement in providing financial assistance to deserving and financially challenged Malaysian students pursuing higher education in local private and public universities and colleges. This year a total of RM138,000 was approved to be given to 5 needy students for their personal education.

MARKETPLACE

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

ENVIRONMENT

The Group recognizes its responsibility to minimize any potential adverse environmental impact of our business operations and is committed to continual improvement in its environmental performance and to ensure all of the Group's activities are in line with all the environmental legislation and codes of practice.

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

The Group also encourages individual employees to adopt environmentally-responsible working practices by energy saving, reduce waste, promote re-use and recycling, avoid damage to the environment and prevent pollution.

ADDITIONAL COMPLIANCE INFORMATION

- **Share Buybacks**
  The Company did not undertake any share buybacks during the financial year.

- **Options, Warrants or Convertible Securities**
  No options or convertible securities were issued by the Company during the financial year. No warrants 2010/2015 were exercised during the financial year.

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

- **Non-audit Fees**
  The amount of non-audit fee payable to the external auditors by the Group for the financial year is RM61,000.

- **Profit Guarantees**
  There were no profit guarantees given by the Company during the financial year.

- **Material Contracts**
  There was no material contract other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interests during the financial year.

- **Recurrent Related Party Transactions of a Revenue or Trading Nature**
  At the last Annual General Meeting held on 19 November 2013, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and provision of financial assistance ("Recurrent Transactions") with related parties.

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 May 2014 pursuant to the said shareholders' mandate are as follows:-

Name of Related Party	Relationship	Nature of Transactions	The Company	Aggregate Value RM'000
Kok Khim Boon	Kok Khim Boon is the brother of Tan Sri Dato' Kok Onn ("TSDKO") who is the Managing Director cum Chief Executive Officer and major shareholder of Gadang	Provision of sub-contract works	Gadang Group	3,091
Datapuri Sdn Bhd ("DPSB")	DPSB is a 51% owned subsidiary of Gadang and 49% owned by Exclusive Acres Sdn Bhd ("EASB"). Mr Liew Swee Kong who is a director and shareholder of EASB is the nephew TSDKO.	• Provision of mechanical & engineering subcontract works by DPSB	Gadang Group	3,786
		• Provision of management services by Gadang	Gadang	50

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ("CA") to prepare financial statements for each financial year which have been made in accordance with applicable Financial Reporting Standards ("FRSs") in Malaysia, and the provisions of the CA and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Followed all applicable approved accounting standards in Malaysia and the provisions of the CA.

The Directors are also responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the CA.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiaries are disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	43,224,708	9,255,110
Non-controlling interests	1,153,710	-
	44,378,418	9,255,110
Total comprehensive income for the financial year attributable to:		
Owners of the Company	39,973,328	9,255,110
Non-controlling interests	926,401	-
	40,899,729	9,255,110

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIVIDENDS

On 19 November 2013, the shareholders approved a first and final dividend of 3 sen per share less 25% income tax on 196,691,218 ordinary shares for the financial year ended 31 May 2013, amounting to RM4,425,554 which was paid on 24 December 2013.

The Directors proposed a first and final single tier dividend of 4 sen per share for the financial year ended 31 May 2014 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

DIRECTORS

The Directors who have held office since the date of the last report are:

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

DIRECTORS' INTEREST IN SHARES

The interest of the Directors who held office at the end of the financial year in shares in the Company and its related companies are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.6.2013	Acquired	Sold	At 31.5.2014
Shareholdings registered in the name of Directors:				
Direct interest				
Tan Sri Dato' Kok Onn	8,766,666	-	4,000,000	4,766,666
Boey Tak Kong	900,000	-	-	900,000
Indirect interest				
Tan Sri Dato' Kok Onn*	60,180,827	6,621,700	-	66,802,527

	Number of Warrants 2010/2015			
	At 1.6.2013	Acquired	Sold	At 31.5.2014
Shareholdings registered in the name of Directors:				
Direct interest				
Tan Sri Dato' Kok Onn	611,666	-	611,666	-
Boey Tak Kong	88,500	-	88,500	-
Indirect interest				
Tan Sri Dato' Kok Onn*	3,674,231	-	3,674,231	-

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

By virtue of the substantial interest in the shares of the Company, Tan Sri Dato' Kok Onn is deemed to have interest in all the Company's subsidiaries to the extent the Company has an interest.

DIRECTORS' INTEREST IN SHARES (Continued)

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 37 to the financial statements.

There were no arrangements during or at the end of the financial year, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up share capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any material extent; or

(ii) which would render the value attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (Continued)

At the date of this report, there does not exist:

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

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due except as disclosed in the Note 38 to the financial statements.

In the opinion of the Directors, except as otherwise disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 May 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 44 to the financial statements.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Details of significant events after reporting period are disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Messrs PKF, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM **TAN SRI DATO' KOK ONN**

Kuala Lumpur

18 September 2014

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the accompanying financial statements as set out on pages 53 to 137 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2014 and of their financial performance and their cash flows for the financial year ended on that date.

The supplementary information as set out in Note 46 on page 137 to the financial statements have been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors,

DATUK WAN LOKMAN BIN DATO' WAN IBRAHIM

TAN SRI DATO' KOK ONN

Kuala Lumpur

18 September 2014

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, KOK PEI LING, being the Director primarily responsible for the financial management of GADANG HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 53 to 137 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the above named at Kuala Lumpur in)
Wilayah Persekutuan on 18 September 2014)

KOK PEI LING

Before me,

COMMISSIONER FOR OATHS
No: W 513
KALASAGAR NAIR
MALAYSIA

COMMISSIONER FOR OATHS

Suite D3-U1-11 Blok D3
Solaris Dutamas
Jalan Dutamas 1,
50480 Kuala Lumpur.

REPORT OF THE INDEPENDENT AUDITORS

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of GADANG HOLDINGS BERHAD, which comprise the Statements of Financial Position as at 31 May 2014 of the Group and of the Company, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 53 to 137.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 and for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 ("the Act") so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2014 and of their financial performance and their cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries, of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of the subsidiaries for which we have not acted as auditors, as disclosed in Note 16 to the financial statements, being financial statements which are included in the consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (Continued)

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information as set out in Note 46 on page 137 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF
AF 0911
CHARTERED ACCOUNTANTS

CHUAH SOO HUAT
3002/07/16(J)
CHARTERED ACCOUNTANT

Kuala Lumpur

18 September 2014

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MAY 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Revenue	3	**544,945,855**	356,466,302	**17,696,000**	11,050,000
Cost of sales	4	**(454,199,057)**	(298,108,547)	**-**	-
Gross profit		**90,746,798**	58,357,755	**17,696,000**	11,050,000
Other income	5	**8,947,443**	10,373,836	**1,615,410**	862,598
Administrative expenses		**(15,267,348)**	(12,622,032)	**(3,394,770)**	(2,614,033)
Other expenses		**(19,324,077)**	(22,039,518)	**(5,996,474)**	(1,670,086)
Profit from operations	6	**65,102,816**	34,070,041	**9,920,166**	7,628,479
Finance costs	9	**(2,018,098)**	(1,597,737)	**(522,268)**	(338,098)
Profit before tax		**63,084,718**	32,472,304	**9,397,898**	7,290,381
Income tax expense	10	**(18,706,300)**	(11,809,161)	**(142,788)**	(2,379,083)
Profit for the financial year		**44,378,418**	20,663,143	**9,255,110**	4,911,298
Other comprehensive income:					
Foreign currency translation		**(3,478,689)**	(867,086)	**-**	-
Total comprehensive income for the financial year		**40,899,729**	19,796,057	**9,255,110**	4,911,298
Profit for the financial year attributable to:					
Owners of the Company		**43,224,708**	20,469,690	**9,255,110**	4,911,298
Non-controlling interests		**1,153,710**	193,453	**-**	-
		44,378,418	20,663,143	**9,255,110**	4,911,298
Total comprehensive income attributable to:					
Owners of the Company		**39,973,328**	19,689,732	**9,255,110**	4,911,298
Non-controlling interests		**926,401**	106,325	**-**	-
		40,899,729	19,796,057	**9,255,110**	4,911,298
Basic earnings per ordinary share (sen)	11	**21.98**	10.41		
Diluted earnings per ordinary share (sen)	11	**19.98**	N/A		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	**61,074,458**	64,491,841	**112,305**	100,540
Biological assets	13	**11,771,382**	10,642,855	**-**	-
Investment properties	14	**19,360,489**	25,347,271	**-**	-
Concession assets	15	**28,033,317**	31,025,908	**-**	-
Investment in subsidiaries	16	**-**	-	**133,930,162**	119,464,400
Investment in associate	17	**-**	-	**-**	-
Other investments	18	**138,000**	163,000	**-**	-
Goodwill on consolidation	19	**9,147,181**	10,422,959	**-**	-
Deferred tax assets	20	**2,261,881**	3,812,220	**-**	-
Non-trade receivables	24	**537,422**	503,401	**188,600**	175,769
		132,324,130	146,409,455	**134,231,067**	119,740,709
Current assets					
Property development costs	21	**137,660,286**	140,204,237	**-**	-
Amount due from customers on contracts	22	**43,964,229**	35,500,629	**-**	-
Inventories	23	**95,207**	1,008,282	**-**	-
Trade and non-trade receivables	24	**116,645,466**	45,034,964	**42,736,363**	80,764,917
Tax recoverable		**4,625,404**	2,987,349	**485,548**	732,460
Deposits with licensed banks	26	**71,650,140**	53,547,729	**9,721,114**	9,476,568
Cash and bank balances	26	**73,870,142**	83,015,590	**28,603,211**	29,729,673
		448,510,874	361,298,780	**81,546,236**	120,703,618
Assets classified as held for sale	27	**-**	3,058,188	**-**	-
TOTAL ASSETS		**580,835,004**	510,766,423	**215,777,303**	240,444,327

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MAY 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity attributable to Owners of the Company					
Share capital	28	**196,691,218**	196,691,218	**196,691,218**	196,691,218
Reserves	29	**101,445,862**	65,898,088	**18,702,334**	13,872,778
		298,137,080	262,589,306	**215,393,552**	210,563,996
Non-controlling interests	30	**3,194,248**	3,841,635	**-**	-
Total equity		**301,331,328**	266,430,941	**215,393,552**	210,563,996
Non-current liabilities					
Deferred tax liabilities	20	**12,310,914**	14,502,149	**23,861**	23,861
Bank borrowings	31	**65,726,437**	56,482,358	**-**	-
Defined benefit obligations	32	**1,218,830**	1,185,322	**-**	-
Non-trade payables	33	**9,514,274**	11,549,728	**-**	-
		88,770,455	83,719,557	**23,861**	23,861
Current liabilities					
Trade and non-trade payables	33	**106,285,133**	110,215,178	**359,890**	29,856,470
Provisions	34	**163,971**	163,971	**-**	-
Amount due to customers on contracts	22	**3,975,666**	18,800,361	**-**	-
Bank borrowings	31	**78,342,913**	26,602,980	**-**	-
Tax payable		**1,965,538**	3,903,263	**-**	-
		190,733,221	159,685,753	**359,890**	29,856,470
Liabilities classified as held for sale	27	**-**	930,172	**-**	-
Total liabilities		**279,503,676**	244,335,482	**383,751**	29,880,331
TOTAL EQUITY AND LIABILITIES		**580,835,004**	510,766,423	**215,777,303**	240,444,327

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2014

Group	Note	Share capital RM	Warrant reserves RM	Capital reserves RM	Foreign exchange reserves RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company							
			Non-distributable			Distributable			
At 1 June 2012		196,691,218	6,175,984	1,346,681	(1,135,315)	42,771,375	245,849,943	3,735,310	249,585,253
Total comprehensive (loss)/ income for the financial year		-	-	-	(779,958)	20,469,690	19,689,732	106,325	19,796,057
Dividends paid on ordinary shares	35	-	-	-	-	(2,950,369)	(2,950,369)	-	(2,950,369)
At 31 May 2013		196,691,218	6,175,984	1,346,681	(1,915,273)	60,290,696	262,589,306	3,841,635	266,430,941
Total comprehensive (loss)/ income for the financial year		-	-	-	(3,251,380)	43,224,708	39,973,328	926,401	40,899,729
Dividends paid on ordinary shares	35	-	-	-	-	(4,425,554)	(4,425,554)	-	(4,425,554)
Disposal of investment in subsidiaries		-	-	-	296,385	(296,385)	-	(1,573,788)	(1,573,788)
At 31 May 2014		**196,691,218**	**6,175,984**	**1,346,681**	**(4,870,268)**	**98,793,465**	**298,137,080**	**3,194,248**	**301,331,328**

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MAY 2014

Company	Note	Share capital RM	Non-distributable Warrant reserves RM	Distributable Retained profits RM	Total RM
At 1 June 2012		196,691,218	6,175,984	5,735,865	208,603,067
Total comprehensive income for the financial year		-	-	4,911,298	4,911,298
Dividends paid on ordinary shares	35	-	-	(2,950,369)	(2,950,369)
At 31 May 2013		196,691,218	6,175,984	7,696,794	210,563,996
Total comprehensive income for the financial year		-	-	9,255,110	9,255,110
Dividends paid on ordinary shares	35	-	-	(4,425,554)	(4,425,554)
At 31 May 2014		**196,691,218**	**6,175,984**	**12,526,350**	**215,393,552**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	**63,084,718**	32,472,304	**9,397,898**	7,290,381
Adjustments for:				
Amortisation on biological assets	**331,168**	87,290	**-**	-
Bad debts written off	**543,540**	330,215	**-**	-
Deposits written off	**61,230**	32,050	**-**	-
Depreciation of:				
- property, plant and equipment	**11,426,593**	8,929,907	**18,066**	18,922
- concession assets	**2,172,302**	1,596,907	**-**	-
- investment properties	**275,958**	104,601	**-**	-
Dividend income	**-**	-	**(13,300,000)**	(8,000,000)
Fair value adjustments on:				
- non-trade receivables	**35,979**	212,599	**-**	-
- amount due to a director	**90,260**	(1,042,415)	**-**	-
- non-trade payable	**799,013**	(2,054,622)	**-**	-
- amount due from a subsidiary	**-**	-	**(12,831)**	74,231
Gain on disposal on investment property	**(537,851)**	-	**-**	-
Gain on disposal of investment in subsidiaries	**(519,535)**	-	**-**	-
Impairment loss on:				
- assets held for sale	**-**	554,075	**-**	-
- goodwill	**-**	6,871,932	**-**	-
- property, plant and equipment	**4,183,205**	-	**-**	-
- trade and non-trade receivables	**-**	54,768	**2,431**	16,389
- amount due from subsidiaries	**-**	-	**-**	570,367
- other investment	**25,000**	-	**-**	-
- investment in subsidiary	**-**	-	**3,710,001**	-
Impairment loss no longer required	**-**	(1,026,742)	**-**	-
Increase liability for defined benefit obligations	**194,792**	317,189	**-**	-
Interest expense	**4,182,078**	2,625,597	**522,268**	338,098
Interest income	**(3,505,907)**	(2,168,406)	**(871,444)**	(630,070)
Inventories written off	**90,460**	-	**-**	-
Loss on disposal of other investment	**-**	21,000	**-**	-
Net loss/(gain) on disposal of property, plant and equipment	**1,236,926**	(221,993)	**-**	-
Net unrealised loss/(gain) on foreign exchange	**473,252**	35,894	**(566,965)**	(232,378)
Property, plant and equipment written off	**132,067**	10,359	**-**	-
Reversal of liquidated ascertained damages	**-**	-	**-**	-
Reversal of provisions	**-**	(2,657,227)	**-**	-
Reversal of impairment loss on assets held for sale	**(554,075)**	-	**-**	-
Waiver of liabilities	**(547,377)**	-	**-**	-
Operating profit/(loss) before working capital changes	**83,673,796**	45,085,282	**(1,100,576)**	(554,060)

STATEMENTS OF
CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2014

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Changes in working capital:				
Amount due from/(to) customers on contracts	**(23,288,295)**	54,694,595	**-**	-
Assets held for sale	**-**	(1,190,042)	**-**	-
Biological assets	**(1,459,695)**	(3,882,933)	**-**	-
Inter-company balances	**-**	-	**(9,143,409)**	29,482,178
Inventories	**822,615**	602,124	**-**	-
Payables	**(6,307,393)**	16,940,150	**57,830**	(29,169)
Property development costs	**2,543,951**	(1,503,061)	**-**	-
Receivables	**(72,285,272)**	11,589,248	**6,324**	16,034
Cash generated from operations	**(16,300,293)**	122,335,363	**(10,179,831)**	28,914,983
Income tax (paid)/refund	**(22,839,550)**	(5,974,074)	**104,124**	(167,559)
Net Operating Cash Flows	**(39,139,843)**	116,361,289	**(10,075,707)**	28,747,424
Cash flows from investing activities				
Acquisition of:				
- concession assets	**(407,561)**	(60,750)	**-**	-
- property, plant and equipment #	**(8,379,909)**	(5,471,678)	**(29,831)**	(15,149)
- investment properties	**(147,018)**	(4,563,532)	**-**	-
Dividends received	**-**	-	**13,300,000**	7,000,000
Interests received	**3,505,907**	2,168,406	**871,444**	630,070
Proceeds from disposal of:				
- assets held for sale	**1,865,500**	-	**-**	-
- concession assets	**75,640**	-	**-**	-
- investment properties	**6,395,693**	-	**-**	-
- property, plant and equipment	**966,813**	3,811,019	**-**	-
- other investment	**-**	42,000	**-**	-
Net Investing Cash Flows	**3,875,065**	(4,074,535)	**14,141,613**	7,614,921
Cash flows from financing activities				
Dividends paid	**(4,425,554)**	(2,950,369)	**(4,425,554)**	(2,950,369)
Drawdown of bank borrowings	**106,862,912**	14,854,709	**-**	-
Fixed deposits pledged as security values	**(23,828,528)**	(5,605,698)	**(244,546)**	(237,848)
Interests paid	**(4,182,078)**	(2,625,597)	**(522,268)**	(338,098)
Repayment of:				
- bank borrowings	**(49,945,329)**	(19,030,063)	**-**	(3,499,203)
- hire purchase payables	**(6,416,784)**	(3,573,994)	**-**	-
Advances from a director	**-**	(500,000)	**-**	-
Net Financing Cash Flows	**18,064,639**	(19,431,012)	**(5,192,368)**	(7,025,518)
Net change in cash and cash equivalents	**(17,200,139)**	92,855,742	**(1,126,462)**	29,336,827
Effect of exchange rate changes on cash and cash equivalents	**(1,996,701)**	838,268	**-**	-
Cash and cash equivalents at the beginning of the financial year	**95,350,750**	1,656,740	**29,729,673**	392,846
Cash and cash equivalents at the end of the financial year	**76,153,910**	95,350,750	**28,603,211**	29,729,673

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Analysis of cash and cash equivalents				
Cash and bank balances	**73,870,142**	83,015,590	**28,603,211**	29,729,673
Deposits with licensed banks	**71,650,140**	53,547,729	**9,721,114**	9,476,568
Bank overdrafts	**(6,071,473)**	(1,746,198)	**-**	-
	139,448,809	134,817,121	**38,324,325**	39,206,241
Less: Fixed deposits pledged as security values	**(63,294,899)**	(39,466,371)	**(9,721,114)**	(9,476,568)
	76,153,910	95,350,750	**28,603,211**	29,729,673

\# During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Purchase of property, plant and equipment	**14,537,848**	14,156,650	**29,831**	15,149
Less: hire purchase arrangements	**(5,456,838)**	(8,684,972)	**-**	-
Less: term loan drawdown	**(701,101)**	-	**-**	-
Cash payment on purchase of property, plant and equipment	**8,379,909**	5,471,678	**29,831**	15,149

The accompanying notes form an integral part of the financial statements.

1. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965.

The accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

(a) Standards issued and effective

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 June 2013, the following new and amended FRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 June 2013.

Description	Effective for annual periods beginning on or after
• FRS 10, Consolidated Financial Statements	1 January 2013
• FRS 11, Joint Arrangements	1 January 2013
• FRS 12, Disclosure of Interests in Other Entities	1 January 2013
• FRS 13, Fair Value Measurement	1 January 2013
• FRS 119, Employee Benefits	1 January 2013
• FRS 127, Separate Financial Instruments	1 January 2013
• FRS 128, Investment in Associates and Joint Ventures	1 January 2013
• Amendment to FRSs:	
- FRS 1, First-time Adoption of Financial Reporting standards – Government loans	1 January 2013
- FRS 1, First-time Adoption of Financial Reporting standards [Improvement to FRSs (2012)]	1 January 2013
- FRS 7, Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
- FRS 10, Consolidated Financial Statements: Transition Guidance	1 January 2013
- FRS 11, Joint Arrangements: Transition Guidance	1 January 2013
- FRS 12, Disclosure of Interest in Other Entities: Transition Guidance	1 January 2013
- FRS 101, Presentation of Financial Statements [Improvement to FRSs (2012)]	1 January 2013
- FRS 116, Property, plant and equipment [Improvement to FRSs (2012)]	1 January 2013
- FRS 132, Financial Instruments: Presentation [Improvement to FRSs (2012)]	1 January 2013
- FRS 134, Interim Financial Reporting [Improvement to FRSs (2012)]	1 January 2013
• IC Interpretation 20 Stripping Cost in the Production Phase of a Surface Mine	1 January 2013
• Amendments to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	1 January 2013
• Annual improvements to FRSs 2012, amendments to FRS 101, Presentation of Financial Statements	1 January 2013

The Directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application.

1. BASIS OF PREPARATION (Continued)

(a) Standards issued and effective (Continued)

FRS 13, Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group and the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• FRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
• FRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
• Amendment to FRSs:	
- FRS 10, Consolidated Financial Statements – Investment Entities	1 January 2014
- FRS 12, Disclosure of Interest in Other Entities – Investment Entities	1 January 2014
- FRS 127, Separate Financial Assets and Financial Liabilities	1 January 2014
- FRS 132, Offsetting Financial Assets and Financial Liabilities	1 January 2014
- FRS 136, Recoverable Amount Disclosure for Non-Financial assets	1 January 2014
- FRS 139, Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21: Levies	1 July 2014
• Annual improvements to FRSs 2010 – 2012 Cycle	1 July 2014
• Annual improvements to FRSs 2011 – 2013 Cycle	1 July 2014

The Directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application.

FRS 9, Financial Instruments

FRS 9 reflects the first phase of the work on replacement of FRS 139 Financial Instruments: Recognition and Measurement. FRS 9 replaces the multiple classification and measurement of financial assets and financial liabilities in FRS 139, with a single model that has only two classification categories: amortised cost and fair value.

The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group and the Company's financial assets, but will not have an impact on classification and measurement of the Group and the Company's financial liabilities.

1. BASIS OF PREPARATION (Continued)

(b) Standards issued but not yet effective (Continued)

The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework) that is applicable to entities other than private entities. However, based on the MASB announcement on 30 June 2012 that defer the effective date of MFRS Framework for transitioning entities (i.e. entities affected by MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate) from 1 January 2013 to 1 January 2014. The Group and the Company falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Company will be required to prepare financial statements using the MFRS Framework in its financial statements for the financial year ended 31 May 2016.

However, on 7 August 2013, MASB extended the transitional period for another year, such as the adoption of the MFRS Framework by transitioning entities will be mandatory for annual period beginning on or after 1 January 2015. Therefore, on 2 September 2014, MASB revised the transition annual period beginning on or after 1 January 2015 to 1 January 2017.

The subsequent adoption of the MFRS Framework would result in the Group and the Company preparing opening MFRS statements of financial position as at 1 June 2016, which adjusts for differences between the classification and measurement bases in the existing FRS Framework versus that in the new MFRS Framework. This would also result in a reinstatement of the annual and quarterly financial performance for the financial year ending 31 May 2017 in accordance with MFRS, which would form the MFRS comparatives for the annual and quarterly financial performance for the financial year ending 31 May 2018 respectively.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(d) Significant accounting judgements, estimates and assumptions

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

(i) Income Taxes

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

1. BASIS OF PREPARATION (Continued)

(d) Significant accounting judgements, estimates and assumptions (Continued)

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of Non-financial Assets

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

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

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

(v) Impairment of Loans and Receivables

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

(vi) Deferred Tax Assets and Liabilities

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

1. BASIS OF PREPARATION (Continued)

(d) Significant accounting judgements, estimates and assumptions (Continued)

(vii) Construction Contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to surveys of work performed.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction contracts. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

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

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

(ix) Classification between Investment Properties and Owner Occupied Properties

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

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

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

(x) Revaluation of Properties

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

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

1. BASIS OF PREPARATION (Continued)

(d) Significant accounting judgements, estimates and assumptions (Continued)

(xi) Impairment of Goodwill

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

(xii) Property Development

The Group recognised property development revenue and costs in the statements of comprehensive income by using the stage of completion method. The stage of completion is determined by reference to the proportion of contract cost incurred for work performed to date to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. Detailed property development costs are disclosed in Note 21 to the financial statements.

(xiii) Projected Water Revenue of the Concession

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

A projection, in this context, means prospective financial information prepared on the basis of assumptions that includes hypothetical assumptions as to future events and management's actions. The projection covers an extended future period for which there are inherent risks; actual results could differ from the projection, which will result in operating results being adjusted in the period in which the revision to assumptions is made.

(xiv) Carrying Value of Investment in Subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(h)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less any impairment losses.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for Business Combinations

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the reporting date. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Acquisitions of subsidiary are accounted for by applying the acquisition method.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011, the Group has applied Revised FRS 3, Business Combinations, in accounting for business combinations.

<u>Acquisitions on or after 1 January 2011</u>

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Cost related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(ii) Accounting for Business Combinations (Continued)

Acquisitions on or after 1 January 2011 (Continued)

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and / or future service.

Acquisitions between 1 January 2006 to 1 January 2011

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in other comprehensive income on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Non-controlling Interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

The Group applied Revised FRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(iii) Non-controlling Interests (Continued)

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(iv) Transactions with Non-controlling Interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(v) Loss of Control

The Group applied Revised FRS 127, Consolidated and Separate Financial Statements since the beginning of the reporting period.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and their carrying amount would be regarded as cost on initial measurement of the investment.

(vi) Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the group has significant influence. An associate is equity accounted for from the date the group obtains significant influence until the date the group ceases to have significant influence over the associate.

The group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates are measured in the statement of financial position at cost plus post acquisition changes in the group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investments. Any excess of the group's share of the net fair value of the associates identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investments and is instead included as income in the determination of the group's share of the associates profit or loss for the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(vi) Associate (Continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the group determines whether it is necessary to recognise an additional impairment loss on the group investment in its associates. The group determines at each reporting date whether there is any objective evidence that the investment in the associates is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the company. Where necessary, adjustments are made to bring the accounting policies in line with those of the group.

In the Company's separate financial statements, investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(vii) Jointly-controlled Entity

The Group has interest in joint ventures which are jointly-controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly-controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

The jointly-controlled entities distribute or allocate the entire net profits or losses for the year to the joint venturers. The Group recognises its allocation of profits or losses from the jointly-controlled entities in the statements of comprehensive income in the period in which it arises using proportionate consolidation method. Under the proportionate consolidation method, the Group's share of the assets, liabilities, income and expenses of the jointly-controlled entities are combined with the equivalent items in the financial statements on a line by line basis.

When the Group contributes or sells assets to joint ventures, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint ventures, the Group does not recognise its share of the profits of the joint ventures from the transaction until it resells the assets to an independent party. The joint ventures are proportionate consolidated until the date on which the Group ceases to have joint control over the joint ventures.

(viii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currencies

(i) Functional and Presentation Currency

The individual financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Foreign currencies (Continued)

The principal exchange rates used for every unit of foreign currency ruling at reporting date are as follows:

	2014 RM	2013 RM
1 Singapore Dollar	**2.5630**	2.4508
100 Indonesian Rupiah	**0.0275**	0.0316

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured.

(i) Sale of Development Properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2(o) to the financial statements.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(g) to the financial statements.

(iii) Rental Income

Rental income is accounted for on a straight-line basis over the lease terms.

(iv) Interest Income

Interest income is recognised using the effective interest method.

(v) Sale of Goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and provisions, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be reliably estimated, and there is no continuing measurement involvement with the goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Revenue (Continued)

(vi) Dividend Income

Dividend income is recognised when the Company's right to receive payment is established.

(vii) Management Fees

Management fees are recognised when services are rendered.

(viii) Water Concession

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

(d) Employee benefits

(i) Short-term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

The Group's and the Company's contribution to defined contribution plan are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution plan.

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(iii) Unfunded Defined Benefit Plan

Foreign subsidiaries in Indonesia operate an unfunded defined benefit plan ("the plan") for its eligible employees in accordance with the local labour law. The defined benefit obligations under the plan, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries. That benefit is discounted to determine its present value.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Employee benefits (Continued)

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting date are discounted to present value.

(e) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing cost are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(f) Income Tax

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income Tax (Continued)

(ii) Deferred Tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

(g) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract works to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment

(i) Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and non-trade receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset (except for inventories, amount due from customers on contracts and assets classified as held for sale) may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment (Continued)

(ii) Impairment of Non-financial Assets (Continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(i) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an indefinite useful life and therefore is not depreciated.

Depreciation of other property, plant and equipment is calculated on the straight-line basis at the following annual rates based on their estimated useful lives:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Property, plant and equipment (Continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

(j) Biological assets

Oil palm planting expenditure

New planting expenditure incurred on land clearing and upkeep of palms to maturity is stated at cost and capitalised under biological assets. A portion of the indirect overheads which include estate administration and finance cost incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity.

Upon maturity, biological assets are amortised equally over its remaining economic useful life of twenty years.

(k) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Freehold land has an unlimited use, therefore is not depreciated.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2(i) to the financial statements up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Concession assets

Concession assets comprise structures, land and buildings, water treatment plants and equipment, reservoirs, dams and distribution pipes operated and maintained by the Group under the Concession Agreements entered into by the Group.

Concession assets are depreciated over the concession period using the unit of water revenue method as follows:

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

The rationale for using the unit of water revenue method is in line with the pattern in which the assets' economic benefits are consumed by the Group.

The projected total water revenue is estimated based in the scheduled tariff and projected water consumption.

At the end of each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(m) Goodwill on consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(b) to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial assets (Continued)

(iii) Held-to-maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs for properties that have been sold.

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade and non-trade receivables under current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade and non-trade payables under current liabilities.

(p) Inventories

Inventories are stated at the lower of costs and net realisable value.

Cost is determined using weighted average basis. The costs of raw materials and construction materials at site comprise cost of purchase. The costs of finished goods comprise costs of raw materials, direct labour and an appropriate proportion of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand, demand deposits, short-term and highly liquid investments, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts and fixed deposits pledged to licensed banks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Assets and liabilities held for sale

Assets and liabilities are classified as held for sale if it is highly probably that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

(s) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as fair value through profit or loss.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade and non-trade payables, provisions and bank borrowings.

Trade and non-trade payables, provisions and bank borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial liabilities (Continued)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(t) Hire purchase arrangements

Plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and the corresponding obligations are taken up as hire purchase payables.

The interest element is charged to the profit or loss over the year of respective hire purchase arrangements.

(u) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property, is accounted for as if held under a finance lease Note 2(k) to the financial statements; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amounts of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for the depreciable property, plant and equipment as described in Note 2(i) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Leases (Continued)

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings element in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight line basis over the lease term.

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented in the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

(v) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(w) Warrants

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

(x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in the Note 40 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(z) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Dividend income from subsidiaries	**-**	-	**13,300,000**	8,000,000
Management fees	**-**	-	**4,396,000**	3,050,000
Rental income	**96,957**	189,274	**-**	-
Revenue from construction contracts	**442,161,865**	265,475,597	**-**	-
Revenue from water concession	**14,780,210**	17,151,041	**-**	-
Sales of development properties	**86,967,408**	73,516,483	**-**	-
Sales of oil palm fresh fruit bunches	**939,415**	133,907	**-**	-
	544,945,855	356,466,302	**17,696,000**	11,050,000

4. COST OF SALES

Cost of sales represents cost of inventories sold, cost of services provided, contract costs recognised as an expense, cost of development properties sold and cost of processing treated water.

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

	Group	
	2014 RM	2013 RM
Depreciation of property, plant and equipment (Note 12)	**8,773,557**	6,780,153
Hire of plant and machinery	**10,688,124**	8,930,518
Loss on disposal of property, plant and equipment	**1,778,473**	-
Impairment loss on property, plant and equipment (Note 12)	**4,183,205**	-
Interest expense	**2,163,980**	1,027,860
Property, plant and equipment written off	**9,164**	-
Rental of land and premises	**502,980**	406,833

5. OTHER INCOME

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Administrative fees	**243,231**	111,481	**-**	-
Bad debts recovered	**1,899,441**	-	**-**	-
Fair value adjustments on				
- amount due to a director (Note 33)	**-**	1,042,415	**-**	-
- amount due from a subsidiary (Note 24)	**-**	-	**12,831**	-
Gain on disposal of investment in subsidiaries (Note 16)	**519,535**	-	**-**	-
Gain on disposal of investment property	**537,851**	-	**-**	-
Gain on disposal of property, plant and equipment	**541,547**	482,555	**-**	-
Interest income	**3,505,907**	2,168,406	**871,444**	630,070
Miscellaneous income	**764,517**	1,456,655	**322**	-
Realised gain on foreign exchange	**-**	222	**163,848**	150
Impairment loss no longer required	**-**	1,026,742	**-**	-
Rental income	**68,400**	970,714	**-**	-
Reversal of provisions	**-**	2,657,227	**-**	-
Sales of scrap iron	**319,637**	225,041	**-**	-
Unrealised gain on foreign exchange	**-**	232,378	**566,965**	232,378
Waiver of liabilities	**547,377**	-	**-**	-
	8,947,443	10,373,836	**1,615,410**	862,598

6. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting) the following:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Amortisation on biological assets (Note 13)	**331,168**	87,290	**-**	-
Auditors' remuneration				
- current year	**235,158**	269,525	**41,600**	41,600
- under/(over) provision in prior year	**22,029**	(689)	**-**	-
Bad debts written off	**543,540**	330,215	**-**	-
Depreciation of:				
- property, plant and equipment (Note 12)	**2,653,036**	2,149,754	**18,066**	18,922
- concession assets (Note 15)	**2,172,302**	1,596,907	**-**	-
- investment properties (Note 14)	**275,958**	104,601	**-**	-
Deposits written off	**61,230**	32,050	**-**	-
Employee benefits (Note 7)	**15,267,348**	12,622,032	**3,394,770**	2,614,033
Fair value adjustments on:				
- amount due from a subsidiary (Note 24)	**-**	-	**-**	74,231
- amount due to a director (Note 33)	**90,260**	-	**-**	-
- non-trade receivables (Note 24)	**35,979**	212,599	**-**	-
Impairment loss on:				
- assets held for sale (Note 27)	**-**	554,075	**-**	-
- goodwill (Note 19)	**-**	6,871,932	**-**	-
- other investment (Note 18)	**25,000**	-	**-**	-
- trade and non-trade receivables (Note 24)	**6,405**	54,768	**2,431**	16,389
- amount due from subsidiaries (Note 24)	**-**	-	**-**	570,367
- investment in subsidiary	**-**	-	**3,710,001**	-
Inventories written off	**90,460**	-	**-**	-
Loss on disposal of:				
- other investment	**-**	21,000	**-**	-
- property, plant and equipment	**-**	260,562	**-**	-
Operating lease				
- land and building	**481,572**	130,638	**202,394**	202,414
- motor vehicle	**14,931**	51,809	**-**	-
Property, plant and equipment written off	**122,903**	10,359	**-**	-
Reversal of impairment loss on assets classified as held for sale	**(554,075)**	-	**-**	-
Unrealised loss on foreign exchange	**473,252**	268,272	**-**	-

7. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Salaries and other benefits	**13,963,446**	11,413,054	**3,159,181**	2,408,593
Contributions to:				
- defined contribution plan	**1,109,110**	891,789	**235,589**	205,440
- defined benefit plan (Note 32)	**194,792**	317,189	**-**	-
	15,267,348	12,622,032	**3,394,770**	2,614,033

Included in employee benefits of the Group and of the Company are executive directors' remuneration amounting to RM4,140,834 (2013: RM3,418,665) and RM1,024,767 (2013: RM310,355) respectively as further disclosed in Note 8 to the financial statements.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**998,967**	676,407	**998,967**	302,074
Defined contribution plan	**25,800**	8,281	**25,800**	8,281
Non-executive:				
Director fees	**192,000**	150,000	**192,000**	150,000
Other emoluments	**68,358**	65,000	**68,358**	65,000
	1,285,125	899,688	**1,285,125**	525,355
Directors of the subsidiaries				
Executive:				
Salaries and other emoluments	**2,853,633**	2,528,398	**-**	-
Defined contribution plan	**262,434**	205,579	**-**	-
	3,116,067	2,733,977	**-**	-
Total Directors' remuneration	**4,401,192**	3,633,665	**1,285,125**	525,355
Estimated money value of benefits-in-kind	**18,900**	25,534	**5,000**	-
Total Directors' remuneration including benefits-in-kind	**4,420,092**	3,659,199	**1,290,125**	525,355

8. DIRECTORS' REMUNERATION (Continued)

The number of Directors of the Group and of the Company whose total remuneration during the financial year fall within the following bands are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Directors of the Company				
Executive:				
RM50,001 to RM100,000	**-**	1	**-**	1
RM200,001 to RM250,000	**-**	-	**-**	1
RM300,001 to RM350,000	**1**	-	**1**	-
RM550,001 to RM600,000	**-**	1	**-**	-
RM650,001 to RM700,000	**1**	-	**1**	-
	2	2	**2**	2
Non-executive:				
RM50,001 to RM100,000	**3**	3	**3**	3
Directors of the subsidiaries				
Executive:				
RM100,001 to RM150,000	**-**	1	**-**	-
RM150,001 to RM200,000	**1**	1	**-**	-
RM200,001 to RM250,000	**1**	2	**-**	-
RM250,001 to RM300,000	**2**	1	**-**	-
RM300,001 to RM350,000	**1**	1	**-**	-
RM350,001 to RM400,000	**1**	1	**-**	-
RM400,001 to RM450,000	**1**	1	**-**	-
RM450,001 to RM500,000	**1**	1	**-**	-
RM500,001 to RM550,000	**1**	-	**-**	-
	9	9	**-**	-

9. FINANCE COSTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Bank borrowings interests	**1,189,732**	1,187,448	**522,268**	338,098
Hire purchase interests	**828,366**	410,289	**-**	-
	2,018,098	1,597,737	**522,268**	338,098

10. INCOME TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense				
- Malaysian income tax	**16,267,251**	7,709,573	**52,936**	2,286,300
- Foreign tax	**1,195,959**	1,096,025	**-**	-
	17,463,210	8,805,598	**52,936**	2,286,300
Under provision in prior year				
- Malaysian income tax	**1,888,154**	167,706	**89,852**	92,783
	19,351,364	8,973,304	**142,788**	2,379,083
Deferred tax (Note 20)				
- current year	**325,693**	298,248	**-**	-
- (over)/ under provision prior year	**(970,757)**	2,537,609	**-**	-
	(645,064)	2,835,857	**-**	-
	18,706,300	11,809,161	**142,788**	2,379,083

Reconciliation of the effective income tax expense is set out as below:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit before tax	**63,084,718**	32,472,304	**9,397,898**	7,290,381
Tax at Malaysian tax rate of 25%	**15,771,180**	8,118,076	**2,349,475**	1,822,595
Non-deductible expenses	**10,122,697**	11,643,320	**1,361,926**	662,613
Non-taxable income	**(8,839,628)**	(9,411,857)	**(3,658,465)**	(198,908)
Relating to origination and reversal of temporary differences	**734,654**	(1,245,693)	**-**	-
	17,788,903	9,103,846	**52,936**	2,286,300
Under provision of income tax in prior year	**1,888,154**	167,706	**89,852**	92,783
(Over)/under provision of deferred tax in prior year	**(970,757)**	2,537,609	**-**	-
	18,706,300	11,809,161	**142,788**	2,379,083

The Group has unutilised tax losses and unabsorbed capital allowances to be set off against future taxable profits as follows:

	Group	
	2014 RM	2013 RM
Unutilised tax losses	**17,250,115**	24,430,699
Unabsorbed capital allowances	**10,108,812**	9,705,006
	27,358,927	34,135,705

11. BASIC EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	**2013**
Profit attributable to Owners of the Company (RM)	**43,224,708**	20,469,690
Number of ordinary shares in issue (unit)	**196,691,218**	196,691,218
Basic earnings per ordinary share (sen)	**21.98**	10.41

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2014	**2013**
Weighted average number of ordinary shares (unit)	**196,691,218**	-
Effect of dilution:		
- conversion/exercise of warrants	**19,668,739**	-
	216,359,957	-
Diluted earnings per ordinary share (sen)	**19.98**	N/A

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2014										
Cost/Valuation										
At 1 June 2013	2,860,000	144,000	9,355,539	93,691,097	11,386,982	4,338,198	2,213,931	14,160,551	959,471	139,109,769
Reclassifications	-	-	-	-	-	-	-	66,999	75,549	142,548
Additions	-	-	910,258	11,916,131	17,582	99,032	92,331	1,450,774	51,740	14,537,848
Disposals/Write off	-	-	-	(4,174,915)	(2,454,178)	(1,138,050)	(402,259)	(1,190,946)	-	(9,360,348)
Exchange difference	-	-	-	-	-	(38,859)	-	(31,323)	(2,146)	(72,328)
At 31 May 2014	2,860,000	144,000	10,265,797	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	144,357,489
Representing:										
At cost	-	144,000	2,324,047	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	133,555,739
At valuation	2,860,000	-	7,941,750	-	-	-	-	-	-	10,801,750
	2,860,000	144,000	10,265,797	101,432,313	8,950,386	3,260,321	1,904,003	14,456,055	1,084,614	144,357,489
Accumulated depreciation										
At 1 June 2013	-	13,440	2,429,919	51,120,776	7,762,477	3,065,378	1,527,594	7,901,777	796,567	74,617,928
Reclassifications	-	-	-	-	-	(1,013)	-	66,999	75,549	141,535
Charge for the financial year										
- recognised in profit or loss (Note 6)	-	1,920	383,805	22,611	273,749	151,556	75,710	1,719,246	24,439	2,653,036
- recognised in cost of sales (Note 4)	-	-	-	8,358,129	77,073	31,408	1,961	304,986	-	8,773,557
	-	1,920	383,805	8,380,740	350,822	182,964	77,671	2,024,232	24,439	11,426,593
Disposals/Write off	-	-	-	(4,044,772)	(821,476)	(1,014,800)	(253,117)	(890,377)	-	(7,024,542)
Exchange difference	-	-	-	-	-	(33,003)	-	(27,420)	(2,146)	(62,569)
At 31 May 2014	-	15,360	2,813,724	55,456,744	7,291,823	2,199,526	1,352,148	9,075,211	894,409	79,098,945
Accumulated impairment loss										
At 1 June 2013	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	1,013	-	-	-	1,013
Charge for the financial year (Note 4)	-	-	-	4,183,205	-	-	-	-	-	4,183,205
Exchange difference	-	-	-	-	-	(132)	-	-	-	(132)
At 31 May 2014	-	-	-	4,183,205	-	881	-	-	-	4,184,086
Carrying value										
At cost	-	128,640	1,949,158	41,792,364	1,658,563	1,059,914	551,855	5,380,844	190,205	52,711,543
At valuation	2,860,000	-	5,502,915	-	-	-	-	-	-	8,362,915
	2,860,000	128,640	7,452,073	41,792,364	1,658,563	1,059,914	551,855	5,380,844	190,205	61,074,458

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Office equipment RM	Furniture and fittings RM	Motor vehicles RM	Renovation RM	Total RM
31 May 2013										
Cost/Valuation										
At 1 June 2012	3,051,896	405,761	8,593,686	97,261,949	10,929,716	4,424,052	2,240,735	11,547,509	1,152,191	139,607,495
Reclassifications	-	(261,761)	1,402,206	(2,629,483)	1,269,868	(18,778)	-	33,261	(57,073)	(261,760)
Additions	-	-	734,850	8,346,512	64,620	227,225	22,064	4,721,101	40,278	14,156,650
Disposals/Write off	-	-	-	(6,922,697)	(504,126)	(196,475)	(48,868)	(2,071,987)	(174,773)	(9,918,926)
Exchange difference	(12,492)	-	(89,511)	(134,735)	(24,284)	(24,272)	-	(20,227)	(1,152)	(306,673)
Assets classified as held for sale	(179,404)	-	(1,285,692)	(2,230,449)	(348,812)	(73,554)	-	(49,106)	-	(4,167,017)
At 31 May 2013	2,860,000	144,000	9,355,539	93,691,097	11,386,982	4,338,198	2,213,931	14,160,551	959,471	139,109,769
Representing:										
At cost	-	144,000	922,392	93,691,097	11,386,982	4,338,198	2,213,931	14,160,551	959,471	127,816,622
At valuation	2,860,000	-	8,433,147	-	-	-	-	-	-	11,293,147
	2,860,000	144,000	9,355,539	93,691,097	11,386,982	4,338,198	2,213,931	14,160,551	959,471	139,109,769
Accumulated depreciation										
At 1 June 2012	-	348,317	1,633,223	52,569,149	6,390,209	3,145,841	1,504,799	7,850,656	988,295	74,430,489
Reclassifications	-	(339,807)	1,340,943	(2,370,801)	1,440,809	(20,443)	(20,308)	174,768	(34,756)	170,405
Charge for the financial year										
- recognised in profit or loss (Note 6)	-	4,930	501,998	126,480	340,727	168,092	68,926	919,661	18,940	2,149,754
- recognised in cost of sales (Note 4)	-	-	-	5,713,511	308,041	44,069	23,001	691,531	-	6,780,153
	-	4,930	501,998	5,839,991	648,768	212,161	91,927	1,611,192	18,940	8,929,907
Disposals/Write off	-	-	-	(3,778,383)	(448,912)	(186,809)	(48,824)	(1,681,853)	(174,760)	(6,319,541)
Exchange difference	-	-	(55,470)	(68,997)	(16,265)	(20,858)	-	(16,156)	(1,152)	(178,898)
Assets classified as held for sale	-	-	(990,775)	(1,070,183)	(252,132)	(64,514)	-	(36,830)	-	(2,414,434)
At 31 May 2013	-	13,440	2,429,919	51,120,776	7,762,477	3,065,378	1,527,594	7,901,777	796,567	74,617,928
31 May 2013										
Carrying value										
At cost	-	130,560	772,473	42,570,321	3,624,505	1,272,820	686,337	6,258,774	162,904	55,478,694
At valuation	2,860,000	-	6,153,147	-	-	-	-	-	-	9,013,147
	2,860,000	130,560	6,925,620	42,570,321	3,624,505	1,272,820	686,337	6,258,774	162,904	64,491,841

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Furniture and fittings RM	Office equipment RM	Total RM
31 May 2014			
Cost			
At 1 June 2013	**30,307**	**172,383**	**202,690**
Additions	**5,796**	**24,035**	**29,831**
At 31 May 2014	**36,103**	**196,418**	**232,521**
Accumulated depreciation			
At 1 June 2013	**11,380**	**90,770**	**102,150**
Charge for the financial year (Note 6)	**3,226**	**14,840**	**18,066**
At 31 May 2014	**14,606**	**105,610**	**120,216**
Carrying value at cost	**21,497**	**90,808**	**112,305**
31 May 2013			
Cost			
At 1 June 2012	27,427	160,114	187,541
Additions	2,880	12,269	15,149
At 31 May 2013	30,307	172,383	202,690
Accumulated depreciation			
At 1 June 2012	8,419	74,809	83,228
Charge for the financial year (Note 6)	2,961	15,961	18,922
At 31 May 2013	11,380	90,770	102,150
Carrying value at cost	18,927	81,613	100,540

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

Group	Freehold land RM	Building RM
31 May 2014		
Carrying value	**986,686**	**4,426,747**
31 May 2013		
Carrying value	986,686	4,547,960

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	Group 2014 RM	Group 2013 RM
Plant and machinery	**16,350,801**	17,070,255
Motor vehicles	**4,395,985**	5,064,854
	20,746,786	22,135,109

(c) Freehold lands and buildings with an aggregate carrying value of RM9,587,915 (2013: RM9,013,148) are pledged to a licensed bank as security for credit facilities granted to the Group as referred to Note 31 to financial statements.

13. BIOLOGICAL ASSETS

	Group 2014 RM	Group 2013 RM
At 1 June	**10,642,855**	6,847,212
Additions	**1,459,695**	3,882,933
Amortisation (Note 6)	**(331,168)**	(87,290)
At 31 May	**11,771,382**	10,642,855

Included in biological assets of the Group are amounts totaling RM113,633 (2013: RM221,163) representing director's remuneration capitalised during the financial year.

14. INVESTMENT PROPERTIES

	Group 2014 RM	Group 2013 RM
Cost		
At 1 June	**25,472,932**	20,647,640
Reclassifications	**-**	261,760
Additions	**147,018**	4,563,532
Disposal	**(5,876,390)**	-
At 31 May	**19,743,560**	25,472,932

14. INVESTMENT PROPERTIES (Continued)

	Group 2014 RM	2013 RM
Accumulated depreciation		
At 1 June	**125,661**	-
Reclassifications	**-**	21,060
Charge for the financial year (Note 6)	**275,958**	104,601
Disposal	**(18,548)**	-
At 31 May	**383,071**	125,661
Carrying value	**19,360,489**	25,347,271
Represented by:		
Freehold land	**222,800**	4,197,040
Leasehold lands	**14,116,889**	16,024,831
Building	**5,020,800**	5,125,400
	19,360,489	25,347,271

Investment properties with an aggregate carrying value of RM14,240,118 (2013: RM20,320,240) are pledged to certain licensed banks as security for credit facilities granted to the Group as referred to in Note 31 to the financial statements.

The fair values of the investment properties of the Group as at reporting date are estimated at RM23,012,885 (2013: RM35,388,083) based on Directors' assessment of the current prices in an active market for the respective properties within each vicinity.

15. CONCESSION ASSETS

	Group 2014 RM	2013 RM
Cost		
At 1 June	**44,564,338**	46,299,504
Additions	**407,561**	60,750
Disposals	**(75,640)**	-
Exchange difference	**(3,365,698)**	(1,795,916)
At 31 May	**41,530,561**	44,564,338
Accumulated depreciation		
At 1 June	**13,538,430**	13,113,537
Reclassifications	**-**	(191,465)
Charge for the financial year (Note 6)	**2,172,302**	1,596,907
Exchange difference	**(2,213,488)**	(980,549)
At 31 May	**13,497,244**	13,538,430
Carrying value	**28,033,317**	31,025,908

The reclassification arose from interpretation differences on what comprised concession assets and other related assets and do not affect the carrying value of the impacted assets in aggregate.

16. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	**101,947,851**	105,657,851
Amount due from subsidiaries	**31,982,311**	13,806,549
	133,930,162	119,464,400

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Equity interest held 2014	Equity interest held 2013	Principal activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries	Malaysia	**100%**	100%	Earthwork, building and civil engineering and construction work contractors and investment holding
Bincon Sdn Bhd	Malaysia	**100%**	100%	Hire of plant and machinery
Era Berkat Sdn Bhd	Malaysia	**51%**	51%	Earthwork contractor
Katah Realty Sdn Bhd	Malaysia	**100%**	100%	Building and civil engineering construction works
Kartamo Corporation Sdn Bhd	Malaysia	**100%**	100%	Building and civil engineering construction works
Gadang Construction Sdn Bhd and its subsidiary	Malaysia	**100%**	100%	Earthwork, building and civil engineering construction works
New-Mix Concrete Industries Sdn Bhd (under application for strike off)	Malaysia	**100%**	100%	Dormant
Regional Utilities Sdn Bhd and its subsidiaries	Malaysia	**100%**	100%	Investment holding
Asian Energy Pte Ltd *	Singapore	**100%**	100%	Investment holding
Asian Utilities Pte Ltd * and its subsidiaries	Singapore	**100%**	100%	Investment holding
Green Water Investment Pte Ltd *	Singapore	**100%**	100%	Water concession
PT Taman Tirta Sidoarjo *	Indonesia	**95%**	95%	Water concession
PT Bintang Hytien Jaya *	Indonesia	**95%**	95%	Water concession
PT Hanarida Tirta Birawa *	Indonesia	**95%**	95%	Water concession

16. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Equity interest held 2014	Equity interest held 2013	Principal activities
Regional Utilities Sdn Bhd and its subsidiaries (Continued)				
Asian Utilities Pte Ltd * and its subsidiaries (Continued)				
PT Sarana Catur Tirtakelola * and its subsidiary	Indonesia	**-**	65%	Water concession
PT Sarana Tirta Rejeki * *(80% nominal equity interest held through PT Sarana Catur Tirtakelola and 10% nominal equity interest held through Asian Utilities Pte Ltd)*	Indonesia	**-**	62%	Water concession
Datapuri Sdn Bhd	Malaysia	**51%**	51%	Provision of mechanical and electrical engineering services
Mandy Corporation Sdn Bhd	Malaysia	**100%**	100%	Property development, building and civil engineering contractor
Achwell Property Sdn Bhd	Malaysia	**100%**	100%	Property development
Gadang Land Sdn Bhd and its subsidiaries	Malaysia	**100%**	100%	Provision of project management services and investment holding
Magnaway Sdn Bhd	Malaysia	**100%**	100%	Property management and maintenance
Noble Paradise Sdn Bhd	Malaysia	**100%**	100%	Property development
Sama Pesona Sdn Bhd	Malaysia	**100%**	100%	Property development and investment
Damai Klasik Sdn Bhd	Malaysia	**100%**	100%	Property development
City Version Sdn Bhd	Malaysia	**100%**	100%	Property development
Splendid Pavilion Sdn Bhd	Malaysia	**100%**	100%	Property development
Natural Domain Sdn Bhd	Malaysia	**100%**	100%	Property development
Crimson Villa Sdn Bhd	Malaysia	**100%**	100%	Dormant

16. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Country of incorporation	Equity interest held 2014	Equity interest held 2013	Principal activities
Gadang Land Sdn Bhd and its subsidiaries (Continued)				
Elegance Sonata Sdn Bhd	Malaysia	**100%**	100%	Property development
Hillstrand Development Sdn Bhd	Malaysia	**100%**	100%	Property development
Detik Tiara Sdn Bhd	Malaysia	**100%**	100%	Property development
Skyline Symphony Sdn Bhd	Malaysia	**100%**	100%	Property development
Prelude Avenue Sdn Bhd	Malaysia	**100%**	100%	Dormant
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	**100%**	100%	Property development and investment
Buildmark Sdn Bhd	Malaysia	**100%**	100%	Property development and investment
Flora Masyhur Sdn Bhd and its subsidiary	Malaysia	**100%**	100%	Property development
Camar Ajaib Sdn Bhd	Malaysia	**100%**	100%	Property development
Gadang International (HK) Ltd * and its subsidiary	Hong Kong	**100%**	100%	Dormant
Jiawei Environment International Investment (HK) Ltd *	Hong Kong	**100%**	100%	Dormant
GLP Resources (M) Sdn Bhd and its subsidiaries	Malaysia	**100%**	100%	General trading
GLP Manufacturing (M) Sdn Bhd	Malaysia	**100%**	100%	General trading
GLP Paints (M) Sdn Bhd	Malaysia	**100%**	100%	Dormant
Gadang Plantations Holdings Sdn Bhd and its subsidiaries	Malaysia	**100%**	100%	Investment holding
Desiran Impian Sdn Bhd	Malaysia	**100%**	100%	Oil palm plantation
Jauhari Mahir Sdn Bhd	Malaysia	**100%**	100%	Dormant

** Not audited by PKF*

16. INVESTMENT IN SUBSIDIARIES (Continued)

Changes in the Group Structure during the financial year

A. Voluntary Strike-Off

On 9 May 2014, the Company announced, that following the application made to the Companies Commission of Malaysia ("CCM") for voluntary striking-off of New-Mix Concrete Industries Sdn Bhd ("New-Mix"), a dormant indirect wholly-owned subsidiary of the Company, CCM had in its letter dated 29 April 2014 advised that New-Mix would be struck off the register and dissolved upon the expiration of 3 months from 29 April 2014 under Section 308(2) of the Companies Act, 1965.

B. Disposal of Subsidiaries

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

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

The summary of the effects of the disposal of the subsidiaries on the financial results of the Group is as follows:

	Group	
	2014 RM	**2013 RM**
Net assets disposed:		
Assets of disposal group	**5,907,061**	-
Liabilities of disposal group	**(2,987,308)**	-
Non-controlling interest		
- Share of retained earnings	**(1,573,788)**	-
	1,345,965	-
Total disposal proceeds	**(1,865,500)**	-
Gain on disposal to the Group (Note 5)	**(519,535)**	-

17. INVESTMENT IN ASSOCIATE

	Group	
	2014 RM	**2013 RM**
In Malaysia:		
Unquoted shares, at cost	**25**	25
Share of post-acquisition reserves	**(25)**	(25)
	-	-

17. INVESTMENT IN ASSOCIATE (Continued)

The details of associate are as follows:

Name of associate	Country of incorporation	Equity interest held 2014	Equity interest held 2013	Principal activity
Maha Abadi Sdn Bhd	Malaysia	**25%**	25%	Dormant

18. OTHER INVESTMENTS

	Group 2014 RM	Group 2013 RM
Available-for-sale		
Unquoted shares, at cost	**100,000**	100,000
Golf club membership, at cost	**63,000**	63,000
	163,000	163,000
Less: Impairment loss		
At 1 June	**-**	-
Additions	**(25,000)**	-
At 31 May	**(25,000)**	-
	138,000	163,000

19. GOODWILL ON CONSOLIDATION

	Group 2014 RM	Group 2013 RM
Cost		
At 1 June	**29,566,060**	29,566,060
Reclassification	**(1,230)**	-
Exchange difference	**(1,275,778)**	-
At 31 May	**28,289,052**	29,566,060
Accumulated amortisation and impairment		
At 1 June	**19,143,101**	12,271,169
Reclassification	**(1,230)**	-
Impairment loss	**-**	6,871,932
At 31 May	**19,141,871**	19,143,101
Carrying value	**9,147,181**	10,422,959

19. GOODWILL ON CONSOLIDATION (Continued)

Impairment tests for goodwill

Goodwill has been allocated to the Group's cash-generating units ("CGU") identified according to the particular business segments as follows:

	Group	
	2014 RM	2013 RM
At 31 May		
Property development	**5,939,203**	5,939,203
Water concession	**3,207,978**	4,483,756
	9,147,181	10,422,959
Discount rate		
Property development	**7.9%**	7.8%
Water concession	**7.9%**	13.0% - 15.0%

The recoverable amount of a CGU is determined based on value in use calculations by applying a discounted cash flows model based on financial budgets approved by management covering a 5 to 22 years period. Cash flows beyond the five-year period are projected based on the assumptions that the 5th year operating cash flow will be generated by the respective CGUs perpetually. Discount rate used is based on the pre-tax weighted average cost of capital.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying values of the goodwill to materially exceed their recoverable amounts.

20. DEFERRED TAX

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 June	**10,689,929**	7,755,053	**23,861**	23,861
Recognised in profit or loss (Note 10)	**(645,064)**	2,835,857	**-**	-
Exchange difference	**4,168**	99,019	**-**	-
At 31 May	**10,049,033**	10,689,929	**23,861**	23,861
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	**12,310,914**	14,502,149	**23,861**	23,861
Deferred tax assets	**(2,261,881)**	(3,812,220)	**-**	-
	10,049,033	10,689,929	**23,861**	23,861

20. DEFERRED TAX (Continued)

The components and movements of deferred tax liabilities during the financial year after appropriate offsetting are as follows:

Group	Land under development RM	Concession assets RM	Property, plant and equipment RM	Unabsorbed capital allowances RM	Unutilised tax losses RM	Others RM	Total RM
At 1 June 2013	**3,307,265**	**4,344,049**	**6,850,835**	**(128,321)**	**(3,683,899)**	**-**	**10,689,929**
Reclassification	**-**	**-**	**1,537,032**	**(1,523,225)**	**(13,807)**	**-**	**-**
Recognised in profit or loss	**(313,869)**	**(280,810)**	**(835,575)**	**(402,091)**	**1,265,844**	**(78,563)**	**(645,064)**
Exchange difference	**-**	**(63,791)**	**1,150**	**(1,150)**	**67,959**	**-**	**4,168**
At 31 May 2014	**2,993,396**	**3,999,448**	**7,553,442**	**(2,054,787)**	**(2,363,903)**	**(78,563)**	**10,049,033**
At 1 June 2012	3,053,812	1,900,114	3,565,802	-	(764,675)	-	7,755,053
Recognised in profit or loss	253,453	2,357,985	3,285,033	(128,321)	(2,932,293)	-	2,835,857
Exchange difference	-	85,950	-	-	13,069	-	99,019
At 31 May 2013	3,307,265	4,344,049	6,850,835	(128,321)	(3,683,899)	-	10,689,929

20. DEFERRED TAX (Continued)

Company	Property, plant and equipment RM
Deferred tax liabilities	
At 1 June 2013	23,861
Recognised in profit or loss	-
At 31 May 2014	**23,861**
At 1 June 2012	23,861
Recognised in profit or loss	-
At 31 May 2013	23,861

As at reporting date, the Group has the following unutilised tax losses and unabsorbed capital allowances that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax is recognised:

Group	2014 RM	2013 RM
Unutilised tax losses	**7,592,659**	7,075,975
Unabsorbed capital allowances	**1,887,158**	1,666,230
	9,479,817	8,742,205

21. PROPERTY DEVELOPMENT COSTS

	Freehold lands RM	Leasehold land RM	Development Costs RM	Total RM
At 31 May 2014				
Cumulative Property Development Cost				
At 1 June 2013	78,951,178	59,841,071	155,685,143	294,477,392
Cost incurred during the financial year	4,036,536	-	45,435,349	49,471,885
Reversal of completed projects	(34,449,443)	(24,286,943)	(26,089,048)	(84,825,434)
At 31 May 2014	**48,538,271**	**35,554,128**	**175,031,444**	**259,123,843**

21. PROPERTY DEVELOPMENT COSTS (Continued)

	Freehold lands RM	Leasehold land RM	Development Costs RM	Total RM
Cumulative Costs recognised in profit or loss				
At 1 June 2013	(36,311,345)	(24,286,943)	(93,674,867)	(154,273,155)
Cost incurred during the financial year	(2,522,217)	(857,665)	(48,635,954)	(52,015,836)
Reversal of completed projects	34,449,443	24,286,943	26,089,048	84,825,434
At 31 May 2014	**(4,384,119)**	**(857,665)**	**(116,221,773)**	**(121,463,557)**
Property Development Cost at 31 May 2014	**44,154,152**	**34,696,463**	**58,809,671**	**137,660,286**
At 31 May 2013				
Cumulative Property Development Cost				
At 1 June 2012	64,461,741	25,855,706	144,362,740	234,680,187
Cost incurred during the financial year	14,489,437	33,985,365	11,322,403	59,797,205
At 31 May 2013	78,951,178	59,841,071	155,685,143	294,477,392
Cumulative Costs recognised in profit or loss				
At 1 June 2012	(24,814,205)	(24,286,943)	(46,877,862)	(95,979,010)
Cost incurred during the financial year	(11,497,140)	-	(46,797,005)	(58,294,145)
At 31 May 2013	(36,311,345)	(24,286,943)	(93,674,867)	(154,273,155)
Property Development Cost at 31 May 2013	42,639,833	35,554,128	62,010,276	140,204,237

(a) The freehold lands under development of the Group with a carrying value of RM40,210,803 (2013: RM44,501,735) is charged as security for term loans and credit facilities granted to the Company and certain subsidiaries as referred to in Note 31 to the financial statements.

(b) The leasehold land under development of the Group with a carrying value of RM34,696,463 (2013: RM33,985,365) has been pledged to licensed banks as security for term loans and credit facilities granted to certain subsidiaries as referred to in Note 31 to the financial statements.

(c) Included in property development costs of the Group are amounts totaling RM799,013 (2013: RM2,054,622) representing fair value adjustments on non-trade payable reversal (2013: capitalised) during the financial year as referred to in Note 33 to the financial statements.

22. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2014 RM	2013 RM
Construction contract costs incurred to date	**1,266,423,705**	1,638,824,952
Attributable profits	**81,229,323**	87,280,908
	1,347,653,028	1,726,105,860
Less: Progress billings	**(1,307,664,465)**	(1,709,351,756)
Due from customers on contacts work-in-progress	**39,988,563**	16,754,104
Due from customers on completed contracts for which final accounts have not been issued	**-**	(53,836)
	39,988,563	16,700,268
Presented as:		
Amount due from customers on contracts	**43,964,229**	35,500,629
Amount due to customers on contracts	**(3,975,666)**	(18,800,361)
	39,988,563	16,700,268
Advances received on contracts, included within trade payables (Note 33)	**10,670,554**	17,153,032
Retention sum on contracts, included within trade receivables (Note 24)	**17,992,716**	1,960,005

Revenue from construction contracts recognised during the financial year is disclosed in Note 3 to the financial statements.

23. INVENTORIES

	Group	
	2014 RM	2013 RM
Cost		
Raw materials	**26,144**	203,107
Oil palm nurseries	**69,063**	46,572
Properties held for sale	**-**	758,603
	95,207	1,008,282

24. TRADE AND NON-TRADE RECEIVABLES

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade receivables	**32,213,161**	30,233,585	**-**	-
Less: Impairment loss				
At 1 June	**(1,834,212)**	(1,834,212)	**-**	-
Additions	**(6,405)**	-	**-**	-
Written off	**1,834,212**	-	**-**	-
At 31 May	**(6,405)**	(1,834,212)	**-**	-
Trade receivables, net	**32,206,756**	28,399,373	**-**	-
Retention sum (Note 22)	**17,992,716**	1,960,005	**-**	-
Accrued billings on contracts for property development costs	**27,872,032**	-	**-**	-
Amount due from subsidiaries (Note 25)	**-**	-	**43,448,261**	81,497,280
Non-trade receivables	**8,020,983**	4,245,864	**39,383**	29,951
Prepayments	**3,208,857**	1,672,717	**70,517**	73,442
Deposits	**16,872,784**	2,416,571	**1,000**	1,000
Advances to subcontractors	**11,257,338**	6,750,753	**-**	-
Liquidated ascertained damages receivable from sub-contractor	**-**	337,874	**-**	-
	85,224,710	17,383,784	**43,559,161**	81,601,673
Less: Impairment loss				
At 1 June	**(32,193)**	(15,534,056)	**(586,756)**	-
Additions	**-**	(54,768)	**(2,431)**	(586,756)
Impairment loss no longer required	**-**	1,026,742	**-**	-
Written off	**32,193**	14,529,889	**16,389**	-
At 31 May	**-**	(32,193)	**(572,798)**	(586,756)
Less: Fair value adjustments				
At 1 June	**(212,599)**	-	**(74,231)**	-
(Additions)/reversal:				
- non-trade receivable	**(35,979)**	(212,599)	**-**	-
- amount due from a subsidiary	**-**	-	**12,831**	(74,231)
At 31 May	**(248,578)**	(212,599)	**(61,400)**	(74,231)
Trade and non-trade receivables	**117,182,888**	45,538,365	**42,924,963**	80,940,686

24. TRADE AND NON-TRADE RECEIVABLES (Continued)

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current asset:				
Receivables within one year	**116,645,466**	45,034,964	**42,736,363**	80,764,917
Non-current asset:				
Receivables more than one year but less than five years	**537,422**	503,401	**188,600**	175,769
	117,182,888	45,538,365	**42,924,963**	80,940,686

The Group's normal trade credit term ranges from 30 to 90 days (2013: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

25. AMOUNT DUE FROM/(TO) SUBSIDIARIES

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

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

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deposits with licensed banks	**71,650,140**	53,547,729	**9,721,114**	9,476,568
Cash and bank balances	**73,870,142**	83,015,590	**28,603,211**	29,729,673
Bank overdrafts (Note 31)	**(6,071,473)**	(1,746,198)	**-**	-
	139,448,809	134,817,121	**38,324,325**	39,206,241
Less: Fixed deposits pledged as security values	**(63,294,899)**	(39,466,371)	**(9,721,114)**	(9,476,568)
Cash and cash equivalents	**76,153,910**	95,350,750	**28,603,211**	29,729,673

(a) Included in cash and bank balances of the Group is an amount of RM3,213,013 (2013: RM2,893,083) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore are restricted from use in other operations.

(b) Deposits with licensed banks of the Group and of the Company amounting to RM63,294,899 and RM9,721,114 (2013: RM39,466,371 and RM9,476,568) are pledged to banks for credit facilities granted to the Group and the Company respectively, as referred to in Note 31 to the financial statements.

(c) Deposits placed with licensed banks have maturity periods which ranges from 1 month to 12 months (2013: 1 month to 12 months).

(d) The interest rates for deposits ranges from 2.55% to 9.25% (2013: 2.55% to 6.00%) per annum.

27. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The assets and liabilities classified as held for sale as at reporting date are as follows:

	Group	
	2014 RM	2013 RM
Assets classified as held for sale		
Property, plant and equipment		
- Cost	-	4,167,017
- Accumulated depreciation	-	(2,414,434)
- Carrying value	-	1,752,583
Deferred tax assets	-	119,855
Trade and non-trade receivables	-	467,878
Cash and bank balances	-	1,271,947
	-	3,612,263
Less: Impairment loss	-	(554,075)
	-	3,058,188
Liabilities classified as held for sale		
Defined benefit obligations	-	260,534
Trade and non-trade payables	-	562,709
Tax payable	-	106,929
	-	930,172

On 16 July 2013, the Company announced that its indirect wholly-owned subsidiary, Asian Utilities Pte Ltd entered into a Conditional Sales and Purchase of Shares Agreement with Hj. Ratna Dewi Panduwinata to dispose of 5,800 shares representing its entire 65% equity interest in PT. Sarana Catur Tirtakelola ("SCTK") and 700 shares representing its entire 10% equity interest in PT. Sarana Tirta Rejeki ("STR"), for a total consideration of Indonesian Rupiah (IDR) 6.5 billion (equivalent to RM1,865,500) ("Disposal"). SCTK and STR ceased to be indirect subsidiaries of the Company following the completion of the Disposal on 21 November 2013.

As at 31 May 2013, the assets and liabilities related to SCTK and STR have been presented in the statements of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale".

28. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM1 each:				
Authorised:				
At 1 June/31 May	**400,000,000**	400,000,000	**400,000,000**	400,000,000
Issued and fully paid:				
At 1 June/31 May	**196,691,218**	196,691,218	**196,691,218**	196,691,218

29. RESERVES

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable					
Warrant reserves	29(a)	**6,175,984**	6,175,984	**6,175,984**	6,175,984
Capital reserves	29(b)	**1,346,681**	1,346,681	**-**	-
Foreign exchange reserves	29(c)	**(4,870,268)**	(1,915,273)	**-**	-
		2,652,397	5,607,392	**6,175,984**	6,175,984
Distributable					
Retained profits	29(d)	**98,793,465**	60,290,696	**12,526,350**	7,696,794
		101,445,862	65,898,088	**18,702,334**	13,872,778

(a) Warrant reserves

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

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

(b) Capital reserves

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

29. RESERVES (Continued)

(c) Foreign exchange reserves

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

(d) Retained profits

Under the single tier system introduced by the Finance Act 2007 which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax-exempt dividends.

30. NON-CONTROLLING INTERESTS

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

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

	Group	
	2014	**2013**
	RM	**RM**
At 1 June	**3,841,635**	3,735,310
Share of results attributable to non-controlling interests	**926,401**	106,325
Disposal of investment in subsidiaries (Note 16)	**(1,573,788)**	-
At 31 May	**3,194,248**	3,841,635

31. BANK BORROWINGS

	Group	
	2014	**2013**
	RM	**RM**
Current		
Secured:		
Bank overdrafts	**6,071,473**	1,746,198
Bankers' acceptances	**10,286,772**	-
Revolving credits	**52,978,928**	10,502,154
Trust receipts	**40,877**	600,000
Term loans	**3,818,282**	8,393,992
Hire purchase payables	**5,146,581**	5,360,636
	78,342,913	26,602,980

31. BANK BORROWINGS (Continued)

	Group 2014 RM	Group 2013 RM
Non-current		
Secured:		
Term loans	**58,806,962**	48,816,992
Hire purchase payables	**6,919,475**	7,665,366
	65,726,437	56,482,358
Total bank borrowings	**144,069,350**	83,085,338
On demand or within one year	**78,342,913**	26,602,980
More than one year and less than two years	**4,843,430**	9,904,653
More than two years and less than five years	**47,253,601**	20,471,948
Five years or more	**13,629,406**	26,105,757
	144,069,350	83,085,338

(a) Bank borrowings are secured by the following:

(i) charge over freehold lands and buildings of the Group as disclosed in Note 12 to the financial statements;

(ii) charge over freehold lands under development of the Group as disclosed in Note 21(a) to the financial statements;

(iii) charge over leasehold land under development of the Group as disclosed in Note 21(b) to the financial statements;

(iv) charge over investment properties of the Group as disclosed in Note 14 to the financial statements;

(v) corporate guarantee by the Company; and

(vi) deposits with licensed banks of the Group and of the Company as disclosed in Note 26(b) to the financial statements.

(b) The interest rates at the reporting date for bank borrowings, which are at floating rates were as follows:

	Group 2014 %	Group 2013 %
Bank overdrafts	**7.60**	7.66
Bankers' acceptances	**5.03-5.74**	-
Revolving credits	**4.43-5.53**	5.50-5.68
Trust receipts	**7.85**	7.85
Term loans	**4.50-13.50**	6.60-13.50

31. BANK BORROWINGS (Continued)

(c) Analysis of hire purchase payables:

	Group 2014 RM	2013 RM
Minimum hire purchase payments:		
Repayable within one year	**5,817,516**	5,957,166
Repayable within one to two years	**3,326,514**	4,576,923
Repayable within two to five years	**4,082,447**	3,857,392
Repayable after five years	**164,890**	103,556
	13,391,367	14,495,037
Less: Future finance charges	**(1,325,311)**	(1,469,035)
Present value of hire purchase liabilities	**12,066,056**	13,026,002
Present value of hire purchase liabilities:		
Repayable within one year	**5,146,581**	5,360,636
Repayable within one to two years	**2,970,301**	4,062,580
Repayable within two to five years	**3,800,699**	3,517,853
Repayable after five years	**148,475**	84,933
	12,066,056	13,026,002
Representing hire purchase liabilities:		
Current portion	**5,146,581**	5,360,636
Non-current portion	**6,919,475**	7,665,366
	12,066,056	13,026,002

The hire purchase payables bear interest at the rates ranging from 4.37% to 6.80% (2013: 2.45% to 7.85%) per annum.

32. DEFINED BENEFIT OBLIGATIONS

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

	Group	
	2014 RM	2013 RM
At 1 June	**1,185,322**	1,233,541
Recognised in profit or loss	**194,792**	317,189
Exchange difference	**(161,284)**	(104,874)
Liability classified as held for sale	**-**	(260,534)
At 31 May	**1,218,830**	1,185,322
Analysed as:		
Present value of benefit obligation	**1,265,879**	1,726,870
Fair value of plan assets	**-**	-
Funded status	**1,265,879**	1,726,870
Unrecognised actuarial past service cost	**(6,652)**	(71,507)
Unrecognised actuarial loss	**(40,397)**	(209,507)
	1,218,830	1,445,856
Liability classified as held for sale	**-**	(260,534)
Liabilities recognised in the statement of financial position	**1,218,830**	1,185,322
Breakdown of costs:		
Service cost	**121,954**	180,178
Interest cost	**75,697**	90,660
Amortisation from unrecognised past service cost	**953**	3,103
Recognised actuarial loss/(gain)	**(3,812)**	43,248
Total cost incurred during the financial year (Note 7)	**194,792**	317,189

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

	Group	
	2014	2013
Normal retirement age	**55 years**	55 years
Future salary increment rate	**9% p.a.**	9% p.a.
Discount rate	**8% p.a.**	6% - 7% p.a.

33. TRADE AND NON-TRADE PAYABLES

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Trade payables	33(a)	**57,684,627**	64,260,233	**-**	-
Accrued subcontractor work		**33,330,336**	23,258,029	**-**	-
Advances from customers on contracts	22	**10,670,554**	17,153,032	**-**	-
Non-trade payables		**11,524,701**	14,905,164	**22,091**	-
Accruals		**1,660,696**	1,774,788	**337,799**	192,060
Deposits		**125,560**	-	**-**	-
Amount due to a director	33(b)	**3,010,697**	3,510,697	**-**	-
Amount due to subsidiaries	25	**-**	-	**-**	29,664,410
		118,007,171	124,861,943	**359,890**	29,856,470
Less: Fair value adjustments					
At 1 June		**(3,097,037)**	-	**-**	-
Reversal/(Additions):					
- amount due to a director		**90,260**	(1,042,415)	**-**	-
- non-trade payable		**799,013**	(2,054,622)	**-**	-
At 31 May		**(2,207,764)**	(3,097,037)	**-**	-
		115,799,407	121,764,906	**359,890**	29,856,470

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

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current liability:				
Payables within one year	**106,285,133**	110,215,178	**359,890**	29,856,470
Non-current liability:				
Payables more than one year and less than five years	**9,514,274**	11,549,728	**-**	-
	115,799,407	121,764,906	**359,890**	29,856,470

33. TRADE AND NON-TRADE PAYABLES (Continued)

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

	Group	
	2014 RM	2013 RM
Parties related to Tan Sri Dato' Kok Onn:		
- Kok Khim Boon (brother)	**1,105,699**	340,512

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

(c) The normal trade credit terms granted to Group ranges from 30 to 90 (2013: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

34. PROVISIONS

	Group	
	2014 RM	2013 RM
Provision for liquidated ascertained damages		
At 1 June / 31 May	**163,971**	163,971

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

35. DIVIDENDS PAID ON ORDINARY SHARES

On 21 November 2012, the shareholders approved a first and final dividend of 2 sen per share less 25% income tax on 196,691,218 ordinary shares for the financial year ended 31 May 2012, amounting to RM2,950,369 which was paid on 27 December 2012.

On 19 November 2013, the shareholders approved a first and final dividend of 3 sen per share less 25% income tax on 196,691,218 ordinary shares for the financial year ended 31 May 2013, amounting to RM4,425,554 which was paid on 24 December 2013.

The Directors proposed a first and final single tier dividend of 4 sen per share for the financial year ended 31 May 2014 which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

36. JOINTLY-CONTROLLED ENTITIES

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

Name of jointly controlled entities	Country of operation	Proportion of ownership 2014	2013	Principal activities
Held by Gadang Engineering (M) Sdn Bhd:				
- Konsortium Gadang Perembun *	Malaysia	**55%**	55%	Undertake design and build of Cheras Rehabilitation Hospital
Held by Datapuri Sdn Bhd:				
- Zeta Datapuri JV *	Malaysia	**45%**	45%	Undertake mechanical and electrical works on new LCCT terminal and associated works at KL International Airport

The aggregate amount of each of the current assets, non-current assets, current liabilities, non-current liabilities, revenue and expenses related to the Group's interest in the jointly-controlled entities are as follows:

	Group 2014 RM	2013 RM
ASSETS AND LIABILITIES		
Non-current assets	**580**	181,140
Current assets	**32,017,829**	28,334,189
Total assets	**32,018,409**	28,515,329
Non-current liabilities	**-**	4,934,314
Current liabilities	**1,279,860**	394,029
Total liabilities	**1,279,860**	5,328,343
REVENUE AND EXPENSES		
Revenue	**11,826,936**	3,476,245
Expenses, including finance costs and taxation	**136,783**	110,411

* *The Group recognises its interest in the jointly-controlled entities using the proportionate consolidation method as described in Note 2(a)(vii) to the financial statements.*

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions between the Group and the Company and its related parties during the financial year were as follows:

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
With subsidiaries					
Gross dividends income		**-**	-	**13,300,000**	8,000,000
Management fees income		**-**	-	**4,396,000**	3,050,000
Rental expense - land and building		**-**	-	**202,394**	202,414
With related parties					
Subcontractor work payable to					
- Datapuri Sdn Bhd	37(a)	**28,989,295**	4,544,581	**-**	-
- Kok Khim Boon	37(b)	**892,688**	2,175,556	**-**	-
- Kok Thiam Fook	37(c)	**-**	10,028	**-**	-
With key management personnel					
Directors	8				
Salaries and other emoluments		**4,112,958**	3,419,805	**1,259,325**	517,074
Defined contribution plan		**288,234**	213,860	**25,800**	8,281
		4,401,192	3,633,665	**1,285,125**	525,355
Senior management					
Salaries and other emoluments		**1,208,625**	1,213,156	**-**	71,306
Defined contribution plan		**131,325**	91,301	**-**	7,980
		1,339,950	1,304,457	**-**	79,286
Total compensation to key management personnel	37(d)	**5,741,142**	4,938,122	**1,285,125**	604,641

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

(b) Tan Sri Dato' Kok Onn's brother.

(c) Tan Sri Dato' Kok Onn's cousin.

(d) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the Directors of the Group and of the Company and members of senior management of the Group.

The Directors are of the opinion that the terms and conditions of the above transactions are not materially different obtainable in transactions with unrelated parties.

38. CONTINGENT LIABILITIES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Secured				
Insurance guarantees issued to:				
- Director General of Immigration Malaysia	**578,750**	405,250	**-**	-
	578,750	405,250	**-**	-
Secured				
Corporate guarantee issued to:				
- financial institutions for banking and hire purchase facilities granted to subsidiaries	**-**	-	**144,069,351**	83,009,289
- financial institutions for bank guarantees granted to subsidiaries in the ordinary course of business	**168,213,579**	183,563,509	**13,405,084**	13,405,084
- third parties on behalf of subsidiaries	**-**	15,484	**-**	15,484
- suppliers of subsidiaries	**46,118,066**	20,500,000	**46,118,066**	20,500,000
	214,331,645	204,078,993	**203,592,501**	116,929,857
	214,910,395	204,484,243	**203,592,501**	116,929,857

39. CAPITAL COMMITMENTS

Capital commitments as at the reporting date are as follows:

	Group	
	2014 RM	2013 RM
Approved and contracted for:		
Purchase of land for property development	**19,800,000**	13,000,000
Approved but not contracted for:		
Oil palm plantations development	**5,323,000**	7,900,000
New investments from Utility Division	**21,130,000**	-
	26,453,000	7,900,000

40. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main business segments:

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

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

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

(iv) Investment holding and others – investment and trading; and

(v) Plantation division – oil palm cultivation.

40. SEGMENT INFORMATION (Continued)

(b) Business segments (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

Group	Construction division RM	Property division RM	Utility division RM	Investment holding and others RM	Plantation division RM	Elimination RM	Consolidated RM
31 May 2014							
Revenue							
External sales	442,192,822	87,033,408	14,780,210	-	939,415		544,945,855
Inter-segment sales	33,430,250	4,942,846	-	17,696,000	-	(56,069,096)	-
Total revenue	475,623,072	91,976,254	14,780,210	17,696,000	939,415		544,945,855
Results							
Segment results	41,284,093	29,735,661	5,257,091	9,920,166	(2,011,177)	(19,083,018)	65,102,816
Finance costs	(919,942)	(975,595)	(95,662)	(522,268)	(26,899)	522,268	(2,018,098)
Profit/(Loss) before tax	40,364,151	28,760,066	5,161,429	9,397,898	(2,038,076)		63,084,718
Income tax expense							(18,706,300)
Profit for the financial year							44,378,418
Attributable to:							
Owners of the Company							43,224,708
Non-controlling interests							1,153,710
							44,378,418
Segment assets	267,345,304	224,774,301	52,852,404	215,777,306	16,238,977	(196,153,288)	580,835,004
Segment liabilities	184,698,201	119,351,607	33,375,162	383,751	1,072,814	(59,377,859)	279,503,676
Other information							
Depreciation and amortisation	10,950,434	436,716	2,196,372	18,066	614,261	(9,828)	14,206,021
Capital expenditure	14,586,130	264,881	442,410	29,831	1,723,266	(491,397)	16,555,121

40. SEGMENT INFORMATION (Continued)

(b) Business segments (Continued)

Group	Construction division RM	Property division RM	Utility division RM	Investment holding and others RM	Plantation division RM	Elimination RM	Consolidated RM
31 May 2013							
Revenue							
External sales	265,664,870	73,516,484	17,151,041	-	133,907		356,466,302
Inter-segment sales	27,869,731	517,514	-	28,803,490	-	(57,190,735)	-
Total revenue	293,534,601	74,033,998	17,151,041	28,803,490	133,907		356,466,302
Results							
Segment results	10,898,256	25,702,283	4,704,015	8,571,232	(752,476)	(15,053,269)	34,070,041
Finance costs	(957,049)	(228,861)	(282,313)	(338,098)	(22,014)	230,598	(1,597,737)
Profit/(Loss) before tax	9,941,207	25,473,422	4,421,702	8,233,134	(774,490)		32,472,304
Income tax expense							(11,809,161)
Profit for the financial year							20,663,143
Attributable to:							
Owners of the Company							20,469,690
Non-controlling interests							193,453
							20,663,143
Segment assets	251,995,406	211,772,502	54,125,403	244,001,065	14,441,741	(265,569,694)	510,766,423
Segment liabilities	188,848,867	119,270,317	48,214,740	35,985,393	1,552,385	(149,536,220)	244,335,482
Other information							
Depreciation and amortisation	7,988,482	423,429	2,021,088	43,261	242,445	-	10,718,705
Capital expenditure	16,898,220	151,824	481,541	15,149	5,117,131	-	22,663,865

40. SEGMENT INFORMATION (Continued)

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's four business segments operate in two main geographical areas:

(i) Malaysia – the operations in this area are principally civil engineering and construction works, property development, investment holding, trading and oil palm cultivation.

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

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

	Total revenue from external customers RM	Segment assets RM	Capital expenditure RM
31 May 2014			
Malaysia	**530,165,645**	**531,320,704**	**16,142,269**
Indonesia	**14,780,210**	**42,566,383**	**412,852**
Singapore	**-**	**6,947,917**	**-**
	544,945,855	**580,835,004**	**16,555,121**
31 May 2013			
Malaysia	339,315,261	461,643,923	22,182,324
Indonesia	17,151,041	48,964,625	481,541
Singapore	-	157,875	-
	356,466,302	510,766,423	22,663,865

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

(a) Loan and receivables ("L&R")
(b) Financial liabilities measured at amortised cost ("FL")
(c) Available for sale ("AFS")

31 May 2014	Carrying value RM	L&R/(FL) RM	AFS RM
Financial assets			
Group			
Other investments	138,000	-	138,000
Trade and non-trade receivables	117,182,888	117,182,888	-
Deposits with licensed banks	71,650,140	71,650,140	-
Cash and bank balances	73,870,142	73,870,142	-
	262,841,170	262,703,170	138,000
Company			
Trade and non-trade receivables	42,924,963	42,924,963	-
Deposits with licensed banks	9,721,114	9,721,114	-
Cash and bank balances	28,603,211	28,603,211	-
	81,249,288	81,249,288	-
Financial liabilities			
Group			
Trade and non-trade payables	(115,799,407)	(115,799,407)	-
Provisions	(163,971)	(163,971)	-
Bank borrowings	(144,069,350)	(144,069,350)	-
	(260,032,728)	(260,032,728)	-
Company			
Trade and non-trade payables	(359,890)	(359,890)	-

41. FINANCIAL INSTRUMENTS (Continued)

Categories of financial instruments (Continued)

31 May 2013	Carrying value RM	L&R/(FL) RM	AFS RM
Financial assets			
Group			
Other investments	163,000	-	163,000
Trade and non-trade receivables	45,538,365	45,538,365	-
Deposits with licensed banks	53,547,729	53,547,729	-
Cash and bank balances	83,015,590	83,015,590	-
	182,264,684	182,101,684	163,000
Company			
Trade and non-trade receivables	80,940,686	80,940,686	-
Deposits with licensed banks	9,476,568	9,476,568	-
Cash and bank balances	29,729,673	29,729,673	-
	120,146,927	120,146,927	-
Financial liabilities			
Group			
Trade and non-trade payables	(121,764,906)	(121,764,906)	-
Provisions	(163,971)	(163,971)	-
Bank borrowings	(83,085,338)	(83,085,338)	-
	(205,014,215)	(205,014,215)	-
Company			
Trade and non-trade payables	(29,856,470)	(29,856,470)	-
	(29,856,470)	(29,856,470)	-

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, interest rate risk, foreign currency risk and liquidity risk.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2013: two) customers which constituted approximately 63% (2013: 57%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

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

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(a) *Credit risk (Continued)*

Exposure to credit risk (Continued)

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

	Group 2014 RM	Group 2013 RM
Malaysia	**30,193,128**	26,652,233
Indonesia	**2,013,628**	1,747,140
	32,206,756	28,399,373

Ageing analysis

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

Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying value RM
31 May 2014				
Not past due	**20,286,788**	**-**	**-**	**20,286,788**
Past due:				
- less than 3 months	**8,999,571**	**-**	**-**	**8,999,571**
- more than 3 months	**2,926,802**	**(6,405)**	**-**	**2,920,397**
	32,213,161	**(6,405)**	**-**	**32,206,756**
31 May 2013				
Not past due	10,351,185	-	-	10,351,185
Past due:				
- less than 3 months	13,046,990	-	-	13,046,990
- more than 3 months	6,835,410	(1,834,212)	-	5,001,198
	30,233,585	(1,834,212)	-	28,399,373

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

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(a) Credit risk (Continued)

Ageing analysis (Continued)

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

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(b) Interest rate risk

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

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

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) Interest rate risk (Continued)

Effective interest rates and repricing analysis

Group	Effective interest rate per annum %	On demand or within 1 year RM	1 - 5 years RM	Above 5 years RM	Total RM
31 May 2014					
Financial liabilities					
Bank overdrafts	**7.60**	**6,071,473**	**-**	**-**	**6,071,473**
Bankers' acceptances	**5.03-5.74**	**10,286,772**	**-**	**-**	**10,286,772**
Revolving credits	**4.43-5.53**	**52,978,928**	**-**	**-**	**52,978,928**
Trust receipts	**7.85**	**40,877**	**-**	**-**	**40,877**
Term loans	**4.50-13.50**	**3,818,282**	**45,326,031**	**13,480,931**	**62,625,244**
Hire purchase payables	**4.37-6.80**	**5,146,581**	**6,771,000**	**148,475**	**12,066,056**
		78,342,913	**52,097,031**	**13,629,406**	**144,069,350**
31 May 2013					
Financial liabilities					
Bank overdrafts	7.66	1,746,198	-	-	1,746,198
Revolving credits	5.50-5.68	10,502,154	-	-	10,502,154
Trust receipts	7.85	600,000	-	-	600,000
Term loans	6.60-13.50	8,393,992	22,796,168	26,020,824	57,210,984
Hire purchase payables	2.45 - 7.85	5,360,636	7,580,433	84,933	13,026,002
		26,602,980	30,376,601	26,105,757	83,085,338

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(b) *Interest rate risk (Continued)*

Interest rate risk sensitivity analysis

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

	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM
Group		
Effects on profit after tax		
Increase of 10 basis points	**(108,052)**	(62,314)
Decrease of 10 basis points	**108,052**	62,314
Effects on equity		
Increase of 10 basis points	**(108,052)**	(62,314)
Decrease of 10 basis points	**108,052**	62,314

(c) *Foreign currency risk*

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

The exposure to foreign currency is as follows:

	Singapore Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
Group				
31 May 2014				
Financial assets				
Trade and non-trade receivables	**4,776,329**	**2,231,516**	**110,175,043**	**117,182,888**
Deposits with licensed banks	**68,750**	**3,343,869**	**68,237,521**	**71,650,140**
Cash and bank balances	**2,102,838**	**8,495,456**	**63,271,848**	**73,870,142**
	6,947,917	**14,070,841**	**241,684,412**	**262,703,170**

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(c) *Foreign currency risk (Continued)*

	Singapore Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
Financial liabilities				
Trade and non-trade payables	**12,815**	**2,134,893**	**113,651,699**	**115,799,407**
Bank borrowings	**-**	**274,272**	**143,795,078**	**144,069,350**
	12,815	**2,409,165**	**257,446,777**	**259,868,757**
Net currency exposure	**6,935,102**	**11,661,676**	**(15,762,365)**	**2,834,413**
31 May 2013				
Financial assets				
Trade and non-trade receivables	-	1,972,369	43,565,996	45,538,365
Deposits with licensed banks	-	2,559,113	50,988,616	53,547,729
Cash and bank balances	7	3,291,528	79,724,055	83,015,590
	7	7,823,010	174,278,667	182,101,684
Financial liabilities				
Trade and non-trade payables	4,902	1,784,959	119,975,045	121,764,906
Bank borrowings	-	1,568,708	81,516,630	83,085,338
	4,902	3,353,667	201,491,675	204,850,244
Net currency exposure	(4,895)	4,469,343	(27,213,008)	(22,748,560)

Foreign currency risk sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates against the respective functional currencies of the Group, with all other variable held constant:

	2014 Increase/ (Decrease) RM	2013 Increase/ (Decrease) RM
Group		
Effects on profit after tax		
SGD/RM		
Strengthened by 5%	**260,066**	(184)
Weakened by 5%	**(260,066)**	184
IDR/RM		
Strengthened by 5%	**437,313**	167,600
Weakened by 5%	**(437,313)**	(167,600)

41. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(d) Liquidity risk

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

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

	Carrying amount RM	On demand or within one year RM	After one year RM
Group			
31 May 2014			
Trade and non-trade payables	**115,799,407**	**106,285,133**	**9,514,274**
Provisions	**163,971**	**163,971**	**-**
Bank borrowings	**144,069,350**	**78,342,913**	**65,726,437**
	260,032,728	**184,792,017**	**75,240,711**
31 May 2013			
Trade and non-trade payables	121,764,906	110,215,178	11,549,728
Provisions	163,971	163,971	-
Bank borrowings	83,085,338	26,602,980	56,482,358
	205,014,215	136,982,129	68,032,086
Company			
31 May 2014			
Trade and non-trade payables	**359,890**	**359,890**	**-**
31 May 2013			
Trade and non-trade payables	29,856,470	29,856,470	-

42. FAIR VALUE

Fair value of financial instruments

The carrying value of financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The fair values of other financial liabilities together with the carrying amounts shown in the statements of financial position are as follows:

	2014		2013	
Group	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial liabilities				
Hire purchase payables	**12,066,056**	**12,343,035**	13,026,002	14,398,702

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Input for the assets or liabilities that are not based on observable market data (unobservable inputs).

31 May 2014	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**
Group				
Financial asset				
Non-trade receivables (non-current)	**-**	**-**	**537,422**	**537,422**
Financial liability				
Non-trade payables (non-current)	-	-	9,514,274	9,514,274
Company				
Financial asset				
Non-trade receivable (non-current)	**-**	**-**	**188,600**	**188,600**

43. CAPITAL MANAGEMENT

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

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

Net debt is calculated as trade and non-trade payables and bank borrowings, less cash and bank balances and fixed deposits. Total capital is calculated as equity plus net debt.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade and non-trade payables	**115,799,407**	121,764,906	**359,890**	29,856,470
Bank borrowings	**144,069,350**	83,085,338	**-**	-
Less: Cash and bank balances	**(73,870,142)**	(83,015,590)	**(28,603,211)**	(29,729,673)
Less: Deposits with licensed banks	**(71,650,140)**	(53,547,729)	**(9,721,114)**	(9,476,568)
Net debt/(capital)	**114,348,475**	68,286,925	**(37,964,435)**	(9,349,771)
Equity attributable to Owners of the Company	**298,137,080**	262,589,306	**215,393,552**	210,563,996
	412,485,555	330,876,231	**177,429,117**	201,214,225
Gearing ratio (times)	**0.28**	0.21	**-**	-

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

44. SIGNIFICANT EVENTS

(i) On 25 October 2013, the Company's wholly-owned subsidiary, Gadang Land Sdn Bhd entered into a Sale and Purchase Agreement ("SPA") with Lembaga Kumpulan Wang Biasiswa Pengajian Tinggi Raja-Raja Dan Yang DiPertua – Yang DiPertua Negeri to acquire a parcel of residential land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur for a purchase consideration of RM33,110,000.

(ii) On 29 October 2013, the Company's indirect wholly-owned subsidiary, Asian Utilities Pte Ltd entered into a Sale and Purchase of Shares Agreement ("SPSA") with Angga Panji Kesuma and Aprian Eka Rahadi (hereinafter collectively referred to as the "Sellers") to acquire from the Sellers their respective shares amounting to 6,000 shares of nominal value IDR 1,000,000 each representing 80% of the total issued and paid-up capital of PT. Hidronusa Rawan Energi for a purchase consideration of IDR10,800,000,000 (equivalent to approximately RM3,060,000).

44. SIGNIFICANT EVENTS (Continued)

(iii) On 26 December 2013, the Company's wholly-owned subsidiary, Achwell Property Sdn Bhd ("APSB") entered into a Joint Development Agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed development and construction of an integrated development on eighty-four (84) parcels of land located in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim. The proposed integrated development is expected to generate an estimated gross development value ("GDV") of RM1,800,000,000.

(iv) On 23 May 2014, the Company entered into a Joint Development Agreement with Cyberview Sdn Bhd and Hillstrand Development Sdn Bhd, an indirect wholly-owned subsidiary of the Company to undertake the proposed development of Knowledge-Workers Housing Project at Block 20, Cyberjaya. The proposed mixed development is expected to generate an estimated GDV of approximately RM1,055,000,000.

(v) On 23 May 2014, the Company proposed to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company to third party investor(s) to be identified later ("Proposed Private Placement").

45. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

(i) On 12 June 2014, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award dated 11 June 2014 from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd for the award of contract known as "Provision of Phase 2 Site Preparation Works for the Proposed Refinery and Petrochemical Integrated Development (RAPID) project – Package 18C" for the total estimated provisional contract price of RM350,000,000.

(ii) On 26 June 2014, the subscription of shares in PT. Ikhwan Mega Power ("PTIMP") was completed following the approval being obtained from the Indonesia Minister of Laws and Human Rights, via its letter dated 26 June 2014. With this completion, PTIMP became an indirect 60% owned subsidiary of the Company.

(iii) On 2 July 2014, the Company's wholly-owned subsidiary, Gadang Land Sdn Bhd acquired two (2) ordinary shares of RM1 each representing 100% of the issued and paid-up share capital of Tema Warisan Sdn Bhd ("TWSB") for a total purchase consideration of RM2. With this acquisition, TWSB became an indirect wholly-owned subsidiary of the Company. TWSB is currently a dormant company and its intended principal activity shall be property management and maintenance.

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

(v) On 21 July 2014, the Company's indirect wholly-owned subsidiary, Asian Utilities Pte Ltd entered into a Sale and Purchase of Shares Agreement ("SPSA") with Nanang Mohamad Sjahbudi, Thomas Luciana and Johanes Himawan (hereinafter collectively referred to as the "Sellers") to acquire from the Sellers their respective shares amounting to 700 shares of nominal value IDR 1,000,000 each representing 70% of the total issued and paid-up capital of PT. Dewata Bangun Tirta for a purchase consideration of IDR55,000,000,000 (equivalent to approximately RM15,070,000).

46. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits of the Group and of the Company as at 31 May into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and presented in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total retained profits				
- realised	**108,842,498**	70,980,625	**12,550,211**	7,720,655
- unrealised	**(10,049,033)**	(10,689,929)	**(23,861)**	(23,861)
	98,793,465	60,290,696	**12,526,350**	7,696,794

47. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of its subsidiaries are as disclosed in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The registered office and principal place of business is located at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on 18 September 2014.

LIST OF PROPERTIES
AS AT 31 MAY 2014

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Net Book Value (RM)
Wisma Gadang No. 52 Jalan Tago 2 Off Jalan Persiaran Utama Sri Damansara 52200 Kuala Lumpur	6 1/2 storey office block for own use	Freehold	(June 1997)	42,619 (45,043)	8,844,486
Plot No. 86 CD Emville Golf Resort Mukim Sentul District of Seremban Negeri Sembilan	Vacant bungalow lot for investment	Leasehold ending 13/12/2082	(June 1997)	8,000	128,641
Bandar Tasik Semenyih PT 8298 HS(M) 4984	Vacant bungalow lot for sale	Leasehold ending 5/11/2094	23/12/1999	11,125	237,690
Lot 183 to 186 Mukim of Rawang District of Gombak State of Selangor	Industrial land for development	Freehold	15/4/2011	198,712	11,894,722
Geran No. 49848 Lot No. 1132 Daerah Johor Baru Bandar Johor Baru Negeri Johor Darul Takzim	Mixed industrial and commercial development	Freehold	31/7/2003	1,166,808	26,319,098
Plot No. 209 held under HS(D) 252119 PT No. 1014; Plot No. 211 held under HS(D) 252212 PT No. 1016; Plot No. 212 held under HS(D) 2521122 PT No. 1017; Plot No. 201 held under HS(D) 252138 PT No. 1033; Plot No. 202 held under HS(D) 252126 PT No. 1033; Plot No. 203 held under HS(D) 252127 PT No. 1033; Pekan Baru Sungai Besi District of Petaling Selangor	Vacant bungalow lot for sale/ development	Leasehold ending 1/12/2017	31/1/2010	74,804	9,219,318

LIST OF PROPERTIES
AS AT 31 MAY 2014

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Net Book Value (RM)
Salak South Land Mukim Kuala Lumpur HS(D) 42144 Lot 49280	Land for development	Leasehold ending 17/6/2085	27/1/2010	531,432	31,838,170
Plot No. 607 No. 3 Jalan Anggerik 1A/9 Sek. BS7, Bukit Sentosa 2 Rawang	Properties for sale	Freehold	15/7/2003	1,079	99,800
Plot No. 8246 No. 13, Jalan Ros 2A/3, Sek. BS5, Bukit Sentosa, Rawang	Properties for sale	Freehold	13/3/2004	130.04 meter square	123,000
Gasing Indah Land Mukim Kuala Lumpur HS(D) 171475 PT No.399	Land for development	Freehold	17/6/2010	46,165	3,693,200
Parcel No. B-D-37 Kenny Heights Estate (Lot No. 67802) Geran Title 72851 Mukim of Batu District of Kuala Lumpur	Town villa	Freehold	29/12/2011	5,226	5,020,800
Pajakan Mukim No. Hakmilik 2288 Lot 20470 Mukim Serendah Daerah Hulu Selangor Negeri Selangor	Residential land for sale	Leasehold ending 31/8/2105	1/10/2012	400,300	4,659,881
Pokok Sena Lot 165, Pokok Sena Kedah	Land for development	Freehold	31/10/2011	8,786,923	14,489,437

ANALYSIS OF SHAREHOLDINGS & WARRANTHOLDINGS

I. ANALYSIS OF SHAREHOLDINGS as at 30 September 2014

Share Capital

Authorised Share Capital	:	RM400,000,000
Issued & Fully Paid-Up Share Capital	:	RM216,369,443
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	64	1.17	2,312	0.00
100 - 1,000	969	17.68	899,853	0.42
1,001 - 10,000	3,102	56.62	15,617,189	7.22
10,001 - 100,000	1,170	21.35	37,975,564	17.55
100,001 - 10,818,471 (*)	172	3.14	95,071,998	43.94
10,818,472 and above (**)	2	0.04	66,802,527	30.87
Total	**5,479**	**100.00**	**216,369,443**	**100.00**

* Less than 5% of issued shares
** 5% and above of issued shares

REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
1. Sumber Raswira Sdn Bhd	32,247,161	14.90	-	-
2. Tan Sri Dato' Kok Onn	4,766,666	2.20	66,802,527*(a)*	30.87
3. Meloria Sdn Bhd	34,555,366	15.97	-	-
4. Puan Sri Datin Chan Ngan Thai	-	-	34,555,366*(b)*	15.97

Notes

(a) Deemed interested through Sumber Raswira Sdn Bhd and Meloria Sdn Bhd by virtue of Section 6A of the Companies Act, 1965 ("the Act")

(b) Deemed interested through Meloria Sdn Bhd by virtue of Section 6A of the Act

THIRTY LARGEST SHAREHOLDERS

		No. of Shares	%
1.	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Meloria Sdn Bhd*	34,555,366	15.97
2.	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged securities account for Sumber Raswira Sdn Bhd (Margin)*	32,247,161	14.90
3.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (CIMB PRIN)*	7,720,600	3.57
4.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd*	6,683,900	3.09
5.	Citigroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kok Onn (474131)*	4,766,666	2.20
6.	Chia Ting Poh @ Cheah Ting Poh	4,000,000	1.85
7.	Citigroup Nominees (Tempatan) Sdn Bhd *Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)*	3,722,700	1.72
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Teh Win Kee (8106483)*	2,690,200	1.24
9.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	2,504,000	1.16
10.	Citigroup Nominees (Tempatan) Sdn Bhd *Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund*	2,306,800	1.07
11.	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	2,067,000	0.96
12.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Law Wan Ni (M68103)*	1,913,000	0.88
13.	Toh Poh Seng	1,743,000	0.81
14.	CIMB Group Nominees (Tempatan) Sdn Bhd *CIMB-Principal Asset Management Berhad for Lembaga Tabung Haji (CAFM)*	1,584,100	0.73
15.	Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An for Phillip Capital Management Sdn Bhd*	1,555,000	0.72
16.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Fong Siling (CEB)*	1,500,000	0.69

THIRTY LARGEST SHAREHOLDERS (Continued)

	No. of Shares	%
17. Cartaban Nominees (Tempatan) Sdn Bhd *RHB Trustees Berhad for Manulife Investment Shariah Progress fund*	1,382,000	0.64
18. Law Wan Ni	1,373,000	0.63
19. Law Wan Cheen	1,296,600	0.60
20. Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Nordin Bin Mohamad*	1,138,000	0.53
21. Malacca Equity Nominees (Tempatan) Sdn Bhd *Exempt An For Phillip Capital Management Sdn Bhd (EPF)*	1,110,200	0.51
22. Wu Chung Ta	1,072,000	0.50
23. Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Darby Leong @ Leong Ti Seong (REM 609-Margin)*	1,065,000	0.49
24. Maybank Nominees (Tempatan) Sdn Bhd *Tan Seng*	1,050,000	0.49
25. Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged securities account for Law Wan Ni (M09)*	1,000,000	0.46
26. HSBC Nominees (Tempatan) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-Temp)*	1,000,000	0.46
27. Lee Chee Beng	995,900	0.46
28. Yeoh Ah Tu	958,000	0.44
29. Boey Tak Kong	900,000	0.42
30. Maybank Nominees (Asing) Sdn Bhd *Pledged securities account for San Tuan Sam*	893,600	0.41

II. ANALYSIS OF WARRANTHOLDINGS as at 30 September 2014

Warrants 2010/2015 (“Warrants”)

Total Number of Warrants Issued	:	19,668,739
Total Number of Warrants Outstanding	:	19,660,414
Maturity Date	:	29 September 2015
Exercise Price	:	RM1.00 per Warrant
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company
Voting Rights	:	Nil

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 99	82	7.16	3,505	0.02
100 - 1,000	256	22.36	147,468	0.75
1,001 - 10,000	467	40.78	2,651,109	13.48
10,001 - 100,000	312	27.25	9,503,266	48.34
100,001 - 983,019 (*)	27	2.36	6,257,166	31.83
983,020 and above (**)	1	0.09	1,097,900	5.58
Total	**1,145**	**100.00**	**19,660,414**	**100.00**

* Less than 5% of issued warrants
** 5% and above of issued warrants

THIRTY LARGEST WARRANTHOLDERS

		Number of Warrants	%
1	Public Invest Nominees (Asing) Sdn Bhd *Exempt An for Phillip Securities Pte Ltd (Clients)*	1,097,900	5.58
2	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Fong Jong Han (CEB)*	600,000	3.05
3	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tai Chong Way*	551,000	2.80
4	Ng Ah Meng	434,000	2.21
5	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Ang Kok Seong (M55015)*	416,300	2.12
6	Ng Cheek What	357,800	1.82
7	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged securities account for Fong Jong Yan*	351,900	1.79
8	Ng Ah Meng	314,800	1.60

THIRTY LARGEST WARRANTHOLDERS (Continued)

		Number of Warrants	%
9	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Fong Siling (CEB)*	300,000	1.53
10	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	266,750	1.36
11	Lee Chee Beng	250,000	1.27
12	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Oiy Pow (8045795)*	218,000	1.11
13	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Tuan Tien*	200,000	1.02
14	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged securities account for Heng Poh Suan (R01-Margin)*	186,316	0.95
15	HLIB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Goh Tiong Sheng*	180,000	0.92
16	Phang Chung Ling	160,800	0.82
17	Chay Siew Ming	156,500	0.80
18	Toh Ying Chiou	135,000	0.69
19	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Koo Shiau Ling*	134,900	0.69
20	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lian Woon Seng (020)*	133,900	0.68
21	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Pei Pei (033)*	130,000	0.66
22	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged securities account for Song Ah Koy @ Song Kuen Sing (013)*	129,800	0.66
23	Lim Soo Hoon	115,000	0.58
24	Maybank Nominees (Tempatan) Sdn Bhd *Heng Poh Suan*	110,300	0.56
25	Ooi Kok Kee	110,000	0.56
26	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Pledged securities account for Lim Teong Leong*	110,000	0.56
27	Chay Siew Ming	103,000	0.52
28	Yee Wai Chow	101,100	0.51
29	CIMSEC Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tai Ah Kau (Segamat-CI)*	100,000	0.51
30	Joginder Singh A/L Gurbak Singh	100,000	0.51

III. DIRECTORS' SHAREHOLDINGS & WARRANTHOLDINGS as at 30 September 2014

THE COMPANY

	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	**%**	**Deemed interest**	**%**
Tan Sri Dato' Kok Onn	4,766,666	2.20	66,802,527*(a)*	30.87
Boey Tak Kong	900,000	0.42	-	-

Note:

(a) Deemed interested through Sumber Raswira Sdn Bhd and Meloria Sdn Bhd by virtue of Section 6A of the Companies Act, 1965

By virtue of his interests in the shares of the Company, Tan Sri Dato' Kok Onn is also deemed interested in the shares of all the subsidiary companies to the extent the Company has an interest.

Save as disclosed, none of the other Directors of the Company had any interest in the shares and warrants of the Company or its related corporations as at 30 September 2014.

NOTICE OF 21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First (21st) Annual General Meeting (AGM) of Gadang Holdings Berhad (the Company) will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 19th November 2014 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the year ended 31 May 2014 together with the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*

2. To approve the payment of a first and final single tier dividend of 4 sen per share in respect of the financial year ended 31 May 2014. *(Ordinary Resolution 2)*

3. To approve the payment of Directors' fees of RM192,000.00 in respect of the financial year ended 31 May 2014 (FY2013: RM150,000). *(Ordinary Resolution 3)*

4. To re-elect Datuk Wan Lokman Bin Dato' Wan Ibrahim, who is retiring in accordance with Article 108 of the Company's Articles of Association. *(Ordinary Resolution 4)*

5. To re-elect Mr Boey Tak Kong, who is retiring in accordance with Article 108 of the Company's Articles of Association. *(Ordinary Resolution 5)*

6. To appoint Auditors and to authorize the Directors to fix their remuneration. *(Ordinary Resolution 6)*

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto as "Annexure" has been received by the Company for the nomination of Messrs Crowe Horwath who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "That Messrs Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PKF to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

7. **Authority to Directors to issue shares** *(Ordinary Resolution 7)*

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorized to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."

8. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and the provision of financial assistance** *(Ordinary Resolution 8)*

"**THAT,** subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance as set out in Section 2.4 of the Circular to Shareholders dated 28 October 2014 ("Circular") with the related parties listed in Section 2.3 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Gadang Group on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorized by this resolution."

9. **Continuing In Office As Independent Director – Datuk Wan Lokman Bin Dato' Wan Ibrahim** *(Ordinary Resolution 9)*

"**THAT** subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Datuk Wan Lokman Bin Dato' Wan Ibrahim who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company".

10. **Continuing In Office As Independent Director – Encik Adam Bin Bachek** *(Ordinary Resolution 10)*

"**THAT** approval be and is hereby given to Encik Adam Bin Bachek who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company".

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final single tier dividend of 4 sen per share, for the financial year ended 31 May 2014, if approved by the shareholders at the 21st Annual General Meeting, will be paid on 23 December 2014 to Depositors whose names appear in the Record of Depositors at the close of business on 28 November 2014.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. shares transferred into the Depositor's Securities Account before 4.00 p.m. on 28 November 2014 in respect of transfers; and

b. shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

SALLY TAN SEOK CHUNG
Secretary

Kuala Lumpur
28 October 2014

NOTES:

1. Only depositors whose names appear in the Record of Depositors as at 12 November 2014 be regarded as members and entitled to attend, speak and vote at this meeting.

2. A member of the Company entitled to attend, speak and vote at this meeting, is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

3. The Articles provide that a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

EXPLANATORY NOTES

(i) Ordinary Resolution 7 - Authority to Directors to issue shares
The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965, obtained from the shareholders at the last Annual General Meeting. The resolution, if passed, will empower the Directors of the Company to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, 19,669,900 new ordinary shares of RM1.00 each, representing 10% of the issued and paid-up share capital of the Company were issued on 3 July 2014 via a Private Placement Exercise pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 19 November 2013, which will lapse at the conclusion of this 21st Annual General Meeting. The Company raised RM33,045,432 in gross proceeds from the Private Placement and the status of utilisation of the proceeds is as follows:-

Purpose	**Proposed Utilisation RM'000**	**Actual utilisation as at 13/10/2014 RM'000**	**Balance unutilised RM'000**	**Expected time frame for utilisation**
Investments in utility division	27,295	(5,475)	21,820	Within twenty-four (24) months
Investments in plantation division	5,000	(600)	4,400	Within twenty-four (24) months
Expenses relating to the Private Placement	750	(643)	107*	Within one (1) month

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

This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

(ii) Ordinary Resolution 8 - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance

The proposed Ordinary Resolution 8 is in relation to the approval of Shareholders' Mandate for Recurrent Related Party Transactions and if passed, will empower the Company and its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature and for the provision of financial assistance which are necessary for Gadang Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Details relating to Ordinary Resolution 8 are set out in the Circular to Shareholders dated 28 October 2014, which is despatched together with this Annual Report 2014.

(iii) Ordinary Resolutions 9 and 10 - Continuing In Office As Independent Non-Executive Directors

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the independence of Datuk Wan Lokman Bin Dato' Wan Ibrahim and Encik Adam Bin Bachek, who have served as Independent Non-Executive Directors for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) Both of them have met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

(b) Datuk Wan Lokman Bin Dato' Wan Ibrahim's vast experience in the banking sector and in-depth expertise in the plantation segment will greatly contribute in know-how to support Gadang's upstream and downstream palm oil activities, a future core business of the Gadang Group.

(c) Encik Adam Bin Bachek's legal background in contract negotiations and technical knowledge in contract management shall be valuable to the Gadang Group, as more complex and higher value projects are being tendered by the Group.

(d) Both of them, having been with the Company for more than nine years, are familiar with the Group's business goals and have devoted sufficient time to discharge their statutory duties and fiduciary responsibilities.

(e) Both have exercised due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in the interest of the Company and shareholders.

The proposed Ordinary Resolution 9, if passed, will authorize Datuk Wan Lokman Bin Dato' Wan Ibrahim to continue in office as an Independent Non-Executive Director of the Company.

The proposed Ordinary Resolution 10, if passed, will authorize Encik Adam Bin Bachek to continue in office as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

No individual is seeking new election as a Director at the 21st Annual General Meeting of the Company.

Further details of the Directors who are seeking for re-election are set out in the Directors' Profile on page 11 of this Annual Report 2014.

NOTICE OF
NOMINATION OF AUDITORS

Annexure

MELORIA SDN. BHD. (199713-P)
Wisma Gadang, No. 52 Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur
Tel: 03-62756888 Fax: 03-62750136

8 October 2014

The Board of Directors
GADANG HOLDINGS BERHAD
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

Pursuant to Section 172(11) of the Companies Act, 1965, we, being the substantial shareholder of Gadang Holdings Berhad ("Company"), hereby give notice of our intention to nominate Messrs Crowe Horwath for appointment as Auditors of the Company in place of the retiring Auditors, Messrs PKF, and of our intention to propose the following as an ordinary resolution to be tabled at the forthcoming annual general meeting of the Company:

"That Messrs Crowe Horwath be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs PKF to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the Directors."

Yours faithfully
For MELORIA SDN BHD

Director

FORM OF PROXY

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

*I/We .... *NRIC No./Co. No.: ....
(FULL NAME IN BLOCK LETTERS)

of ....
(FULL ADDRESS AND TELEPHONE NO.)

being a *member/members of GADANG HOLDINGS BERHAD hereby appoint ....

Proxy 1 .... NRIC No.: ....
(FULL NAME IN BLOCK LETTERS)

Proxy 2 .... NRIC No.: ....
(FULL NAME IN BLOCK LETTERS)

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the 21st Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 19 November 2014 at 10.00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at *his/her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements and Reports		
2.	To approve the payment of first and final single tier dividend		
3.	To approve the payment of Directors' fees		
4.	To re-elect Datuk Wan Lokman Bin Dato' Wan Ibrahim as Director		
5.	To re-elect Mr Boey Tak Kong as Director		
6.	To appoint Messrs Crowe Horwath as Auditors		
7.	To authorize the Directors to issue shares		
8.	To renew the shareholders' mandate for Recurrent Related Party Transactions and provision of financial assistance		
9.	To continue in office for Datuk Wan Lokman Bin Dato' Wan Ibrahim as Independent Director		
10.	To continue in office for Encik Adam Bin Bachek as Independent Director		

** Strike out whichever not applicable*

Dated this _________ day of _____________________, 2014

For appointment of 2 proxies, no. of shares and percentage of shareholdings to be represented by the proxies:-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

....
Signature/Common Seal of Member

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 12 November 2014 be regarded as members and entitled to attend, speak and vote at this meeting.
2. A member of the Company entitled to attend, speak and vote at this meeting, is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The Articles provide that a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

Fold this flap for sealing

Then fold here

AFFIX STAMP

The Company Secretary
GADANG HOLDINGS BERHAD
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur

1st fold here

www.gadang.com.my

GADANG HOLDINGS BERHAD (278114-K)
Wisma Gadang, No. 52 Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel : 603-6275 6888
Fax : 603-6275 2136
Email : corporate@gadang.com.my