



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 30/11/2018 RM'000	3 Months Ended 30/11/2017 RM'000	Variance %	6 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2017 RM'000	Variance %
Revenue	168,515	142,867	18	297,664	259,607	15
Cost of sales	(139,845)	(91,494)	53	(238,323)	(172,766)	38
Gross profit	28,670	51,373	-44	59,341	86,841	-32
Other income	4,557	3,668	24	9,050	6,357	42
Administrative expenses	(5,539)	(4,806)	15	(11,138)	(11,070)	1
Depreciation	(1,459)	(1,598)	-9	(3,005)	(3,430)	-12
Operating expenses	(4,575)	(6,564)	-30	(8,449)	(10,812)	-22
Other expenses	936	(2,797)	>100	(125)	(2,935)	-96
Finance costs	(565)	(1,105)	-49	(993)	(1,664)	-40
Share of results of joint ventures	474	104	>100	633	165	>100
Profit before tax	22,499	38,275	-41	45,314	63,452	-29
Income tax expense	(5,537)	(9,743)	-43	(11,814)	(16,373)	-28
Net profit from continuing operations	16,962	28,532	-41	33,500	47,079	-29
Discontinued operation:						
Loss after tax from discontinued operation	-	-	-	-	(155)	-
Net profit for the financial period	16,962	28,532	-41	33,500	46,924	-29
Other comprehensive income:						
Foreign currency translation	2,783	(3,220)	>100	1,556	(3,387)	>100
Total comprehensive income for the financial period	19,745	25,312	-22	35,056	43,537	-19
Net profit attributable to:						
Equity holders of the Company	17,029	28,371	-40	33,570	46,709	-28
Non-controlling interests	(67)	161	>100	(70)	215	>100
	16,962	28,532	-41	33,500	46,924	-29
Total comprehensive income attributable to:						
Equity holders of the Company	19,649	25,382	-23	35,040	43,566	-20
Non-controlling interests	96	(70)	>100	16	(29)	>100
	19,745	25,312	-22	35,056	43,537	-19



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (Continued) (The figures are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 30/11/2018 RM'000	3 Months Ended 30/11/2017 RM'000	6 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2017 RM'000
Basic earnings per share (sen)				
- continuing operations	2.57	4.32	5.07	7.13
- discontinued operation	-	-	-	(0.02)
	<u>2.57</u>	<u>4.32</u>	<u>5.07</u>	<u>7.10</u>
Diluted earnings per share (sen)				
- continuing operations	2.57	4.23	5.07	6.99
- discontinued operation	-	-	-	(0.02)
	<u>2.57</u>	<u>4.23</u>	<u>5.07</u>	<u>6.97</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2018

	Unaudited As At 30/11/2018 RM'000	Restated As At 31/05/2018 RM'000	Restated As At 01/06/2017 RM'000
ASSETS			
Non-current assets			
Concession assets	122,162	117,156	91,619
Property, plant and equipment	60,059	73,783	63,646
Investment properties	79,742	78,849	15,984
Inventories - land held for property development	3,901	3,897	3,889
Investment in joint ventures	2,114	1,481	37
Non-trade receivables	2,505	2,427	2,593
Other investment	100	100	100
Goodwill	17,373	17,101	18,430
Deferred tax assets	16,738	16,355	6,245
	304,694	311,149	202,543
Current assets			
Inventories - completed properties and others	73,776	69,806	980
Inventories - property development costs	824,151	834,281	731,019
Trade and other receivables	172,054	139,468	126,320
Contract assets	103,729	64,447	81,553
Current tax assets	6,711	5,424	6,632
Short term funds	42,740	54,368	59,435
Fixed deposits placed with licensed banks	89,800	92,542	87,909
Cash and bank balances	91,928	131,017	114,572
	1,404,889	1,391,353	1,208,420
Assets classified as held for sale	-	-	15,521
TOTAL ASSETS	1,709,583	1,702,502	1,426,484
EQUITY AND LIABILITIES			
Equity attributable to Equity Holders of the Company			
Share Capital	338,380	338,380	331,678
Reserves	384,270	366,504	291,490
	722,650	704,884	623,168
Non-controlling interests	4,340	4,324	8,003
Total equity	726,990	709,208	631,171



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2018 (Continued)

	Unaudited As At 30/11/2018 RM'000	Restated As At 31/05/2018 RM'000	Restated As At 01/06/2017 RM'000
Non-current liabilities			
Bank borrowings	243,485	219,856	143,819
Deferred tax liabilities	4,712	4,773	6,449
Defined benefit obligations	2,461	2,508	2,039
Non-trade payables	260,067	272,666	243,554
	<u>510,725</u>	<u>499,803</u>	<u>395,861</u>
Current liabilities			
Contract liabilities	-	33,584	65,739
Trade and other payables	405,799	392,038	280,271
Bank borrowings	61,158	63,555	48,771
Current tax liabilities	4,911	4,314	4,150
	<u>471,868</u>	<u>493,491</u>	<u>398,931</u>
Liabilities classified as held for sale	-	-	521
Total liabilities	<u>982,593</u>	<u>993,294</u>	<u>795,313</u>
TOTAL EQUITY AND LIABILITIES	<u>1,709,583</u>	<u>1,702,502</u>	<u>1,426,484</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.09	1.07	0.95

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (The figures are unaudited)

	Share Capital	Share Option Reserves	Capital Reserves	Foreign Exchange Translation Reserves	Retained Profits	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2018								
As previously reported	338,380	3,721	1,347	(4,283)	365,719	704,884	4,324	709,208
Effects of adoption of MFRS	-	-	-	-	2,578	2,578	-	2,578
As restated	338,380	3,721	1,347	(4,283)	368,297	707,462	4,324	711,786
Total comprehensive income	-	-	-	1,470	33,570	35,040	16	35,056
Dividend on ordinary shares	-	-	-	-	(19,852)	(19,852)	-	(19,852)
At 30 November 2018	338,380	3,721	1,347	(2,813)	382,015	722,650	4,340	726,990
At 1 June 2017	331,678	743	1,347	1,772	287,628	623,168	8,003	631,171
Total comprehensive income	-	-	-	(3,143)	46,709	43,566	(29)	43,537
Employees share option exercised	3,143	-	-	-	-	3,143	-	3,143
Dividend on ordinary shares	-	-	-	-	(19,758)	(19,758)	-	(19,758)
Transfer to share capital for employees share option exercised	512	(512)	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	46	46
At 30 November 2017	335,333	231	1,347	(1,371)	314,579	650,119	8,020	658,139

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (The figures are unaudited)

	6 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax:		
- continuing operations	45,314	63,452
- discontinued operation	-	(155)
Adjustments for:		
Bad debts written off	-	48
Decrease in liability for defined benefit obligations	(46)	(203)
Depreciation of:		
- concession assets	1,255	1,550
- investment properties	449	281
- property, plant and equipment	9,281	9,658
Finance costs	1,816	2,420
Gain on disposal of property, plant and equipment	(1,031)	(425)
Income received from short term funds	(1,248)	(1,170)
Interest income	(2,212)	(2,602)
Loss on disposal of non-current assets held for sale	-	1,304
Net unrealised (gain)/loss on foreign exchange	(626)	2,590
Property, plant and equipment written off	40	7
Reversal of impairment losses on non-current assets held for sale	-	(1,211)
Share of results of joint ventures	(633)	(165)
Operating profit before working capital changes	52,359	75,379
Changes in working capital:		
Inventories - property development costs	12,703	7,937
Contract assets/(Contract liabilities)	(43,855)	28,581
Inventories - completed properties and others	(3,970)	(28,687)
Receivables	(32,664)	891
Payables	(27,936)	(24,664)
Net income tax paid	(12,893)	(12,801)
Net Operating Cash Flows	(56,256)	46,636



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (Continued) (The figures are unaudited)

	6 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(826)	(2,150)
- concession assets	(3,824)	(25,167)
- investment property	-	(55,714)
Borrowing cost capitalised in investment property	(1,342)	-
Investment in a subsidiary	-	(140)
Investment in a joint venture	-	(509)
Proceeds from disposal of:		
- concession assets	-	1,763
- non-current assets held for sale, net of cash and cash equivalents disposed of	-	1,498
- property, plant and equipment	6,627	782
Income received from short term funds	1,248	1,170
Interest income	2,212	2,602
Net Investing Cash Flows	4,095	(75,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	35,540	92,842
Finance costs	(1,816)	(2,420)
Proceeds from issue of ordinary share capital	-	3,143
Repayment of:		
- bank borrowings	(9,857)	(16,385)
- hire purchase liabilities	(6,003)	(2,987)
Fixed deposits pledged as security values	(6,427)	(11,502)
Dividend paid	(19,852)	(19,758)
Net Financing Cash Flows	(8,415)	42,933
Net change in cash and cash equivalents	(60,576)	13,704
Effect of exchange rate changes	913	(2,571)
Cash and cash equivalents at the beginning of the financial period	209,064	201,221
Cash and cash equivalents at the end of the financial period	149,401	212,354



GADANG HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2018 (Continued)
(The figures are unaudited)

	6 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2017 RM'000
Analysis of Cash and Cash Equivalents		
Cash and bank balances	91,928	144,593
Short term funds	42,740	38,162
Fixed deposits placed with licensed banks	89,800	101,379
Bank overdrafts	(8,100)	(6,964)
	<hr/> 216,368	<hr/> 277,170
Less: Fixed deposits pledged as security values	(66,967)	(64,816)
Total	<hr/> 149,401	<hr/> 212,354

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2018.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

A1. BASIS OF PREPARATION

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

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 May 2018. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2018.

A2. CHANGES IN ACCOUNTING POLICIES

On 30 November 2017, Malaysian Accounting Standards Board issued notice of withdrawal of Financial Reporting Standards for the application on financial statements with annual reporting period beginning on or after 1 January 2018. Therefore, the Group has adopted and prepared its first set of interim financial report in accordance with MFRS Framework effective 1 June 2018.

The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for financial year ended 31 May 2018, except for the adoption of the following new MFRSs, Amendments/Improvements to MFRSs and IC Interpretations as follows:

Standard	Title
MFRS 9	Financial Instruments [IFRS 9 as issued by IASB in July 2014]
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Shared-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Clarifications to MFRS 15
MFRS 128	Investments in Associates and Joint Ventures [Annual Improvements to MFRS Standards 2014-2016 Cycle]
Amendments to MFRS 140	Transfer of Investment Property
Annual Improvements to MFRSs 2014-2016 Cycles	<ul style="list-style-type: none"> • Amendments to MFRS 1 [Deletion of Short-term Exemptions for First-time Adopters] • Amendments to MFRS 128 [Measuring an Associate or Joint Venture at Fair Value]
<u>IC Interpretations</u>	
IC 22	Foreign Currency Transactions and Advance Consideration

The adoption of these new MFRSs, Amendments/Improvements to MFRSs and IC Interpretations do not have any material impact on the financial statement of the Group.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRSs. The Group has elected not to apply MFRS 3 Business Combinations and MFRS 10 Consolidated Financial Statements retrospectively, that is, not to restate any of its business combinations that occurred before the date of transition to MFRS Framework.

The two newly effective standards which were adopted pursuant to the adoption of the MFRS Framework, namely MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers have resulted in the following changes to the financial statements:

(i) *MFRS 9 Financial Instruments*

MFRS 9 introduces the expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses on incurred basis.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the Group.

(ii) *MFRS 15 Revenue from Contracts with Customers*

Under MFRS 15, an entity shall recognise revenue when a performance obligation is satisfied, i.e. when control of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The Group recognised revenue from contract works and property development over time when it has an enforceable right to payment for the performance obligation completed to date.

Incremental costs of obtaining a contract with a customer had previously expensed off, such as sales commissions. However, these costs meet the criteria to be capitalised upon transition to MFRS 15 and to be recognised as assets if the entity expects to recover those costs. These costs to be amortised consistently with the transfer of the goods or services to the customers.

Upon withdrawal of FRS 201 Property Development Activities, land held for property development and property development costs are reclassified as inventories as these assets are in the process of completion for sale. These inventories are carried at the lower of cost or net realisable value.

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This results in some reclassifications as at 1 June 2018. Contract assets identified are mainly the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract assets are the excess of cumulative revenue earned over cumulative billings to-date and contract liabilities are the obligations to transferred goods and services to the customers for which the Group has received the consideration or has billed the customers.

For initial application of MFRS 15, the Group applies the standard using the modified retrospective approach by recognising its cumulative effect of RM2.58 million to the retained profits as at 1 June 2018 on contracts which were on-going after 1 January 2018, and that the comparatives will not be restated.



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INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

(ii) MFRS 15 Revenue from Contracts with Customers (Continued)

The financial impacts to the Group are disclosed in the following tables:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Impact on Statement of Financial Position			
As at 31 May 2018/1 June 2018			
<u>Non-current assets</u>			
Inventories - land held for property development	-	3,897	3,897
Land held for property development	3,897	(3,897)	-
<u>Current assets</u>			
Inventories - completed properties and others	-	69,806	69,806
Inventories - property development costs	-	834,281	834,281
Contract assets	-	64,447	64,447
Inventories	69,806	(69,806)	-
Property development costs	834,281	(834,281)	-
Trade and other receivables	155,030	(15,562)	139,468
Amount due from customers on contracts	48,885	(48,885)	-
<u>Current assets</u>			
Contract liabilities	-	33,584	33,584
Amount due to customers on contracts	4,573	(4,573)	-
Trade and other payables	421,049	(29,011)	392,038



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

A3. AUDIT REPORT

The auditors' report on the Group's annual financial statements for the financial year ended 31 May 2018 was not subject to any audit qualification.

A4. SEASONAL OR CYCLICAL FACTORS

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

A5. UNUSUAL SIGNIFICANT ITEMS

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

A6. CHANGES IN ESTIMATES

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

A7. DEBT AND EQUITY SECURITIES

There were no cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter under review.

The movement of the share options are as follows:-

Option price (RM)	Date of offer	← No. of options →				As at 30/11/2018	Exercisable as at 30/11/2018
		As at 01/09/2018	Granted	Exercised	Lapsed		
0.86	16.12.2016	67,372,700	-	-	-	67,372,700	16,204,400
1.03	05.01.2018	14,933,300	-	-	-	14,933,300	3,532,400
		82,306,000	-	-	-	82,306,000	19,736,800

There was no conversion of Warrant 2016/2021 for the current quarter under review. The number of outstanding warrants as at 30 November 2018 was 129,254,039.

A8. DIVIDEND PAID

At the Company's Annual General Meeting held on 7 November 2018, the shareholders of the Company approved the first and final dividend of 3 sen per share in respect of the financial year ended 31 May 2018. The Company paid the dividend on 7 December 2018.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

A9. SEGMENTAL REPORTING

6 months ended 30 November 2018 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	192,579	93,724	11,361	-	297,664
Results					
Segment results	22,493	23,523	3,541	(3,883)	45,674
Finance costs	(97)	(717)	(179)	-	(993)
Share of results of joint ventures	633	-	-	-	633
Profit /(Loss) before tax	23,029	22,806	3,362	(3,883)	45,314
Income tax expense					(11,814)
Profit for the financial period					33,500

6 months ended 30 November 2017 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	182,279	65,491	11,837	-	259,607
Results					
Segment results	48,203	19,706	1,171	(4,129)	64,951
Finance costs	(808)	(632)	(224)	-	(1,664)
Share of results of joint ventures	165	-	-	-	165
Profit /(Loss) before tax	47,560	19,074	947	(4,129)	63,452
Income tax expense					(16,373)
Loss after tax from discontinued operation	-	-	-	-	(155)
Profit for the financial period					46,924



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

A10. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment and concession assets have been brought forward without amendment from the audited financial statements for the financial year ended 31 May 2018.

A11. SIGNIFICANT SUBSEQUENT EVENTS

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

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the current quarter under review.

A13. CHANGES IN CONTINGENT LIABILITIES

There are no contingent liabilities for the Group as at the date of this report.

A14. CAPITAL COMMITMENTS

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



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2018

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

B1. OPERATING SEGMENTS REVIEW

REVIEW OF PERFORMANCE AGAINST PREVIOUS YEAR CORRESPONDING PERIOD

During the current quarter, the Group recorded higher revenue of RM168.52 million as compared to RM142.87 million in the corresponding quarter of the preceding year. The Group's profit before tax decreased to RM22.50 million as compared to RM38.28 million in the corresponding quarter of the preceding year.

For the current year to date, revenue increased by 15% to RM297.67 million. However, the profit before tax decreased by 29% to RM45.31 million.

The lower profit margin for current quarter and year to date was mainly due to recognition of some variation orders for completed construction projects in the preceding year.

Other income for the current year to date increased to RM9.08 million as compared to RM6.36 million in the preceding year to date mainly due to unrealised gain on foreign exchange and rental of machinery.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 30/11/2018 RM'000	3 Months Ended 30/11/2017 RM'000	Variance %	6 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2017 RM'000	Variance %

REVENUE

Continuing operations

Construction Division	123,009	105,521	17	192,579	182,279	6
Property Division	39,873	31,704	26	93,724	65,491	43
Utility Division	5,633	5,642	0	11,361	11,837	-4
Investment Holding	-	-	-	-	-	-
	<u>168,515</u>	<u>142,867</u>	<u>18</u>	<u>297,664</u>	<u>259,607</u>	<u>15</u>

Discontinued operation

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

Continuing operations

Construction Division	12,494	30,851	-60	23,029	47,560	-52
Property Division	9,226	10,536	-12	22,806	19,074	20
Utility Division	2,831	(660)	>100	3,362	947	>100
Investment Holding	(2,052)	(2,452)	-16	(3,883)	(4,129)	-6
	<u>22,499</u>	<u>38,275</u>	<u>-41</u>	<u>45,314</u>	<u>63,452</u>	<u>-29</u>

Discontinued operation

Plantation Division	-	-	-	-	(155)	-
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B1. OPERATING SEGMENTS REVIEW (Continued)

Construction Division

For the current quarter, revenue increased to RM123.01 million as compared to RM105.52 million in the corresponding quarter of the preceding year. Profit before tax for the current quarter decreased to RM12.49 million as compared to RM30.85 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased to RM192.58 million as compared to RM182.28 million in the preceding year to date. However, profit before tax decreased to RM23.03 million in the current year to date as compared to RM 47.56 million in the preceding year to date. This was mainly due to both better margins and higher volume of variation orders completed and recognised in the preceding year.

Property Division

For the current quarter, revenue increased to RM39.87 million as compared to RM31.70 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM9.23 million as compared to RM10.54 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased by 43% to RM93.73 million as compared to RM65.49 million in the preceding year to date. Correspondingly, profit before tax increased by 20% to RM22.81 million as compared to RM19.07 million in the preceding year to date, arising from better work progress and improved sales achieved for the existing on-going projects.

Utility Division

For the current quarter, revenue decreased marginally to RM5.63 million as compared to RM5.64 million in the corresponding quarter of the preceding year. Profit before tax increased to RM2.83 million as compared to loss before tax of RM0.66 million in the corresponding quarter of the preceding year.

Revenue for the current year to date decreased marginally to RM11.36 million from RM11.83 million, with profit before tax increased to RM3.36 million from RM0.95 million in the preceding year to date, mainly due to favourable foreign exchange translation effect.



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

	Current Quarter 30/11/2018 RM'000	Preceding Quarter 31/08/2018 RM'000	Variance %
Revenue	168,515	129,149	30
Operating profit	24,523	24,788	-1
Profit before interest and tax	23,064	23,243	-1
Profit before tax	22,499	22,816	-1
Profit after tax	16,962	16,538	3
Profit attributable to equity holders of the Company	17,029	16,542	3

The Group recorded higher revenue of RM168.52 million in the current quarter as compared to RM129.15 million in the preceding quarter, arising from increased work activities from on-going projects. However, the Group's profit before tax decreased marginally to RM22.50 million as compared to RM22.82 million in the preceding quarter impacted by lower profit margin for the construction projects.

B3. BUSINESS PROSPECTS

The Board foresees a challenging period for the Group in view of the present economic outlook and has taken active steps to continue to replenish its order book and intensify its marketing initiatives for its property projects to stay resilient. Barring unforeseen circumstances, the Group expects to remain profitable in the current financial year.

Construction Division

The highly competitive environment of the construction industry, coupled with increasing material prices and escalating labour costs has deteriorated our margin for the existing on-going projects. Nevertheless, the Division will continue to implement continuous cost management measures to safeguard its margin. The current outstanding order book of RM1.43 billion shall provide stable income visibility going forward.

Property Division

The general weakness in the property market has affected sales and accordingly impacted the performance of our Property Division. The Division has introduced more aggressive marketing efforts to promote sales of its existing on-going and completed projects. With unbilled sales of RM100.90 million and planned new launches, the Property Division is expected to deliver positive performance in this financial year.

Utility Division

Earnings from the existing four water concession plants will remain stable.



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B4. PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

Taxation comprises the following:

	3 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2018 RM'000
Income tax expense:		
Malaysian income tax	(5,087)	(10,770)
Foreign income tax	(686)	(1,477)
 Deferred tax	 236	 433
	(5,537)	(11,814)

The effective tax rate for the Group for the current quarter was higher than the statutory tax rate mainly due to unutilised business losses of certain subsidiaries. The business losses will be utilised when the subsidiaries have taxable profit.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

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

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



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B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 30/11/2018 RM'000	As at 31/05/2018 RM'000
(a) (i) Short Term Borrowings		
Revolving credits	42,700	34,999
Trust receipt	-	169
Bank overdraft	8,101	8,326
Term loans	4,033	9,000
Hire purchase payables	6,324	11,061
	61,158	63,555
(ii) Long Term Borrowings		
Term loans	225,967	201,342
Hire purchase payables	17,518	18,514
	243,485	219,856
Total Borrowings	304,643	283,411

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

	As at 30/11/2018		As at 31/05/2018	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	1,586	6,665	1,878	7,494
Indonesian Rupiah	154,742,104	45,339	154,742,104	44,255
		52,004		51,749

Bank borrowings for the current year to date increased to RM304.64 million as compared to RM283.41 million at the beginning of the financial year. This was mainly to finance the on-going construction and development projects.



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B8. MATERIAL LITIGATION

As at 16 January 2019, being 7 days prior to the date of this announcement, there has been no material litigation pending of which the value exceeds 5% of the Group's net tangible assets.

B9. DIVIDEND

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

B10. EARNINGS PER SHARE

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 30/11/2018	3 Months Ended 30/11/2017	6 Months Ended 30/11/2018	6 Months Ended 30/11/2017
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	17,029	28,371	33,570	46,864
- from discontinued operation	-	-	-	(155)
	<u>17,029</u>	<u>28,371</u>	<u>33,570</u>	<u>46,709</u>
Weighted average number of ordinary shares in issue ('000)	<u>661,721</u>	<u>657,464</u>	<u>661,721</u>	<u>657,464</u>
Basic earnings per share (sen)				
- from continuing operations	2.57	4.32	5.07	7.13
- from discontinued operation	-	-	-	(0.02)
	<u>2.57</u>	<u>4.32</u>	<u>5.07</u>	<u>7.10</u>



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B10. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 30/11/2018	3 Months Ended 30/11/2017	6 Months Ended 30/11/2018	6 Months Ended 30/11/2017
Net profit attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	17,029	28,371	33,570	46,864
- from discontinued operation	-	-	-	(155)
	<u>17,029</u>	<u>28,371</u>	<u>33,570</u>	<u>46,709</u>
Weighted average number of ordinary shares in issue ('000)	661,721	657,464	661,721	657,464
Effect of dilution:				
Exercise of warrants	-	1,710	-	1,710
Employee share option	-	11,441	-	11,441
Adjusted weighted average number of ordinary shares ('000)	<u>661,721</u>	<u>670,615</u>	<u>661,721</u>	<u>670,615</u>
Diluted earnings per share (sen)				
- from continuing operations	2.57	4.23	5.07	6.99
- from discontinued operation	-	-	-	(0.02)
	<u>2.57</u>	<u>4.23</u>	<u>5.07</u>	<u>6.97</u>

For the current quarter, the unexercised warrants and employee share option have no dilutive effect on the earnings per share as the exercise price is higher than the market price per ordinary share.



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B11. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	3 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2018 RM'000
Depreciation of property, plant and equipment	3,869	7,980
Finance costs	260	823
Rental of land and premises	344	721
	3,473	9,524

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

	3 Months Ended 30/11/2018 RM'000	6 Months Ended 30/11/2018 RM'000
Depreciation	1,460	3,005
Finance costs	566	993
Gain on disposal of property, plant and equipment	22	(1,031)
Income received from short term funds	(683)	(1,248)
Interest income	(1,226)	(2,212)
Property, plant and equipment written off	19	40
Net unrealised gain on foreign exchange	(1,616)	(626)
	(2,528)	(3,049)

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