



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 28/02/2019	3 Months Ended 28/02/2018	Variance	9 Months Ended 28/02/2019	9 Months Ended 28/02/2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	205,325	152,680	34	502,989	412,288	22
Cost of sales	(171,023)	(97,131)	76	(409,345)	(269,897)	52
<b>Gross profit</b>	<b>34,302</b>	<b>55,549</b>	<b>-38</b>	<b>93,644</b>	<b>142,391</b>	<b>-34</b>
Other income	2,428	6,131	-60	11,478	12,488	-8
Administrative expenses	(7,907)	(13,529)	-42	(19,044)	(24,600)	-23
Depreciation	(1,454)	(1,451)	0	(4,459)	(4,881)	-9
Operating expenses	(3,842)	(8,744)	-56	(12,291)	(19,556)	-37
Other expenses	(42)	(1,312)	-97	(169)	(4,247)	-96
Finance costs	(614)	(1,059)	-42	(1,606)	(2,723)	-41
Share of results of joint ventures	(433)	224	>100	200	389	-49
<b>Profit before tax</b>	<b>22,438</b>	<b>35,809</b>	<b>-37</b>	<b>67,753</b>	<b>99,261</b>	<b>-32</b>
Income tax expense	(8,918)	(10,780)	-17	(20,733)	(27,153)	-24
<b>Net profit from continuing operations</b>	<b>13,520</b>	<b>25,029</b>	<b>-46</b>	<b>47,020</b>	<b>72,108</b>	<b>-35</b>
<b>Discontinued operation:</b>						
Loss after tax from discontinued operation	-	-	-	-	(155)	-
<b>Net profit for the financial period</b>	<b>13,520</b>	<b>25,029</b>	<b>-46</b>	<b>47,020</b>	<b>71,953</b>	<b>-35</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(838)	(3,403)	-75	718	(6,790)	>100
<b>Total comprehensive income for the financial period</b>	<b>12,682</b>	<b>21,626</b>	<b>-41</b>	<b>47,738</b>	<b>65,163</b>	<b>-27</b>
<b>Net profit attributable to:</b>						
Equity holders of the Company	13,302	25,143	-47	46,872	71,852	-35
Non-controlling interests	218	(114)	>100	148	101	47
	<b>13,520</b>	<b>25,029</b>	<b>-46</b>	<b>47,020</b>	<b>71,953</b>	<b>-35</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	12,509	21,965	-43	47,549	65,531	-27
Non-controlling interests	173	(339)	>100	189	(368)	>100
	<b>12,682</b>	<b>21,626</b>	<b>-41</b>	<b>47,738</b>	<b>65,163</b>	<b>-27</b>



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(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (Continued)**  
(The figures are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 28/02/2019 RM'000	3 Months Ended 28/02/2018 RM'000	9 Months Ended 28/02/2019 RM'000	9 Months Ended 28/02/2018 RM'000
<b>Basic earnings per share (sen)</b>				
- continuing operations	2.01	3.82	7.08	10.94
- discontinued operation	-	-	-	(0.02)
	2.01	3.82	7.08	10.92
<b>Diluted earnings per share (sen)</b>				
- continuing operations	2.01	3.72	7.08	10.66
- discontinued operation	-	-	-	(0.02)
	2.01	3.72	7.08	10.64

*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 28 FEBRUARY 2019

	<b>Unaudited</b> As At 28/02/2019 RM'000	<b>Restated</b> As At 31/05/2018 RM'000	<b>Restated</b> As At 01/06/2017 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Concession assets	122,590	117,156	91,619
Property, plant and equipment	57,141	73,783	63,646
Investment properties	80,401	78,849	15,984
Inventories - land held for property development	3,905	3,897	3,889
Investment in joint ventures	1,681	1,481	37
Non-trade receivables	2,523	2,427	2,593
Other investment	100	100	100
Goodwill	17,218	17,101	18,430
Deferred tax assets	15,666	16,355	6,245
	301,225	311,149	202,543
<b>Current assets</b>			
Inventories - completed properties and others	71,351	69,806	980
Inventories - property development costs	824,347	835,379	731,019
Contract costs	1,495	1,498	-
Trade and other receivables	152,730	139,468	126,320
Contract assets	151,174	64,447	81,553
Current tax assets	10,259	5,424	6,632
Short term funds	35,870	54,368	59,435
Fixed deposits placed with licensed banks	98,797	92,542	87,909
Cash and bank balances	96,975	131,017	114,572
	1,442,998	1,393,949	1,208,420
Assets classified as held for sale	-	-	15,521
<b>TOTAL ASSETS</b>	1,744,223	1,705,098	1,426,484



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019 (Continued)

	Unaudited As At 28/02/2019 RM'000	Restated As At 31/05/2018 RM'000	Restated As At 01/06/2017 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Equity Holders of the Company</b>			
Share Capital	338,380	338,380	331,678
Reserves	397,582	369,100	291,490
	735,962	707,480	623,168
<b>Non-controlling interests</b>	4,513	4,324	8,003
<b>Total equity</b>	740,475	711,804	631,171
<b>Non-current liabilities</b>			
Bank borrowings	260,454	219,856	143,819
Deferred tax liabilities	4,750	4,773	6,449
Defined benefit obligations	2,428	2,508	2,039
Non-trade payables	245,185	272,666	243,554
	512,817	499,803	395,861
<b>Current liabilities</b>			
Contract liabilities	42,602	33,584	65,739
Trade and other payables	366,131	392,038	280,271
Bank borrowings	74,353	63,555	48,771
Current tax liabilities	7,845	4,314	4,150
	490,931	493,491	398,931
Liabilities classified as held for sale	-	-	521
<b>Total liabilities</b>	1,003,748	993,294	795,313
<b>TOTAL EQUITY AND LIABILITIES</b>	1,744,223	1,705,098	1,426,484
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.11	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 28 FEBRUARY 2019  
(The figures are unaudited)**

	Share Capital RM'000	Share Option Reserves RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>At 1 June 2018</b>								
As previously reported	338,380	3,721	1,347	(4,283)	365,719	<b>704,884</b>	4,324	<b>709,208</b>
Effects of adoption of MFRS	-	-	-	-	2,596	<b>2,596</b>	-	<b>2,596</b>
As restated	338,380	3,721	1,347	(4,283)	368,315	<b>707,480</b>	4,324	<b>711,804</b>
Total comprehensive income	-	-	-	677	46,872	<b>47,549</b>	189	<b>47,738</b>
Dividend on ordinary shares	-	-	-	-	(19,852)	<b>(19,852)</b>	-	<b>(19,852)</b>
Employees share option lapsed	-	(72)	-	-	72	-	-	-
Recognition of share option expenses	-	785	-	-	-	<b>785</b>	-	<b>785</b>
<b>At 28 February 2019</b>	<b>338,380</b>	<b>4,434</b>	<b>1,347</b>	<b>(3,606)</b>	<b>395,407</b>	<b>735,962</b>	<b>4,513</b>	<b>740,475</b>



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (Continued)**  
(The figures are unaudited)

	Share Capital RM'000	Share Option Reserves RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>At 1 June 2017</b>	331,678	743	1,347	1,772	287,628	<b>623,168</b>	8,003	<b>631,171</b>
Total comprehensive income	-	-	-	(6,321)	71,852	<b>65,531</b>	(368)	<b>65,163</b>
Recognition of share option expenses	-	4,383	-	-	-	<b>4,383</b>	-	<b>4,383</b>
Employees share option exercised	4,355	-	-	-	-	<b>4,355</b>	-	<b>4,355</b>
Dividend on ordinary shares	-	-	-	-	(19,758)	<b>(19,758)</b>	-	<b>(19,758)</b>
Transfer to share capital for employees share option exercised	462	(462)	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	46	<b>46</b>
<b>At 28 February 2018</b>	<b>336,495</b>	<b>4,664</b>	<b>1,347</b>	<b>(4,549)</b>	<b>339,722</b>	<b>677,679</b>	<b>7,681</b>	<b>685,360</b>

*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 28 FEBRUARY 2019 (The figures are unaudited)

	9 Months Ended 28/02/2019 RM'000	9 Months Ended 28/02/2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax:		
- continuing operations	67,753	99,261
- discontinued operation	-	(155)
Adjustments for:		
Accretion of interest on:		
- trade and other receivables	-	(2,002)
Bad debts recovered	-	(614)
Bad debts written off	-	59
Decrease in liability for defined benefit obligations	(80)	(316)
Depreciation of:		
- concession assets	1,872	2,087
- investment properties	677	498
- property, plant and equipment	13,749	14,579
Finance costs	2,946	4,005
Gain on disposal of property, plant and equipment	(1,056)	(575)
Income received from short term funds	(1,597)	(1,980)
Interest income	(3,210)	(3,820)
Loss on disposal of non-current assets held for sale	-	1,304
Net unrealised (gain)/loss on foreign exchange	(857)	3,758
Property, plant and equipment written off	42	7
Reversal of impairment losses on non-current assets held for sale	-	(1,211)
Share of results of joint ventures	(200)	(389)
Share option expenses	785	4,383
Waiver of liability	-	(4)
Operating profit before working capital changes	80,824	118,875
Changes in working capital:		
Contract assets/(Contract liabilities)	(77,709)	11,768
Contract costs	4	-
Inventories - completed properties and others	(1,545)	(68,143)
Inventories - property development costs	11,023	37,215
Payables	(53,539)	(32,894)
Receivables	(13,359)	4,921
Cash generated from operations	(54,301)	71,742
Net income tax paid	(21,390)	(37,436)
<b>Net Operating Cash Flows</b>	<b>(75,691)</b>	<b>34,306</b>



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (Continued)**  
 (The figures are unaudited)

	<b>9 Months Ended 28/02/2019 RM'000</b>	<b>9 Months Ended 28/02/2018 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of:		
- property, plant and equipment	(1,038)	(2,747)
- concession assets	(6,223)	(30,936)
- investment property	-	(55,714)
Borrowing cost and incidental cost capitalised in investment property	(2,228)	-
Investment in a subsidiary	-	(140)
Investment in a joint venture	-	(509)
Proceeds from disposal of:		
- non-current assets held for sale, net of cash and cash equivalents disposed of	-	1,498
- property, plant and equipment	6,665	1,019
Income received from short term funds	1,597	1,980
Interest income	3,210	3,820
<b>Net Investing Cash Flows</b>	<b>1,983</b>	<b>(81,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	80,729	97,854
Finance costs	(2,946)	(4,005)
Proceeds from issue of ordinary share capital	-	4,355
Repayment of:		
- bank borrowings	(28,157)	(18,584)
- hire purchase liabilities	(9,138)	(4,595)
Fixed deposits pledged as security values	(10,928)	(11,150)
Dividend paid	(19,852)	(19,758)
<b>Net Financing Cash Flows</b>	<b>9,708</b>	<b>44,117</b>
Net change in cash and cash equivalents	(64,000)	(3,306)
Effect of exchange rate changes	1,061	(3,709)
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	<b>146,125</b>	<b>194,206</b>





## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2019 (Continued)**  
(The figures are unaudited)

	<b>9 Months Ended 28/02/2019 RM'000</b>	<b>9 Months Ended 28/02/2018 RM'000</b>
<b>Analysis of Cash and Cash Equivalents</b>		
Cash and bank balances	96,975	114,620
Short term funds	35,870	48,674
Fixed deposits placed with licensed banks	98,797	103,145
Bank overdrafts	(14,051)	(7,786)
	<hr/> 217,591	<hr/> 258,653
Less: Fixed deposits pledged as security values	(71,466)	(64,447)
<b>Total</b>	<hr/> <b>146,125</b>	<hr/> <b>194,206</b>

*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 28 FEBRUARY 2019

#### 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:

<b>Standard</b>	<b>Title</b>
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"><li>• Amendments to MFRS 1 [Deletion of Short-term Exemptions for First-time Adopters]</li><li>• Amendments to MFRS 128 [Measuring an Associate or Joint Venture at Fair Value]</li></ul>
<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

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

#### 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 RM2.60 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.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

#### 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
<b>Impact on Statement of Financial Position</b>			
<b>As at 31 May 2018</b>			
<b><u>Non-current assets</u></b>			
Inventories - land held for property development	-	3,897	3,897
Land held for property development	3,897	(3,897)	-
<b><u>Current assets</u></b>			
Inventories - completed properties and others	-	69,806	69,806
Inventories - property development costs	-	835,379	835,379
Contract costs	-	1,498	1,498
Trade and other receivables	155,030	(15,562)	139,468
Contract assets	-	64,447	64,447
Inventories	69,806	(69,806)	-
Property development costs	834,281	(834,281)	-
Amount due from customers on contracts	48,885	(48,885)	-
<b><u>Current liabilities</u></b>			
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)
<b><u>Equity</u></b>			
Reserves	(366,504)	(2,596)	(369,100)



## GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

### 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
<b>Impact on Statement of Financial Position</b>			
<b>As at 1 June 2017</b>			
<b><u>Non-current assets</u></b>			
Inventories - land held for property development	-	3,889	3,889
Land held for property development	3,889	(3,889)	-
<b><u>Current assets</u></b>			
Inventories - completed properties and others	-	980	980
Inventories - property development costs	-	731,019	731,019
Trade and other receivables	183,178	(56,858)	126,320
Contract assets	-	81,553	81,553
Inventories	980	(980)	-
Property development costs	731,019	(731,019)	-
Amount due from customers on contracts	24,695	(24,695)	-
<b><u>Current liabilities</u></b>			
Contract liabilities	-	(65,740)	(65,740)
Amount due to customers on contracts	(18,844)	18,844	-
Trade and other payables	(327,167)	46,896	(280,271)
<b><u>Equity</u></b>			
Reserves	(291,490)	-	(291,490)



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

#### 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 28/02/2019	Exercisable as at 28/02/2019
		As at 01/12/2018	Granted	Exercised	Lapsed*		
0.86	16.12.2016	67,372,700	-	-	(7,286,900)	60,085,800	30,680,400
1.03	05.01.2018	14,933,300	-	-	(1,729,700)	13,203,600	6,601,800
		82,306,000	-	-	(9,016,600)	73,289,400	37,282,200

\* due to resignation of employees

There was no conversion of Warrant 2016/2021 for the current quarter under review. The number of outstanding warrants as at 28 February 2019 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 28 FEBRUARY 2019

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

#### A9. SEGMENTAL REPORTING

##### 9 months ended 28 February 2019 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	356,180	129,616	17,193	-	502,989
<b>Results</b>					
Segment results	41,360	29,091	5,264	(6,556)	69,159
Finance costs	(146)	(1,194)	(266)	-	(1,606)
Share of results of joint ventures	200	-	-	-	200
Profit/(Loss) before tax	41,414	27,897	4,998	(6,556)	67,753
Income tax expense					(20,733)
Profit for the financial period					47,020

##### 9 months ended 28 February 2018 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	271,809	123,400	17,079	-	412,288
<b>Results</b>					
Segment results	69,456	39,530	2,159	(9,550)	101,595
Finance costs	(1,471)	(934)	(318)	-	(2,723)
Share of results of joint ventures	389	-	-	-	389
Profit/(Loss) before tax	68,374	38,596	1,841	(9,550)	99,261
Income tax expense					(27,153)
Loss after tax from discontinued operation	-	-	-	-	(155)
Profit for the financial period					71,953



## **GADANG HOLDINGS BERHAD**

(Company No. 278114-K)

### **INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019**

#### **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, except for the following:-

- (a) On 29 March 2019, the Company announced that Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company had entered into a conditional settlement agreement, put option agreement and call option agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed variation to the terms of the joint venture agreement between APSB and CCPSB for an integrated development in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim ("Proposed Variation").

The Proposed Variation is subject to the fulfillment of the conditions precedent as stipulated in the respective agreements.

- (b) On 16 April, 2019, the Company announced that its wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd received and accepted a Letter of Award from TRX City Sdn Bhd for a contract sum of RM38,518,213.66.
- (c) On 18 April 2019, the Company announced that its wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd ("GESB") entered into a pre-bid consortium agreement with Million Rich Development Sdn Bhd ("MRDSB"), a wholly-owned subsidiary of DWL Resources Berhad (formerly known as Spring Gallery Berhad) to work with each other to bid for infrastructure projects. Under the agreement, a consortium, named "DWL-Gadang Consortium" will be set up, whereby GESB will have a 70% stake, with the remaining 30% to be owned by MRDSB.

##### **A12. CHANGES IN COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group for the current quarter under review, except for the following:-

- (a) On 7 January 2019, the Company announced that Jauhari Mahir Sdn Bhd, a dormant indirect wholly-owned subsidiary of the Company had been struck off from the register by the Companies Commission of Malaysia pursuant to Section 550 of the Companies Act, 2016.

##### **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 28 FEBRUARY 2019

#### 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 RM205.33 million as compared to RM152.68 million in the corresponding quarter of the preceding year. However, the profit before tax decreased to RM22.44 million as compared to RM35.81 million in the corresponding quarter of the preceding year.

For the current year to date, revenue increased to RM503.00 million from RM412.29 million in the preceding year to date. Profit before tax decreased to RM67.75 million from RM99.26 million in the preceding year to date. The lower profit for current quarter and year to date was mainly due to recognition of some variation orders for completed construction projects in the preceding year and lower profit reported for the Capital City project in the current year.

Total expenses for the current year to date decreased by RM17.00 million as compared to the preceding year to date. This was mainly due to the followings:-

- share option expenses for Employee's Share Option Scheme decreased by RM3.60 million;
- incidental cost for property development decreased by RM3.65 million; and
- foreign exchange loss reduced by RM3.76 million.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended	3 Months Ended	Variance	9 Months Ended	9 Months Ended	Variance
28/02/2019	28/02/2018		28/02/2019	28/02/2018	
RM'000	RM'000	%	RM'000	RM'000	%

#### REVENUE

##### Continuing operations

Construction Division	163,601	89,529	83	356,180	271,809	31
Property Division	35,892	57,909	-38	129,616	123,400	5
Utility Division	5,832	5,242	11	17,193	17,079	1
Investment Holding	-	-	-	-	-	-
	<u>205,325</u>	<u>152,680</u>	<u>34</u>	<u>502,989</u>	<u>412,288</u>	<u>22</u>

##### Discontinued operation

Plantation Division	-	-	-	-	-	-
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## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

#### B1. OPERATING SEGMENTS REVIEW (Continued)

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 28/02/2019	3 Months Ended 28/02/2018	Variance	9 Months Ended 28/02/2019	9 Months Ended 28/02/2018	Variance
RM'000	RM'000	%	RM'000	RM'000	%

#### **PROFIT/(LOSS) BEFORE TAX**

##### Continuing operations

Construction Division	18,385	20,814	-12	41,414	68,374	-39
Property Division	5,091	19,522	-74	27,897	38,596	-28
Utility Division	1,636	894	83	4,998	1,841	>100
Investment Holding	(2,674)	(5,421)	-51	(6,556)	(9,550)	-31
	<u>22,438</u>	<u>35,809</u>	<u>-37</u>	<u>67,753</u>	<u>99,261</u>	<u>-32</u>

##### Discontinued operation

Plantation Division	-	-	-	-	(155)	-
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#### **Construction Division**

The current quarter, revenue increased to RM163.60 million as compared to RM89.53 million in the corresponding quarter of the preceding year. Profit before tax for the current quarter decreased to RM18.39 million as compared to RM20.81 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased to RM356.18 million as compared to RM271.81 million in the preceding year to date. However, profit before tax decreased to RM41.41 million in the current year to date as compared to RM68.37 million, mainly due to higher volume of variation orders recognised in the preceding year.

#### **Property Division**

The current quarter, revenue decreased to RM35.89 million as compared to RM57.91 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM5.09 million as compared to RM19.52 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased marginally to RM129.62 million as compared to RM123.40 million in the preceding year to date. However, profit before tax decreased to RM27.90 million as compared to RM38.60 million in the preceding year to date, arising from the lower profit reported for the Capital City project.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

#### B1. OPERATING SEGMENTS REVIEW (Continued)

##### Utility Division

The current quarter, revenue increased to RM5.83 million as compared to RM5.24 million in the corresponding quarter of the preceding year. In line with this, profit before tax increased to RM1.64 million as compared to RM0.89 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased to RM17.19 million from RM17.08 million in the preceding year to date. Profit before tax increased to RM5.00 million from RM1.84 million in the preceding year to date, due to lower operating expenses and favourable foreign exchange translation effect.

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

	Current Quarter 28/02/2019 RM'000	Preceding Quarter 30/11/2018 RM'000	Variance %
Revenue	205,325	168,515	22
Operating profit	24,506	24,523	-0.07
Profit before interest and tax	23,052	23,064	-0.05
Profit before tax	22,438	22,499	-0.27
Profit after tax	13,520	16,962	-20
Profit attributable to equity holders of the Company	13,302	17,029	-22

The Group's revenue increased by 22% to RM205.33 million in the current quarter as compared to RM168.52 million in the preceding quarter. However, the Group's profit before tax decreased marginally to RM22.44 million as compared to RM22.50 million in the preceding quarter. This was mainly due to the lower profit margin for on-going projects.

#### B3. BUSINESS PROSPECTS

The Board foresees a challenging period for the Group, taking into account the competitive market landscape and has initiated active tender participation for domestic infrastructure projects. 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 the fast escalating material prices and labour costs has further deteriorated our overall margins 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 RM1.30 billion shall provide stable income visibility going forward.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

#### B3. BUSINESS PROSPECTS (Continued)

##### Property Division

The overall 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 RM93.10 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.

#### 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:

	<b>3 Months Ended 28/02/2019 RM'000</b>	<b>9 Months Ended 28/02/2019 RM'000</b>
Income tax expense:		
Malaysian income tax	(7,272)	(18,043)
Foreign income tax	(542)	(2,019)
Deferred tax	(1,104)	(671)
	<u>(8,918)</u>	<u>(20,733)</u>

The effective tax rate for the Group for the current year to date was higher than the statutory tax rate mainly due to business losses of certain subsidiaries and tax underprovision for prior year.

#### 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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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

**B7. GROUP BORROWINGS**

The details of the Group borrowings are as follows:

	As at 28/02/2019 RM'000	As at 31/05/2018 RM'000
<b>(a) (i) Short Term Borrowings</b>		
Revolving credits	50,700	34,999
Trust receipt	-	169
Bank overdraft	14,051	8,326
Term loans	3,229	9,000
Hire purchase payables	6,373	11,061
	74,353	63,555
<b>(ii) Long Term Borrowings</b>		
Term loans	244,822	201,342
Hire purchase payables	15,632	18,514
	260,454	219,856
<b>Total Borrowings</b>	334,807	283,411

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

	As at 28/02/2019		As at 31/05/2018	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	1,440	5,854	1,878	7,494
Indonesian Rupiah	154,742,104	44,720	154,742,104	44,255
		50,574		51,749

Bank borrowings for the current year to date increased to RM334.81 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.



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

#### B8. MATERIAL LITIGATION

As at 17 April 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 28/02/2019	3 Months Ended 28/02/2018	9 Months Ended 28/02/2019	9 Months Ended 28/02/2018
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	13,302	25,143	46,872	72,007
- from discontinued operation	-	-	-	(155)
	<u>13,302</u>	<u>25,143</u>	<u>46,872</u>	<u>71,852</u>
Weighted average number of ordinary shares in issue ('000)	661,721	657,999	661,721	657,999
	<u>661,721</u>	<u>657,999</u>	<u>661,721</u>	<u>657,999</u>
Basic earnings per share (sen)				
- from continuing operations	2.01	3.82	7.08	10.94
- from discontinued operation	-	-	-	(0.02)
	<u>2.01</u>	<u>3.82</u>	<u>7.08</u>	<u>10.92</u>



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

#### 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 28/02/2019	3 Months Ended 28/02/2018	9 Months Ended 28/02/2019	9 Months Ended 28/02/2018
Net profit attributable to ordinary equity holders of the Company (RM'000)				
- from continuing operations	13,302	25,143	46,872	72,007
- from discontinued operation	-	-	-	(155)
	<u>13,302</u>	<u>25,143</u>	<u>46,872</u>	<u>71,852</u>
Weighted average number of ordinary shares in issue ('000)	661,721	657,999	661,721	657,999
Effect of dilution:				
Exercise of warrants	-	1,710	-	1,710
Employee share option	-	15,567	-	15,567
Adjusted weighted average number of ordinary shares ('000)	<u>661,721</u>	<u>675,276</u>	<u>661,721</u>	<u>675,276</u>
Diluted earnings per share (sen)				
- from continuing operations	2.01	3.72	7.08	10.66
- from discontinued operation	-	-	-	(0.02)
	<u>2.01</u>	<u>3.72</u>	<u>7.08</u>	<u>10.64</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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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2019

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

#### B11. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	<b>3 Months Ended 28/02/2019 RM'000</b>	<b>9 Months Ended 28/02/2019 RM'000</b>
Depreciation of property, plant and equipment	3,858	11,838
Finance costs	516	1,340
Rental of land and premises	365	1,086

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

	<b>3 Months Ended 28/02/2019 RM'000</b>	<b>9 Months Ended 28/02/2019 RM'000</b>
Depreciation	1,454	4,459
Finance costs	614	1,606
Gain on disposal of property, plant and equipment	(25)	(1,056)
Income received from short term funds	(349)	(1,597)
Interest income	(998)	(3,210)
Net unrealised gain on foreign exchange	(231)	(857)
Property, plant and equipment written off	2	42
Share option expenses	785	785

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.