



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018	Variance	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	147,599	129,149	14	147,599	129,149	14
Cost of sales	(116,120)	(98,477)	18	(116,120)	(98,477)	18
<b>Gross profit</b>	<b>31,479</b>	<b>30,672</b>	<b>3</b>	<b>31,479</b>	<b>30,672</b>	<b>3</b>
Other income	3,999	4,493	-11	3,999	4,493	-11
Administrative expenses	(6,006)	(5,599)	7	(6,006)	(5,599)	7
Depreciation	(1,467)	(1,545)	-5	(1,467)	(1,545)	-5
Operating expenses	(4,068)	(3,874)	5	(4,068)	(3,874)	5
Other expenses	(1,891)	(1,063)	78	(1,891)	(1,063)	78
Finance costs	(1,163)	(427)	>100	(1,163)	(427)	>100
Share of results of joint ventures	105	159	-34	105	159	-34
<b>Profit before tax</b>	<b>20,988</b>	<b>22,816</b>	<b>-8</b>	<b>20,988</b>	<b>22,816</b>	<b>-8</b>
Income tax expense	(6,034)	(6,278)	-4	(6,034)	(6,278)	-4
<b>Net profit for the financial period</b>	<b>14,954</b>	<b>16,538</b>	<b>-10</b>	<b>14,954</b>	<b>16,538</b>	<b>-10</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	710	(1,226)	>100	710	(1,226)	>100
<b>Total comprehensive income for the financial period</b>	<b>15,664</b>	<b>15,312</b>	<b>2</b>	<b>15,664</b>	<b>15,312</b>	<b>2</b>
<b>Net profit/(loss) attributable to:</b>						
Equity holders of the Company	14,845	16,542	-10	14,845	16,542	-10
Non-controlling interests	109	(4)	>100	109	(4)	>100
	<b>14,954</b>	<b>16,538</b>	<b>-10</b>	<b>14,954</b>	<b>16,538</b>	<b>-10</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	15,515	15,392	1	15,515	15,392	1
Non-controlling interests	149	(80)	>100	149	(80)	>100
	<b>15,664</b>	<b>15,312</b>	<b>2</b>	<b>15,664</b>	<b>15,312</b>	<b>2</b>
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)	2.19	2.50	-12	2.19	2.50	-12
- Diluted (sen)	2.19	2.50	-12	2.19	2.50	-12



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2019

	Unaudited As At 31/08/2019 RM'000	Audited As At 31/05/2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint ventures	2,521	2,416
Concession assets	128,747	126,330
Property, plant and equipment	57,186	61,649
Investment properties	78,085	78,277
Inventories - land held for property development	3,909	3,905
Non-trade receivables	2,726	2,662
Other investments	11,500	13,300
Goodwill on consolidation	17,529	17,412
Deferred tax assets	18,513	18,340
	320,716	324,291
<b>Current assets</b>		
Inventories - completed properties and others	61,669	66,039
Inventories - property development costs	786,192	792,899
Contract costs	1,174	1,050
Trade and other receivables	151,262	163,190
Contract assets	233,471	215,298
Current tax assets	11,317	6,000
Short term funds	65,722	33,131
Deposits with licensed banks	106,096	98,415
Cash and bank balances	76,930	85,330
	1,493,833	1,461,352
<b>TOTAL ASSETS</b>	<b>1,814,549</b>	<b>1,785,643</b>



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2019 (Continued)

	Unaudited As At 31/08/2019 RM'000	Audited As At 31/05/2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Equity Holders of the Company</b>		
Share Capital	389,521	338,380
Reserves	410,927	395,456
	800,448	733,836
<b>Non-controlling interests</b>	4,658	4,509
<b>Total equity</b>	805,106	738,345
<b>Non-current liabilities</b>		
Bank borrowings	189,412	191,821
Deferred tax liabilities	4,360	4,174
Defined benefit obligations	2,587	2,573
Non-trade payables	200,923	199,801
	397,282	398,369
<b>Current liabilities</b>		
Trade and other payables	367,882	402,278
Contract liabilities	91,037	72,784
Bank borrowings	145,571	168,444
Current tax liabilities	7,671	5,423
	612,161	648,929
<b>Total liabilities</b>	1,009,443	1,047,298
<b>TOTAL EQUITY AND LIABILITIES</b>	1,814,549	1,785,643
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.11	1.11

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2019.*



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 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 2019</b>	338,380	4,455	1,347	(2,532)	392,186	<b>733,836</b>	4,509	<b>738,345</b>
Total comprehensive income	-	-	-	670	14,845	<b>15,515</b>	149	<b>15,664</b>
Issue of ordinary shares	50,952	-	-	-	-	<b>50,952</b>	-	<b>50,952</b>
Issue of shares upon exercise of share option	145	-	-	-	-	<b>145</b>	-	<b>145</b>
Transfer to share capital for employees share option exercised	44	(44)	-	-	-	-	-	-
<b>At 31 August 2019</b>	<b>389,521</b>	<b>4,411</b>	<b>1,347</b>	<b>(1,862)</b>	<b>407,031</b>	<b>800,448</b>	<b>4,658</b>	<b>805,106</b>
<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	-	-	-	-	2,594	<b>2,594</b>	-	<b>2,594</b>
As restated	338,380	3,721	1,347	(4,283)	368,313	<b>707,478</b>	4,324	<b>711,802</b>
Total comprehensive income	-	-	-	(1,150)	16,542	<b>15,392</b>	(80)	<b>15,312</b>
<b>At 31 August 2018</b>	<b>338,380</b>	<b>3,721</b>	<b>1,347</b>	<b>(5,433)</b>	<b>384,855</b>	<b>722,870</b>	<b>4,244</b>	<b>727,114</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 2019.*



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>3 Months Ended 31/08/2019 RM'000</b>	<b>3 Months Ended 31/08/2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax:	20,988	22,816
Adjustments for:		
Bad debts written off	26	-
Increase/(Decrease) in liability for defined benefit obligations	13	(156)
Depreciation of:		
- concession assets	663	652
- investment properties	217	223
- property, plant and equipment	4,556	4,782
Fair value loss on quoted investment	1,800	-
Finance costs	2,107	990
Gain on disposal of property, plant and equipment	(818)	(1,053)
Income received from short term funds	(398)	(565)
Interest income	(1,362)	(986)
Net unrealised (gain)/loss on foreign exchange	(418)	990
Property, plant and equipment written off	36	21
Share of results of joint ventures	(105)	(159)
Operating profit before working capital changes	27,305	27,555
Changes in working capital:		
Contract assets/(liabilities)	80	3,010
Contract costs	(124)	-
Inventories - completed properties and others	4,370	6,816
Inventories - property development costs	6,704	3,465
Payables	(33,274)	(29,484)
Receivables	11,837	(30,393)
Cash generated from operations	16,898	(19,031)
Net income tax paid	(9,082)	(6,323)
<b>Net Operating Cash Flows</b>	<b>7,816</b>	<b>(25,354)</b>



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019 (Continued)

	<b>3 Months Ended 31/08/2019</b>	<b>3 Months Ended 31/08/2018</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- property, plant and equipment	(206)	(387)
- concession assets	(1,996)	(1,849)
- investment properties	(26)	(648)
Proceeds from disposal of property, plant and equipment	900	6,077
Income received from short term funds	398	565
Interest income	1,362	986
<b>Net Investing Cash Flows</b>	432	4,744
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	50,461	28,060
Finance costs	(2,107)	(990)
Proceeds from issuance of:		
- ordinary share	50,952	-
- share options exercised	145	-
Repayment of:		
- bank borrowings	(60,891)	(1,805)
- hire purchase liabilities	(1,951)	(3,015)
Fixed deposits pledged as security values	(4,596)	(3,360)
Dividend paid	-	-
<b>Net Financing Cash Flows</b>	32,013	18,890
Net change in cash and cash equivalents	40,261	(1,720)
Effect of exchange rate changes	360	(621)
Cash and cash equivalents at the beginning of the financial year	125,595	209,064
Cash and cash equivalents at the end of the financial year	166,216	206,723
<b>Analysis of Cash and Cash Equivalents</b>		
Cash and bank balances	76,930	110,597
Short term funds	65,722	62,012
Deposits with licensed banks	106,096	98,008
Bank overdrafts	(9,559)	-
	239,189	270,617
Less: Fixed deposits pledged as security values	(72,973)	(63,894)
<b>Total</b>	166,216	206,723

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2019.*



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2019

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

##### A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with *MFRS 134 - Interim Financial Reporting*, issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2019. The 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 2019.

##### A2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for financial year ended 31 May 2019, except for the changes arising from the adoption of new Malaysian Financial Reporting Standards (“MFRSs”), Amendments/Improvements to MFRSs and IC Interpretations as follows:

<b>Standard</b>	<b>Title</b>
MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 140	Transfer of Investment Property
Annual Improvements to MFRSs 2015-2017 Cycles	

##### IC Interpretations

IC 23	Uncertainty over Income Tax Treatments
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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.

##### **MFRSs, Amendments/Improvements to MFRSs and IC Interpretations issued but not yet effective**

<b>Standard</b>	<b>Title</b>	<b>Effective Date</b>
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to Reference to the Conceptual Framework in MFRSs		1 January 2020

The Group will apply the above MFRSs, Amendments/Improvements to MFRSs and IC Interpretations that are applicable once they become effective. The adoption of the above MFRSs, Amendments/Improvements to MFRSs and IC Interpretations is not expected to have any material impact on the financial statements of the Group.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2019

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

#### A3. AUDIT REPORT

The auditors' report on the Group's financial statements for the financial year ended 31 May 2019 was not subject to any audit qualification.

#### A4. SEASONAL OR CYCLICAL FACTORS

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

#### A5. UNUSUAL SIGNIFICANT ITEMS

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

#### A6. CHANGES IN ESTIMATES

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

#### A7. DEBT AND EQUITY SECURITIES

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

- (a) issuance of 66,172,000 new ordinary shares of RM0.77 each pursuant to the private placement exercise which was completed on 12 June 2019; and
- (b) issuance of 168,000 new ordinary shares of RM0.86 each pursuant to the exercise of share options under the Company's Employees' Share Option Scheme.

The movement of the share options are as follows:-

Option price (RM)	Date of offer	No. of options				As at 31/08/2019	Exercisable as at 31/08/2019
		As at 01/06/2019	Granted	Exercised	Lapsed*		
0.86	16.12.2016	60,085,800	-	(168,000)	-	59,917,800	30,512,400
1.03	05.01.2018	13,203,600	-	-	-	13,203,600	6,601,800
		73,289,400	-	(168,000)	-	73,121,400	37,114,200

\* 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 31 August 2019 was 129,254,039.





## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2019

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

#### A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.

#### A9. SEGMENTAL REPORTING

##### 3 months ended 31 August 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>	107,998	33,353	6,248	-	147,599
<b>Results</b>					
Segment results	17,383	5,932	2,145	(3,414)	22,046
Finance costs	(661)	(411)	(69)	(22)	(1,163)
Share of results of joint ventures	105	-	-	-	105
Profit/(Loss) before tax	16,827	5,521	2,076	(3,436)	20,988
Income tax expense					(6,034)
Profit for the financial period					14,954

##### 3 months ended 31 August 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>	69,570	53,851	5,728	-	129,149
<b>Results</b>					
Segment results	10,428	13,868	618	(1,830)	23,084
Finance costs	(52)	(288)	(87)	-	(427)
Share of results of joint ventures	159	-	-	-	159
Profit/(Loss) before tax	10,535	13,580	531	(1,830)	22,816
Income tax expense					(6,278)
Profit for the financial period					16,538



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2019

#### PART A – EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 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 2019.

##### 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.

##### A15. PROVISION OF FINANCIAL ASSISTANCE

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad’s Listing Requirements, the financial assistance provided by the Group is as follows:

###### Advances to sub-contractors

	<b>As At 31/08/2019 RM'000</b>
Non-interest bearing advances	19,867

The financial assistance provided does not have any material effect on the earnings, net assets and liquidity of the Group.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 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 revenue of RM147.60 million as compared to RM129.15 million in the corresponding quarter of the preceding year. However, the profit before tax decreased to RM20.99 million as compared to RM22.82 million in the corresponding quarter of the preceding year.

Other expenses for the current quarter of RM1.89 million was mainly due to the fair value loss on quoted investment.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 31/08/2019	3 Months Ended 31/08/2018	Variance %	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018	Variance %
RM'000	RM'000	%	RM'000	RM'000	%

##### REVENUE

Construction Division	107,998	69,570	55	107,998	69,570	55
Property Division	33,353	53,851	-38	33,353	53,851	-38
Utility Division	6,248	5,728	9	6,248	5,728	9
Investment Holding	-	-	-	-	-	-
	<u>147,599</u>	<u>129,149</u>	<u>14</u>	<u>147,599</u>	<u>129,149</u>	<u>14</u>

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

Construction Division	16,827	10,535	60	16,827	10,535	60
Property Division	5,521	13,580	-59	5,521	13,580	-59
Utility Division	2,076	531	>100	2,076	531	>100
Investment Holding	(3,436)	(1,830)	88	(3,436)	(1,830)	88
	<u>20,988</u>	<u>22,816</u>	<u>-8</u>	<u>20,988</u>	<u>22,816</u>	<u>-8</u>

##### Construction Division

Revenue increased to RM108.00 million as compared to RM69.57 million in the corresponding quarter of the preceding year. Profit before tax increased to RM16.83 million as compared to RM10.54 million in the corresponding quarter of the preceding year, due to higher work progress for on-going projects.

##### Property Division

Revenue decreased to RM33.35 million as compared to RM53.85 million in the corresponding quarter of the preceding year, due to lower sales registered in the current quarter. In line with this, profit before tax decreased to RM5.52 million as compared to RM13.58 million in the corresponding quarter of the preceding year.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 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

Revenue increased to RM6.25 million as compared to RM5.73 million in the corresponding quarter of the preceding year. Profit before tax increased to RM2.08 million as compared to RM0.53 million in the corresponding quarter of the preceding year, due to lower operating expenses and favourable foreign exchange translation effect in current quarter.

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

	Current Quarter 31/08/2019 RM'000	Preceding Quarter 31/05/2019 RM'000	Variance %
Revenue	147,599	184,704	-20
Operating profit	23,618	7,750	>100
Profit before interest and tax	22,151	6,302	>100
Profit before tax	20,988	3,970	>100
Profit/(Loss) after tax	14,954	(2,879)	>100
Profit/(Loss) attributable to equity holders of the Company	14,845	(2,811)	>100

The Group's revenue decreased to RM147.60 million in the current quarter as compared to RM184.70 million in the preceding quarter. The Group's profit before tax increased to RM20.99 million as compared to RM3.97 million recorded in the preceding quarter, which accounted for fair value loss on quoted investment of RM4.8 million and finance cost on investment properties of RM2.6 million. The higher profit before tax for the current quarter was partly attributed by higher work progress for on-going projects.

#### B3. BUSINESS PROSPECT FOR THE FINANCIAL YEAR ENDING 31 MAY 2020

The Board is cautiously optimistic that major construction initiatives such as the revival of the East Coast Rail Line project, Pan Borneo Highway project and the development of Bandar Malaysia infrastructure components will be positive for the Group.

The Construction Division will continuously bid for new infrastructure contracts to refresh its order book and to better manage on its timely project execution. As at the reporting date, the Division's existing outstanding order book stands at RM1.14 billion which will be able to sustain its operation for the next 2 years.

The Property Division will realign its new launches of property development projects to match market demand. Based on the total unbilled sales of RM126.50 million and the sales progress of the newly launched townhouse project located in Putra Perdana, the Division is expanding on its customer segments to drive sustainable growth.

The Utility Division is expected to continue to contribute a sustainable recurring income stream from the concession water treatment assets, which upon the completion of the 9MW mini-hydro power plant under construction in Lintau, Sumatera will further increase and strengthen the overall recurring income stream.



## GADANG HOLDINGS BERHAD

(Company No. 278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2019

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

##### 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 31/08/2019 RM'000</b>
Income tax expense:	
Malaysian income tax	(5,403)
Foreign income tax	(613)
Deferred tax	(18)
	<hr/> <b>(6,034)</b> <hr/>

The Group's effective tax rate (excluding the results of joint ventures which is equity accounted net of tax) for the current quarter was higher than the statutory tax rate mainly due to business losses of certain subsidiaries and certain expenses not deductible for tax purposes.

##### B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

- (a) 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.

- (b) 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. On 26 September 2019, APSB and CCPSB mutually agreed to extend the conditional period which will expire on 28 September 2019, for another six months to 28 March 2020, for CCPSB to fulfill the remaining conditions precedent as set out in the Settlement Agreement.



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#### B7. UTILISATION OF PROCEEDS

The status of the utilization of proceeds of RM50,952,440 raised from the Private Placement is as follows:-

Purpose	Proposed utilisation RM'000	Actual utilisation as at 31 August 2019 RM'000	Balance unutilised as at 31 August 2019 RM'000	Intended timeframe for utilisation from the date of listing
Construction projects expenditure	37,069	-	37,069	Within 24 months
Repayment of bank borrowings	13,500	(9,000)	4,500	Within 24 months
Expenses relating to the Private Placement	383	(383)	-	Completed
	50,952	(9,383)	41,569	

#### B8. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/08/2019 RM'000	As at 31/05/2019 RM'000
<b>(a) (i) Short Term Borrowings</b>		
Revolving credits	70,100	72,700
Banker acceptance	6,222	-
Bank overdraft	9,559	22,903
Term loans	53,602	66,181
Hire purchase payables	6,088	6,660
	145,571	168,444
<b>(ii) Long Term Borrowings</b>		
Term loans	177,526	178,555
Hire purchase payables	11,886	13,266
	189,412	191,821
<b>Total Borrowings</b>	334,983	360,265



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#### B8. GROUP BORROWINGS (Continued)

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

	As at 31/08/2019		As at 31/05/2019	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	1,149	4,857	1,295	5,475
Indonesian Rupiah	146,056,580	43,379	149,800,340	44,041
		48,236		49,516

#### B9. MATERIAL LITIGATION

As at 16 October 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.

#### B10. DIVIDEND

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

In respect of the financial year 31 May 2019, the Board recommended a first and final dividend of 1.2 sen per share for approval of the shareholders at the forthcoming Annual General Meeting and if approved, will be paid on 6 December 2019. The entitlement date for the proposed dividend payment is 15 November 2019.

#### B11. PURCHASE AND SALE OF QUOTED SECURITIES

Investment in quoted securities held by the Group as at 31 August 2019, was as follows:

	As At 31/08/2019 RM'000
Quoted investment in Malaysia at cost	18,000

The quoted investment represents 20,000,000 shares or appropriately 10% equity interest in DWL Resources Berhad. As at 31 August 2019, the market value was RM11,400,000.



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#### B12. EARNINGS PER SHARE

##### (a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018
Net profit attributable to ordinary equity holders of the Company (RM'000)	14,845	16,542	14,845	16,542
Weighted average number of ordinary shares in issue ('000)	676,426	661,721	676,426	661,721
Basic earnings per share (sen)	2.19	2.50	2.19	2.50

##### (b) Diluted earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018	3 Months Ended 31/08/2019	3 Months Ended 31/08/2018
Net profit attributable to ordinary equity holders of the Company (RM'000)	14,845	16,542	14,845	16,542
Weighted average number of ordinary shares in issue ('000)	676,426	661,721	676,426	661,721
Effect of dilution:				
Exercise of warrants	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	676,426	661,721	676,426	661,721
Diluted earnings per share (sen)	2.19	2.50	2.19	2.50

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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MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B13. 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 31/08/2019 RM'000</b>
Depreciation of property, plant and equipment	3,969
Finance costs	944
Rental of land and premises	385

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

	<b>3 Months Ended 31/08/2019 RM'000</b>
Bad debts written off	26
Depreciation	1,467
Fair value loss on investment in quoted shares	1,800
Finance costs	1,163
Gain on disposal of property, plant and equipment	(818)
Income received from short term funds	(398)
Interest income	(1,362)
Net unrealised gain on foreign exchange	(418)
Property, plant and equipment written off	36

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.