



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2019 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 30/11/2019	3 Months Ended 30/11/2018	Variance	6 Months Ended 30/11/2019	6 Months Ended 30/11/2018	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	197,718	168,515	17	345,317	297,664	16
Cost of sales	(169,226)	(139,845)	21	(285,347)	(238,323)	20
Gross profit	28,492	28,670	-1	59,970	59,341	1
Other income	4,002	4,557	-12	8,002	9,050	-12
Administrative expenses	(6,788)	(5,539)	23	(12,794)	(11,138)	15
Depreciation	(1,384)	(1,459)	-5	(2,852)	(3,005)	-5
Operating expenses	(5,237)	(4,575)	14	(9,304)	(8,449)	10
Other expenses	(3,289)	936	>100	(5,180)	(125)	>100
Finance costs	(1,149)	(565)	>100	(2,312)	(993)	>100
Share of results of joint ventures	440	474	-7	545	633	-14
Profit before tax	15,087	22,499	-33	36,075	45,314	-20
Income tax expense	(4,138)	(5,537)	-25	(10,172)	(11,814)	-14
Net profit for the financial period	10,949	16,962	-35	25,903	33,500	-23
Other comprehensive income:						
Foreign currency translation	(250)	2,783	>100	460	1,556	>100
Total comprehensive income for the financial period	10,699	19,745	-46	26,363	35,056	-25
Net profit/(loss) attributable to:						
Equity holders of the Company	10,846	17,029	-36	25,691	33,570	-23
Non-controlling interests	103	(67)	>100	212	(70)	>100
	10,949	16,962	-35	25,903	33,500	-23
Total comprehensive income attributable to:						
Equity holders of the Company	10,610	19,649	-46	26,125	35,040	-25
Non-controlling interests	89	96	-7	238	16	>100
	10,699	19,745	-46	26,363	35,056	-25
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	1.57	2.57	-39	3.71	5.07	-27
- Diluted (sen)	1.57	2.57	-39	3.71	5.07	-27

The Condensed Consolidated Statements of Comprehensive Income 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 FINANCIAL POSITION AS AT 30 NOVEMBER 2019

	Unaudited As At 30/11/2019 RM'000	Audited As At 31/05/2019 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	2,961	2,416
Concession assets	133,292	126,330
Property, plant and equipment	49,702	61,649
Investment properties	77,936	78,277
Inventories - land held for property development	3,908	3,905
Non-trade receivables	2,749	2,662
Other investments	8,200	13,300
Goodwill on consolidation	17,490	17,412
Deferred tax assets	20,171	18,340
	316,409	324,291
Current assets		
Inventories - completed properties and others	50,935	66,039
Inventories - property development costs	785,884	792,899
Contract costs	1,482	1,050
Trade and other receivables	191,586	163,190
Contract assets	266,274	215,298
Current tax assets	14,344	6,000
Short term funds	48,861	33,131
Deposits with licensed banks	113,291	98,415
Cash and bank balances	97,982	85,330
	1,570,639	1,461,352
TOTAL ASSETS	1,887,048	1,785,643



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2019 (Continued)

	Unaudited As At 30/11/2019 RM'000	Audited As At 31/05/2019 RM'000
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	389,521	338,380
Reserves	412,799	395,456
	802,320	733,836
Non-controlling interests	4,747	4,509
Total equity	807,067	738,345
Non-current liabilities		
Bank borrowings	178,376	191,821
Deferred tax liabilities	4,051	4,174
Defined benefit obligations	2,578	2,573
Non-trade payables	199,691	199,801
	384,696	398,369
Current liabilities		
Trade and other payables	387,760	402,278
Contract liabilities	101,895	72,784
Bank borrowings	193,440	168,444
Current tax liabilities	12,190	5,423
	695,285	648,929
Total liabilities	1,079,981	1,047,298
TOTAL EQUITY AND LIABILITIES	1,887,048	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 30 NOVEMBER 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
At 1 June 2019	338,380	4,455	1,347	(2,532)	392,186	733,836	4,509	738,345
Total comprehensive income	-	-	-	434	25,691	26,125	238	26,363
Dividend on ordinary shares	-	-	-	-	(8,738)	(8,738)	-	(8,738)
Issue of ordinary shares	50,952	-	-	-	-	50,952	-	50,952
Issue of shares upon exercise of share option	145	-	-	-	-	145	-	145
Transfer to share capital for employees share option exercised	44	(44)	-	-	-	-	-	-
At 30 November 2019	389,521	4,411	1,347	(2,098)	409,139	802,320	4,747	807,067
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

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 30 NOVEMBER 2019 (The figures are unaudited)

	6 Months Ended 30/11/2019 RM'000	6 Months Ended 30/11/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	36,075	45,314
Adjustments for:		
Bad debts written off	26	-
Increase/(Decrease) in liability for defined benefit obligations	5	(46)
Depreciation of:		
- concession assets	1,260	1,255
- investment properties	459	449
- property, plant and equipment	8,109	9,281
Fair value loss on quoted investment	5,000	-
Finance costs	4,110	1,816
Gain on disposal of property, plant and equipment	(2,707)	(1,031)
Income received from short term funds	(831)	(1,248)
Interest income	(2,651)	(2,212)
Net unrealised (gain)/loss on foreign exchange	(458)	(626)
Property, plant and equipment written off	36	40
Share of results of joint ventures	(545)	(633)
Operating profit before working capital changes	47,888	52,359
Changes in working capital:		
Contract assets/(liabilities)	(21,865)	(43,855)
Contract costs	(432)	-
Inventories - completed properties and others	15,105	(3,970)
Inventories - property development costs	7,012	12,703
Payables	(14,627)	(27,936)
Receivables	(28,510)	(32,664)
Cash generated from operations	4,571	(43,363)
Net income tax paid	(13,699)	(12,893)
Net Operating Cash Flows	(9,128)	(56,256)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- property, plant and equipment	(724)	(826)
- concession assets	(7,507)	(3,824)
- investment properties	(119)	-
Borrowing cost capitalised in investment property	-	(1,342)
Proceeds from disposal of:		
- other investment	100	-
- property, plant and equipment	7,329	6,627
Income received from short term funds	831	1,248
Interest income	2,651	2,212
Net Investing Cash Flows	2,561	4,095



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD 30 NOVEMBER 2019 (Continued) (The figures are unaudited)

	6 Months Ended 30/11/2019 RM'000	6 Months Ended 30/11/2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	129,123	35,540
Finance costs	(4,110)	(1,816)
Proceeds from issuance of:		
- ordinary share	50,952	-
- share options exercised	145	-
Repayment of:		
- bank borrowings	(124,867)	(9,857)
- hire purchase liabilities	(6,942)	(6,003)
Fixed deposits pledged as security values	(2,284)	(6,427)
Dividend paid	(8,738)	(19,852)
Net Financing Cash Flows	33,279	(8,415)
Net change in cash and cash equivalents	26,712	(60,576)
Effect of exchange rate changes	353	913
Cash and cash equivalents at the beginning of the financial period	125,595	209,064
Cash and cash equivalents at the end of the financial period	152,660	149,401
Analysis of Cash and Cash Equivalents		
Cash and bank balances	97,982	91,928
Short term funds	48,861	42,740
Deposits with licensed banks	113,291	89,800
Bank overdrafts	(36,814)	(8,100)
	223,320	216,368
Less: Fixed deposits pledged as security values	(70,660)	(66,967)
Total	152,660	149,401

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 30 NOVEMBER 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:

Standard	Title
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
-------	--

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

Standard	Title	Effective Date
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 30 NOVEMBER 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.

The movement of the share options are as follows:-

Option price (RM)	Date of offer	No. of options				As at 30/11/2019	Exercisable as at 30/11/2019
		As at 31/08/2019	Granted	Exercised	Lapsed		
0.86	16.12.2016	59,917,800	-	-	-	59,917,800	30,512,400
1.03	05.01.2018	13,203,600	-	-	-	13,203,600	6,601,800
		73,121,400	-	-	-	73,121,400	37,114,200

There was no conversion of Warrant 2016/2021 for the current quarter under review. The number of outstanding warrants as at 30 November 2019 was 129,254,039.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

A8. DIVIDEND PAID

At the Company’s Annual General Meeting held on 6 November 2019, the shareholders of the Company approved the first and final dividend of 1.2 sen per share in respect of the financial year ended 31 May 2019. The Company paid the dividend on 6 December 2019.

A9. SEGMENTAL REPORTING

6 months ended 30 November 2019 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	256,978	76,153	12,186	-	345,317
Results					
Segment results	26,872	16,011	3,680	(8,721)	37,842
Finance costs	(1,291)	(871)	(128)	(22)	(2,312)
Share of results of joint ventures	545	-	-	-	545
Profit/(Loss) before tax	26,126	15,140	3,552	(8,743)	36,075
Income tax expense					(10,172)
Profit for the financial period					25,903

6 months ended 30 November 2018 (Previous 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



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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

	As At 30/11/2019 RM'000
Non-interest bearing advances	15,142

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 30 NOVEMBER 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 RM197.72 million as compared to RM168.52 million in the corresponding quarter of the preceding year. However, the profit before tax decreased to RM15.09 million as compared to RM22.50 million in the corresponding quarter of the preceding year, mainly due to fair value loss on quoted investments of RM3.20 million.

For the current year to date, revenue increased to RM345.32 million as compared to RM297.66 million in the preceding year to date. However, the profit before tax decreased to RM36.08 million as compared to RM45.31 million in the preceding year to date. This was mainly due to fair value loss on quoted investment of RM5.00 million recorded as other expenses and lower sales for property development projects.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 30/11/2019	3 Months Ended 30/11/2018	Variance %	6 Months Ended 30/11/2019	6 Months Ended 30/11/2018	Variance %
RM'000	RM'000	%	RM'000	RM'000	%

REVENUE

Construction Division	148,980	123,009	21	256,978	192,579	33
Property Division	42,800	39,873	7	76,153	93,724	-19
Utility Division	5,938	5,633	5	12,186	11,361	7
Investment Holding	-	-	-	-	-	-
	<u>197,718</u>	<u>168,515</u>	<u>17</u>	<u>345,317</u>	<u>297,664</u>	<u>16</u>

PROFIT/(LOSS) BEFORE TAX

Construction Division	9,299	12,494	-26	26,126	23,029	13
Property Division	9,619	9,226	4	15,140	22,806	-34
Utility Division	1,476	2,831	-48	3,552	3,362	6
Investment Holding	(5,307)	(2,052)	>100	(8,743)	(3,883)	>100
	<u>15,087</u>	<u>22,499</u>	<u>-33</u>	<u>36,075</u>	<u>45,314</u>	<u>-20</u>

Construction Division

For the current quarter, revenue increased to RM148.98 million as compared to RM123.01 million in the corresponding quarter of the preceding year. However, profit before tax decreased to RM9.30 million as compared to RM12.49 million in the corresponding quarter of the preceding year.

Revenue for current year to date increased to RM256.98 million as compared to RM192.58 million in the preceding year to date. Profit before tax increased to RM26.13 million as compared to RM23.03 million in the preceding year to date, due to increased completion of certified work for on-going projects.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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)

Property Division

For the current quarter, revenue increased to RM42.80 million as compared to RM39.87 million in the corresponding quarter of the preceding year. Profit before tax increased to RM9.62 million as compared to RM9.23 million in the corresponding quarter of the preceding year.

Revenue for the current year to date decreased to RM76.15 million as compared to RM93.72 million in the preceding year to date, due to lower sales registered in the current year. Correspondingly, profit before tax decreased to RM15.14 million as compared to RM22.81 million in the preceding year to date.

Utility Division

For the current quarter, revenue increased marginally to RM5.94 million as compared to RM5.63 million in the corresponding quarter of the preceding year. However, profit before tax decreased to RM1.48 million as compared to RM2.83 million in the corresponding quarter of the preceding year, due to the unfavourable impact of foreign exchange translation effect.

Revenue for the current year to date increased to RM12.19 million as compared to RM11.36 million in the preceding year to date. Profit before tax increased to RM3.55 million as compared to RM3.36 million in the preceding year to date, due to lower operating expenses.

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

	Current Quarter 30/11/2019 RM'000	Preceding Quarter 31/08/2019 RM'000	Variance %
Revenue	197,718	147,599	34
Operating profit	17,620	23,618	-25
Profit before interest and tax	16,236	22,151	-27
Profit before tax	15,087	20,988	-28
Profit after tax	10,949	14,954	-27
Profit attributable to equity holders of the Company	10,846	14,845	-27

The Group's revenue increased to RM197.72 million in the current quarter as compared to RM147.60 million in the preceding quarter. The Group's profit before tax decreased to RM15.09 million as compared to RM20.99 million recorded in the preceding quarter, due to higher fair value loss on quoted investment and lower profit margin reported for some on-going projects in the current quarter.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 PROSPECT FOR THE FINANCIAL YEAR ENDING 31 MAY 2020

Currently, the Group is faced with uncertain economic headwinds and continues to reposition its business focus towards more sustainable activities to conserve its resources moving forward.

The Construction Division will leverage on securing large infrastructure contracts to strengthen its order book. Presently, the Division's existing outstanding order book stands at RM1.00 billion which will be able to sustain its operation for the next 2 years.

The Property Division will selectively promote new launches of property development projects to match target market demand. Based on the total unbilled sales of RM123.50 million and the encouraging sales of the townhouse project located in Putra Perdana, the overall performance is expected to be sustainable.

The Utility Division continues to contribute a sustainable recurring income stream from the concession water treatment assets. The completion of the 9MW mini-hydro power plant, which is currently under construction in Lintau, Sumatera, will further strengthen the future recurring income stream for the Group.

Barring unforeseen circumstance, the Group expects to remain profitable for the rest of this financial year.

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 30/11/2019 RM'000	6 Months Ended 30/11/2019 RM'000
Income tax expense:		
Malaysian income tax	(5,487)	(10,890)
Foreign income tax	(620)	(1,233)
Deferred tax	1,969	1,951
	<u>(4,138)</u>	<u>(10,172)</u>

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.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

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.

B7. UTILISATION OF PROCEEDS

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

Purpose	Proposed utilisation RM'000	Actual utilisation as at 30 November 2019 RM'000	Balance unutilised as at 30 November 2019 RM'000	Intended timeframe for utilisation from the date of listing
Construction projects expenditure	37,069	(7,500)	29,569	Within 24 months
Repayment of bank borrowings	13,500	(13,500)	-	Completed
Expenses relating to the Private Placement	383	(383)	-	Completed
	50,952	(21,383)	29,569	



GADANG HOLDINGS BERHAD
(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

B8. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 30/11/2019 RM'000	As at 31/05/2019 RM'000
(a) (i) Short Term Borrowings		
Revolving credits	89,290	72,700
Banker acceptance	3,355	-
Bank overdraft	36,814	22,903
Term loans	59,133	66,181
Hire purchase payables	4,848	6,660
	193,440	168,444
(ii) Long Term Borrowings		
Term loans	170,148	178,555
Hire purchase payables	8,228	13,266
	178,376	191,821
Total Borrowings	371,816	360,265

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

	As at 30/11/2019		As at 31/05/2019	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	1,003	4,186	1,295	5,475
Indonesian Rupiah	142,312,819	42,125	149,800,340	44,041
		46,311		49,516

Bank borrowings for the current year to date increased to RM371.82 million as compared to RM360.27 million at the beginning of the financial year. This was mainly to finance the on-going construction and property development activities.

B9. MATERIAL LITIGATION

As at 15 January 2020, 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.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

B10. DIVIDEND

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

B11. PURCHASE AND SALE OF QUOTED SECURITIES

Investment in quoted securities held by the Group as at 30 November 2019, was as follows:

	As At 30/11/2019 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 30 November 2019, the market value was RM8,200,000.

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 30/11/2019	3 Months Ended 30/11/2018	6 Months Ended 30/11/2019	6 Months Ended 30/11/2018
Net profit attributable to ordinary equity holders of the Company (RM'000)	10,846	17,029	25,691	33,570
Weighted average number of ordinary shares in issue ('000)	692,965	661,721	692,965	661,721
Basic earnings per share (sen)	1.57	2.57	3.71	5.07



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

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

B12. 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 30/11/2019	3 Months Ended 30/11/2018	6 Months Ended 30/11/2019	6 Months Ended 30/11/2018
Net profit attributable to ordinary equity holders of the Company (RM'000)	10,846	17,029	25,691	33,570
Weighted average number of ordinary shares in issue ('000)	692,965	661,721	692,965	661,721
Effect of dilution:				
Exercise of warrants	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	692,965	661,721	692,965	661,721
Diluted earnings per share (sen)	1.57	2.57	3.71	5.07

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.



GADANG HOLDINGS BERHAD

(Company No. 278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2019

PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN 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:

	3 Months Ended 30/11/2019 RM'000	6 Months Ended 30/11/2019 RM'000
Depreciation of property, plant and equipment	3,007	6,976
Finance costs	854	1,798
Rental of land and premises	385	770

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

	3 Months Ended 30/11/2019 RM'000	6 Months Ended 30/11/2019 RM'000
Bad debts written off	-	26
Depreciation	1,385	2,852
Fair value loss on investment in quoted shares	3,200	5,000
Finance costs	1,149	2,312
Gain on disposal of property, plant and equipment	(1,889)	(2,707)
Income received from short term funds	(433)	(831)
Interest income	(1,289)	(2,651)
Net unrealised gain on foreign exchange	(40)	(458)
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.