



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 30/11/2021 RM'000	3 Months Ended 30/11/2020 RM'000 (Restated)	Variance %	6 Months Ended 30/11/2021 RM'000	6 Months Ended 30/11/2020 RM'000 (Restated)	Variance %
Revenue	259,665	168,115	54	394,301	283,507	39
Cost of sales	(186,835)	(148,378)	26	(303,294)	(249,639)	21
<b>Gross profit</b>	<b>72,830</b>	<b>19,737</b>	<b>&gt;100</b>	<b>91,007</b>	<b>33,868</b>	<b>&gt;100</b>
Other income	4,825	1,708	>100	7,119	5,857	22
Administrative expenses	(6,586)	(6,356)	4	(12,624)	(13,111)	-4
Depreciation	(1,893)	(1,764)	7	(3,765)	(3,605)	4
Operating expenses	(7,880)	(4,429)	78	(10,576)	(7,633)	39
Other expenses	(6,330)	(1,292)	>100	(7,398)	(4,312)	72
Finance costs	(3,207)	(3,582)	-10	(6,040)	(6,222)	-3
Share of results of joint ventures	75	65	15	83	101	-18
<b>Profit before tax</b>	<b>51,834</b>	<b>4,087</b>	<b>&gt;100</b>	<b>57,806</b>	<b>4,943</b>	<b>&gt;100</b>
Income tax expense	(15,012)	(2,088)	>100	(17,027)	(3,262)	>100
<b>Net profit for the financial period</b>	<b>36,822</b>	<b>1,999</b>	<b>&gt;100</b>	<b>40,779</b>	<b>1,681</b>	<b>&gt;100</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	1,598	1,086	47	1,555	(2,132)	>100
<b>Total comprehensive income/ (loss) for the financial period</b>	<b>38,420</b>	<b>3,085</b>	<b>&gt;100</b>	<b>42,334</b>	<b>(451)</b>	<b>&gt;100</b>
<b>Net profit attributable to:</b>						
Equity holders of the Company	36,541	1,856	>100	40,232	1,401	>100
Non-controlling interests	281	143	97	547	280	95
	<b>36,822</b>	<b>1,999</b>	<b>&gt;100</b>	<b>40,779</b>	<b>1,681</b>	<b>&gt;100</b>
<b>Total comprehensive income/ (loss) attributable to:</b>						
Equity holders of the Company	38,059	2,882	>100	41,707	(621)	>100
Non-controlling interests	361	203	78	627	170	>100
	<b>38,420</b>	<b>3,085</b>	<b>&gt;100</b>	<b>42,334</b>	<b>(451)</b>	<b>&gt;100</b>
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)	5.02	0.25	>100	5.53	0.19	>100
- Diluted (sen)	5.02	0.25	>100	5.53	0.19	>100

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2021.*



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021 (The figures are unaudited)

	As At 30/11/2021 RM'000	As At 31/05/2021 RM'000 (Restated)	As At 01/06/2020 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in joint ventures	1,657	1,574	1,273
Concession assets	152,585	147,132	142,511
Property, plant and equipment	20,294	22,483	29,283
Right-of-use assets	19,659	19,898	21,039
Investment properties	72,314	72,620	76,109
Inventories	3,913	3,913	3,913
Non-trade receivables	2,207	3,035	2,891
Other investments	1,978	3,416	6,800
Goodwill on consolidation	16,929	22,754	23,002
Deferred tax assets	31,086	37,181	31,487
	322,622	334,006	338,308
<b>Current assets</b>			
Inventories	666,762	760,902	796,559
Contract costs	4,690	3,757	1,438
Trade and other receivables	201,702	150,288	142,313
Contract assets	161,325	184,555	157,335
Current tax assets	5,271	7,644	8,474
Short term funds	135,135	103,248	94,876
Deposits with licensed banks	30,643	74,806	101,610
Cash and bank balances	106,524	108,055	106,340
	1,312,052	1,393,255	1,408,945
<b>TOTAL ASSETS</b>	1,634,674	1,727,261	1,747,253



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2021 (Continued) (The figures are unaudited)

	As At 30/11/2021 RM'000	As At 31/05/2021 RM'000 (Restated)	As At 01/06/2020 RM'000 (Restated)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to Equity Holders of the Company</b>			
Share Capital	389,521	389,521	389,521
Reserves	437,859	398,336	392,647
	827,380	787,857	782,168
<b>Non-controlling interests</b>	5,624	4,997	4,742
<b>Total equity</b>	833,004	792,854	786,910
<b>Non-current liabilities</b>			
Bank borrowings	245,037	250,912	163,769
Lease liabilities	5,168	4,564	5,710
Deferred tax liabilities	2,490	2,637	3,078
Defined benefit obligations	2,011	2,028	2,833
Non-trade payables	186,643	186,643	175,224
	441,349	446,784	350,614
<b>Current liabilities</b>			
Trade and other payables	242,041	271,821	399,049
Contract liabilities	26,866	60,870	87,922
Bank borrowings	78,979	148,407	114,625
Lease liabilities	4,269	4,863	4,947
Current tax liabilities	8,166	1,662	3,186
	360,321	487,623	609,729
<b>Total liabilities</b>	801,670	934,407	960,343
<b>TOTAL EQUITY AND LIABILITIES</b>	1,634,674	1,727,261	1,747,253
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.14	1.09	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 2021.*



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021 (The figures are unaudited)

	Share Capital	Share Option Reserves	Capital Reserves	Foreign Exchange Translation Reserves	Retained Profits	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 June 2021</b>								
As previously reported	389,521	5,529	1,347	(3,598)	423,821	<b>816,620</b>	4,997	<b>821,617</b>
Effects of adoption of Agenda Decision	-	-	-	-	(28,763)	<b>(28,763)</b>	-	<b>(28,763)</b>
<b>As restated</b>	<b>389,521</b>	<b>5,529</b>	<b>1,347</b>	<b>(3,598)</b>	<b>395,058</b>	<b>787,857</b>	<b>4,997</b>	<b>792,854</b>
Total comprehensive income	-	-	-	1,475	40,232	<b>41,707</b>	627	<b>42,334</b>
Dividend on ordinary shares	-	-	-	-	(2,184)	<b>(2,184)</b>	-	<b>(2,184)</b>
<b>At 30 November 2021</b>	<b>389,521</b>	<b>5,529</b>	<b>1,347</b>	<b>(2,123)</b>	<b>433,106</b>	<b>827,380</b>	<b>5,624</b>	<b>833,004</b>
<b>At 1 June 2020</b>								
As previously reported	389,521	5,680	1,347	(1,735)	419,248	<b>814,061</b>	4,742	<b>818,803</b>
Effects of adoption of Agenda Decision	-	-	-	-	(31,893)	<b>(31,893)</b>	-	<b>(31,893)</b>
<b>As restated</b>	<b>389,521</b>	<b>5,680</b>	<b>1,347</b>	<b>(1,735)</b>	<b>387,355</b>	<b>782,168</b>	<b>4,742</b>	<b>786,910</b>
Total comprehensive income	-	-	-	(2,022)	1,401	<b>(621)</b>	170	<b>(451)</b>
Dividend on ordinary shares	-	-	-	-	(7,281)	<b>(7,281)</b>	-	<b>(7,281)</b>
<b>At 30 November 2020</b>	<b>389,521</b>	<b>5,680</b>	<b>1,347</b>	<b>(3,757)</b>	<b>381,475</b>	<b>774,266</b>	<b>4,912</b>	<b>779,178</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 2021.*



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021 (The figures are unaudited)

	6 Months Ended 30/11/2021 RM'000	6 Months Ended 30/11/2020 RM'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax:	57,806	4,943
Adjustments for:		
Accretion of interest on other receivables	(198)	-
Bad debts written off	20	2
Depreciation of:		
- concession assets	1,445	1,323
- investment properties	390	442
- property, plant and equipment	2,682	3,107
- right-of-use assets	2,566	2,129
Fair value loss on quoted investments	1,438	1,220
Finance costs	6,759	7,174
Gain on disposal of:		
- quoted investments	-	(33)
- property, plant and equipment	(2,204)	(1,874)
- right-of-use assets	-	(133)
Impairment loss on goodwill	5,939	1,941
Income received from short term funds	(858)	(683)
Increase/(Decrease) in liability for defined benefit obligations	64	(585)
Interest income	(820)	(1,405)
Net unrealised (gain)/loss on foreign exchange	(532)	996
Property, plant and equipment written off	-	21
Share of results of joint ventures	(83)	(101)
Operating profit before working capital changes	74,414	18,484
Changes in working capital:		
Contract assets/(liabilities)	(10,774)	(44,407)
Contract costs	(933)	(1,596)
Inventories	94,141	12,850
Payables	(29,780)	(73,460)
Receivables	(50,411)	(16,085)
Cash generated from/(used in) operations	76,657	(104,214)
Net income tax paid	(2,206)	(7,383)
<b>Net Operating Cash Flows</b>	<b>74,451</b>	<b>(111,597)</b>



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2021 (Continued) (The figures are unaudited)

	<b>6 Months Ended 30/11/2021 RM'000</b>	<b>6 Months Ended 30/11/2020 RM'000 (Restated)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- concession assets	(2,899)	(6,107)
- property, plant and equipment	(634)	(105)
- right-of-use assets	(243)	-
Proceeds from disposal of:		
- other investment	-	294
- property, plant and equipment	2,221	1,888
- right-of-use assets	-	485
Income received from short term funds	858	683
Interest income	820	1,405
<b>Net Investing Cash Flows</b>	123	(1,457)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	14,907	132,474
Finance costs	(6,759)	(7,174)
Repayment of:		
- bank borrowings	(90,700)	(43,092)
- lease liabilities	(2,531)	(2,688)
Fixed deposits pledged as security values	43,055	6,767
Dividend paid	(2,184)	(7,281)
<b>Net Financing Cash Flows</b>	(44,212)	79,006
Net change in cash and cash equivalents	30,362	(34,048)
Effect of exchange rate changes	(1,437)	(546)
Cash and cash equivalents at the beginning of the financial period	222,073	213,127
Cash and cash equivalents at the end of the financial period	250,998	178,533
<b>Analysis of Cash and Cash Equivalents:-</b>		
Cash and bank balances	106,524	87,453
Short term funds	135,135	80,580
Deposits with licensed banks	30,643	92,999
Bank overdrafts	(4,258)	(7,718)
	268,044	253,314
Less: Fixed deposits pledged as security values	(17,046)	(74,781)
<b>Total</b>	250,998	178,533

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2021.*



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

#### 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 according to Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting, issued by the 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 2021. 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 2021.

##### 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 the financial year ended 31 May 2021, except for the changes arising from the adoption of Amendments/Improvements to MFRSs as follows:

<b>Standard</b>	<b>Title</b>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to MFRS 16	COVID-19-Related Rent Concession

The adoption of these Amendments/Improvements to MFRSs do not have any material impact on the financial statement of the Group, except for IFRIC Agenda Decision on MFRS 123 Borrowing Costs, which is discussed below.

##### **IFRIC Agenda Decision on MFRS 123 Borrowing Costs**

In March 2019, the IFRS Interpretations Committee (“IFRIC”) published an agenda decision confirming, receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the MASB decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

Effective 1 June 2021, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under Agenda Decision.



## GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

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

#### A2. CHANGES IN ACCOUNTING POLICIES (Continued)

##### IFRIC Agenda Decision on MFRS 123 Borrowing Costs (Continued)

The effects of the adoption of the Agenda Decision on the condensed consolidated statements of financial position are summarised as follows:-

	31/05/2021			01/06/2020		
	As previously reported RM'000	Effects of adoption of Agenda Decision RM'000	As Restated RM'000	As previously reported RM'000	Effects of adoption of Agenda Decision RM'000	As Restated RM'000
<b>Non-current assets</b>						
Deferred tax assets	30,529	6,652	37,181	26,079	5,408	31,487
<b>Current assets</b>						
Inventories	796,317	(35,415)	760,902	833,860	(37,301)	796,559
<b>Equity</b>						
Reserves	427,099	(28,763)	398,336	424,540	(31,893)	392,647





## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

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

#### A2. CHANGES IN ACCOUNTING POLICIES (Continued)

##### IFRIC Agenda Decision on MFRS 123 Borrowing Costs (Continued)

The effects of the adoption of the Agenda Decision on the condensed consolidated statements of comprehensive income are summarised as follows:-

	INDIVIDUAL QUARTER 3 Months Ended 30/11/2020			CUMULATIVE PERIOD 6 Months Ended 30/11/2020		
	As previously reported RM'000	Effects of adoption of Agenda Decision RM'000	As Restated RM'000	As previously reported RM'000	Effects of adoption of Agenda Decision RM'000	As Restated RM'000
Cost of sales	(149,443)	1,065	(148,378)	(251,058)	1,419	(249,639)
Finance costs	(828)	(2,754)	(3,582)	(1,911)	(4,311)	(6,222)
<b>Profit before tax</b>	<b>5,776</b>	<b>(1,689)</b>	<b>4,087</b>	<b>7,835</b>	<b>(2,892)</b>	<b>4,943</b>
Income tax expense	(2,469)	381	(2,088)	(3,843)	581	(3,262)
<b>Net profit/(loss) for the financial period</b>	<b>3,307</b>	<b>(1,308)</b>	<b>1,999</b>	<b>3,992</b>	<b>(2,311)</b>	<b>1,681</b>
<b>Total comprehensive income/ (loss) for the financial period</b>	<b>4,393</b>	<b>(1,308)</b>	<b>3,085</b>	<b>1,860</b>	<b>(2,311)</b>	<b>(451)</b>
<b>Net profit/(loss) attributable to equity holders of the Company</b>	<b>3,164</b>	<b>(1,308)</b>	<b>1,856</b>	<b>3,712</b>	<b>(2,311)</b>	<b>1,401</b>
<b>Total comprehensive income/(loss) attributable to equity holders of the Company</b>	<b>4,190</b>	<b>(1,308)</b>	<b>2,882</b>	<b>1,690</b>	<b>(2,311)</b>	<b>(621)</b>
<b>Basic/diluted earnings per share (sen)</b>	<b>0.43</b>	<b>(0.18)</b>	<b>0.25</b>	<b>0.51</b>	<b>(0.32)</b>	<b>0.19</b>



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

#### 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 2021 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 issuance of 100 new ordinary shares pursuant to the exercise of Warrants 2016/2021 at the exercise price of RM1.06 per share. The Warrants 2016/2021 expired on 29 November 2021 and the remaining unexercised Warrants 2016/2021 of 129,253,939 had lapsed.

The movement of the share options are as follows:-

Option price (RM)	Date of offer	No. of options				As at 30/11/2021	Exercisable as at 30/11/2021
		As at 31/08/2021	Granted	Exercised	Lapsed		
0.86	16.12.2016	52,235,200	-	-	-	52,235,200	52,235,200
1.03	05.01.2018	11,389,600	-	-	-	11,389,600	11,389,600
		63,624,800	-	-	-	63,624,800	63,624,800

As at the date of expiry of the share options on 5 December 2021, 63,624,800 share options remained unexercised and lapsed upon the expiry date.



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### INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

#### 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 3 November 2021, the shareholders of the Company approved the first and final dividend of 0.3 sen per share in respect of the financial year ended 31 May 2021. The Company paid the dividend of RM2.18 million on 3 December 2021.

#### A9. SEGMENTAL REPORTING

##### 6 months ended 30 November 2021 (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>	175,560	205,220	13,521	-	394,301
<b>Results</b>					
Segment results	3,690	60,194	4,794	(4,915)	63,763
Finance costs	(723)	(5,039)	(1)	(277)	(6,040)
Share of results of joint ventures	83	-	-	-	83
Profit /(Loss) before tax	3,050	55,155	4,793	(5,192)	57,806
Income tax expense					(17,027)
Profit for the financial period					40,779

##### 6 months ended 30 November 2020 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>(Restated)</b>					
<b>Revenue</b>	187,101	84,007	12,399	-	283,507
<b>Results</b>					
Segment results	(2,295)	15,138	4,105	(5,884)	11,064
Finance costs	(1,183)	(5,001)	(38)	-	(6,222)
Share of results of joint ventures	101	-	-	-	101
Profit /(Loss) before tax	(3,377)	10,137	4,067	(5,884)	4,943
Income tax expense					(3,262)
Profit for the financial period					1,681



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

#### 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 2021.

##### A11. SIGNIFICANT SUBSEQUENT EVENTS

On 22 December 2021, the Company’s indirect 70%-owned subsidiary, Nusantara Suriamas Sdn Bhd (“NSSB”) signed the Power Purchase Agreement for Large Scale Solar (“PPA”) with Sabah Electricity Sdn Bhd (“SESB”).

NSSB will design, construct, test, commission, own, operate and maintain a solar photovoltaic energy generating facility with the capacity of 5.9 MWac to be located in Tawau, Sabah (“Facility”) for connection to SESB’s medium voltage Distribution Network at PPU Sri Indah to generate and deliver solar photovoltaic energy to SESB.

The PPA governs the obligations of NSSB and SESB to sell and purchase the energy generated by the Facility for a period of 21 years from the commercial operation date which is expected on 30 June 2023, in accordance with the agreed terms and conditions as stipulated in the PPA.

##### 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 of the date of this report.

##### A14. CAPITAL COMMITMENTS

There are no material capital commitments as of 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 30/11/2021 RM'000</b>
Non-interest bearing advances	1,154

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



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2021

#### 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 RM259.67 million compared to RM168.12 million in the preceding year's corresponding quarter. Profit before tax increased to RM51.83 million compared to RM4.09 million in the preceding year's corresponding quarter. The current quarter's revenue and profit before tax were boosted by a non-recurring transaction and disposal of a development land as mentioned in section B1 – Property Division's operating segment review below.

Correspondingly, for the current year to date, revenue increased to RM394.30 million compared to RM283.51 million in the preceding year to date. The profit before tax increased to RM57.81 million compared to RM4.94 million in the preceding year to date.

Other expenses for the current year to date increased to RM7.40 million compared to RM4.31 million in the preceding year to date, mainly due to impairment loss on goodwill of RM5.94 million in the current quarter and higher forex exchange loss in the preceding year.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 30/11/2021 RM'000	3 Months Ended 30/11/2020 RM'000 (Restated)	Variance %	6 Months Ended 30/11/2021 RM'000	6 Months Ended 30/11/2020 RM'000 (Restated)	Variance %

##### REVENUE

Construction Division	79,324	103,962	-24	175,560	187,101	-6
Property Division	173,692	58,014	>100	205,220	84,007	>100
Utility Division	6,649	6,139	8	13,521	12,399	9
Investment Holding	-	-	-	-	-	-
	<u>259,665</u>	<u>168,115</u>	<u>54</u>	<u>394,301</u>	<u>283,507</u>	<u>39</u>

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

Construction Division	1,381	(3,726)	>100	3,050	(3,377)	>100
Property Division	50,373	7,091	>100	55,155	10,137	>100
Utility Division	2,247	2,077	8	4,793	4,067	18
Investment Holding	(2,167)	(1,355)	60	(5,192)	(5,884)	-12
	<u>51,834</u>	<u>4,087</u>	<u>&gt;100</u>	<u>57,806</u>	<u>4,943</u>	<u>&gt;100</u>



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

###### Construction Division

Revenue for the current quarter decreased to RM79.32 million compared to RM103.96 million in the preceding year's corresponding quarter. Profit before tax increased to RM1.38 million compared to a loss before tax of RM3.73 million in the preceding year's corresponding quarter.

Revenue for the current year to date decreased to RM175.56 million compared to RM187.10 million in the preceding year to date, mainly due to certain on-going projects being near completion. However, profit before tax increased to RM3.05 million compared to a loss before tax of RM3.38 million in the preceding year to date, due to better profit margins from certain on-going projects.

###### Property Division

In the current quarter, revenue increased to RM173.69 million compared to RM58.01 million in the preceding year's corresponding quarter. Profit before tax increased to RM50.37 million compared to RM7.09 million in the preceding year's corresponding quarter.

Revenue for the current year to date increased significantly to RM205.22 million compared to RM84.01 million in the preceding year to date. Profit before tax increased to RM55.16 million compared to RM10.14 million in the preceding year to date.

The sharp increase in revenue and profit before tax was mainly attributed to:-

- (i) Non-recurring revenue and profit before tax recognised in the current quarter upon fulfillment of the conditions precedent of the Proposed Variation described in Note B6(a) of RM68.15 million and RM40.99 million respectively.
- (ii) Disposal of a development land located at Taman Melawati, Kuala Lumpur for RM43.00 million and gains derived from the disposal of RM0.80 million.
- (iii) Better sales achieved and higher work progress for on-going development projects.

###### Utility Division

For the current quarter, revenue increased to RM6.65 million compared to RM6.14 million in the preceding year's corresponding quarter. Profit before tax increased to RM2.25 million compared to RM2.08 million in the preceding year's corresponding quarter.

Revenue for the current year to date increased to RM13.52 million compared to RM12.40 million in the preceding year to date. Profit before tax increased to RM4.79 million compared to RM4.07 million in the preceding year to date, due to lower operating costs in the current period.



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

	Current Quarter 30/11/2021 RM'000	Preceding Quarter 31/08/2021 RM'000	Variance %
Revenue	259,665	134,636	93
Operating profit	56,934	10,677	>100
Profit before interest and tax	55,041	8,805	>100
Profit before tax	51,834	5,972	>100
Profit after tax	36,822	3,957	>100
Profit attributable to equity holders of the Company	<u>36,541</u>	<u>3,692</u>	>100

The Group's revenue increased to RM259.67 million in the current quarter compared to RM134.64 million in the preceding quarter. Profit before tax increased to RM51.83 million compared to RM5.97 million recorded in the preceding quarter. The current quarter's revenue and profit before tax were boosted by a non-recurring transaction and disposal of a development land as mentioned in section B1 – Property Division's operating segment review below.

#### B3. BUSINESS PROSPECT FOR THE FINANCIAL YEAR ENDING 31 MAY 2022

Ongoing risks to the country's economic and fiscal outlook posed by the progression of the Covid-19 pandemic and uncertainties surrounding the Delta and now Omicron variants have dampened economic activity. However, it is encouraging to note that the infection rates have started to trend downwards, which can be attributed to the successful mass vaccination roll-out and the strict SOP compliance. As business restrictions continue to be lifted, we expect the performance of the Group to gradually improve in the second half of the financial year.

The Construction Division's outstanding order book currently stands at RM485 million. The performance of the Group's Construction Division is expected to improve with the resumption of construction activities.

It is anticipated that this year's performance will be driven by property sales. The on-going Home Ownership Campaign, as well as the recent rate reduction of the Real Property Gains Tax bode well for the property market. With its wide array of mid-market products in strategic locations and its unbilled sales in hand of RM193 million, the Property Division is expected to recover with the resumption of business activities post lockdown.

The Utility Division will continue to pursue investment opportunities to build up its concession asset base with recurring income streams to cushion against the cyclical nature of the construction segment. The Group is keen to expand its footprint in the renewable energy sector and will actively participate in upcoming solar farm projects.

Premised on the above, and barring any unforeseen circumstances, the Group is cautiously optimistic that the Group will continue to generate positive returns in the second half of the financial year.



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#### B4. PROFIT FORECAST AND PROFIT GUARANTEE

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

#### B5. TAXATION

Taxation comprises the following:

	<b>3 Months Ended 30/11/2021 RM'000</b>	<b>6 Months Ended 30/11/2021 RM'000</b>
Income tax expense:		
Malaysian income tax	(7,292)	(9,075)
Foreign income tax	(983)	(2,008)
 Deferred tax	 (6,737)	 (5,944)
	<hr/> <b>(15,012)</b>	<hr/> <b>(17,027)</b>

The Group's effective tax rate (excluding the results of joint ventures, which is equity accounted net of tax) for the current year to date 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 29 March 2019, Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company entered into a conditional settlement agreement ("the 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 fulfilment of the conditions precedent as stipulated in the Agreement.

CCPSB failed to fulfill the conditions precedent set out in the Agreement by 28 March 2020. Hence, the Agreement lapsed and became null and void, and the parties fell back to the original Joint Venture Agreement ("the JVA") on their rights and obligations.

CCPSB has since applied for and obtained an ex-parte Judicial Management Order on 13 March 2020.

On 28 July 2021, APSB entered into another conditional settlement agreement ("the CSA") with the Judicial Manager of CCPSB, which sets out the terms and conditions governing the payment of the final settlement sum and other matters relating to the settlement. Under the terms of the CSA, APSB's Entitlement Sum was revised to RM190 million, of which a total of RM150 million has been paid to APSB to date.





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##### B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED (Continued)

In this regard, the Parties have agreed for CCPSB to settle and pay the final settlement sum of RM40 million as the full and final settlement of APSB's Entitlement Sum and all other rights, interests and/or benefits APSB may have under the JVA.

On 3 November 2021, all the conditions precedent as stated in the CSA have been met and the CSA has become unconditional. The said final settlement sum of RM40 million, after taking into account the relevant MFRS, has been effected in the current quarter under review.

- (b) On 23 August 2021, Gadang Land Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") with SkyRia Development Sdn Bhd (formerly known as Nusa Jutamas Sdn Bhd) ("SkyRia") to dispose to SkyRia, a parcel of residential land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur for a total cash consideration of RM43 million.

On 12 November 2021, all the conditions precedent as stated in the SPA have been met and the SPA has become unconditional.

##### B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 30/11/2021 RM'000	As at 31/05/2021 RM'000
(a) (i) <b>Short Term Borrowings</b>		
Revolving credit	50,894	100,500
Banker's acceptance	914	751
Bank overdraft	4,258	3,935
Term loans	22,913	43,221
Hire purchase payable	4,269	4,863
	<hr/> 83,248	<hr/> 153,270
(ii) <b>Long Term Borrowings</b>		
Term loans	245,037	250,912
Hire purchase payable	5,168	4,564
	<hr/> 250,205	<hr/> 255,476
<b>Total Borrowings</b>	<hr/> <hr/> 333,453	<hr/> <hr/> 408,746



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#### B7. GROUP BORROWINGS (Continued)

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

	As at 30/11/2021		As at 31/05/2021	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	-	-	128	529
Indonesian Rupiah	101,880,205	29,953	112,362,735	32,473
		<u>29,953</u>		<u>33,002</u>

Bank borrowings for the current year to date decreased to RM333.45 million compared to RM408.75 million at the beginning of the financial year. The decrease was mainly due to repayment in the current year.

#### B8. MATERIAL LITIGATION

As at 19 January 2022, being 7 days prior to the date of this announcement, there has been no material litigation pending of which the value exceeds 5% of the Group's net tangible assets.

#### B9. DIVIDEND

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

#### B10. EARNINGS PER SHARE

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 30/11/2021	3 Months Ended 30/11/2020 (Restated)	6 Months Ended 30/11/2021	6 Months Ended 30/11/2020 (Restated)
Net profit attributable to ordinary equity holders of the Company (RM'000)	36,541	1,856	40,232	1,401
Weighted average number of ordinary shares in issue ('000)	728,061	728,061	728,061	728,061
Basic earnings per share (sen)	<u>5.02</u>	<u>0.25</u>	<u>5.53</u>	<u>0.19</u>



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#### B10. EARNINGS PER SHARE (Continued)

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 30/11/2021	3 Months Ended 30/11/2020 (Restated)	6 Months Ended 30/11/2021	6 Months Ended 30/11/2020 (Restated)
Net profit attributable to ordinary equity holders of the Company (RM'000)	36,541	1,856	40,232	1,401
Weighted average number of ordinary shares in issue ('000)	728,061	728,061	728,061	728,061
Effect of dilution:				
Exercise of warrants*	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	728,061	728,061	728,061	728,061
Diluted earnings per share (sen)	5.02	0.25	5.53	0.19

The unexercised 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.

\* On 29 November 2021, the Warrants 2016/2021 had expired and the remaining unconverted warrants had lapsed.

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

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

	3 Months Ended 30/11/2021 RM'000	6 Months Ended 30/11/2021 RM'000
Depreciation	1,679	3,318
Finance costs	319	719
Gain on disposal of:		
- property, plant and equipment	(40)	(40)
Rental of land and premises	210	433



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

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

	<b>3 Months Ended 30/11/2021 RM'000</b>	<b>6 Months Ended 30/11/2021 RM'000</b>
Bad debts written off	20	20
Depreciation	1,893	3,765
Accretion of interest on other receivables	(198)	(198)
Fair value loss on quoted investments	539	1,438
Finance costs	3,207	6,040
Gain on disposal of:		
- property, plant and equipment	(2,164)	(2,164)
Impairment loss on goodwill	5,939	5,939
Income received from short term funds	(471)	(858)
Interest income	(387)	(820)
Net unrealised gain on foreign exchange	(621)	(532)

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.