



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 28/02/2022	3 Months Ended 28/02/2021	Variance %	9 Months Ended 28/02/2022	9 Months Ended 28/02/2021	Variance %
	RM'000	RM'000 (Restated)		RM'000	RM'000 (Restated)	
Revenue	119,515	138,912	-14	513,816	422,419	22
Cost of sales	(93,940)	(117,402)	-20	(397,234)	(367,041)	8
<b>Gross profit</b>	<b>25,575</b>	<b>21,510</b>	<b>19</b>	<b>116,582</b>	<b>55,378</b>	<b>&gt;100</b>
Other income	1,731	2,424	-29	8,850	8,282	7
Administrative expenses	(7,950)	(8,423)	-6	(20,574)	(21,535)	-4
Depreciation	(2,382)	(1,839)	30	(6,147)	(5,444)	13
Operating expenses	(4,317)	(4,237)	2	(14,893)	(11,870)	25
Other expenses	536	(1,733)	>100	(6,862)	(6,045)	14
Finance costs	(3,048)	(3,333)	-9	(9,088)	(9,555)	-5
Share of results of joint ventures	84	(347)	>100	167	(246)	>100
<b>Profit before tax</b>	<b>10,229</b>	<b>4,022</b>	<b>&gt;100</b>	<b>68,035</b>	<b>8,965</b>	<b>&gt;100</b>
Income tax expense	(3,873)	(2,361)	64	(20,899)	(5,623)	>100
<b>Net profit for the financial period</b>	<b>6,356</b>	<b>1,661</b>	<b>&gt;100</b>	<b>47,136</b>	<b>3,342</b>	<b>&gt;100</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(629)	(1,437)	-56	926	(3,570)	>100
<b>Total comprehensive income/ (loss) for the financial period</b>	<b>5,727</b>	<b>224</b>	<b>&gt;100</b>	<b>48,062</b>	<b>(228)</b>	<b>&gt;100</b>
<b>Net profit attributable to:</b>						
Equity holders of the Company	5,446	1,525	>100	45,678	2,926	>100
Non-controlling interests	910	136	>100	1,458	416	>100
	<b>6,356</b>	<b>1,661</b>	<b>&gt;100</b>	<b>47,136</b>	<b>3,342</b>	<b>&gt;100</b>
<b>Total comprehensive income/ (loss) attributable to:</b>						
Equity holders of the Company	5,560	163	>100	46,557	(460)	>100
Non-controlling interests	167	61	>100	1,505	232	>100
	<b>5,727</b>	<b>224</b>	<b>&gt;100</b>	<b>48,062</b>	<b>(228)</b>	<b>&gt;100</b>
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)	0.75	0.21	>100	6.27	0.40	>100
- Diluted (sen)	0.75	0.21	>100	6.27	0.40	>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

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022 (The figures are unaudited)

	As At 28/02/2022 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	1,741	1,574	1,273
Concession assets	151,404	147,132	142,511
Property, plant and equipment	19,312	22,483	29,283
Right-of-use assets	19,823	19,898	21,039
Investment properties	72,035	72,620	76,109
Inventories	3,913	3,913	3,913
Non-trade receivables	2,221	3,035	2,891
Other investments	2,517	3,416	6,800
Goodwill on consolidation	16,873	22,754	23,002
Deferred tax assets	31,694	39,398	33,317
	321,533	336,223	340,138
<b>Current assets</b>			
Inventories	651,642	760,902	796,559
Contract costs	6,302	3,757	1,438
Trade and other receivables	183,155	150,288	142,313
Contract assets	142,925	184,555	157,335
Current tax assets	4,021	7,644	8,474
Short term funds	129,941	103,248	94,876
Deposits with licensed banks	26,388	74,806	101,610
Cash and bank balances	131,204	108,055	106,340
	1,275,578	1,393,255	1,408,945
<b>TOTAL ASSETS</b>	1,597,111	1,729,478	1,749,083



**GADANG HOLDINGS BERHAD**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2022 (Continued)  
(The figures are unaudited)**

	As At 28/02/2022 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	444,926	400,553	394,477
	<u>834,447</u>	<u>790,074</u>	<u>783,998</u>
<b>Non-controlling interests</b>	6,502	4,997	4,742
<b>Total equity</b>	<u>840,949</u>	<u>795,071</u>	<u>788,740</u>
<b>Non-current liabilities</b>			
Bank borrowings	235,022	250,912	163,769
Lease liabilities	5,458	4,564	5,710
Deferred tax liabilities	2,420	2,637	3,078
Defined benefit obligations	1,997	2,028	2,833
Non-trade payables	186,643	186,643	175,224
	<u>431,540</u>	<u>446,784</u>	<u>350,614</u>
<b>Current liabilities</b>			
Trade and other payables	199,891	271,821	399,049
Contract liabilities	32,412	60,870	87,922
Bank borrowings	82,880	148,407	114,625
Lease liabilities	3,468	4,863	4,947
Current tax liabilities	5,971	1,662	3,186
	<u>324,622</u>	<u>487,623</u>	<u>609,729</u>
<b>Total liabilities</b>	<u>756,162</u>	<u>934,407</u>	<u>960,343</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,597,111</u>	<u>1,729,478</u>	<u>1,749,083</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.16	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 28 FEBRUARY 2022 (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 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	-	-	-	-	(26,546)	<b>(26,546)</b>	-	<b>(26,546)</b>
<b>As restated</b>	<b>389,521</b>	<b>5,529</b>	<b>1,347</b>	<b>(3,598)</b>	<b>397,275</b>	<b>790,074</b>	<b>4,997</b>	<b>795,071</b>
Total comprehensive income	-	-	-	879	45,678	<b>46,557</b>	1,505	<b>48,062</b>
Dividend on ordinary shares	-	-	-	-	(2,184)	<b>(2,184)</b>	-	<b>(2,184)</b>
Transfer to retained earnings for share options lapsed	-	(5,529)	-	-	5,529	-	-	-
<b>At 28 February 2022</b>	<b>389,521</b>	<b>-</b>	<b>1,347</b>	<b>(2,719)</b>	<b>446,298</b>	<b>834,447</b>	<b>6,502</b>	<b>840,949</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	-	-	-	-	(30,063)	<b>(30,063)</b>	-	<b>(30,063)</b>
<b>As restated</b>	<b>389,521</b>	<b>5,680</b>	<b>1,347</b>	<b>(1,735)</b>	<b>389,185</b>	<b>783,998</b>	<b>4,742</b>	<b>788,740</b>
Total comprehensive income	-	-	-	(3,386)	2,926	<b>(460)</b>	232	<b>(228)</b>
Dividend on ordinary shares	-	-	-	-	(7,281)	<b>(7,281)</b>	-	<b>(7,281)</b>
Share options lapsed	-	(546)	-	-	546	-	-	-
Recognition of share option expenses	-	395	-	-	-	<b>395</b>	-	<b>395</b>
<b>At 28 February 2021</b>	<b>389,521</b>	<b>5,529</b>	<b>1,347</b>	<b>(5,121)</b>	<b>385,376</b>	<b>776,652</b>	<b>4,974</b>	<b>781,626</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

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022 (The figures are unaudited)

	9 Months Ended 28/02/2022 RM'000	9 Months Ended 28/02/2021 RM'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax:	68,035	8,965
Adjustments for:		
Accretion of interest on other receivables	(198)	-
Bad debts written off	20	2
Deposits written off	-	4
Depreciation of:		
- concession assets	3,313	2,005
- investment properties	585	718
- property, plant and equipment	3,778	4,595
- right-of-use assets	3,540	3,177
Share option expenses	-	395
Fair value loss on quoted investments	899	2,119
Finance costs	9,926	11,027
Gain on disposal of:		
- investment properties	-	(157)
- quoted investments	-	(58)
- property, plant and equipment	(2,791)	(2,354)
- right-of-use assets	-	(263)
Impairment loss on goodwill	5,939	1,958
Income received from short term funds	(1,135)	(1,021)
Increase/(Decrease) in liability for defined benefit obligations	50	(624)
Interest income	(1,363)	(1,862)
Net unrealised (gain)/loss on foreign exchange	(194)	1,723
Property, plant and equipment written off	1	21
Share of results of joint ventures	(167)	246
Operating profit before working capital changes	90,238	30,616
Changes in working capital:		
Contract assets/(liabilities)	13,172	(69,313)
Contract costs	(2,544)	(1,784)
Inventories	109,261	21,702
Payables	(72,065)	(65,822)
Receivables	(31,875)	(1,667)
Cash generated from/(used in) operations	106,187	(86,268)
Net income tax paid	(5,487)	(11,744)
<b>Net Operating Cash Flows</b>	100,700	(98,012)



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2022 (Continued)  
(The figures are unaudited)**

	<b>9 Months Ended 28/02/2022 RM'000</b>	<b>9 Months Ended 28/02/2021 RM'000 (Restated)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- concession assets	(4,463)	(9,298)
- property, plant and equipment	(657)	(124)
- right-of-use assets	(378)	(30)
Proceeds from disposal of:		
- investment properties	-	2,680
- other investment	-	603
- property, plant and equipment	2,810	2,376
- right-of-use assets	-	898
Income received from short term funds	1,135	1,021
Interest income	1,363	1,862
<b>Net Investing Cash Flows</b>	<b>(190)</b>	<b>(12)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	25,097	167,033
Finance costs	(9,926)	(11,027)
Repayment of:		
- bank borrowings	(105,948)	(53,235)
- lease liabilities	(3,901)	(4,136)
Fixed deposits pledged as security values	41,990	17,130
Dividend paid	(2,184)	(7,281)
<b>Net Financing Cash Flows</b>	<b>(54,872)</b>	<b>108,484</b>
Net change in cash and cash equivalents	45,638	10,460
Effect of exchange rate changes	(1,720)	(1,113)
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	<b>265,991</b>	<b>222,474</b>
<b>Analysis of Cash and Cash Equivalents:-</b>		
Cash and bank balances	131,204	91,975
Short term funds	129,941	123,611
Deposits with licensed banks	26,388	79,920
Bank overdrafts	(3,431)	(8,614)
	<b>284,102</b>	<b>286,892</b>
Less: Fixed deposits pledged as security values	(18,111)	(64,418)
<b>Total</b>	<b>265,991</b>	<b>222,474</b>

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



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022

#### 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 28 FEBRUARY 2022

### 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:-

	31/5/2021			1/6/2020		
	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	8,869	39,398	26,079	7,238	33,317
<b>Current assets</b>						
Inventories	796,317	(35,415)	760,902	833,860	(37,301)	796,559
<b>Equity</b>						
Reserves	427,099	(26,546)	400,553	424,540	(30,063)	394,477





## GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022

### 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 28/02/2021			CUMULATIVE PERIOD 9 Months Ended 28/02/2021		
	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	(118,102)	700	(117,402)	(369,160)	2,119	(367,041)
Finance costs	(869)	(2,464)	(3,333)	(2,780)	(6,775)	(9,555)
<b>Profit before taxation</b>	<b>5,786</b>	<b>(1,764)</b>	<b>4,022</b>	<b>13,621</b>	<b>(4,656)</b>	<b>8,965</b>
Income tax expense	(2,815)	454	(2,361)	(6,658)	1,035	(5,623)
<b>Net profit/(loss) for the financial period</b>	<b>2,971</b>	<b>(1,310)</b>	<b>1,661</b>	<b>6,963</b>	<b>(3,621)</b>	<b>3,342</b>
<b>Total comprehensive income/ (loss) for the financial period</b>	<b>1,534</b>	<b>(1,310)</b>	<b>224</b>	<b>3,393</b>	<b>(3,621)</b>	<b>(228)</b>
<b>Net profit/(loss) attributable to equity holders of the Company</b>	<b>2,835</b>	<b>(1,310)</b>	<b>1,525</b>	<b>6,547</b>	<b>(3,621)</b>	<b>2,926</b>
<b>Total comprehensive income/(loss) attributable to equity holders of the Company</b>	<b>1,473</b>	<b>(1,310)</b>	<b>163</b>	<b>3,161</b>	<b>(3,621)</b>	<b>(460)</b>
<b>Basic/diluted earnings per share (sen)</b>	<b>0.39</b>	<b>(0.18)</b>	<b>0.21</b>	<b>0.90</b>	<b>(0.50)</b>	<b>0.40</b>



## **GADANG HOLDINGS BERHAD**

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### **INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022**

#### **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. The Company's Employees' Share Options Scheme expired on 5 December 2021 and the remaining unexercised share options of 63,624,800 had lapsed.

##### **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 amounting to RM2.18 million on 3 December 2021.



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022

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

#### A9. SEGMENTAL REPORTING

##### 9 months ended 28 February 2022 (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>	240,346	253,187	20,283	-	513,816
<b>Results</b>					
Segment results	8,659	69,988	5,872	(7,563)	76,956
Finance costs	(1,056)	(7,615)	(1)	(416)	(9,088)
Share of results of joint ventures	167	-	-	-	167
Profit/(Loss) before tax	7,770	62,373	5,871	(7,979)	68,035
Income tax expense					(20,899)
Profit for the financial period					47,136

##### 9 months ended 28 February 2021 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>(Restated) Revenue</b>	277,154	126,357	18,908	-	422,419
<b>Results</b>					
Segment results	710	22,190	6,180	(10,314)	18,766
Finance costs	(1,582)	(7,835)	(50)	(88)	(9,555)
Share of results of joint ventures	(246)	-	-	-	(246)
Profit/(Loss) before tax	(1,118)	14,355	6,130	(10,402)	8,965
Income tax expense					(5,623)
Profit for the financial period					3,342

#### 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.



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2022

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

##### 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 changes in the composition of the Group for the current quarter under review, except for the following:-

(i) On 8 February 2022, the Company’s indirect wholly-owned subsidiary, Yi Sheng Foundation Pte Ltd (“Yi Sheng”) acquired 1 ordinary share representing 100% equity interest of Usaha Pesona Sdn Bhd (“Usaha Pesona”) for a total purchase consideration of RM1. With this acquisition, Usaha Pesona became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Usaha Pesona shall be contractor of bore pile works.

(ii) On 14 March 2022, Yi Sheng subscribed for 51% equity interest representing 1,530 ordinary shares in UA Foundation Pte Ltd (“UAF”) for a total purchase consideration of SGD1,530. With this subscription, UAF became an indirect 51% subsidiary of the Company. The intended principal activity of UAF shall also be contractor of bore pile works.

##### 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 28/02/2022 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 28 FEBRUARY 2022

#### 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 lower revenue of RM119.52 million compared to RM138.91 million in the preceding year's corresponding quarter. Profit before tax increased to RM10.23 million compared to RM4.02 million in the preceding year's corresponding quarter, mainly due to better profit margin for on-going projects.

For the current year to date, revenue increased to RM513.82 million compared to RM422.42 million in the preceding year to date. The profit before tax increased to RM68.04 million compared to RM8.97 million in the preceding year to date. The 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.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 28/02/2022	3 Months Ended 28/02/2021	Variance %	9 Months Ended 28/02/2022	9 Months Ended 28/02/2021	Variance %
RM'000	RM'000 (Restated)	%	RM'000	RM'000 (Restated)	%

##### REVENUE

Construction Division	64,786	90,053	-28	240,346	277,154	-13
Property Division	47,967	42,350	13	253,187	126,357	>100
Utility Division	6,762	6,509	4	20,283	18,908	7
Investment Holding	-	-	-	-	-	-
	<u>119,515</u>	<u>138,912</u>	<u>-14</u>	<u>513,816</u>	<u>422,419</u>	<u>22</u>

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

Construction Division	4,720	2,259	>100	7,770	(1,118)	>100
Property Division	7,218	4,218	71	62,373	14,355	>100
Utility Division	1,078	2,063	-48	5,871	6,130	-4
Investment Holding	(2,787)	(4,518)	-38	(7,979)	(10,402)	-23
	<u>10,229</u>	<u>4,022</u>	<u>&gt;100</u>	<u>68,035</u>	<u>8,965</u>	<u>&gt;100</u>



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

###### Construction Division

Revenue for the current quarter decreased to RM64.79 million compared to RM90.05 million in the preceding year's corresponding quarter. Profit before tax increased to RM4.72 million compared to RM2.26 million in the preceding year's corresponding quarter.

Correspondingly, revenue for the current year to date decreased to RM240.35 million compared to RM277.15 million in the preceding year to date, mainly due to certain on-going projects being near completion. However, profit before tax increased to RM7.77 million compared to a loss before tax of RM1.12 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 RM47.97 million compared to RM42.35 million in the preceding year's corresponding quarter. Profit before tax increased to RM7.22 million compared to RM4.22 million in the preceding year's corresponding quarter.

Revenue for the current year to date increased to RM253.19 million compared to RM126.36 million in the preceding year to date. Profit before tax increased to RM62.38 million compared to RM14.36 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 preceding quarter upon fulfilment of the conditions precedent of the settlement agreement between Capital City Property Sdn Bhd and Achwell Property Sdn Bhd of RM68.15 million and RM40.99 million respectively as reported in the preceding quarter.
- (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 as reported in the preceding quarter.
- (iii) Better sales achieved and higher work progress for on-going development projects.

###### Utility Division

For the current quarter, revenue increased to RM6.76 million compared to RM6.51 million in the preceding year's corresponding quarter. Profit before tax decreased to RM1.08 million compared to RM2.06 million in the preceding year's corresponding quarter.

Revenue for the current year to date increased to RM20.28 million compared to RM18.91 million in the preceding year to date. However, profit before tax decreased to RM5.87 million compared to RM6.13 million in the preceding year to date, due to higher operating costs in the current period.



## GADANG HOLDINGS BERHAD

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

	Current Quarter 28/02/2022 RM'000	Preceding Quarter 30/11/2021 RM'000	Variance %
Revenue	119,515	259,665	-54
Operating profit	15,659	56,934	-72
Profit before interest and tax	13,277	55,041	-76
Profit before tax	10,229	51,834	-80
Profit after tax	6,356	36,822	-83
Profit attributable to equity holders of the Company	5,446	36,541	-85

The Group's revenue decreased to RM119.52 million in the current quarter compared to RM259.67 million in the preceding quarter. Profit before tax decreased to RM10.23 million compared to RM51.83 million recorded in the preceding quarter. The preceding 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 above.

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

After enduring the painful pandemic impact for two years, Malaysia has transitioned into an endemic phase in April 2022. Following the reopening of the country's international borders, we are confident that the economic environment will return to a more vibrant state.

The Construction Division expects gradual improvement in contract flows as Malaysia embraces endemicity with private-sector opportunities and roll-outs of public projects like the Johor Bahru-Singapore Rapid Transit System, East Coast Rail Link, and Central Spine Road to keep the tap running in 2022. The Division's outstanding order book currently stands at RM432 million and it is expected to improve with the resumption of construction activities.

It is anticipated that this year's performance will be driven by property sales. Despite the Home Ownership Campaign incentives expiry on 31 Dec 2021, the sales momentum in the year 2022 remained strong. With the launching of two new projects, Cassia Residence @ Cyberjaya and Laman Citra (Phase 1) @ Gelang Patah, with a total gross development value of RM229 million, the unbilled sales have bolstered to RM203 million.

The recent adverse fluctuation in building material prices has put pressure on construction and property developers. We foresee some reduction in profit margins for the ongoing projects.

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.

Barring any unforeseen circumstances, the Group remains optimistic about the long-term prospects. It will continue to enhance productivity excellence with cost optimisation to minimise the negative impact on its profitability and liquidity to achieve sustainable growth.



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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 28/02/2022 RM'000</b>	<b>9 Months Ended 28/02/2022 RM'000</b>
Income tax expense:		
Malaysian income tax	(1,314)	(10,389)
Foreign income tax	(1,019)	(3,027)
 Deferred tax	 (1,540)	 (7,483)
	<hr/> <b>(3,873)</b>	<hr/> <b>(20,899)</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**

There were no pending corporate proposals.





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#### B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 28/02/2022 RM'000	As at 31/05/2021 RM'000
(a) (i) <b>Short Term Borrowings</b>		
Revolving credit	53,445	100,500
Banker's acceptance	1,180	751
Bank overdraft	3,431	3,935
Term loans	24,824	43,221
Hire purchase payable	3,468	4,863
	86,348	153,270
(ii) <b>Long Term Borrowings</b>		
Term loans	235,022	250,912
Hire purchase payable	5,458	4,564
	240,480	255,476
<b>Total Borrowings</b>	326,828	408,746

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

	As at 28/02/2022		As at 31/05/2021	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	-	-	128	529
Indonesian Rupiah	96,638,940	28,219	112,362,735	32,473
		28,219		33,002

Bank borrowings for the current year to date decreased to RM326.83 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 20 April 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.



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#### B10. EARNINGS PER SHARE

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

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

INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
3 Months Ended 28/02/2022	3 Months Ended 28/02/2021 (Restated)	9 Months Ended 28/02/2022	9 Months Ended 28/02/2021 (Restated)

Net profit attributable to ordinary equity holders of the Company (RM'000)	5,446	1,525	45,678	2,926
Weighted average number of ordinary shares in issue ('000)	728,061	728,061	728,061	728,061
Basic earnings per share (sen)	0.75	0.21	6.27	0.40

##### (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 holders of the Company by the weighted average number of ordinary shares that would have been issued upon full conversion of the employee share option.

INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
3 Months Ended 28/02/2022	3 Months Ended 28/02/2021 (Restated)	9 Months Ended 28/02/2022	9 Months Ended 28/02/2021 (Restated)

Net profit attributable to ordinary equity holders of the Company (RM'000)	5,446	1,525	45,678	2,926
Weighted average number of ordinary shares in issue ('000)	728,061	728,061	728,061	728,061
Effect of dilution: Employee share option*	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	728,061	728,061	728,061	728,061
Diluted earnings per share (sen)	0.75	0.21	6.27	0.40

\*The share options expired on 5 December 2021 and the remaining unexercised share options of 63,624,800 had lapsed.



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

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

	<b>3 Months Ended 28/02/2022 RM'000</b>	<b>9 Months Ended 28/02/2022 RM'000</b>
Depreciation	1,751	5,069
Finance costs	119	838
Gain on disposal of:		
- property, plant and equipment	(10)	(50)
Rental of land and premises	144	577
	144	577

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

	<b>3 Months Ended 28/02/2022 RM'000</b>	<b>9 Months Ended 28/02/2022 RM'000</b>
Accretion of interest on other receivables	-	(198)
Bad debts written off	-	20
Depreciation	2,382	6,147
Fair value loss on quoted investments	(539)	899
Finance costs	3,048	9,088
Gain on disposal of:		
- property, plant and equipment	577	2,741
Impairment loss on goodwill	-	5,939
Income received from short term funds	(277)	(1,135)
Interest income	(543)	(1,363)
Net unrealised loss/(gain) on foreign exchange	338	(194)
Property, plant and equipment written off	1	1
	1	1

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.