



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 31/08/2020 RM'000	3 Months Ended 31/08/2019 RM'000	Variance %	3 Months Ended 31/08/2020 RM'000	3 Months Ended 31/08/2019 RM'000	Variance %
Revenue	115,392	147,599	-22	115,392	147,599	-22
Cost of sales	(101,615)	(116,120)	-12	(101,615)	(116,120)	-12
Gross profit	13,777	31,479	-56	13,777	31,479	-56
Other income	4,150	3,999	4	4,150	3,999	4
Administrative expenses	(6,755)	(6,006)	12	(6,755)	(6,006)	12
Depreciation	(1,841)	(1,467)	25	(1,841)	(1,467)	25
Operating expenses	(3,205)	(4,068)	-21	(3,205)	(4,068)	-21
Other expenses	(3,020)	(1,891)	60	(3,020)	(1,891)	60
Finance costs	(1,083)	(1,163)	-7	(1,083)	(1,163)	-7
Share of results of joint ventures	36	105	-66	36	105	-66
Profit before tax	2,059	20,988	-90	2,059	20,988	-90
Income tax expense	(1,374)	(6,034)	-77	(1,374)	(6,034)	-77
Net profit for the financial period	685	14,954	-95	685	14,954	-95
Other comprehensive income:						
Foreign currency translation	(3,218)	710	>100	(3,218)	710	>100
Total comprehensive (expenses)/ income for the financial period	(2,533)	15,664	-116	(2,533)	15,664	-116
Net profit attributable to:						
Equity holders of the Company	548	14,845	-96	548	14,845	-96
Non-controlling interests	137	109	26	137	109	26
	685	14,954	-95	685	14,954	-95
Total comprehensive (expenses)/ income attributable to:						
Equity holders of the Company	(2,500)	15,515	>100	(2,500)	15,515	>100
Non-controlling interests	(33)	149	>100	(33)	149	>100
	(2,533)	15,664	-116	(2,533)	15,664	-116
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	0.08	2.19	-97	0.08	2.19	-97
- Diluted (sen)	0.08	2.19	-97	0.08	2.19	-97

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2020.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Unaudited As At 31/08/2020 RM'000	Audited As At 31/05/2020 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	1,310	1,273
Concession assets	140,900	142,511
Property, plant and equipment	27,728	29,283
Right-of-use assets	19,812	21,039
Investment properties	75,888	76,109
Inventories - land held for property development	3,916	3,913
Non-trade receivables	2,837	2,891
Other investments	5,400	6,800
Goodwill on cosolidation	22,543	23,002
Deferred tax assets	26,447	26,079
	<u>326,781</u>	<u>332,900</u>
Current assets		
Inventories - completed properties and others	54,286	61,435
Inventories - property development costs	789,814	772,425
Contract costs	1,523	1,438
Trade and other receivables	153,794	142,313
Contract assets	170,633	157,335
Current tax assets	9,921	8,474
Short term funds	75,333	94,876
Deposits with licensed banks	104,885	101,610
Cash and bank balances	92,206	106,340
	<u>1,452,395</u>	<u>1,446,246</u>
TOTAL ASSETS	<u>1,779,176</u>	<u>1,779,146</u>



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2020 (Continued)

	Unaudited As At 31/08/2020 RM'000	Audited As At 31/05/2020 RM'000
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share Capital	389,521	389,521
Reserves	422,040	424,540
	<u>811,561</u>	<u>814,061</u>
Non-controlling interests	4,709	4,742
Total equity	<u>816,270</u>	<u>818,803</u>
Non-current liabilities		
Bank borrowings	248,600	163,769
Lease liabilities	5,108	5,710
Deferred tax liabilities	3,009	3,078
Defined benefit obligations	2,284	2,833
Non-trade payables	180,024	175,224
	<u>439,025</u>	<u>350,614</u>
Current liabilities		
Trade and other payables	305,751	399,049
Contract liabilities	94,168	87,922
Bank borrowings	117,187	114,625
Lease liabilities	4,148	4,947
Current tax liabilities	2,627	3,186
	<u>523,881</u>	<u>609,729</u>
Total liabilities	<u>962,906</u>	<u>960,343</u>
TOTAL EQUITY AND LIABILITIES	<u>1,779,176</u>	<u>1,779,146</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.12	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 2020.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020 (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
At 1 June 2020	389,521	5,680	1,347	(1,735)	419,248	814,061	4,742	818,803
Total comprehensive (expenses)/income	-	-	-	(3,048)	548	(2,500)	(33)	(2,533)
At 31 August 2020	389,521	5,680	1,347	(4,783)	419,796	811,561	4,709	816,270
At 1 June 2019	338,380	4,455	1,347	(2,532)	392,186	733,836	4,509	738,345
Total comprehensive income	-	-	-	670	14,845	15,515	149	15,664
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 31 August 2019	389,521	4,411	1,347	(1,862)	407,031	800,448	4,658	805,106

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 2020.



GADANG HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020 (The figures are unaudited)

	3 Months Ended 31/08/2020 RM'000	3 Months Ended 31/08/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	2,059	20,988
Adjustments for:		
Bad debts written off	1	26
Increase/(Decrease) in liability for defined benefit obligations	(579)	13
Depreciation of:		
- concession assets	675	663
- investment properties	221	217
- property, plant and equipment	1,585	4,556
- right-of-use assets	1,078	-
Fair value loss on quoted investment	1,400	1,800
Finance costs	1,566	2,107
Gain on disposal of:		
- property, plant and equipment	(1,875)	(818)
- right-of-use assets	(16)	-
Income received from short term funds	(423)	(398)
Interest income	(916)	(1,362)
Net unrealised loss/(gain) on foreign exchange	1,555	(418)
Property, plant and equipment written off	19	36
Share of results of joint ventures	(36)	(105)
Operating profit before working capital changes	6,314	27,305
Changes in working capital:		
Contract assets/(liabilities)	(7,052)	80
Contract costs	(85)	(124)
Inventories	(10,243)	11,074
Payables	(88,498)	(33,274)
Receivables	(11,428)	11,837
Cash (used in)/generated from operations	(110,992)	16,898
Net income tax paid	(3,849)	(9,082)
Net Operating Cash Flows	(114,841)	7,816
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- investment properties	-	(26)
- concession assets	(4,222)	(1,996)
- property, plant and equipment	(90)	(206)
Proceeds from disposal of:		
- property, plant and equipment	1,884	900
- right-of-use assets	165	-
Income received from short term funds	423	398
Interest income	916	1,362
Net Investing Cash Flows	(924)	432



GADANG HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2020 (Continued) (The figures are unaudited)

	3 Months Ended 31/08/2020 RM'000	3 Months Ended 31/08/2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	113,657	50,461
Finance costs	(1,566)	(2,107)
Proceeds from issuance of:		
- ordinary share	-	50,952
- share options exercised	-	145
Repayment of:		
- bank borrowings	(24,768)	(60,891)
- lease liabilities	(1,402)	(1,951)
Fixed deposits pledged as security values	(2,587)	(4,596)
Dividend paid	-	-
Net Financing Cash Flows	83,334	32,013
Net change in cash and cash equivalents	(32,431)	40,261
Effect of exchange rate changes	(832)	360
Cash and cash equivalents at the beginning of the financial period	213,127	125,595
Cash and cash equivalents at the end of the financial period	179,864	166,216
Analysis of Cash and Cash Equivalents		
Cash and bank balances	92,206	76,930
Short term funds	75,333	65,722
Deposits with licensed banks	104,885	106,096
Bank overdrafts	(8,425)	(9,559)
	263,999	239,189
Less: Fixed deposits pledged as security values	(84,135)	(72,973)
Total	179,864	166,216

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2020.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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 2020. 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 2020.

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 2020, except for the changes arising from the adoption of new Malaysian Financial Reporting Standards (“MFRSs”) and Amendments/Improvements to MFRSs as follows:

Standard	Title
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to Reference to the Conceptual Framework in MFRSs	

The adoption of these new MFRSs and Amendments/Improvements to MFRSs do not have any material impact on the financial statement of the Group.

MFRSs and Amendments/Improvements to MFRSs issued but not yet effective:

Standard	Title	Effective Date
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 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 16	COVID-19-Related Rent Concession	1 June 2020
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022

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



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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 2020 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 31/08/2020	Exercisable as at 31/08/2020
		As at 31/05/2020	Granted	Exercised	Lapsed*		
0.86	16.12.2016	57,502,700	-	-	-	57,502,700	43,383,100
1.03	05.01.2018	12,612,400	-	-	-	12,612,400	9,459,300
		70,115,100	-	-	-	70,115,100	52,842,400

*due to resignation of employees

There was no conversion of Warrant 2016/2021 for the current quarter under review. The number of outstanding warrants as at 31 August 2020 was 129,254,039.



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INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2020

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

A8. DIVIDEND PAID

There was no payment of dividend in the current quarter.

A9. SEGMENTAL REPORTING

3 months ended 31 August 2020 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	83,139	25,993	6,260	-	115,392
Results					
Segment results	1,068	4,555	2,012	(4,529)	3,106
Finance costs	(755)	(306)	(22)	-	(1,083)
Share of results of joint ventures	36	-	-	-	36
Profit/(Loss) before tax	349	4,249	1,990	(4,529)	2,059
Income tax expense					(1,374)
Profit for the financial period					685

3 months ended 31 August 2019 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	107,998	33,353	6,248	-	147,599
Results					
Segment results	17,383	5,932	2,145	(3,414)	22,046
Finance costs	(661)	(411)	(69)	(22)	(1,163)
Share of results of joint ventures	105	-	-	-	105
Profit/(Loss) before tax	16,827	5,521	2,076	(3,436)	20,988
Income tax expense					(6,034)
Profit for the financial period					14,954



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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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 2020.

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 31/08/2020 RM'000
Non-interest bearing advances	10,409

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



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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 RM115.39 million as compared to RM147.60 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM2.06 million as compared to RM20.99 million in the corresponding quarter of the preceding year, mainly due to lower contribution from Construction Division.

Other expenses increased to RM3.02 million in the current quarter mainly due to the unfavourable foreign exchange translation.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 31/08/2020	3 Months Ended 31/08/2019	Variance	3 Months Ended 31/08/2020	3 Months Ended 31/08/2019	Variance
RM'000	RM'000	%	RM'000	RM'000	%

REVENUE

Construction Division	83,139	107,998	-23	83,139	107,998	-23
Property Division	25,993	33,353	-22	25,993	33,353	-22
Utility Division	6,260	6,248	0.2	6,260	6,248	0.2
Investment Holding	-	-	-	-	-	-
	<u>115,392</u>	<u>147,599</u>	<u>-22</u>	<u>115,392</u>	<u>147,599</u>	<u>-22</u>

PROFIT/(LOSS) BEFORE TAX

Construction Division	349	16,827	-98	349	16,827	-98
Property Division	4,249	5,521	-23	4,249	5,521	-23
Utility Division	1,990	2,076	-4	1,990	2,076	-4
Investment Holding	(4,529)	(3,436)	32	(4,529)	(3,436)	32
	<u>2,059</u>	<u>20,988</u>	<u>-90</u>	<u>2,059</u>	<u>20,988</u>	<u>-90</u>

Construction Division

Revenue for the current quarter decreased to RM83.14 million as compared to RM108.00 million in the corresponding quarter of the preceding year. Profit before tax decreased significantly to RM0.35 million as compared to RM16.83 million in the corresponding quarter of the preceding year, mainly due to lower profit margin for on-going projects.

Property Division

In the current quarter, revenue decreased to RM25.99 million as compared to RM33.35 million in the corresponding quarter of the preceding year. Profit before tax declined to RM4.25 million as compared to RM5.52 million in the corresponding quarter of the preceding year. This was mainly due to completion of some development projects in the preceding year.



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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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

B1. OPERATING SEGMENTS REVIEW (Continued)

Utility Division

For the current quarter, revenue recorded at RM6.26 million as compared to RM6.25 million in the corresponding quarter of the preceding year. Profit before tax decreased marginally to RM1.99 million as compared to RM2.08 million in the corresponding quarter of the preceding year.

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

	Current Quarter 31/08/2020 RM'000	Preceding Quarter 31/05/2020 RM'000	Variance %
Revenue	115,392	115,595	0
Operating profit	4,983	9,045	-45
Profit before interest and tax	3,142	7,243	-57
Profit before tax	2,059	6,405	-68
Profit/(Loss) after tax	685	(334)	>100
Profit/(Loss) attributable to equity holders of the Company	548	(259)	>100

The Group's revenue decreased marginally to RM115.39 million in the current quarter as compared to RM115.60 million in the preceding quarter. The Group's profit before tax decreased to RM2.06 million as compared to RM6.41 million recorded in the preceding quarter. This was mainly due to the fair value loss on quoted investment of RM1.4 million and unfavorable foreign exchange translation of RM1.6 million recorded in the current quarter.

B3. BUSINESS PROSPECT FOR THE FINANCIAL YEAR ENDING 31 MAY 2021

The Board anticipates continuous business disruptions arising from the impact of the new waves of Covid-19 incidents nationwide. Accordingly, the Group undertakes a progressive cost rationalization exercise to realign and streamline its cost structure to stay resilient. Broadly, the Group expects the financial year to be challenging as follows:-

The Construction Division is expected to be greatly affected by the Government's reduced large infrastructure spending. Controlling and managing project cost is another inherit concern due to the overall competitive business environment, resulting in lower projects profit margins going forward.

The Property Division is envisaged to remain sluggish with poor consumer sentiment in the short and medium term. However, the Management is still pursuing its property launches for affordable homes located in strategic choice locations

The Utility Division's concession water treatment assets have not been significantly impacted by the Covid-19 pandemic in Indonesia and will continue to contribute a stable and sustainable recurring income stream to the Group. However, the Covid-19 pandemic may further delay in the testing and commissioning of the mini hydro power plant. Furthermore, the volatility of the foreign exchange rates may impact the Division's performance in the forthcoming financial year.



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INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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

B4. PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

Taxation comprises the following:

	3 Months Ended 31/08/2020 RM'000
Income tax expense:	
Malaysian income tax	(1,004)
Foreign income tax	(828)
Deferred tax	458
	<u>(1,374)</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.

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

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 fulfilment 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.

CCPSB had failed to fulfil the remaining conditions precedent as set out in the Settlement Agreement by 28 March 2020. Hence, the Settlement Agreement lapsed on 28 March 2020 and became null and void, and the parties fall back to the original Joint Venture Agreement on their rights and obligations.

CCPSB has since applied for and obtained an ex-parte Judicial Management Order on 13 March 2020 ("Judicial Management Order"). This, coupled with several other factors, give rise to event(s) of default under the Joint Venture Agreement. APSB had by way of a letter dated 15 May 2020 issued a Notice of Default under the Joint Venture Agreement to CCPSB.

The High Court had on 4 September 2020 given an order allowing APSB to intervene in the Judicial Management proceedings. APSB is in the midst of negotiating with the Judicial Manager for a commercially viable settlement scheme.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 31 AUGUST 2020

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

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 31 Aug 2020 RM'000	Balance unutilised as at 31 Aug 2020 RM'000	Intended timeframe for utilisation from the date of listing
Construction projects expenditure	37,069	(29,100)	7,969	Within 24 months
Repayment of bank borrowings	13,500	(13,500)	-	Completed
Expenses relating to the Private Placement	383	(383)	-	Completed
	50,952	(42,983)	7,969	

B8. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/08/2020 RM'000	As at 31/05/2020 RM'000
(a) (i) Short Term Borrowings		
Revolving credits	89,900	86,110
Banker acceptance	407	738
Bank overdraft	8,425	8,151
Term loans	18,455	19,626
	<u>117,187</u>	<u>114,625</u>
Hire purchase payable	4,148	4,947
	<u>121,335</u>	<u>119,572</u>
(ii) Long Term Borrowings		
Term loans	248,600	163,769
Hire purchase payable	5,108	5,710
	<u>253,708</u>	<u>169,479</u>
Total Borrowings	<u>375,043</u>	<u>289,051</u>



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B8. GROUP BORROWINGS (Continued)

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

	As at 31/08/2020		As at 31/05/2020	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	565	2,345	711	3,112
Indonesian Rupiah	128,086,529	36,505	133,327,794	39,598
		<u>38,850</u>		<u>42,710</u>

Bank borrowings for the current year to date increased to RM375.04 million as compared to RM289.05 million at the beginning of the financial year. This was mainly to finance the acquisition of 2 parcels land at Pontian, Johor for property development activities.

B9. MATERIAL LITIGATION

As at 14 October 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.

B10. DIVIDEND

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

In respect of the financial year 31 May 2020, the Board recommended a first and final dividend of 1 sen per share for approval of the shareholders at the forthcoming Annual General Meeting and if approved, will be paid on 10 December 2020. The entitlement date for the proposed dividend payment is 20 November 2020.



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B11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/08/2020	3 Months Ended 31/08/2019	3 Months Ended 31/08/2020	3 Months Ended 31/08/2019
Net profit attributable to ordinary equity holders of the Company (RM'000)	548	14,845	548	14,845
Weighted average number of ordinary shares in issue ('000)	728,061	676,426	728,061	676,426
Basic earnings per share (sen)	0.08	2.19	0.08	2.19

(b) Diluted earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 31/08/2020	3 Months Ended 31/08/2019	3 Months Ended 31/08/2020	3 Months Ended 31/08/2019
Net profit attributable to ordinary equity holders of the Company (RM'000)	548	14,845	548	14,845
Weighted average number of ordinary shares in issue ('000)	728,061	676,426	728,061	676,426
Effect of dilution:				
Exercise of warrants	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	728,061	676,426	728,061	676,426
Diluted earnings per share (sen)	0.08	2.19	0.08	2.19

The unexercised warrants and employee share option have no dilutive effect on the earnings per share as the exercise price is higher than the market price per ordinary share.



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B12. 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 31/08/2020 RM'000
Depreciation	1,718
Finance costs	483
Rental of land and premises	261

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

	3 Months Ended 31/08/2020 RM'000
Bad debts written off	1
Depreciation	1,841
Fair value loss on quoted investment	1,400
Finance costs	1,083
Gain on disposal of:	
- property, plant and equipment	1,875
- right-of-use assets	16
Income received from short term funds	(423)
Interest income	(916)
Net unrealised loss on foreign exchange	1,555
Property, plant and equipment written off	19

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.