



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 30/11/2020 RM'000	3 Months Ended 30/11/2019 RM'000	Variance %	6 Months Ended 30/11/2020 RM'000	6 Months Ended 30/11/2019 RM'000	Variance %
Revenue	168,115	197,718	-15	283,507	345,317	-18
Cost of sales	(149,443)	(169,226)	-12	(251,058)	(285,347)	-12
Gross profit	18,672	28,492	-34	32,449	59,970	-46
Other income	1,708	4,002	-57	5,857	8,002	-27
Administrative expenses	(6,356)	(6,788)	-6	(13,111)	(12,794)	2
Depreciation	(1,764)	(1,384)	27	(3,605)	(2,852)	26
Operating expenses	(4,429)	(5,237)	-15	(7,633)	(9,304)	-18
Other expenses	(1,292)	(3,289)	-61	(4,312)	(5,180)	-17
Finance costs	(828)	(1,149)	-28	(1,911)	(2,312)	-17
Share of results of joint ventures	65	440	-85	101	545	-81
Profit before tax	5,776	15,087	-62	7,835	36,075	-78
Income tax expense	(2,469)	(4,138)	-40	(3,843)	(10,172)	-62
Net profit for the financial period	3,307	10,949	-70	3,992	25,903	-85
Other comprehensive income:						
Foreign currency translation	1,086	(250)	>100	(2,132)	460	>100
Total comprehensive income for the financial period	4,393	10,699	-59	1,860	26,363	-93
Net profit attributable to:						
Equity holders of the Company	3,164	10,846	-71	3,712	25,691	-86
Non-controlling interests	143	103	39	280	212	32
	3,307	10,949	-70	3,992	25,903	-85
Total comprehensive income attributable to:						
Equity holders of the Company	4,190	10,610	-61	1,690	26,125	-94
Non-controlling interests	203	89	>100	170	238	-29
	4,393	10,699	-59	1,860	26,363	-93
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	0.43	1.57	-72	0.51	3.71	-86
- Diluted (sen)	0.43	1.57	-72	0.51	3.71	-86

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 30 NOVEMBER 2020

	Unaudited As At 30/11/2020 RM'000	Audited As At 31/05/2020 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	1,374	1,273
Concession assets	143,961	142,511
Property, plant and equipment	26,184	29,283
Right-of-use assets	18,558	21,039
Investment properties	75,667	76,109
Inventories - land held for property development	3,916	3,913
Non-trade receivables	2,893	2,891
Other investments	5,320	6,800
Goodwill on cosolidation	20,677	23,002
Deferred tax assets	26,759	26,079
	<u>325,309</u>	<u>332,900</u>
Current assets		
Inventories - completed properties and others	45,066	61,435
Inventories - property development costs	778,832	772,425
Contract costs	3,035	1,438
Trade and other receivables	158,393	142,313
Contract assets	178,688	157,335
Current tax assets	10,782	8,474
Short term funds	80,580	94,876
Deposits with licensed banks	92,999	101,610
Cash and bank balances	87,453	106,340
	<u>1,435,828</u>	<u>1,446,246</u>
TOTAL ASSETS	<u>1,761,137</u>	<u>1,779,146</u>



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 NOVEMBER 2020 (Continued)

	Unaudited As At 30/11/2020 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	418,949	424,540
	<u>808,470</u>	<u>814,061</u>
Non-controlling interests	4,912	4,742
Total equity	<u>813,382</u>	<u>818,803</u>
Non-current liabilities		
Bank borrowings	248,494	163,769
Lease liabilities	3,894	5,710
Deferred tax liabilities	2,943	3,078
Defined benefit obligations	2,278	2,833
Non-trade payables	180,024	175,224
	<u>437,633</u>	<u>350,614</u>
Current liabilities		
Trade and other payables	320,788	399,049
Contract liabilities	64,869	87,922
Bank borrowings	117,615	114,625
Lease liabilities	4,076	4,947
Current tax liabilities	2,774	3,186
	<u>510,122</u>	<u>609,729</u>
Total liabilities	<u>947,755</u>	<u>960,343</u>
TOTAL EQUITY AND LIABILITIES	<u>1,761,137</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 30 NOVEMBER 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 income	-	-	-	(2,022)	3,712	1,690	170	1,860
Dividend on ordinary shares	-	-	-	-	(7,281)	(7,281)	-	(7,281)
At 30 November 2020	389,521	5,680	1,347	(3,757)	415,679	808,470	4,912	813,382
At 1 June 2019	338,380	4,455	1,347	(2,532)	392,186	733,836	4,509	738,345
Total comprehensive income	-	-	-	434	25,691	26,125	238	26,363
Dividend on ordinary shares	-	-	-	-	(8,738)	(8,738)	-	(8,738)
Issue of ordinary shares	50,952	-	-	-	-	50,952	-	50,952
Issue of shares upon exercise of share option	145	-	-	-	-	145	-	145
Transfer to share capital for employees share option exercised	44	(44)	-	-	-	-	-	-
At 30 November 2019	389,521	4,411	1,347	(2,098)	409,139	802,320	4,747	807,067

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

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (The figures are unaudited)

	6 Months Ended 30/11/2020 RM'000	6 Months Ended 30/11/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	7,835	36,075
Adjustments for:		
Bad debts written off	2	26
(Decrease)/Increase in liability for defined benefit obligations	(585)	5
Depreciation of:		
- concession assets	1,323	1,260
- investment properties	442	459
- property, plant and equipment	3,107	8,109
- right-of-use assets	2,129	-
Fair value loss on quoted investments	1,220	5,000
Finance costs	2,863	4,110
Gain on disposal of:		
- quoted investments	(33)	-
- property, plant and equipment	(1,874)	(2,707)
- right-of-use assets	(133)	-
Impairment loss on goodwill	1,941	-
Income received from short term funds	(683)	(831)
Interest income	(1,405)	(2,651)
Net unrealised loss/(gain) on foreign exchange	996	(458)
Property, plant and equipment written off	21	36
Share of results of joint ventures	(101)	(545)
Operating profit before working capital changes	17,065	47,888
Changes in working capital:		
Contract assets/(liabilities)	(44,407)	(21,865)
Contract costs	(1,596)	(432)
Inventories	9,958	22,117
Payables	(73,460)	(14,627)
Receivables	(16,085)	(28,510)
Cash (used in)/generated from operations	(108,525)	4,571
Net income tax paid	(7,383)	(13,699)
Net Operating Cash Flows	(115,908)	(9,128)



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2020 (Continued) (The figures are unaudited)

	6 Months Ended 30/11/2020	6 Months Ended 30/11/2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- investment properties	-	(724)
- concession assets	(6,107)	(7,507)
- property, plant and equipment	(105)	(119)
Proceeds from disposal of:		
- other investment	294	100
- property, plant and equipment	1,888	7,329
- right-of-use assets	485	-
Income received from short term funds	683	831
Interest income	1,405	2,651
Net Investing Cash Flows	(1,457)	2,561
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	132,474	129,123
Finance costs	(2,863)	(4,110)
Proceeds from issuance of:		
- ordinary share	-	50,952
- share options exercised	-	145
Repayment of:		
- bank borrowings	(43,092)	(124,867)
- lease liabilities	(2,688)	(6,942)
Fixed deposits pledged as security values	6,767	(2,284)
Dividend paid	(7,281)	(8,738)
Net Financing Cash Flows	83,317	33,279
Net change in cash and cash equivalents	(34,048)	26,712
Effect of exchange rate changes	(546)	353
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	178,533	152,660
Analysis of Cash and Cash Equivalents:-		
Cash and bank balances	87,453	97,982
Short term funds	80,580	48,861
Deposits with licensed banks	92,999	113,291
Bank overdrafts	(7,718)	(36,814)
	253,314	223,320
Less: Fixed deposits pledged as security values	(74,781)	(70,660)
Total	178,533	152,660

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 30 NOVEMBER 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
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

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 30/11/2020	Exercisable as at 30/11/2020
		As at 31/08/2020	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 30 November 2020 was 129,254,039.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

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

At the Company’s Annual General Meeting held on 11 November 2020, the shareholders of the Company approved the first and final dividend of 1 sen per share in respect of the financial year ended 31 May 2020. The Company paid the dividend on 10 December 2020.

A9. SEGMENTAL REPORTING

6 months ended 30 November 2020 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	187,101	84,007	12,399	-	283,507
Results					
Segment results	(2,295)	13,719	4,105	(5,884)	9,645
Finance costs	(1,183)	(690)	(38)	-	(1,911)
Share of results of joint ventures	101	-	-	-	101
Profit /(Loss) before tax	(3,377)	13,029	4,067	(5,884)	7,835
Income tax expense					(3,843)
Profit for the financial period					3,992

6 months ended 30 November 2019 (Previous Financial Period)

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



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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 30/11/2020 RM'000
Non-interest bearing advances	8,021

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 30 NOVEMBER 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 RM168.12 million as compared to RM197.72 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM5.78 million as compared to RM15.09 million in the corresponding quarter of the preceding year.

For the current year to date, revenue decreased to RM283.51 million as compared to RM345.32 million in the preceding year to date. The profit before tax decreased to RM7.84 million as compared to RM36.08 million in the preceding year to date. This was mainly due to lower contribution by the Construction Division.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 30/11/2020	3 Months Ended 30/11/2019	Variance	6 Months Ended 30/11/2020	6 Months Ended 30/11/2019	Variance
RM'000	RM'000	%	RM'000	RM'000	%

REVENUE

Construction Division	103,962	148,980	-30	187,101	256,978	-27
Property Division	58,014	42,800	36	84,007	76,153	10
Utility Division	6,139	5,938	3	12,399	12,186	2
Investment Holding	-	-	-	-	-	-
	<u>168,115</u>	<u>197,718</u>	<u>-15</u>	<u>283,507</u>	<u>345,317</u>	<u>-18</u>

PROFIT/(LOSS) BEFORE TAX

Construction Division	(3,726)	9,299	>100	(3,377)	26,126	>100
Property Division	8,780	9,619	-9	13,029	15,140	-14
Utility Division	2,077	1,476	41	4,067	3,552	14
Investment Holding	(1,355)	(5,307)	-74	(5,884)	(8,743)	-33
	<u>5,776</u>	<u>15,087</u>	<u>-62</u>	<u>7,835</u>	<u>36,075</u>	<u>-78</u>

Construction Division

For the current quarter, revenue decreased to RM103.96 million as compared to RM148.98 million in the corresponding quarter of the preceding year. Loss before tax recorded at RM3.73 million as compared to profit before tax of RM9.30 million in the corresponding quarter of the preceding year.

Revenue for current year to date decreased to RM187.10 million as compared to RM256.98 million in the preceding year to date. Profit before tax decreased significantly from RM26.13 million to loss before tax of RM3.38 million in the current year to date, partly due to the completion of a major project in the preceding year, and goodwill impairment of a subsidiary. Also, the Covid-19 pandemic has resulted in more stringent SOP which significantly impacted project progress, resulting in higher costs for current projects.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 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)

Property Division

In the current quarter, revenue increased to RM58.01 million as compared to RM42.80 million in the corresponding quarter of the preceding year. Profit before tax declined to RM8.78 million as compared to RM9.62 million in the corresponding quarter of the preceding year.

Revenue for current year to date increased to RM84.01 million as compared to RM76.15 million in the preceding year to date. This was mainly due to higher sales achieved for the on-going new affordable residential projects. Profit before tax decreased to RM13.03 million as compared to RM15.14 million in the preceding year to date. This was mainly due to lower profit margin arising from the affordable residential projects.

Utility Division

For the current quarter, revenue increased to RM6.14 million as compared to RM5.94 million in the corresponding quarter of the preceding year. Profit before tax increased to RM2.08 million as compared to RM1.48 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased marginally to RM12.40 million as compared to RM 12.19 million in the preceding year to date. Profit before tax increased to RM4.07 million as compared to RM3.55 million in the preceding year to date. This was mainly due to lower operating cost in the current period.

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

	Current Quarter 30/11/2020 RM'000	Preceding Quarter 31/08/2020 RM'000	Variance %
Revenue	168,115	115,392	46
Operating profit	8,368	4,983	68
Profit before interest and tax	6,604	3,142	>100
Profit before tax	5,776	2,059	>100
Profit after tax	3,307	685	>100
Profit attributable to equity holders of the Company	<u>3,164</u>	<u>548</u>	>100

The Group's revenue increased to RM168.12 million in the current quarter as compared to RM115.39 million in the preceding quarter. The Group's profit before tax increased to RM5.78 million as compared to RM2.06 million recorded in the preceding quarter. The higher profit before tax was mainly contributed by the improved sales from the Property Division.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2020

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

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

Owing to the current resurgence in Covid-19 infections, the re-implementation of Movement Control Order 2.0, and political uncertainties, the Board anticipates that the current financial year will be very challenging.

The Construction Division has been greatly affected by the Government's deferment of large infrastructure projects. Accordingly, stringent operating costs control is necessary in view of the competitive and lower-margin business environment. As at the reporting date, the Division's existing outstanding order book stands at RM717 million, which will be able to sustain its operations for the next two years.

The Property Division will launch more affordable homes at strategic choice locations. Results so far has been encouraging. As at 30 November 2020, the Division recorded RM124 million in total unbilled sales.

The Utility Division's concession water treatment assets in Indonesia will continue to contribute a stable and sustainable recurring income stream to the Group. However, the Covid-19 pandemic and recent heavy rains and landslides have significantly delayed 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 current financial year.

B4. PROFIT FORECAST AND PROFIT GUARANTEE

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

B5. TAXATION

Taxation comprises the following:

	3 Months Ended 30/11/2020 RM'000	6 Months Ended 30/11/2020 RM'000
Income tax expense:		
Malaysian income tax	(2,000)	(3,004)
Foreign income tax	(839)	(1,667)
Deferred tax	370	828
	<u>(2,469)</u>	<u>(3,843)</u>

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



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2020

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

B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

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 was subject to the fulfilment of the conditions precedent, as stipulated in the respective Agreements. On 26 September 2019, APSB and CCPSB had mutually agreed to extend the conditional period, which was to 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.

However, 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 reverted to the original Joint Venture Agreement on their rights and obligations.

CCPSB had since applied for and obtained an ex-parte Judicial Management Order on 13 March 2020 (“Judicial Management Order”). This, coupled with several other factors, gave 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.

B7. UTILISATION OF PROCEEDS

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

Purpose	Proposed utilisation RM'000	Actual utilisation as at 30 Nov 2020 RM'000	Balance unutilised as at 30 Nov 2020 RM'000	Intended timeframe for utilisation from the date of listing
Construction projects expenditure	37,069	(37,069)	-	Completed
Repayment of bank borrowings	13,500	(13,500)	-	Completed
Expenses relating to the Private Placement	383	(383)	-	Completed
	50,952	(50,952)	-	

The Private Placement has been fully utilised as at 30 November 2020.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2020

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

B8. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 30/11/2020 RM'000	As at 31/05/2020 RM'000
(a) (i) Short Term Borrowings		
Revolving credits	91,100	86,110
Banker acceptance	860	738
Bank overdraft	7,718	8,151
Term loans	17,937	19,626
Hire purchase payable	4,076	4,947
	<u>121,691</u>	<u>119,572</u>
(ii) Long Term Borrowings		
Term loans	248,494	163,769
Hire purchase payable	3,894	5,710
	<u>252,388</u>	<u>169,479</u>
Total Borrowings	<u>374,079</u>	<u>289,051</u>

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

	As at 30/11/2020		As at 31/05/2020	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	420	1,713	711	3,112
Indonesian Rupiah	122,845,264	35,502	133,327,794	39,598
		<u>37,215</u>		<u>42,710</u>

Bank borrowings for the current year to date increased to RM374.08 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 20 January 2021, 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.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2020

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

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 30/11/2020	3 Months Ended 30/11/2019	6 Months Ended 30/11/2020	6 Months Ended 30/11/2019
Net profit attributable to ordinary equity holders of the Company (RM'000)	3,164	10,846	3,712	25,691
Weighted average number of ordinary shares in issue ('000)	728,061	692,965	728,061	692,965
Basic earnings per share (sen)	0.43	1.57	0.51	3.71

(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 30/11/2020	3 Months Ended 30/11/2019	6 Months Ended 30/11/2020	6 Months Ended 30/11/2019
Net profit attributable to ordinary equity holders of the Company (RM'000)	3,164	10,846	3,712	25,691
Weighted average number of ordinary shares in issue ('000)	728,061	692,965	728,061	692,965
Effect of dilution:				
Exercise of warrants	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	728,061	692,965	728,061	692,965
Diluted earnings per share (sen)	0.43	1.57	0.51	3.71

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



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2020

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

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 30/11/2020 RM'000	6 Months Ended 30/11/2020 RM'000
Depreciation	1,678	3,396
Finance costs	469	952
(Gain)/Loss on disposal of:		
- property, plant and equipment	1	1
- right-of-use assets	(117)	(117)
Rental of land and premises	211	472

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

	3 Months Ended 30/11/2020 RM'000	6 Months Ended 30/11/2020 RM'000
Bad debts written off	1	2
Depreciation	1,764	3,605
Fair value (gain)/loss on quoted investment	(180)	1,220
Finance costs	828	1,911
Gain on disposal of:		
- property, plant and equipment	(3,750)	(1,875)
- quoted investments	(33)	(33)
- right-of-use assets	(32)	(16)
Impairment loss on goodwill	1,941	1,941
Income received from short term funds	(260)	(683)
Interest income	(489)	(1,405)
Net unrealised (gain)/loss on foreign exchange	(559)	996
Property, plant and equipment written off	2	21

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.