



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 28/02/2021	3 Months Ended 29/02/2020	Variance %	9 Months Ended 28/02/2021	9 Months Ended 29/02/2020	Variance %
	RM'000	RM'000		RM'000	RM'000	
Revenue	138,912	212,144	-35	422,419	557,461	-24
Cost of sales	(118,102)	(174,397)	-32	(369,160)	(459,744)	-20
Gross profit	20,810	37,747	-45	53,259	97,717	-45
Other income	2,424	2,078	17	8,282	10,080	-18
Administrative expenses	(8,423)	(10,849)	-22	(21,535)	(23,643)	-9
Depreciation	(1,839)	(1,664)	11	(5,444)	(4,515)	21
Operating expenses	(4,237)	(5,471)	-23	(11,870)	(14,775)	-20
Other expenses	(1,733)	(1,790)	-3	(6,045)	(6,970)	-13
Finance costs	(869)	(1,051)	-17	(2,780)	(3,363)	-17
Share of results of joint ventures	(347)	(2,148)	-84	(246)	(1,604)	-85
Profit before tax	5,786	16,852	-66	13,621	52,927	-74
Income tax expense	(2,815)	(6,767)	-58	(6,658)	(16,939)	-61
Net profit for the financial period	2,971	10,085	-71	6,963	35,988	-81
Other comprehensive income:						
Foreign currency translation	(1,437)	(587)	>100	(3,570)	(127)	>100
Total comprehensive income for the financial period	1,534	9,498	-84	3,393	35,861	-91
Net profit attributable to:						
Equity holders of the Company	2,835	10,030	-72	6,547	35,722	-82
Non-controlling interests	136	55	>100	416	266	56
Total comprehensive income attributable to:						
Equity holders of the Company	1,473	9,471	-84	3,161	35,597	-91
Non-controlling interests	61	27	>100	232	264	-12
	1,534	9,498	-84	3,393	35,861	-91
Earnings per share attributable to equity holders of the Company:						
- Basic (sen)	0.39	1.41	-72	0.90	5.04	-82
- Diluted (sen)	0.39	1.41	-72	0.90	5.04	-82

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 28 FEBRUARY 2021

	Unaudited As At 28/02/2021 RM'000	Audited As At 31/05/2020 RM'000
ASSETS		
Non-current assets		
Investment in joint ventures	1,027	1,273
Concession assets	144,356	142,511
Property, plant and equipment	24,709	29,283
Right-of-use assets	17,524	21,039
Investment properties	72,868	76,109
Inventories - land held for property development	3,913	3,913
Non-trade receivables	2,886	2,891
Other investments	4,135	6,800
Goodwill on cosolidation	20,488	23,002
Deferred tax assets	28,821	26,079
	320,727	332,900
Current assets		
Inventories - completed properties and others	39,732	61,435
Inventories - property development costs	783,137	772,425
Contract costs	3,222	1,438
Trade and other receivables	143,979	142,313
Contract assets	197,731	157,335
Current tax assets	10,635	8,474
Short term funds	123,611	94,876
Deposits with licensed banks	79,920	101,610
Cash and bank balances	91,975	106,340
	1,473,942	1,446,246
TOTAL ASSETS	1,794,669	1,779,146



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2021 (Continued)

	Unaudited As At 28/02/2021 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	420,815	424,540
	810,336	814,061
Non-controlling interests	4,974	4,742
Total equity	815,310	818,803
Non-current liabilities		
Bank borrowings	275,456	163,769
Lease liabilities	2,902	5,710
Deferred tax liabilities	2,727	3,078
Defined benefit obligations	2,238	2,833
Non-trade payables	180,024	175,224
	463,347	350,614
Current liabilities		
Trade and other payables	328,427	399,049
Contract liabilities	65,061	87,922
Bank borrowings	115,245	114,625
Lease liabilities	3,886	4,947
Current tax liabilities	3,393	3,186
	516,012	609,729
Total liabilities	979,359	960,343
TOTAL EQUITY AND LIABILITIES	1,794,669	1,779,146
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 28 FEBRUARY 2021
(The figures are unaudited)**

	Share Capital	Share Option Reserves	Capital Reserves	Foreign Exchange Translation Reserves	Retained Profits	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2020	389,521	5,680	1,347	(1,735)	419,248	814,061	4,742	818,803
Total comprehensive income	-	-	-	(3,386)	6,547	3,161	232	3,393
Dividend on ordinary shares	-	-	-	-	(7,281)	(7,281)	-	(7,281)
Employees share option lapsed	-	(546)	-	-	546	-	-	-
Recognition of share option expenses	-	395	-	-	-	395	-	395
At 28 February 2021	389,521	5,529	1,347	(5,121)	419,060	810,336	4,974	815,310



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (Continued)**
(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 2019	338,380	4,455	1,347	(2,532)	392,186	733,836	4,509	738,345
Total comprehensive income	-	-	-	(125)	35,722	35,597	264	35,861
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
Recognition of share option expenses	-	1,453	-	-	-	1,453	-	1,453
Employees share option lapsed	-	(184)	-	-	184	-	-	-
Transfer to share capital for employees share option exercised	44	(44)	-	-	-	-	-	-
At 29 February 2020	389,521	5,680	1,347	(2,657)	419,354	813,245	4,773	818,018

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 28 FEBRUARY 2021 (The figures are unaudited)

	9 Months Ended 28/02/2021 RM'000	9 Months Ended 29/02/2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	13,621	52,927
Adjustments for:		
Bad debts written off	2	26
Deposits written off	4	-
Decrease in liability for defined benefit obligations	(624)	(13)
Depreciation of:		
- concession assets	2,005	1,904
- investment properties	718	671
- property, plant and equipment	4,595	11,237
- right-of-use assets	3,177	-
Fair value loss on quoted investments	2,119	6,800
Finance costs	4,252	6,282
Gain on disposal of:		
- investment properties	(157)	-
- quoted investments	(58)	-
- property, plant and equipment	(2,354)	(2,967)
- right-of-use assets	(263)	-
Impairment loss on goodwill	1,958	-
Income received from short term funds	(1,021)	(1,374)
Interest income	(1,862)	(3,724)
Net unrealised loss/(gain) on foreign exchange	1,723	(329)
Property, plant and equipment written off	21	36
Share of results of joint ventures	246	1,604
Share option expenses	395	1,453
Operating profit before working capital changes	28,497	74,533
Changes in working capital:		
Contract assets/(liabilities)	(63,258)	27,358
Contract costs	(1,784)	(403)
Inventories	10,991	33,037
Payables	(65,822)	(5,527)
Receivables	(1,667)	11,018
Cash (used in)/generated from operations	(93,043)	140,016
Net income tax paid	(11,744)	(28,163)
Net Operating Cash Flows	(104,787)	111,853



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2021 (Continued) (The figures are unaudited)

	9 Months Ended 28/02/2021	9 Months Ended 29/02/2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
- investment properties	-	(119)
- concession assets	(9,298)	(12,611)
- property, plant and equipment	(124)	(2,985)
- right-of-use assets	(30)	-
Investment in a subsidiary	-	(5,085)
Proceeds from disposal of:		
- investment properties	2,680	-
- other investment	603	100
- property, plant and equipment	2,376	3,844
- right-of-use assets	898	-
Income received from short term funds	1,021	1,374
Interest income	1,862	3,724
Net Investing Cash Flows	(12)	(11,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	167,033	192,718
Finance costs	(4,252)	(6,282)
Proceeds from issuance of:		
- ordinary share	-	50,952
- share options exercised	-	145
Repayment of:		
- bank borrowings	(53,235)	(206,658)
- lease liabilities	(4,136)	(8,276)
Fixed deposits pledged as security values	17,130	(9,067)
Dividend paid	(7,281)	(8,738)
Net Financing Cash Flows	115,259	4,794
Net change in cash and cash equivalents	10,460	104,889
Effect of exchange rate changes	(1,113)	317
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	222,474	230,801
Analysis of Cash and Cash Equivalents:-		
Cash and bank balances	91,975	107,160
Short term funds	123,611	98,262
Deposits with licensed banks	79,920	110,943
Bank overdrafts	(8,614)	(8,120)
	286,892	308,245
Less: Fixed deposits pledged as security values	(64,418)	(77,444)
Total	222,474	230,801

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 28 FEBRUARY 2021

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

A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared 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 4	Extension of the Temporary Exemption from Applying MFRS 9
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 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	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



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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2021

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

A2. CHANGES IN ACCOUNTING POLICIES (Continued)

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.

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						Exercisable as at 28/02/2021
		As at 30/11/2020	Granted	Exercised	Lapsed*	As at 28/02/2021		
0.86	16.12.2016	57,502,700	-	-	(5,267,500)	52,235,200	52,235,200	
1.03	05.01.2018	12,612,400	-	-	(1,222,800)	11,389,600	11,389,600	
		70,115,100	-	-	(6,490,300)	63,624,800	63,624,800	

*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 28 February 2021 was 129,254,039.



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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2021

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

A8. DIVIDEND PAID

At the Company’s Annual General Meeting held on 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

9 months ended 28 February 2021 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	277,154	126,357	18,908	-	422,419
Results					
Segment results	710	20,071	6,180	(10,314)	16,647
Finance costs	(1,582)	(1,060)	(50)	(88)	(2,780)
Share of results of joint ventures	(246)	-	-	-	(246)
Profit/(Loss) before tax	(1,118)	19,011	6,130	(10,402)	13,621
Income tax expense					(6,658)
Profit for the financial period					6,963

9 months ended 29 February 2020 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
Revenue	402,798	136,324	18,339	-	557,461
Results					
Segment results	36,566	30,863	4,458	(13,993)	57,894
Finance costs	(1,866)	(1,300)	(175)	(22)	(3,363)
Share of results of joint ventures	(1,604)	-	-	-	(1,604)
Profit/(Loss) before tax	33,096	29,563	4,283	(14,015)	52,927
Income tax expense					(16,939)
Profit for the financial period					35,988



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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2021

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

A10. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment and concession assets have been brought forward without amendment from the audited financial statements for the financial year ended 31 May 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 28/02/2021 RM'000
Non-interest bearing advances	7,209

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 2021

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

B1. OPERATING SEGMENTS REVIEW

REVIEW OF PERFORMANCE AGAINST PREVIOUS YEAR CORRESPONDING PERIOD

During the current quarter, the Group recorded lower revenue of RM138.91 million compared to RM212.14 million in the corresponding quarter of the preceding year. Profit before tax decreased to RM5.79 million compared to RM16.85 million in the corresponding quarter of the preceding year.

For the current year to date, revenue decreased to RM422.42 million compared to RM557.46 million in the preceding year to date. The profit before tax decreased to RM13.62 million compared to RM52.93 million in the preceding year to date. This was mainly due to lower contribution by both the Construction and Property Divisions.

Tabulated below is the unaudited various divisional contributions:-

INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
3 Months Ended 28/02/2021	3 Months Ended 29/02/2020	Variance %	9 Months Ended 28/02/2021	9 Months Ended 29/02/2020	Variance %
RM'000	RM'000	%	RM'000	RM'000	%

REVENUE

Construction Division	90,053	145,820	-38	277,154	402,798	-31
Property Division	42,350	60,171	-30	126,357	136,324	-7
Utility Division	6,509	6,153	6	18,908	18,339	3
Investment Holding	-	-	-	-	-	-
	<u>138,912</u>	<u>212,144</u>	<u>-35</u>	<u>422,419</u>	<u>557,461</u>	<u>-24</u>

PROFIT/(LOSS) BEFORE TAX

Construction Division	2,259	6,970	-68	(1,118)	33,096	>100
Property Division	5,982	14,423	-59	19,011	29,563	-36
Utility Division	2,063	731	>100	6,130	4,283	43
Investment Holding	(4,518)	(5,272)	-14	(10,402)	(14,015)	-26
	<u>5,786</u>	<u>16,852</u>	<u>-66</u>	<u>13,621</u>	<u>52,927</u>	<u>-74</u>

Construction Division

Revenue for the current quarter decreased to RM90.05 million compared to RM145.82 million in the corresponding quarter of the preceding year. Profit before tax recorded at RM2.26 million compared to RM6.97 million in the corresponding quarter of the preceding year.

Revenue for the current year to date reduced significantly to RM277.15 million compared to RM402.80 million in the preceding year to date. Profit before tax decreased materially from RM33.10 million to a loss before tax of RM1.12 million in the current year to date, partly due to the completion of major projects in the preceding year and goodwill impairment of a subsidiary company. The continuous impact of Covid-19 pandemic resulted in more stringent SOP which suspended and deferred project progress, resulting in higher implementation costs for on-going projects.



GADANG HOLDINGS BERHAD

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INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2021

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

B1. OPERATING SEGMENTS REVIEW (Continued)

Property Division

In the current quarter, revenue decreased to RM42.35 million compared to RM60.17 million in the corresponding quarter of the preceding year, mainly due to sluggish market conditions. Profit before tax declined to RM5.98 million compared to RM14.42 million in the corresponding quarter of the preceding year.

Revenue for current year to date decreased to RM126.36 million compared to RM136.32 million in the preceding year to date. Profit before tax also decreased to RM19.01 million compared to RM29.56 million in the preceding year to date. This weaker performance was due to lower profit margins from the sale of affordable residential projects that generated the essential sales volume.

Utility Division

For the current quarter, revenue increased to RM6.51 million compared to RM6.15 million in the corresponding quarter of the preceding year. Profit before tax increased to RM2.06 million compared to RM0.73 million in the corresponding quarter of the preceding year.

Revenue for the current year to date increased marginally to RM18.91 million compared to RM 18.34 million in the preceding year to date. Profit before tax increased to RM6.13 million compared to RM4.28 million in the preceding year to date. This was mainly due to lower operating costs in the current period.

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

	Current Quarter 28/02/2021 RM'000	Preceding Quarter 30/11/2020 RM'000	Variance %
Revenue	138,912	168,115	-17
Operating profit	8,494	8,368	2
Profit before interest and tax	6,655	6,604	1
Profit before tax	5,786	5,776	0.2
Profit after tax	2,971	3,307	-10
Profit attributable to equity holders of the Company	2,835	3,164	-10

The Group's revenue decreased to RM138.91 million in the current quarter compared to RM168.12 million in the preceding quarter. This was mainly due to lower construction activities and lower work progress for the property development projects. The Group's profit before tax increased marginally to RM5.79 million compared to RM5.78 million recorded in the preceding quarter.



GADANG HOLDINGS BERHAD

199301023376 (278114-K)

INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2021

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

The Covid-19 pandemic and the related Movement Control Orders (MCO) 1.0 and 2.0 in place last year and early this year have severely impacted the nation's economy and market resilience. In view of the uncertain domestic economy, the Board anticipates that the current financial year performance will be lower due to the challenging and depressed market conditions.

The Construction Division will focus on project execution, whilst pursuing new opportunities to replenish its order book. The Division will continue to monitor and implement effective cost control measures in view of the competitive and lower margin business environment. MCO 2.0 might have dampened construction sector's road to recovery but with the recent reaffirmation of large infrastructure projects such as Mass Rapid Transit 3, the catalyst remains positive. As at the reporting date, the Division's existing outstanding order book stands at RM624 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. The Division is planning to launch two new phases of development projects in the 2nd half of year 2021. As at 28 February 2021, the Division recorded RM132 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 28/02/2021 RM'000	9 Months Ended 28/02/2021 RM'000
Income tax expense:		
Malaysian income tax	(4,236)	(7,240)
Foreign income tax	(867)	(2,534)
Deferred tax	2,288	3,116
	<u>(2,815)</u>	<u>(6,658)</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 non-recognition of deferred tax losses of certain subsidiaries and certain expenses not deductible for tax purposes.



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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. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 28/02/2021 RM'000	As at 31/05/2020 RM'000
(a) (i) Short Term Borrowings		
Revolving credits	89,990	86,110
Banker acceptance	630	738
Bank overdraft	8,614	8,151
Term loans	16,011	19,626
Hire purchase payable	3,886	4,947
	<hr/> 119,131	<hr/> 119,572
(ii) Long Term Borrowings		
Term loans	275,456	163,769
Hire purchase payable	2,902	5,710
	<hr/> 278,358	<hr/> 169,479
Total Borrowings	<hr/> 397,489	<hr/> 289,051



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B7. GROUP BORROWINGS (Continued)

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

	As at 28/02/2021		As at 31/05/2020	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	274	1,106	711	3,112
Indonesian Rupiah	117,603,999	33,399	133,327,794	39,598
		<u>34,505</u>		<u>42,710</u>

Bank borrowings for the current year to date increased to RM397.49 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.

B8. MATERIAL LITIGATION

As at 21 April 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.

B9. DIVIDEND

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

B10. EARNINGS PER SHARE

(a) Basic earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 28/02/2021	3 Months Ended 29/02/2020	9 Months Ended 28/02/2021	9 Months Ended 29/02/2020
Net profit attributable to ordinary equity holders of the Company (RM'000)	2,835	10,030	6,547	35,722
Weighted average number of ordinary shares in issue ('000)	728,061	709,375	728,061	709,375
Basic earnings per share (sen)	<u>0.39</u>	<u>1.41</u>	<u>0.90</u>	<u>5.04</u>



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B10. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months Ended 28/02/2021	3 Months Ended 29/02/2020	9 Months Ended 28/02/2021	9 Months Ended 29/02/2020
Net profit attributable to ordinary equity holders of the Company (RM'000)	2,835	10,030	6,547	35,722
Weighted average number of ordinary shares in issue ('000)	728,061	709,375	728,061	709,375
Effect of dilution:				
Exercise of warrants	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	728,061	709,375	728,061	709,375
Diluted earnings per share (sen)	0.39	1.41	0.90	5.04

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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B11. NOTES TO THE CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	3 Months Ended 28/02/2021 RM'000	9 Months Ended 28/02/2021 RM'000
Depreciation	1,655	5,051
Finance costs	520	1,472
Gain on disposal of:		
- property, plant and equipment	(4)	(3)
- right-of-use assets	-	(117)
Rental of land and premises	214	686
	214	686

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

	3 Months Ended 28/02/2021 RM'000	9 Months Ended 28/02/2021 RM'000
Bad debts written off	-	2
Depreciation	1,839	5,444
Deposits written off	4	4
Fair value loss on quoted investment	899	2,119
Finance costs	869	2,780
Gain on disposal of:		
- investment properties	-	(157)
- property, plant and equipment	(476)	(2,351)
- quoted investments	(25)	(58)
- right-of-use assets	(130)	(146)
Impairment loss on goodwill	-	1,958
Income received from short term funds	(338)	(1,021)
Interest income	(457)	(1,862)
Net unrealised loss on foreign exchange	727	1,723
Property, plant and equipment written off	-	21
Share option expenses	395	395
	395	395

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.