



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	Unaudited			Unaudited			Unaudited			Audited		
	INDIVIDUAL QUARTER			CUMULATIVE YEAR			12 Months			12 Months		
	3 Months Ended 31/05/2023 RM'000	3 Months Ended 31/05/2022 RM'000	Variance %	12 Months Ended 31/05/2023 RM'000	12 Months Ended 31/05/2022 RM'000	Variance %	12 Months Ended 31/05/2023 RM'000	12 Months Ended 31/05/2022 RM'000	Variance %	12 Months Ended 31/05/2023 RM'000	12 Months Ended 31/05/2022 RM'000	Variance %
Revenue	113,951	138,177	-18	496,073	651,993	-24						
Cost of sales	(113,511)	(121,607)	-7	(433,376)	(518,840)	-16						
<b>Gross profit</b>	440	16,570	-97	62,697	133,153	-53						
Other income	3,125	4,625	-32	9,452	13,475	-30						
Administrative expenses	(7,677)	(6,907)	11	(29,376)	(27,482)	7						
Depreciation	(2,070)	(2,244)	-8	(8,475)	(8,391)	1						
Operating expenses	(4,526)	(3,959)	14	(16,920)	(18,853)	-10						
Other expenses	(20,419)	(1,113)	>100	(29,827)	(7,974)	>100						
Finance costs	(4,132)	(3,345)	24	(12,324)	(12,433)	-1						
Share of results of joint ventures	(1,928)	(1,514)	27	(3,124)	(1,347)	>100						
<b>(Loss)/Profit before tax</b>	(37,187)	2,113	>100	(27,897)	70,148	>100						
Income tax expense	(3,142)	(6,080)	-48	(13,299)	(26,980)	-51						
<b>Net (loss)/profit for the financial year</b>	(40,329)	(3,967)	>100	(41,196)	43,168	>100						
<b>Other comprehensive income:</b>												
Actuarial gain on defined benefit obligation	(2)	146	>100	(2)	146	>100						
Foreign currency translation	2,988	2,916	2	1,214	3,843	-68						
<b>Total comprehensive (loss)/income for the financial year</b>	(37,343)	(905)	>100	(39,984)	47,157	>100						
<b>Net (loss)/profit attributable to:</b>												
Equity holders of the Company	(27,706)	(4,024)	>100	(29,325)	41,655	>100						
Non-controlling interests	(12,623)	57	>100	(11,871)	1,513	>100						
	(40,329)	(3,967)	>100	(41,196)	43,168	>100						
<b>Total comprehensive (loss)/income attributable to:</b>												
Equity holders of the Company	(24,554)	(1,804)	>100	(27,851)	45,465	>100						
Non-controlling interests	(12,789)	899	>100	(12,133)	1,692	>100						
	(37,343)	(905)	>100	(39,984)	47,157	>100						
<b>(Loss)/Earnings per share attributable to equity holders of the Company:</b>												
- Basic (sen)	(3.81)	(0.55)	>100	(4.03)	5.72	>100						
- Diluted (sen)	(3.81)	(0.55)	>100	(4.03)	5.72	>100						

*The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2022.*



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023

	Unaudited As At 31/05/2023 RM'000	Audited As At 31/05/2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint ventures	-	227
Concession assets	131,794	122,005
Intangible assets	27,511	31,827
Property, plant and equipment	32,077	34,348
Right-of-use assets	4,405	4,459
Investment properties	71,534	72,375
Trade and non-trade receivables	16,885	24,980
Other investments	719	1,798
Goodwill on consolidation	6,522	17,375
Deferred tax assets	23,394	22,069
	314,841	331,463
<b>Current assets</b>		
Inventories	566,274	631,665
Contract costs	5,906	6,586
Trade and non-trade receivables	117,908	126,864
Contract assets	160,954	174,284
Current tax assets	5,161	2,836
Short term funds	65,839	111,997
Deposits with licensed banks	24,007	27,209
Cash and bank balances	128,544	149,803
	1,074,593	1,231,244
<b>TOTAL ASSETS</b>	1,389,434	1,562,707



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2023 (Continued)

	Unaudited As At 31/05/2023 RM'000	Audited As At 31/05/2022 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Equity Holders of the Company</b>		
Share Capital	389,520	389,520
Reserves	402,932	435,879
	792,452	825,399
<b>Non-controlling interests</b>	(5,439)	6,694
<b>Total equity</b>	787,013	832,093
<b>Non-current liabilities</b>		
Investment in joint ventures	3,406	-
Bank borrowings	167,541	209,227
Deferred tax liabilities	2,531	2,204
Defined benefit obligations	2,228	2,178
Non-trade payables	125,765	139,110
	301,471	352,719
<b>Current liabilities</b>		
Trade and non-trade payables	220,589	270,369
Contract liabilities	18,800	18,874
Bank borrowings	59,287	85,234
Current tax liabilities	2,274	3,418
	300,950	377,895
<b>Total liabilities</b>	602,421	730,614
<b>TOTAL EQUITY AND LIABILITIES</b>	1,389,434	1,562,707
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.09	1.13

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2022.*



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	Share Capital RM'000	Share Option Reserves RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>(Unaudited)</b>								
<b>At 1 June 2022</b>	389,520	-	1,347	66	434,466	<b>825,399</b>	6,694	<b>832,093</b>
Total comprehensive income/(loss)	-	-	-	-	(28,857)	<b>(28,857)</b>	(12,005)	<b>(40,862)</b>
Actuarial gain on defined benefit obligation	-	-	-	-	(2)	<b>(2)</b>	-	<b>(2)</b>
Foreign currency translation differences	-	-	-	1,476	-	<b>1,476</b>	(262)	<b>1,214</b>
Dividend on ordinary shares	-	-	-	-	(5,096)	<b>(5,096)</b>	-	<b>(5,096)</b>
Disposal of subsidiary	-	-	-	-	(468)	<b>(468)</b>	134	<b>(334)</b>
<b>At 31 May 2023</b>	<b>389,520</b>	<b>-</b>	<b>1,347</b>	<b>1,542</b>	<b>400,043</b>	<b>792,452</b>	<b>(5,439)</b>	<b>787,013</b>
<b>(Audited)</b>								
<b>At 1 June 2021</b>	389,520	5,529	1,347	(3,598)	389,320	<b>782,118</b>	4,997	787,115
Total comprehensive income	-	-	-	-	41,655	<b>41,655</b>	1,513	43,168
Actuarial gain on defined benefit obligation	-	-	-	-	146	<b>146</b>	-	146
Foreign currency translation differences	-	-	-	3,664	-	<b>3,664</b>	179	3,843
Dividend on ordinary shares	-	-	-	-	(2,184)	<b>(2,184)</b>	-	(2,184)
Acquisition of a subsidiary	-	-	-	-	-	-	5	5
Share options lapsed	-	(5,529)	-	-	5,529	-	-	-
<b>At 31 May 2022</b>	<b>389,520</b>	<b>-</b>	<b>1,347</b>	<b>66</b>	<b>434,466</b>	<b>825,399</b>	<b>6,694</b>	<b>832,093</b>

*The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2022.*



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	Unaudited 12 Months Ended 31/05/2023 RM'000	Audited 12 Months Ended 31/05/2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax:	(27,897)	70,148
Adjustments for:		
Accretion of interest on:		
- amount owing to a director	-	59
- trade and non-trade receivables	-	(198)
- trade and other payables	(410)	-
Bad debts recovered	-	(29)
Bad debts written off	10	20
Depreciation of:		
- intangible assets	3,572	4,824
- investment properties	841	837
- property, plant and equipment	9,113	9,769
- right-of-use assets	55	55
Fair value loss on quoted investments	1,079	1,618
Finance costs	12,665	13,370
Loss on disposal of subsidiary	636	-
Gain on disposal of property, plant and equipment	(1,242)	(4,262)
Impairment loss on:		
- concession assets	9,436	-
- goodwill	10,633	5,939
- property, plant and equipment	306	-
- trade and non-trade receivables	3,978	199
- amount owing by joint venture	3,234	-
- investment in joint venture	510	-
Income received from short term funds	(158)	(1,321)
Increase in liability for defined benefit obligations	131	412
Interest income	(2,534)	(1,751)
Net unrealised gain on foreign exchange	(2,128)	(1,904)
Property, plant and equipment written off	5	1
Intangible assets written off	-	7
Share of results of joint ventures	3,124	1,347
Operating profit before working capital changes	24,959	99,140
Changes in working capital:		
Contract assets/(liabilities)	60,782	(31,725)
Contract costs	13,256	(2,829)
Inventories	5,289	133,150
Payables	(62,715)	(49,124)
Receivables	9,830	2,577
Cash generated from operations	51,401	151,189
Net income tax paid	(16,385)	(11,510)
<b>Net Operating Cash Flows</b>	35,016	139,679



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 (Continued)

	<b>Unaudited</b>	<b>Audited</b>
	<b>12 Months Ended 31/05/2023 RM'000</b>	<b>12 Months Ended 31/05/2022 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- investment properties	-	(592)
- concession assets	(16,332)	(7,383)
- intangible assets	(100)	(472)
- property, plant and equipment	(7,179)	(5,539)
Investment in a new subsidiary	-	5
Proceeds from disposal of:		
- property, plant and equipment	1,408	4,357
- subsidiary	565	-
Income received from short term funds	158	1,321
Interest income	2,534	1,751
<b>Net Investing Cash Flows</b>	<b>(18,946)</b>	<b>(6,552)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of:		
- bank borrowings	23,278	50,315
- hire purchase	9,940	4,171
Finance costs	(12,665)	(13,369)
Repayment of:		
- bank borrowings	(97,692)	(164,778)
- hire purchase	(5,486)	(5,232)
(Placement)/Withdrawal fixed deposits pledged as security values	(3,699)	44,359
Dividend paid	(5,096)	(2,184)
<b>Net Financing Cash Flows</b>	<b>(91,420)</b>	<b>(86,718)</b>
Net change in cash and cash equivalents	(75,350)	46,409
Effect of exchange rate changes	795	877
Cash and cash equivalents at the beginning of the financial year	269,359	222,073
Cash and cash equivalents at the end of the financial year	<b>194,804</b>	<b>269,359</b>
<b>Analysis of Cash and Cash Equivalents:-</b>		
Cash and bank balances	128,544	149,803
Short term funds	65,839	111,997
Deposits with licensed banks	24,007	27,209
Bank overdrafts	(4,145)	(3,907)
	214,245	285,102
Less: Fixed deposits pledged as security values	(19,441)	(15,743)
Total	<b>194,804</b>	<b>269,359</b>

*The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 May 2022.*



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2023

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

##### A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared according to Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 May 2022. 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 2022.

##### A2. CHANGES IN ACCOUNTING POLICIES

- (i) The accounting policies adopted by the Group in the quarterly financial statements are consistent with those adopted in the financial statements for the financial year ended 31 May 2022, except for the changes arising from the adoption of Amendments/Improvements to MFRSs as follows:

<b>Standard</b>	<b>Title</b>
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

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

- (ii) As at the date of this report, the following amendments to published standards have been issued by the MASB but are not yet effective and have not been early adopted.

- (a) Effective for financial years beginning on or after 1 June 2023

<b>Standard</b>	<b>Title</b>
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2023

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

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

(ii) As at the date of this report, the following amendments to published standards have been issued by the MASB but are not yet effective and have not been early adopted. (Continued)

(b) Effective date of this Amendments to Standards has been deferred and yet to be announced

Standard	Title
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Based on the preliminary assessment of the effects of the above amendments to published standards, no material impact is expected on the financial statements of the Group.

(iii) During the financial year, the Group had reassessed the current accounting policy in respect of depreciation of intangible assets. The accounting policy on the depreciation of intangible assets has been changed from depreciation over the concession period with a finite useful life using the unit of water revenue method to depreciate on the straight-line method over the concession period. The straight-line method provides more reliable and relevant information on the Group’s financial position and financial performance.

#### A3. AUDIT REPORT

The auditors' report on the Group's financial statements for the financial year ended 31 May 2022 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 the 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.



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2023

#### 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

##### 12 months ended 31 May 2023 (Current Financial Year)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	249,084	220,375	26,614	-	496,073
<b>Results</b>					
Segment results	(36,109)	43,267	(10,316)	(9,291)	(12,449)
Finance costs	(1,744)	(10,032)	-	(548)	(12,324)
Share of results of joint ventures	(3,124)	-	-	-	(3,124)
Profit /(Loss) before tax	(40,977)	33,235	(10,316)	(9,839)	(27,897)
Income tax expense					(13,299)
Loss for the financial year					(41,196)

##### 12 months ended 31 May 2022 (Previous Financial Year)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	319,859	304,903	27,231	-	651,993
<b>Results</b>					
Segment results	6,952	79,523	6,656	(9,203)	83,928
Finance costs	(1,394)	(10,488)	(1)	(550)	(12,433)
Share of results of joint ventures	(1,347)	-	-	-	(1,347)
Profit /(Loss) before tax	4,211	69,035	6,655	(9,753)	70,148
Income tax expense					(26,980)
Profit for the financial year					43,168

#### 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 2022.



## **GADANG HOLDINGS BERHAD**

199301023376 (278114-K)

### **INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2023**

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

##### **A11. SIGNIFICANT SUBSEQUENT EVENTS**

There were no significant events subsequent to the end of the quarter under review.

##### **A12. CHANGES IN COMPOSITION OF THE GROUP**

There were no material changes in the composition of the Group for the current quarter under review.

##### **A13. CHANGES IN CONTINGENT LIABILITIES**

There are no contingent liabilities for the Group as of the date of this report.

##### **A14. CAPITAL COMMITMENTS**

There are no material capital commitments as of the date of this report.



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2023

#### 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

During the current quarter, the Group recorded a revenue of RM113.95 million compared to RM138.18 million in the preceding year's corresponding quarter. The Group recorded a loss before tax of RM37.19 million compared to a profit before tax of RM2.11 million in the preceding year's corresponding quarter. This was mainly due to:

- a one-off impairment loss on goodwill in Indonesia subsidiaries;
- impairment of concession assets, investment in joint venture, receivables and contract assets; and
- provision for potential liability arising from liquidated ascertained damages ("LAD") due to delays and prolongation costs to complete existing construction projects.

Correspondingly, for the current year, revenue decreased to RM496.07 million compared to RM651.99 million in the preceding year mainly due to a non-recurring transaction, disposal of development lands and the completion of certain construction projects in the preceding year. The Group reported a loss before tax of RM27.90 million compared to a profit before tax of RM70.15 million in the preceding year. This was mainly due to:

- lower contribution from construction projects taking into consideration the prolongation costs to complete as a result of the Covid-19 related disruptions;
- a one-off impairment loss on goodwill in Singapore and Indonesia subsidiaries;
- impairment of concession assets, investment in joint venture, receivables and contract assets;
- provision for potential liability arising from LAD due to delays and prolongation costs to complete existing construction projects; and
- the gain in non-recurring transactions and disposal of development lands in the preceding year also contributed to the lower results.

Tabulated below are the unaudited various divisional contributions: -

	INDIVIDUAL QUARTER			CUMULATIVE YEAR		
	3 Months Ended	3 Months Ended	Variance	12 Months Ended	12 Months Ended	Variance
	31/05/2023	31/05/2022		31/05/2023	31/05/2022	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>REVENUE</b>						
Construction Division	58,406	79,513	-27	249,084	319,859	-22
Property Division	48,137	51,716	-7	220,375	304,903	-28
Utility Division	7,408	6,948	7	26,614	27,231	-2
Investment Holding	-	-	-	-	-	-
	<u>113,951</u>	<u>138,177</u>	<u>-18</u>	<u>496,073</u>	<u>651,993</u>	<u>-24</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>						
Construction Division	(25,732)	(3,559)	>100	(40,977)	4,211	>100
Property Division	2,304	6,662	-65	33,235	69,035	-52
Utility Division	(15,061)	784	>100	(10,316)	6,655	>100
Investment Holding	1,302	(1,774)	>100	(9,839)	(9,753)	1
	<u>(37,187)</u>	<u>2,113</u>	<u>&gt;100</u>	<u>(27,897)</u>	<u>70,148</u>	<u>&gt;100</u>



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2023

#### **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)**

###### **Construction Division**

Revenue for the current quarter decreased to RM58.41 million compared to RM79.51 million in the preceding year's corresponding quarter. Loss before tax increased to RM25.73 million compared to a loss before tax of RM3.56 million in the corresponding quarter of the preceding year.

Revenue for the current year decreased to RM249.08 million compared to RM319.86 million in the preceding year mainly due to the completion of certain projects. Profit before tax decreased from RM4.21 million in the preceding year to a loss before tax of RM40.98 million in the current year mainly due to:

- a) a one-off impairment loss on goodwill in a Singapore subsidiary company of RM5.81 million;
- b) lower profit margin on certain on-going projects in the current year due to higher project operating costs arising from the escalation of raw material prices and higher labour costs in compliance with the amendments to the Malaysian Employment Act;
- c) prolongation cost due to extension of time for existing construction projects. In an effort to reduce the impact of prolongation cost, the Group had successfully carried out value engineering initiatives through changes in the design and method of construction. In light of the further prolongation due to continuing delays in site possession, there are on-going discussions with the client to review the balance of the contract and provision for Loss and Expenses claim to mitigate the construction cost;
- d) higher share of loss in a joint venture company due to the provision for LAD of RM3.17 million resulting from delays in technical confirmation from the project consultant coupled with delays in the supply of materials owing to the Covid-19 pandemic. The Group has taken a prudent stance in making provisions for LAD and concurrently will continue to pursue with the project awarder to grant an extension of time ("EOT");
- e) impairment of investment in and amount owing by a joint venture company of RM3.74 million due to the negative shareholders' fund as a result of the provision for LAD mentioned in B1(d) above.

###### **Property Division**

In the current quarter, revenue decreased to RM48.14 million compared to RM51.72 million in the preceding year's corresponding quarter. Profit before tax decreased to RM2.30 million compared to RM6.66 million in the preceding year's corresponding quarter.

Revenue for the current year decreased to RM220.38 million compared to RM304.90 million in the preceding year. Profit before tax decreased to RM33.23 million compared to RM69.04 million in the preceding year. The decrease in revenue and profit before tax was mainly attributed to a non-recurring transaction in the preceding year upon fulfillment of the conditions precedent of the settlement agreement between Achwell Property Sdn Bhd and Capital City Property Sdn Bhd coupled with the disposal of development lands.



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

###### Utility Division

Revenue increased to RM7.41 million for the current quarter compared to RM6.95 million in the preceding year's corresponding quarter. However, the Division recorded a loss before tax of RM15.06 million compared to a profit before tax of RM0.78 million in the preceding year's corresponding quarter.

Revenue for the current year decreased marginally to RM26.61 million compared to RM27.23 million in the preceding year. The Division recorded a loss before tax of RM10.32 million compared to a profit before tax of RM6.66 million in the preceding year mainly attributed to a one-off impairment loss on goodwill of RM4.82 million, loss on disposal of a subsidiary of RM0.64 million and impairment of concession asset of RM9.44 million for the 9-megawatt hydropower concession asset in Lintau, in compliance with accounting standards MFRS136.

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

	Current Quarter 31/05/2023 RM'000	Preceding Quarter 28/2/2023 RM'000	Variance %
Revenue	113,951	123,983	-8
Operating (loss)/profit	(30,985)	5,924	>100
(Loss)/Profit before interest and tax	(33,055)	3,357	>100
(Loss)/Profit before tax	(37,187)	508	>100
Loss after tax	(40,329)	(4,746)	>100
Loss attributable to equity holders of the Company	<u>(27,706)</u>	<u>(4,960)</u>	>100

The Group's revenue decreased to RM113.95 million in the current quarter compared to RM123.98 million in the preceding quarter. Loss before tax was recorded at RM37.19 million compared to a profit before tax of RM0.51 million in the preceding quarter, mainly due to:

- a) a one-off impairment loss on goodwill in Indonesia subsidiaries;
- b) impairment of concession assets, investment in joint venture, receivables and contract assets; and
- c) provision for potential liability arising from LAD due to delays and prolongation costs to complete existing construction projects.

The abovementioned impairments and provision were offset by favorable foreign exchange translation in the current quarter.



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#### **B3. BUSINESS PROSPECT FOR THE FINANCIAL YEAR ENDING 31 MAY 2024**

The Malaysian economy grew 5.6% year-on-year in 1Q 2023 (4Q 2022: 7.1%), driven by domestic demand. Despite uncertainties surrounding the global economic outlook, the Malaysian economy is projected to expand by 4% to 5% in 2023, driven by firm domestic demand, improving employment and income as well as continued implementation of multi-year projects that would support consumption and investment activity.

The Malaysian construction sector sustained positive momentum in the 1Q 2023 registering a growth of 9.4% with the civil engineering sub-sector recording the highest growth [Source: Department of Statistics Malaysia]. The Construction Division expects its performance to be underpinned by its outstanding order book of RM1.18 billion. The Division will continue to bid for construction projects to replenish its current order book.

The increase in the overnight policy rate to 3%, a cumulative 125 basis points hike since May 2022, coupled with slower economic growth and shrinking consumer sentiment has weighed in on the local property market. Notwithstanding the softened market, the Property Division will continue to focus on the development of mid-range priced residential projects across its development for the financial year ending 2024 to meet market demand. As at 31 May 2023, the Division recorded RM187.85 million in total unbilled sales.

The Utility Division continues to contribute recurring revenue streams from the concession water treatment plants plus further contribution from mini-hydropower plant expected to be fully commissioned by first quarter of the financial year 2024. The construction of the 5.9MWac solar photovoltaic energy generating facility located in Tawau, Sabah, is in progress and this will further strengthen revenue contribution to the Group in the second half of 2024.

Given the economic uncertainties, the prospect and performance of the Group in the next financial year ending 31 May 2024 remain challenging. Despite the challenges, the Group will continue to explore new markets to expand the Group's revenue and client base, focus on project execution to ensure the timely completion of all on-going projects, exercise prudence in business dealings and manage operational efficiency to achieve long-term sustainable growth.



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##### B4. PROFIT FORECAST AND PROFIT GUARANTEE

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

##### B5. TAXATION

Taxation comprises the following:

	<b>3 Months Ended 31/05/2023 RM'000</b>	<b>12 Months Ended 31/05/2023 RM'000</b>
Income tax expense:		
Malaysian income tax	(2,065)	(10,560)
Foreign income tax	(839)	(3,692)
Deferred tax	(238)	953
	<u>(3,142)</u>	<u>(13,299)</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 the non-recognition of deferred tax assets on unutilised tax losses of certain subsidiaries and certain expenses not deductible for tax purposes.

##### B6. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no pending corporate proposals.



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#### B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/05/2023 RM'000	As at 31/05/2022 RM'000
(a) (i) Short Term Borrowings		
Revolving credit	35,687	41,399
Banker's acceptance	-	996
Letter of credit	-	1,037
Bank overdraft	4,145	3,907
Term loans	16,157	35,170
Hire purchase payable	3,298	2,725
	<u>59,287</u>	<u>85,234</u>
(ii) Long Term Borrowings		
Term loans	157,693	203,586
Hire purchase payable	9,848	5,641
	<u>167,541</u>	<u>209,227</u>
Total Borrowings	<u>226,828</u>	<u>294,461</u>

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

	As at 31/05/2023		As at 31/05/2022	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Singapore Dollar	2,837	9,679	-	-
Indonesian Rupiah	70,432,616	21,693	91,397,675	27,419
		<u>31,372</u>		<u>27,419</u>

Bank borrowings for the current year to date decreased to RM226.83 million compared to RM294.46 million at the beginning of the financial year. The decrease was mainly due to repayments in the current year.

#### B8. MATERIAL LITIGATION

As at 21 July 2023, 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.



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#### 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/(loss) 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 YEAR	
3 Months Ended 31/05/2023	3 Months Ended 31/05/2022	12 Months Ended 31/05/2023	12 Months Ended 31/05/2022

Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(27,706)	(4,024)	(29,325)	41,655
Weighted average number of ordinary shares in issue ('000)	728,061	728,061	728,061	728,061
Basic earnings/(loss) per share (sen)	(3.81)	(0.55)	(4.03)	5.72

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

The diluted earnings per share is the same as the basic earnings per share as there is no potential ordinary shares in issue as at the end of the financial year.



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

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

	<b>3 Months Ended 31/05/2023 RM'000</b>	<b>12 Months Ended 31/05/2023 RM'000</b>
Depreciation	1,328	5,106
Finance costs	100	341
Gain on disposal of property, plant and equipment	(221)	(227)
Rental of land and premises	231	947

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

	<b>3 Months Ended 31/05/2023 RM'000</b>	<b>12 Months Ended 31/05/2023 RM'000</b>
Accretion of interest on trade receivables	(820)	(410)
Bad debts written off	10	10
Depreciation	2,070	8,475
Fair value (gain)/loss on quoted investments	180	1,079
Finance costs	4,132	12,324
Loss on disposal of subsidiary	-	636
Gain on disposal of property, plant and equipment	(329)	(1,015)
Impairment loss on:		
- goodwill	4,735	10,633
- investment in joint venture	510	510
- concession assets	9,436	9,436
- amount owing by joint venture	3,234	3,234
- property, plant and equipment	306	306
- trade and non-trade receivables	3,978	3,978
Income received from short term funds	(16)	(158)
Interest income	(523)	(2,534)
Net unrealised gain on foreign exchange	(3,007)	(2,128)
Property, plant and equipment written off	1	5

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.