



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	Unaudited			Unaudited			Unaudited			Audited		
	INDIVIDUAL QUARTER						CUMULATIVE PERIOD					
	3 Months Ended 31/05/2021 RM'000	3 Months Ended 31/05/2020 RM'000	Variance %	12 Months Ended 31/05/2021 RM'000	12 Months Ended 31/05/2020 RM'000	Variance %						
Revenue	152,333	115,595	32	574,752	673,056	-15						
Cost of sales	(128,319)	(99,451)	29	(497,478)	(559,196)	-11						
<b>Gross profit</b>	<b>24,014</b>	<b>16,144</b>	<b>49</b>	<b>77,274</b>	<b>113,860</b>	<b>-32</b>						
Other income	1,711	2,627	-35	9,993	12,707	-21						
Administrative expenses	(6,677)	(6,386)	5	(28,211)	(30,030)	-6						
Depreciation	(1,912)	(1,802)	6	(7,357)	(6,317)	16						
Operating expenses	(3,629)	(3,765)	-4	(15,499)	(18,540)	-16						
Other expenses	(6,538)	(34)	>100	(12,583)	(7,004)	80						
Finance costs	(984)	(839)	17	(3,765)	(4,201)	-10						
Share of results of joint ventures	547	460	19	301	(1,143)	>100						
<b>Profit before tax</b>	<b>6,532</b>	<b>6,405</b>	<b>2</b>	<b>20,153</b>	<b>59,332</b>	<b>-66</b>						
Income tax expense	(2,790)	(6,739)	-59	(9,448)	(23,678)	-60						
<b>Net profit for the financial period</b>	<b>3,742</b>	<b>(334)</b>	<b>&gt;100</b>	<b>10,705</b>	<b>35,654</b>	<b>-70</b>						
<b>Other comprehensive income:</b>												
Actuarial gain on defined benefit obligation	643	153	>100	643	153	>100						
Foreign currency translation	1,612	966	67	(1,957)	838	>100						
<b>Total comprehensive income for the financial period</b>	<b>5,997</b>	<b>785</b>	<b>&gt;100</b>	<b>9,391</b>	<b>36,645</b>	<b>-74</b>						
<b>Net profit attributable to:</b>												
Equity holders of the Company	3,702	(259)	>100	10,249	35,463	-71						
Non-controlling interests	40	(75)	>100	456	191	>100						
<b>Total comprehensive income attributable to:</b>	<b>3,742</b>	<b>(334)</b>	<b>&gt;100</b>	<b>10,705</b>	<b>35,654</b>	<b>-70</b>						
Equity holders of the Company	5,880	816	>100	9,042	36,412	-75						
Non-controlling interests	117	(31)	>100	349	233	50						
	<b>5,997</b>	<b>785</b>	<b>&gt;100</b>	<b>9,391</b>	<b>36,645</b>	<b>-74</b>						
<b>Earnings per share attributable to equity holders of the Company:</b>												
- Basic (sen)	0.51	(0.04)	>100	1.41	4.89	-71						
- Diluted (sen)	0.51	(0.04)	>100	1.41	4.89	-71						

*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

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>31/05/2021</b>	<b>31/05/2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint ventures	1,574	1,273
Concession assets	147,132	142,511
Property, plant and equipment	22,483	29,283
Right-of-use assets	19,898	21,039
Investment properties	72,620	76,109
Inventories - land held for property development	3,913	3,913
Non-trade receivables	3,035	2,891
Other investments	3,416	6,800
Goodwill on consolidation	22,754	23,002
Deferred tax assets	28,902	26,079
	325,727	332,900
<b>Current assets</b>		
Inventories - completed properties and others	35,281	61,435
Inventories - property development costs	761,036	772,425
Contract costs	3,757	1,438
Trade and other receivables	148,134	142,313
Contract assets	184,391	157,335
Current tax assets	8,524	8,474
Short term funds	97,048	94,876
Deposits with licensed banks	74,806	101,610
Cash and bank balances	114,208	106,340
	1,427,185	1,446,246
<b>TOTAL ASSETS</b>	<b>1,752,912</b>	<b>1,779,146</b>



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021 (Continued)

	<b>Unaudited As At 31/05/2021 RM'000</b>	<b>Audited As At 31/05/2020 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Equity Holders of the Company</b>		
Share Capital	389,521	389,521
Reserves	426,695	424,539
	816,216	814,060
<b>Non-controlling interests</b>	5,091	4,742
<b>Total equity</b>	821,307	818,802
<b>Non-current liabilities</b>		
Bank borrowings	250,912	163,769
Lease liabilities	4,564	5,710
Deferred tax liabilities	2,625	3,078
Defined benefit obligations	2,028	2,833
Non-trade payables	186,643	175,224
	446,772	350,614
<b>Current liabilities</b>		
Trade and other payables	271,389	399,050
Contract liabilities	60,870	87,922
Bank borrowings	146,407	114,625
Lease liabilities	4,863	4,947
Current tax liabilities	1,304	3,186
	484,833	609,730
<b>Total liabilities</b>	931,605	960,344
<b>TOTAL EQUITY AND LIABILITIES</b>	1,752,912	1,779,146
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.13	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 YEAR ENDED 31 MAY 2021**

	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
<b>(Unaudited)</b>								
<b>At 1 June 2020</b>	389,521	5,680	1,347	(1,736)	419,248	<b>814,060</b>	4,742	<b>818,802</b>
Total comprehensive income	-	-	-	(1,850)	10,249	<b>8,399</b>	349	<b>8,748</b>
Dividend on ordinary shares	-	-	-	-	(7,281)	<b>(7,281)</b>	-	<b>(7,281)</b>
Employees share option lapsed	-	(546)	-	-	546	-	-	-
Recognition of share option expenses	-	395	-	-	-	<b>395</b>	-	<b>395</b>
<b>At 31 May 2021</b>	<b>389,521</b>	<b>5,529</b>	<b>1,347</b>	<b>(3,586)</b>	<b>423,405</b>	<b>816,216</b>	<b>5,091</b>	<b>821,307</b>



**GADANG HOLDINGS BERHAD**

199301023376 (278114-K)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (Continued)**

	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
<b>(Audited)</b>								
<b>At 1 June 2019</b>	338,380	4,455	1,347	(2,532)	392,186	<b>733,836</b>	4,509	<b>738,345</b>
Total comprehensive income	-	-	-	796	35,463	<b>36,259</b>	233	<b>36,492</b>
Dividend on ordinary shares	-	-	-	-	(8,738)	<b>(8,738)</b>	-	<b>(8,738)</b>
Issue of ordinary shares	50,952	-	-	-	-	<b>50,952</b>	-	<b>50,952</b>
Issue of shares upon exercise of share option	145	-	-	-	-	<b>145</b>	-	<b>145</b>
Recognition of share option expenses	-	1,453	-	-	-	<b>1,453</b>	-	<b>1,453</b>
Employees share option lapsed	-	(184)	-	-	184	-	-	-
Transfer to share capital for employees share option exercised	44	(44)	-	-	-	-	-	-
<b>At 31 May 2020</b>	<b>389,521</b>	<b>5,680</b>	<b>1,347</b>	<b>(1,736)</b>	<b>419,248</b>	<b>814,060</b>	<b>4,742</b>	<b>818,802</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 2020.*



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021

	Unaudited 12 Months Ended 31/05/2021 RM'000	Audited 12 Months Ended 31/05/2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax:	20,153	59,332
Adjustments for:		
Accretion of interest on:		
- amount owing to a director	53	47
- trade and other receivables	(84)	(76)
Bad debts recovered	-	(1)
Bad debts written off	6	26
Concession assets written off	5	-
Deposits written off	9	1
(Decrease)/Increase in liability for defined benefit obligations	(191)	434
Depreciation of:		
- concession assets	2,783	2,628
- investment properties	966	905
- property, plant and equipment	5,191	9,314
- right-of-use assets	5,110	4,735
Fair value loss on quoted investments	2,838	6,400
Finance costs	5,590	7,634
Gain on disposal of:		
- investment properties	(157)	(874)
- quoted investments	(58)	-
- property, plant and equipment	(2,590)	(2,888)
- right-of-use assets	(263)	(157)
Impairment loss on:		
- concession assets	573	-
- investment properties	-	50
- inventories	7,946	-
- trade and other receivables	-	294
Income received from short term funds	(1,411)	(2,053)
Interest income	(2,274)	(4,393)
Inventories written down	-	550
Net unrealised loss/(gain) on foreign exchange	817	(519)
Property, plant and equipment written off	22	54
Share of results of joint ventures	(301)	1,143
Share option expenses	395	1,453
Operating profit before working capital changes	45,128	84,039
Changes in working capital:		
Contract assets/(liabilities)	(54,109)	73,102
Contract costs	(2,319)	(388)
Inventories	29,597	24,521
Payables	(116,296)	(28,416)
Receivables	(5,896)	20,530
Cash (used in)/generated from operations	(103,895)	173,388



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (Continued)

	Unaudited 12 Months Ended 31/05/2021	Audited 12 Months Ended 31/05/2020
Net income tax paid	(14,647)	(37,543)
<b>Net Operating Cash Flows</b>	<b>(118,542)</b>	<b>135,845</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- investment properties	-	(119)
- concession assets	(11,355)	(17,482)
- property, plant and equipment	(2,354)	(2,955)
- right-of-use assets	(605)	(54)
Investment in a subsidiary	-	(4,886)
Proceeds from disposal of:		
- investment properties	2,680	2,205
- other investment	603	100
- property, plant and equipment	2,619	3,063
- right-of-use assets	898	758
Income received from short term funds	1,411	2,053
Interest income	2,274	4,393
<b>Net Investing Cash Flows</b>	<b>(3,829)</b>	<b>(12,924)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	191,276	108,060
Finance costs	(5,590)	(7,634)
Proceeds from issuance of:		
- ordinary share	-	50,952
- share options exercised	-	145
Repayment of:		
- bank borrowings	(62,736)	(155,894)
- lease liabilities	(5,411)	(9,629)
Fixed deposits pledged as security values	21,447	(13,171)
Dividend paid	(7,281)	(8,738)
<b>Net Financing Cash Flows</b>	<b>131,705</b>	<b>(35,909)</b>
Net change in cash and cash equivalents	9,334	87,012
Effect of exchange rate changes	(435)	520
Cash and cash equivalents at the beginning of the financial year	213,127	125,595
Cash and cash equivalents at the end of the financial year	222,026	213,127



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MAY 2021 (Continued)

	Unaudited 12 Months Ended 31/05/2021	Audited 12 Months Ended 31/05/2020
<b>Analysis of Cash and Cash Equivalents:-</b>		
Cash and bank balances	114,208	106,340
Short term funds	97,048	94,876
Deposits with licensed banks	74,806	101,610
Bank overdrafts	(3,935)	(8,151)
	282,127	294,675
Less: Fixed deposits pledged as security values	(60,101)	(81,548)
<b>Total</b>	222,026	213,127

*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

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### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 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 according to 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 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 the 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 16	COVID-19-Related Rent Concession beyond 30 June 2021	1 April 2021
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 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2021

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

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

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

Standard	Title	Effective Date
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.

#### A3. AUDIT REPORT

The auditors' report on the Group's financial statements for the financial year ended 31 May 2020 was not subject to any audit qualification.

#### A4. SEASONAL OR CYCLICAL FACTORS

The operations of the Group are not significantly affected by any seasonal or cyclical factors.

#### A5. UNUSUAL SIGNIFICANT ITEMS

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group for the current quarter under review.

#### A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have any material effect in the current quarter under review.

#### A7. DEBT AND EQUITY SECURITIES

There were no cancellations, repurchases, resale, and repayments of debt and equity securities for the current quarter under review.

The movement of the share options are as follows:-

Option price (RM)	Date of offer	No. of options					As at 31/05/2021	Exercisable as at 31/05/2021
		As at 28/02/2021	Granted	Exercised	Lapsed*	As at 31/05/2021		
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 of 31 May 2021 was 129,254,039.



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 2021

#### 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 2021 (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>	365,983	183,138	25,631	-	574,752
<b>Results</b>					
Segment results	1,779	26,960	7,384	(12,506)	23,617
Finance costs	(1,970)	(1,510)	(55)	(230)	(3,765)
Share of results of joint ventures	301	-	-	-	301
Profit/(Loss) before tax	110	25,450	7,329	(12,736)	20,153
Income tax expense					(9,448)
Profit for the financial year					10,705

##### 12 months ended 31 May 2020 (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>	492,475	156,136	24,445	-	673,056
<b>Results</b>					
Segment results	36,919	38,079	5,118	(15,440)	64,676
Finance costs	(2,060)	(1,904)	(215)	(22)	(4,201)
Share of results of joint ventures	(1,143)	-	-	-	(1,143)
Profit/(Loss) before tax	33,716	36,175	4,903	(15,462)	59,332
Income tax expense					(23,678)
Profit for the financial year					35,654



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 31 MAY 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 and year ended 31 May 2021.

##### A13. CHANGES IN CONTINGENT LIABILITIES

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

##### A14. CAPITAL COMMITMENTS

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

##### A15. PROVISION OF FINANCIAL ASSISTANCE

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad’s Listing Requirements, the financial assistance provided by the Group is as follows:

###### Advances to sub-contractors

	<b>As At 31/05/2021 RM'000</b>
Non-interest bearing advances	5,360

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 31 MAY 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 higher revenue of RM152.33 million compared to RM115.60 million in the corresponding quarter of the preceding year. Profit before tax increased marginally to RM6.53 million compared to RM6.41 million in the preceding year's corresponding quarter.

For the current year, revenue decreased to RM574.75 million compared to RM673.06 million in the preceding year. The profit before tax decreased to RM20.15 million compared to RM59.33 million in the preceding year, 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 31/05/2021	3 Months Ended 31/05/2020	Variance %	12 Months Ended 31/05/2021	12 Months Ended 31/05/2020	Variance %
RM'000	RM'000	%	RM'000	RM'000	%

##### REVENUE

Construction Division	88,829	89,677	-1	365,983	492,475	-26
Property Division	56,781	19,812	>100	183,138	156,136	17
Utility Division	6,723	6,106	10	25,631	24,445	5
Investment Holding	-	-	-	-	-	-
	<u>152,333</u>	<u>115,595</u>	<u>32</u>	<u>574,752</u>	<u>673,056</u>	<u>-15</u>

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

Construction Division	1,228	620	98	110	33,716	>100
Property Division	6,439	6,612	-3	25,450	36,175	-30
Utility Division	1,199	620	93	7,329	4,903	49
Investment Holding	(2,334)	(1,447)	61	(12,736)	(15,462)	-18
	<u>6,532</u>	<u>6,405</u>	<u>2</u>	<u>20,153</u>	<u>59,332</u>	<u>-66</u>

##### Construction Division

Revenue for the current quarter decreased marginally to RM88.83 million compared to RM89.68 million in the preceding year's corresponding quarter. Profit before tax however increased to RM1.23 million compared to RM0.62 million in the preceding year's corresponding quarter.

Revenue for the current year was reduced to RM365.98 million compared to RM492.48 million in the preceding year. Profit before tax decreased significantly to RM0.11 million compared to RM33.72 million in the preceding year, mainly due to the completion of major projects in the preceding year and lower profit margins for the ongoing projects. The continuous impact of the Covid-19 pandemic has resulted in more stringent SOP, which suspended and deferred project progress, resulting in higher implementation costs for ongoing projects. Prolonged Movement Control Order (MCO) has resulted in additional overhead costs due to extended time required to complete the projects. The additional COVID-19 related costs incurred, such as recurrent screening tests, workplace sanitisation, purchase of face masks and additional PPEs etc, have also contributed to the increase of project cost.



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

###### Property Division

In the current quarter, revenue increased to RM56.78 million compared to RM19.81 million in the preceding year's corresponding quarter, mainly due to better sales achieved for some ongoing projects. However, profit before tax decreased to RM6.44 million compared to RM6.61 million in the preceding year's corresponding quarter, mainly due to impairment loss of RM7.95 million on inventories.

Revenue for the current year increased to RM183.14 million compared to RM156.14 million in the preceding year. However, profit before tax decreased to RM25.45 million compared to RM36.18 million in the preceding year. This was due to lower profit margins from the sale of affordable residential projects and impairment loss on inventories.

###### Utility Division

For the current quarter, revenue increased to RM6.72 million compared to RM6.11 million in the preceding year's corresponding quarter. Profit before tax increased to RM1.20 million compared to RM0.62 million in the preceding year's corresponding quarter.

Revenue for the current year increased marginally to RM25.63 million compared to RM24.45 million in the preceding year. Profit before tax increased to RM7.33 million compared to RM4.90 million in the preceding year, mainly due to lower operating costs in the current period.

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

	Current Quarter 31/05/2021 RM'000	Preceding Quarter 29/02/2021 RM'000	Variance %
Revenue	152,333	138,912	10
Operating profit	9,428	8,494	11
Profit before interest and tax	7,516	6,655	13
Profit before tax	6,532	5,786	13
Profit after tax	3,742	2,971	26
Profit attributable to equity holders of the Company	<u>3,702</u>	<u>2,835</u>	31

The Group's revenue increased to RM152.33 million in the current quarter compared to RM138.91 million in the preceding quarter. This was mainly due to higher sales achieved and higher work progress for the property development projects. Correspondingly, the Group's profit before tax increased to RM6.53 million compared to RM5.79 million recorded in the preceding quarter.



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

Throughout FYE 2021, the construction sector posted a steady decline in growth with the minimal roll-out of new construction contracts. The stringent implementation of Covid-19 containment measures to minimize workplace infection risks had resulted in significant interruptions to the progress of work. Order book replenishment prospects are expected to be challenging due to the reduction in Government infrastructure spending. The revival of some major infrastructure projects, such as MRT 3, will play a crucial role in pump-priming the domestic economy in times of a downturn. As of the reporting date, the Construction Division's outstanding order book stands at RM425 million.

The property development sector was subdued due to weak economic conditions, where the industry saw a decline in the number of home seekers, and the property sales and purchase process was halted due to movement restrictions. Despite the challenging economic and operating environment, the Group's Property Division successfully launched the Maple Residence Phase 2, Cyberjaya, in June 2020 and received an impressive response from homeowners and investors. As of 31 May 2021, the Division recorded RM162 million in total unbilled sales.

The Covid-19 pandemic in Indonesia has not significantly impacted the Utility's Division concession water treatment assets. The operations and maintenance of the water treatment plants are going on uninterrupted. The Group's hydro power plant in Sumatera, Indonesia has achieved above 90% physical project completion. However, the current pandemic situation in Indonesia has impacted the project's progress, including the commissioning of the plant. Upon commissioning the power plant, the investment is expected to generate recurrent income for the Group.

Moving forward, the economic analysis is challenging, with outcomes depending largely on the duration of the Covid-19 pandemic, economic recovery, and current political situation. The Group anticipates continuing disruptions on the overall market environment. Given the constantly changing business environment, the Group expects the coming financial year to be as challenging as 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.



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##### B5. TAXATION

Taxation comprises the following:

	<b>3 Months Ended 31/05/2021 RM'000</b>	<b>12 Months Ended 31/05/2021 RM'000</b>
Income tax expense:		
Malaysian income tax	(2,828)	(10,068)
Foreign income tax	(121)	(2,655)
 Deferred tax	 159	 3,275
	<u>(2,790)</u>	<u>(9,448)</u>

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

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

On 29 March 2019, the Company announced that Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company had entered into a conditional settlement agreement, put option agreement and call option agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed variation to the terms of the Joint Venture Agreement between APSB and CCPSB for an integrated development in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim ("Proposed Variation").

The Proposed Variation was subject to the fulfillment 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 fulfill 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 the 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.

On 28 July 2021, APSB entered into a conditional settlement agreement ("CSA") with the Judicial Manager of CCPSB, which sets out the terms and conditions governing the payment of the final settlement sum and other matters relating to the settlement. Pursuant to the terms of the CSA, the APSB's Entitlement Sum has been revised to RM190 million, of which a total of RM150 million has been paid to APSB to-date. In this regard, the Parties have agreed for CCPSB to settle and pay the final settlement sum of RM40 million as the full and final settlement of APSB's Entitlement Sum and all other rights, interests and/or benefits that APSB may have under the Joint Venture, the Said Land and the JVs and/or against CCPSB. The CSA is subject to the fulfilment of the conditions precedent within six (6) months from the date of the CSA, which includes the approval of the shareholders of the Company at an extraordinary general meeting to be convened.





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#### B7. GROUP BORROWINGS

The details of the Group borrowings are as follows:

	As at 31/05/2021 RM'000	As at 31/05/2020 RM'000
(a) (i) <b>Short Term Borrowings</b>		
Revolving credits	98,500	86,110
Banker acceptance	751	738
Bank overdraft	3,935	8,151
Term loans	43,221	19,626
Hire purchase payable	4,863	4,947
	<u>151,270</u>	<u>119,572</u>
(ii) <b>Long Term Borrowings</b>		
Term loans	250,912	163,769
Hire purchase payable	4,564	5,710
	<u>255,476</u>	<u>169,479</u>
<b>Total Borrowings</b>	<u>406,746</u>	<u>289,051</u>

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

	As at 31/05/2021		As at 31/05/2020	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
US Dollar	128	529	711	3,112
Indonesian Rupiah	112,362,735	32,473	133,327,794	39,598
		<u>33,002</u>		<u>42,710</u>

Bank borrowings for the current year to date increased to RM406.75 million compared to RM289.05 million at the beginning of the financial year. This was mainly to finance the acquisition of two parcels land in Pontian, Johor for property development activities.

#### B8. MATERIAL LITIGATION

As at 21 July 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

The Board has proposed a first and final dividend of 0.3 sen per share in respect of the financial year ended 2021 for approval of the shareholders at the forthcoming Annual General Meeting. The entitlement date and the payment date of the proposed dividend shall be announced later.



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#### B10. EARNINGS PER SHARE

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	3 Months	3 Months	12 Months	12 Months
	Ended	Ended	Ended	Ended
	31/05/2021	31/05/2020	31/05/2021	31/05/2020
Net profit attributable to ordinary equity holders of the Company (RM'000)	3,702	(259)	10,249	35,463
Weighted average number of ordinary shares in issue ('000)	728,061	725,869	728,061	725,869
Basic earnings per share (sen)	0.51	(0.04)	1.41	4.89

##### (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	3 Months	12 Months	12 Months
	Ended	Ended	Ended	Ended
	31/05/2021	31/05/2020	31/05/2021	31/05/2020
Net profit attributable to ordinary equity holders of the Company (RM'000)	3,702	(259)	10,249	35,463
Weighted average number of ordinary shares in issue ('000)	728,061	725,869	728,061	725,869
Effect of dilution:				
Exercise of warrants	-	-	-	-
Employee share option	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	728,061	725,869	728,061	725,869
Diluted earnings per share (sen)	0.51	(0.04)	1.41	4.89

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:

	<b>3 Months Ended 31/05/2021 RM'000</b>	<b>12 Months Ended 31/05/2021 RM'000</b>
Depreciation	1,642	6,693
Finance costs	353	1,825
Gain on disposal of:		
- property, plant and equipment	(1)	(4)
- right-of-use assets	-	(117)
Rental of land and premises	193	879

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

	<b>3 Months Ended 31/05/2021 RM'000</b>	<b>12 Months Ended 31/05/2021 RM'000</b>
Bad debts written off	4	6
Concession assets written off	5	5
Depreciation	1,913	7,357
Deposits written off	5	9
Accretion of interest on:		
- trade and other receivables	(84)	(84)
- amount owing to a director	53	53
Fair value loss on quoted investment	719	2,838
Finance costs	985	3,765
Gain on disposal of:		
- investment properties	-	(157)
- property, plant and equipment	(235)	(2,586)
- quoted investments	-	(58)
- right-of-use assets	-	(146)
Impairment loss on:		
- concession assets	573	573
- inventories	7,946	7,946
Income received from short term funds	(390)	(1,411)
Interest income	(412)	(2,274)
Net unrealised (gain)/loss on foreign exchange	(906)	817
Property, plant and equipment written off	1	22
Share option expenses	-	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.