



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2023

(The figures are unaudited)

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months	3 Months	Variance	9 Months	9 Months	Variance
	Ended	Ended		Ended	Ended	
28/02/2023	28/02/2022	%	28/02/2023	28/02/2022	%	
	RM'000	RM'000		RM'000	RM'000	
Revenue	123,983	119,515	4	382,122	513,816	-26
Cost of sales	(102,125)	(93,940)	9	(319,865)	(397,234)	-19
<b>Gross profit</b>	<b>21,858</b>	<b>25,575</b>	<b>-15</b>	<b>62,257</b>	<b>116,582</b>	<b>-47</b>
Other income	1,574	1,731	-9	6,327	8,850	-29
Administrative expenses	(8,421)	(7,950)	6	(21,699)	(20,574)	5
Depreciation	(2,567)	(2,382)	8	(6,405)	(6,147)	4
Operating expenses	(4,237)	(4,317)	-2	(12,394)	(14,893)	-17
Other expenses	(3,772)	536	>100	(9,408)	(6,862)	37
Finance costs	(2,849)	(3,048)	-7	(8,192)	(9,088)	-10
Share of results of joint ventures	(1,078)	84	>100	(1,196)	167	>100
<b>Profit before tax</b>	<b>508</b>	<b>10,229</b>	<b>-95</b>	<b>9,290</b>	<b>68,035</b>	<b>-86</b>
Income tax expense	(5,254)	(3,873)	36	(10,157)	(20,899)	-51
<b>Net (loss)/profit for the financial period</b>	<b>(4,746)</b>	<b>6,356</b>	<b>&gt;100</b>	<b>(867)</b>	<b>47,136</b>	<b>&gt;100</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	4,677	(629)	>100	(1,774)	926	>100
<b>Total comprehensive (loss)/income for the financial period</b>	<b>(69)</b>	<b>5,727</b>	<b>&gt;100</b>	<b>(2,641)</b>	<b>48,062</b>	<b>&gt;100</b>
<b>Net (loss)/profit attributable to:</b>						
Equity holders of the Company	(4,960)	5,446	>100	(1,619)	45,678	>100
Non-controlling interests	214	910	-76	752	1,458	-48
	(4,746)	6,356	>100	(867)	47,136	>100
<b>Total comprehensive (loss)/income attributable to:</b>						
Equity holders of the Company	(546)	5,560	>100	(3,297)	46,557	>100
Non-controlling interests	477	167	>100	656	1,505	-56
	(69)	5,727	>100	(2,641)	48,062	>100
<b>Earnings per share attributable to equity holders of the Company:</b>						
- Basic (sen)	(0.68)	0.75	>100	(0.22)	6.27	>100
- Diluted (sen)	(0.68)	0.75	>100	(0.22)	6.27	>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

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

	Unaudited As At 28/02/2023 RM'000	Audited As At 31/05/2022 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in joint ventures	384	227
Concession assets	125,595	122,005
Intangible assets	27,783	31,827
Property, plant and equipment	32,340	34,348
Right-of-use assets	4,418	4,459
Investment properties	71,784	72,375
Trade and non-trade receivables	24,161	24,980
Other investments	899	1,798
Goodwill on consolidation	11,473	17,375
Deferred tax assets	23,158	22,069
	321,995	331,463
<b>Current assets</b>		
Inventories	585,367	631,665
Contract costs	6,163	6,586
Trade and non-trade receivables	125,768	126,865
Contract assets	164,665	174,284
Current tax assets	5,572	2,836
Short term funds	60,104	111,996
Deposits with licensed banks	28,963	27,209
Cash and bank balances	170,180	149,803
	1,146,782	1,231,244
<b>TOTAL ASSETS</b>	1,468,777	1,562,707



## GADANG HOLDINGS BERHAD

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023 (Continued)

	Unaudited As At 28/02/2023 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	389,521	389,521
Reserves	427,017	435,878
	816,538	825,399
<b>Non-controlling interests</b>	7,484	6,694
<b>Total equity</b>	824,022	832,093
<b>Non-current liabilities</b>		
Bank borrowings	180,600	209,227
Deferred tax liabilities	2,078	2,204
Defined benefit obligations	1,828	2,178
Non-trade payables	133,910	139,110
	318,416	352,719
<b>Current liabilities</b>		
Trade and non-trade payables	255,630	270,369
Contract liabilities	9,814	18,874
Bank borrowings	53,869	85,234
Current tax liabilities	7,026	3,418
	326,339	377,895
<b>Total liabilities</b>	644,755	730,614
<b>TOTAL EQUITY AND LIABILITIES</b>	1,468,777	1,562,707
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.12	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 PERIOD ENDED 28 FEBRUARY 2023 (The figures are unaudited)

	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>At 1 June 2022</b>	389,521	-	1,347	65	434,466	<b>825,399</b>	6,694	<b>832,093</b>
Total comprehensive income	-	-	-	(1,678)	(1,619)	<b>(3,297)</b>	656	<b>(2,641)</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 28 February 2023</b>	<b>389,521</b>	<b>-</b>	<b>1,347</b>	<b>(1,613)</b>	<b>427,283</b>	<b>816,538</b>	<b>7,484</b>	<b>824,022</b>
<b>At 1 June 2021</b>	389,521	5,529	1,347	(3,598)	397,275	<b>790,074</b>	4,997	795,071
Total comprehensive income	-	-	-	879	45,678	<b>46,557</b>	1,505	<b>48,062</b>
Dividend on ordinary shares	-	-	-	-	(2,184)	<b>(2,184)</b>	-	<b>(2,184)</b>
Share options lapsed	-	(5,529)	-	-	5,529	-	-	-
<b>At 28 February 2022</b>	<b>389,521</b>	<b>-</b>	<b>1,347</b>	<b>(2,719)</b>	<b>446,298</b>	<b>834,447</b>	<b>6,502</b>	<b>840,949</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

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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2023 (The figures are unaudited)

	9 Months Ended 28/02/2023 RM'000	9 Months Ended 28/02/2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax:	9,290	68,035
Adjustments for:		
Accretion of interest on trade receivables	410	(198)
Bad debts written off	-	20
Depreciation of:		
- intangible assets	2,711	3,313
- investment properties	591	585
- property, plant and equipment	6,840	3,778
- right-of-use assets	41	3,540
Fair value loss on quoted investments	899	899
Finance costs	8,433	9,926
Loss on disposal of subsidiary	636	-
Gain on disposal of property, plant and equipment	(692)	(2,791)
Impairment loss on goodwill	5,898	5,939
Income received from short term funds	(142)	(1,135)
(Decrease)/Increase in liability for defined benefit obligations	(271)	50
Interest income	(2,011)	(1,363)
Net unrealised loss/(gain) on foreign exchange	879	(194)
Property, plant and equipment written off	4	1
Share of results of joint ventures	1,196	(167)
Operating profit before working capital changes	34,712	90,238
Changes in working capital:		
Contract assets/(liabilities)	42,108	13,172
Contract costs	423	(2,544)
Inventories	4,748	109,261
Payables	(21,291)	(72,065)
Receivables	1,507	(31,875)
Cash generated from operations	62,207	106,187
Net income tax paid	(10,463)	(5,487)
<b>Net Operating Cash Flows</b>	<b>51,744</b>	<b>100,700</b>



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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2023 (Continued)**  
(The figures are unaudited)

	<b>9 Months Ended 28/02/2023 RM'000</b>	<b>9 Months Ended 28/02/2022 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of:		
- concession assets	(6,286)	(4,463)
- intangible assets	(100)	-
- property, plant and equipment	(4,720)	(657)
- right-of-use assets	-	(378)
Proceeds from disposal of:		
- property, plant and equipment	857	2,810
- subsidiary	565	-
Income received from short term funds	142	1,135
Interest income	2,011	1,363
<b>Net Investing Cash Flows</b>	<b>(7,531)</b>	<b>(190)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of:		
- bank borrowings	23,262	25,097
- hire purchase	3,416	-
Finance costs	(8,433)	(9,926)
Repayment of:		
- bank borrowings	(82,633)	(105,948)
- hire purchase	(2,637)	(3,901)
Withdrawal/(Placement) fixed deposits pledged as security values	(6,660)	41,990
Dividend paid	(5,096)	(2,184)
<b>Net Financing Cash Flows</b>	<b>(78,781)</b>	<b>(54,872)</b>
Net change in cash and cash equivalents	(34,568)	45,638
Effect of exchange rate changes	(2,288)	(1,720)
Cash and cash equivalents at the beginning of the financial period	269,359	222,073
Cash and cash equivalents at the end of the financial period	232,503	265,991
<b>Analysis of Cash and Cash Equivalents:-</b>		
Cash and bank balances	170,180	131,204
Short term funds	60,104	129,941
Deposits with licensed banks	28,963	26,388
Bank overdrafts	(4,341)	(3,431)
	254,906	284,102
Less: Fixed deposits pledged as security values	(22,403)	(18,111)
<b>Total</b>	<b>232,503</b>	<b>265,991</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 28 FEBRUARY 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



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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 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 period, 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

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

#### 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 9 November 2022, the shareholders of the Company approved the first and final dividend of 0.7 sen per share in respect of the financial year ended 31 May 2022. The Company paid the dividend of RM5.09 million on 9 December 2022.

#### A9. SEGMENTAL REPORTING

##### 9 months ended 28 February 2023 (Current Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	190,678	172,238	19,206	-	382,122
<b>Results</b>					
Segment results	(12,749)	37,406	4,745	(10,724)	18,678
Finance costs	(1,300)	(6,475)	-	(417)	(8,192)
Share of results of joint ventures	(1,196)	-	-	-	(1,196)
Profit /(Loss) before tax	(15,245)	30,931	4,745	(11,141)	9,290
Income tax expense					(10,157)
Loss for the financial period					(867)

##### 9 months ended 28 February 2022 (Previous Financial Period)

	Construction Division RM'000	Property Division RM'000	Utility Division RM'000	Investment Holding RM'000	Consolidated RM'000
<b>Revenue</b>	240,346	253,187	20,283	-	513,816
<b>Results</b>					
Segment results	8,659	69,988	5,872	(7,563)	76,956
Finance costs	(1,056)	(7,615)	(1)	(416)	(9,088)
Share of results of joint ventures	167	-	-	-	167
Profit /(Loss) before tax	7,770	62,373	5,871	(7,979)	68,035
Income tax expense					(20,899)
Profit for the financial period					47,136

#### 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**

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### **INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 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

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 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 AGAINST PREVIOUS YEAR CORRESPONDING PERIOD

During the current quarter, the Group recorded higher revenue of RM123.98 million compared to RM119.52 million in the preceding year's corresponding quarter. However, profit before tax decreased to RM0.51 million compared to RM10.23 million in the preceding year's corresponding quarter mainly due to a one-off impairment loss on goodwill of RM5.90 million in the current quarter and lower profit margin for certain on-going projects.

Correspondingly, for the current year to date, revenue decreased to RM382.12 million compared to RM513.82 million in the preceding year to date. The profit before tax decreased to RM9.29 million compared to RM68.04 million in the preceding year to date. The revenue and profit before tax in the preceding year's were higher mainly due to a non-recurring transaction and disposal of a development land.

Tabulated below are the unaudited various divisional contributions: -

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	3 Months Ended 28/02/2023 RM'000	3 Months Ended 28/02/2022 RM'000	Variance %	9 Months Ended 28/02/2023 RM'000	9 Months Ended 28/02/2022 RM'000	Variance %
<b>REVENUE</b>						
Construction Division	60,817	64,786	-6	190,678	240,346	-21
Property Division	56,932	47,967	19	172,238	253,187	-32
Utility Division	6,234	6,762	-8	19,206	20,283	-5
Investment Holding	-	-	-	-	-	-
	123,983	119,515	4	382,122	513,816	-26
<b>PROFIT/(LOSS) BEFORE TAX</b>						
Construction Division	(13,169)	4,720	>100	(15,245)	7,770	>100
Property Division	12,992	7,218	80	30,931	62,373	-50
Utility Division	340	1,078	-68	4,745	5,871	-19
Investment Holding	345	(2,787)	>100	(11,141)	(7,979)	>100
	508	10,229	-95	9,290	68,035	-86

##### Construction Division

Revenue for the current quarter decreased to RM60.82 million compared to RM64.79 million in the preceding year's corresponding quarter. Loss before tax recorded at RM13.17 million as compared to profit before tax of RM4.72 million in the corresponding quarter of the preceding year.

Revenue for the current year to date decreased to RM190.68 million compared to RM240.35 million in the preceding year to date. Profit before tax decreased from RM7.77 million to a loss before tax of RM15.25 million in the current year to date mainly due to a one-off impairment loss on goodwill in a Singapore's subsidiary company of RM5.90 million, lower work progress from newly awarded projects and lower profit margin on certain on-going projects in current year due to higher project operating cost arising from escalation of raw material prices and higher labour costs in compliance with the amendment of the Employment Act.



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 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)

###### Property Division

In the current quarter, revenue increased to RM56.93 million compared to RM47.97 million in the preceding year's corresponding quarter. Profit before tax increased to RM12.99 million compared to RM7.22 million in the preceding year's corresponding quarter.

Revenue for the current year to date decreased to RM172.24 million compared to RM253.19 million in the preceding year to date. Profit before tax decreased to RM30.93 million compared to RM62.37 million in the preceding year to date. The decrease in revenue and profit before tax was mainly attributed to a non-recurring transaction in the preceding year to date upon fulfillment of the conditions precedent of the settlement agreement and disposal of a development land.

###### Utility Division

For the current quarter, revenue decreased slightly to RM6.23 million compared to RM6.76 million in the preceding year's corresponding quarter. Profit before tax decreased to RM0.34 million compared to RM1.08 million in the preceding year's corresponding quarter.

Revenue for the current year to date decreased to RM19.21 million compared to RM20.28 million in the preceding year to date. In line with that, profit before tax decreased to RM4.75 million compared to RM5.87 million in the preceding year to date mainly due to lower revenue and loss on disposal of a subsidiary company in the current year to date.

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

	Current Quarter 28/02/2023 RM'000	Preceding Quarter 30/11/2022 RM'000	Variance %
Revenue	123,983	130,723	-5
Operating profit	5,924	7,355	-19
Profit before interest and tax	3,357	5,472	-39
Profit before tax	508	2,663	-81
Profit/(loss) after tax	(4,746)	267	>100
Profit/(loss) attributable to equity holders of the Company	(4,960)	98	>100

The Group's revenue decreased to RM123.98 million in the current quarter compared to RM130.72 million in the preceding quarter. Profit before tax decreased to RM0.51 million compared to RM2.66 million recorded in the preceding quarter, mainly due to a one-off impairment loss on goodwill of RM5.90 million but was offset by favorable foreign exchange translation in the current quarter.



## GADANG HOLDINGS BERHAD

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### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

#### **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 2023**

Malaysia's GDP expanded strongly by 8.7% in 2022, driven by recovery in private and public sector spending following the full reopening of the economy. However, in 2023, the global economic environment is expected to remain challenging and uncertain amidst slower growth and tighter monetary policies in major economies, and subdued global trade activity. Despite global headwinds, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand.

In the re-tabled Budget 2023, Malaysia government announced increased development expenditure allocation of RM97 billion to support economic growth via public-sector spending and this augurs well for the construction industry. With the Construction Division's outstanding order book at RM1.17 billion, the replenishment of its order book will depend on the roll-out of infrastructure projects by the Malaysian government.

The Property Division successfully launched in February 2023, Akasia Phase 2A @ Semenyih, with positive take-up rate in the first month of launch. With the recent launch and current unbilled sales of RM193.68 million, the Division is expected to perform resiliently against prevailing market conditions.

With the completion of the 9MW mini-hydropower project at Lintau Sumatera Barat, Indonesia, in current financial year, the revenue from the power concession will further strengthen the recurring revenue stream from the concession water treatment assets. The construction of the 5.9MWac solar photovoltaic energy generating facility located in Tawau, Sabah, is in progress and this is expected to contribute revenue to the Group in the second half of 2024.

The Group will continue to exercise prudence in its business dealings and manage operational efficiency to achieve sustainable growth in the long term.



## GADANG HOLDINGS BERHAD

199301023376 (278114-K)

### INTERIM REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

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

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

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

##### B5. TAXATION

Taxation comprises the following:

	<b>3 Months Ended 28/02/2023 RM'000</b>	<b>9 Months Ended 28/02/2023 RM'000</b>
Income tax expense:		
Malaysian income tax	(4,573)	(8,496)
Foreign income tax	(1,147)	(2,852)
Deferred tax	466	1,191
	<u>(5,254)</u>	<u>(10,157)</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 28/02/2023 RM'000	As at 31/05/2022 RM'000
(a) (i) Short Term Borrowings		
Revolving credit	34,693	41,399
Banker's acceptance	516	996
Letter of credit	-	1,037
Bank overdraft	4,341	3,907
Term loans	12,059	35,170
Hire purchase payable	2,260	2,725
	<u>53,869</u>	<u>85,234</u>
(ii) Long Term Borrowings		
Term loans	173,577	203,586
Hire purchase payable	7,023	5,641
	<u>180,600</u>	<u>209,227</u>
Total Borrowings	<u>234,469</u>	<u>294,461</u>

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

	As at 28/02/2023		As at 31/05/2022	
	Foreign Currency '000	RM Equivalent '000	Foreign Currency '000	RM Equivalent '000
Singapore Dollar	2,402	7,995	-	-
Indonesian Rupiah	75,673,881	22,248	91,397,675	27,419
		<u>30,243</u>		<u>27,419</u>

Bank borrowings for the current year to date decreased to RM234.47 million compared to RM294.46 million at the beginning of the financial year. The decrease was mainly due to repayments in the current period.

#### B8. MATERIAL LITIGATION

As at 19 April 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 PERIOD	
3 Months Ended	3 Months Ended	9 Months Ended	9 Months Ended
28/02/2023	28/02/2022	28/02/2023	28/02/2022

Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(4,960)	5,446	(1,619)	45,678
Weighted average number of ordinary shares in issue ('000)	728,061	728,061	728,061	728,061
Basic earnings per share (sen)	(0.68)	0.75	(0.22)	6.27

##### (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 period.





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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 28/02/2023 RM'000</b>	<b>9 Months Ended 28/02/2023 RM'000</b>
Depreciation	407	3,778
Finance costs	66	241
Gain on disposal of property, plant and equipment	-	(6)
Rental of land and premises	276	716

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

	<b>3 Months Ended 28/02/2023 RM'000</b>	<b>9 Months Ended 28/02/2023 RM'000</b>
Accretion of interest on trade receivables	410	410
Depreciation	2,567	6,405
Fair value (gain)/loss on quoted investments	(180)	899
Finance costs	2,849	8,192
Loss on disposal of subsidiary	-	636
Gain on disposal of property, plant and equipment	(195)	(686)
Impairment loss on goodwill	5,898	5,898
Income received from short term funds	-	(142)
Interest income	(421)	(2,011)
Net unrealised (gain)/loss on foreign exchange	(2,948)	879
Property, plant and equipment written off	4	4

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.