



GAGASAN NADI CERGAS
BERHAD [1238966-U]

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended
31 March 2019**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2019⁽¹⁾

	Note	Quarter Ended		Year-To-Date Ended	
		31.3.2019 RM'000	31.3.2018 ⁽²⁾ RM'000	31.3.2019 RM'000	31.3.2018 ⁽²⁾ RM'000
Revenue	A9	68,890	N/A	68,890	N/A
Operating expenses		(63,335)	N/A	(63,335)	N/A
Other operating income		9,279	N/A	9,279	N/A
Finance costs		(5,092)	N/A	(5,092)	N/A
Profit before taxation	B12	<u>9,742</u>	<u>N/A</u>	<u>9,742</u>	<u>N/A</u>
Income tax expense	B6	(3,333)	N/A	(3,333)	N/A
Profit after taxation		<u>6,409</u>	<u>N/A</u>	<u>6,409</u>	<u>N/A</u>
Profit after taxation					
attributable to:-					
Owners of the Company		6,178	N/A	6,178	N/A
Non-controlling interests		231	N/A	231	N/A
		<u>6,409</u>	<u>N/A</u>	<u>6,409</u>	<u>N/A</u>
Total comprehensive					
income attributable to:-					
Owners of the Company		6,178	N/A	6,178	N/A
Non-controlling interests		231	N/A	231	N/A
		<u>6,409</u>	<u>N/A</u>	<u>6,409</u>	<u>N/A</u>
Earnings per share					
attributable to owners of					
the Company:					
Basic EPS (sen)	B11	0.83	N/A	0.83	N/A
Diluted EPS (sen)	B11	<u>0.83</u>	<u>N/A</u>	<u>0.83</u>	<u>N/A</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019⁽¹⁾

	Note	Unaudited 31.3.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		30,253	30,429
Inventories		75,899	75,822
Trade receivables		582,970	589,875
		<u>689,122</u>	<u>696,126</u>
Current assets			
Contract assets		40,527	32,980
Property development cost		16,102	17,532
Trade receivables		77,448	76,815
Other receivables, deposits and prepayments		10,307	11,838
Tax refundable		417	239
Short-term deposits with licensed banks		52,576	50,519
Cash and bank balances		51,525	23,187
		<u>248,902</u>	<u>213,110</u>
TOTAL ASSETS		<u>938,024</u>	<u>909,236</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	95,444
Reserves		289,480	283,302
Equity attributable to owners of the Company		425,924	378,746
Non-controlling interests		4,550	4,319
Total equity		<u>430,474</u>	<u>383,065</u>
Non-current liabilities			
Borrowings	B8	314,325	316,667
Deferred tax liabilities		79,479	78,845
		<u>393,804</u>	<u>395,512</u>
Current liabilities			
Trade payables		64,849	73,666
Other payables and accruals		7,132	9,155
Borrowings	B8	40,126	46,549
Provision for taxation		1,639	1,289
		<u>113,746</u>	<u>130,659</u>
Total liabilities		<u>507,550</u>	<u>526,171</u>
TOTAL EQUITY AND LIABILITIES		<u>938,024</u>	<u>909,236</u>
Number of issued shares ('000)		753,000	613,000
Net asset per share attributable to Owners of the Company (RM)		0.57	0.62

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2019⁽¹⁾

		← Distributable →				
	Share Capital	Retained Profits	Attributable to Owners of the Company	Non-Controlling Interests	Total Equity	
Note	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1.1.2018	95,444	257,876	353,320	4,117	357,437	
Change in accounting policy, MFRS 9 adoption	A2	-	(7,164)	(7,164)	-	(7,164)
Balance at 31.12.2017/1.1.2018	95,444	250,712	346,156	4,117	350,273	
Profit for the financial year, representing total comprehensive income for the financial year	-	32,590	32,590	202	32,792	
Balance at 31.12.2018 (Audited)	95,444	283,302	378,746	4,319	383,065	
Profit for the financial period, representing total comprehensive income for the financial period	-	6,178	6,178	231	6,409	
Contributions by and distribution to owners of the Company:						
- Issuance of shares	42,000	-	42,000	-	42,000	
- Share issuance expenses ⁽²⁾	(1,000)	-	(1,000)	-	(1,000)	
Total transaction with owners	41,000	-	41,000	-	41,000	
Balance at 31.3.2019 (Unaudited)	136,444	289,480	425,924	4,550	430,474	

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) In relation to the Initial Public Offering in conjunction with the listing of the Company on the ACE Market of Bursa Securities.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2019⁽¹⁾

	Year-To-Date Ended	
	31.3.2019 RM'000	31.3.2018 ⁽²⁾ RM'000
Cash flows from operating activities		
Profit before taxation	9,742	N/A
Adjustments for:-		
Accretion of fair value on non-current trade receivables	(7,561)	N/A
Depreciation of property, plant and equipment	506	N/A
Impairment loss under MFRS 9	83	N/A
Gain on disposal of property, plant and equipment	(15)	N/A
Reversal of allowance for impairment losses under MFRS 9	(977)	N/A
Listing expense	1,250	N/A
Interest income	(661)	N/A
Interest expense	5,092	N/A
Operating profit before working capital changes	<u>7,459</u>	<u>N/A</u>
Decrease in inventories	1,429	N/A
Increase in contract assets	(7,547)	N/A
Decrease in trade and other receivables	14,427	N/A
Decrease in trade and other payables	(10,839)	N/A
Cash from operating activities	<u>4,929</u>	<u>N/A</u>
Tax paid	(2,527)	N/A
Net cash from operating activities	<u>2,402</u>	<u>N/A</u>
Cash flows from investing activities		
Interest received	661	N/A
Proceeds from disposal of property, plant and equipment	15	N/A
Withdrawal of deposits pledged and with original maturity periods of more than three months	14,869	N/A
Purchase of properties held for future development	(77)	N/A
Purchase of property, plant and equipment	(331)	N/A
Net cash from investing activities	<u>15,137</u>	<u>N/A</u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2019⁽¹⁾ (CONT'D)

	Year-To-Date Ended	
	31.3.2019	31.3.2018 ⁽²⁾
	RM	RM
Cash flows from financing activities		
Drawdown of borrowings	2,431	N/A
Repayment of borrowings	(8,974)	N/A
Interest paid	(5,092)	N/A
Payment for listing expense	(421)	N/A
Proceeds from issuance of shares	42,000	N/A
Net cash from financing activities	<u>29,944</u>	<u>N/A</u>
Net increase in cash and cash equivalents	47,483	N/A
Cash and cash equivalents at beginning of financial period	<u>23,630</u>	<u>N/A</u>
Cash and cash equivalents at end of financial period	<u>71,113</u>	<u>N/A</u>
Cash and cash equivalents comprise:		
Fixed deposit placed with licensed banks	52,576	N/A
Cash in hand and at bank	51,524	N/A
	<u>104,100</u>	<u>N/A</u>
Less: Fixed Deposit pledged with licensed banks	<u>(32,987)</u>	<u>N/A</u>
	<u>71,113</u>	<u>N/A</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flow are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Gagasan Nadi Cergas Berhad (“Gagasan Nadi” or “the Company”) and its subsidiaries (collectively known as “the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This is the third interim financial report on the Company’s unaudited condensed consolidated financial results for the first quarter ended 31 March 2019 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

This interim financial report should be read together with the audited Annual Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited Annual Financial Statements for the year ended 31 December 2018.

During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A3. Auditors' report on preceding annual financial statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or cyclical factors

The Group's performance have not been materially affected by any seasonal or cyclical factors during the current quarter and year-to-date.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter and year-to-date.

A6. Changes in estimates

There were no material changes in estimates for the current quarter and year-to-date.

A7. Debt and equity securities

Other than the issuance of new shares pursuant to the Company's Initial Public Offering and listing on the ACE Market of Bursa Securities as disclosed below, there were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

	Number of shares '000	RM'000
Issued and Fully Paid-Up		
At 1 January 2019	613,000	95,444
Issuance of new shares	140,000	42,000
Share issuance expenses	-	(1,000)
At 31 March 2019	<u>753,000</u>	<u>136,444</u>

A8. Dividends paid

There was no payment of dividend during the current quarter and previous corresponding financial year-to-date.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)
A9. Segmental information

The Group's segmental information for the current financial period ended 31 March 2019 is as follows:

31.3.2019	Construction RM'000	Concession and Facility Management RM'000	Utility Services RM'000	Property Development RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
Revenue							
External revenue	61,553	3,944	1,129	2,264	-	-	68,890
Inter-segment revenue	-	-	-	-	2,130	(2,130)	-
	<u>61,553</u>	<u>3,944</u>	<u>1,129</u>	<u>2,264</u>	<u>2,130</u>	<u>(2,130)</u>	<u>68,890</u>
Results							
Segment results	5,578	1,272	546	128	(1,026)	(272)	6,226
Accretion of fair value on non-current trade receivables	-	7,561	-	-	-	-	7,561
Allowance for impairment losses under MFRS 9	(84)	-	-	-	-	-	(84)
Depreciation	(270)	(83)	(95)	(1)	-	(58)	(507)
Interest income	52	373	33	-	203	-	661
Finance costs	(59)	(4,196)	(1)	(23)	(560)	(253)	(5,092)
Reversal of allowance for impairment losses under MFRS 9	324	251	402	-	-	-	977
Profit/(Loss) before taxation	<u>5,541</u>	<u>5,178</u>	<u>885</u>	<u>104</u>	<u>(1,383)</u>	<u>(583)</u>	<u>9,742</u>
Income tax expense	(1,920)	(1,010)	(397)	-	(6)	-	(3,333)
Profit/(Loss) after taxation	<u>3,621</u>	<u>4,168</u>	<u>488</u>	<u>104</u>	<u>(1,389)</u>	<u>(583)</u>	<u>6,409</u>



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental information (Cont'd)

The Group's segmental information for the current financial period ended 31 March 2019 is as follows (Cont'd):

31.3.2019	Construction RM'000	Concession and Facility Management RM'000	Utility Services RM'000	Property Development RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
Segment assets	146,624	668,014	16,285	24,719	85,684	(3,719)	937,607
Unallocated asset:							
- Tax refundable							417
Consolidated total assets							<u>938,024</u>
Additions to non-current assets other than financial instruments:							
- Property, plant and equipment	64	-	267	-	-	-	331
- Properties held for future development	139	-	-	-	502	-	641
Liabilities							
Segment liabilities	72,749	312,126	137	9,460	32,061	(100)	426,433
Unallocated liabilities:							
- Deferred tax liabilities							79,479
- Provision for taxation							1,638
Consolidated total liabilities							<u>507,550</u>



A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment during the current quarter and year-to-date.

A11. Significant Events Subsequent to the End of the Interim Financial Period

Save as disclosed in Note B5 "Status of corporate proposals" below, there were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

On 26 March 2019, the Company acquired the entire issued and paid-up capital of Nadi Cergas Urus Harta Sdn. Bhd. ("NCUH") comprising one hundred (100) ordinary shares for a cash consideration of RM100. Subsequent to the acquisition, NCUH became a wholly-owned subsidiary of the Company.

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

A13. Contingent assets and contingent liabilities

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim report.

**Unaudited
As at 31.3.2019
RM'000**

Financial guarantee contract in relation to corporate guarantee given to third parties in the ordinary course of business.

60,737

A14. Capital commitments

There were no capital commitments as at the end of the current and previous corresponding financial periods.

A15. Related party transactions

Save as disclosed below, there were no other significant related party transactions as at the date of this interim report.

**Quarter Ended
31.3.2019
RM'000**

**Year-To-Date
31.3.2019
RM'000**

Related Parties

- Progress billing income

1,407

1,407

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

The Group recorded revenue of RM68.89 million and profit before tax of RM9.74 million for the current quarter ended 31 March 2019. The Group's revenue contributed by the construction, concession and facility management, utility services and property development segments were approximately 89.35%, 5.72%, 1.64% and 3.29% respectively. The profit before tax was mainly derived from the construction and concession and facility management segments.

There are no comparative figures for the preceding year's corresponding financial period available as this is the third interim financial report being announced by the Group in compliance with the Listing Requirements.

B2. Comparison with immediate preceding quarter's results

The Group registered a lower revenue of RM68.89 million for the current financial quarter as compared to RM89.17 million in the preceding quarter. The Group's profit before tax improved to RM9.74 million in the current financial quarter as compared to RM7.65 million in the preceding quarter. The higher Group profit before tax for the current financial quarter was mainly due to the absence of specific impairment loss on receivables of RM3.29 million and lower IPO listing expenses of RM1.25 million (Q4 2018 - RM2.44 million) incurred in the current financial quarter.

B3. Commentary on prospects

The Group's order book stood at approximately RM705 million as at 31 March 2019 and with the continuous tendering for new jobs, the Board expects the performance of the construction segment for the current financial year to be sustainable. The performance of the Group's facility management for the concession projects and the utility services segment is also expected to be maintained for the rest of the current financial year. For the property development segment, its performance is expected to improve for the current financial year in line with the progress of the AFF Mixed Development project.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the quarter under review.

B5. Status of corporate proposals

The Company successfully listed its entire enlarged issued share capital of RM136.44 million comprising of 753,000,000 shares on the ACE Market of Bursa Securities on 8 January 2019.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Income tax expenses

	Current Quarter 31.3.2019 RM'000	Year-To- Date 31.3.2019 RM'000
Current tax expense	2,699	2,699
Deferred tax expense	634	634
	<u>3,333</u>	<u>3,333</u>
Effective tax rates ⁽¹⁾	34.21%	34.21%

Note:

- (1) The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 24% and it is mainly attributed to higher taxable income from collection of Availability Charges from Concession Projects. As the qualifying expenditure is only restricted to 91% of total construction costs, 9% of the Availability Charges collected during the current quarter and year-to-date was deemed as taxable income which resulting the increase in tax expense.

B7. Utilisation of proceeds from the Initial Public Offer ("IPO")

The utilisation of proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 13 December 2018. The gross proceeds raised from the Public Issue of RM42 million and status of utilisation as at 31 March 2019 is disclosed in the following table:

No.	Purpose	Time frame for utilisation from the date of listing	%	Proposed utilisation	Actual utilisation RM'000
(a)	Funding for the AFF Mixed Development	Within 30 months	33.3	14,000	5,130
(b)	Capital expenditures for the district cooling system for the supply of chilled water to a shopping mall under the Datum Jelatek development	Within 12 months	15.5	6,500	4,274
(c)	Working capital for a construction project	Within 24 months	39.3	16,500	16,500
(d)	Estimated listing expenses	Within 3 months	11.9	5,000	5,000
Gross proceeds			<u>100.0</u>	<u>42,000</u>	<u>30,904</u>



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Bank borrowings

The Group's bank borrowings as at 31 March 2019 are as follows:

	Unaudited As at 31.3.2019 RM'000
Current:	
Hire purchase payable	505
Term loan	15,059
Bonds	20,000
Bank overdraft	4,562
	<hr/>
	40,126
Non-current:	
Hire purchase payable	793
Term loan	153,532
Bonds	160,000
	<hr/>
	314,325
	<hr/>
Total	354,451
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All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigation involving the Group as at the date of this report.



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B10. Dividend

The Board of Directors did not recommend any dividend for the current quarter under review.

B11. Earnings per share

The basic earnings per share ("EPS") are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial periods are as follows:

	Quarter Ended		Year-To-Date	
	31.3.2019	31.3.2018 ⁽¹⁾	31.3.2019	31.3.2018 ⁽¹⁾
Profit attribute to owners of the Company (RM'000)	6,178	N/A	6,178	N/A
Weighted average number of ordinary shares:				
- Ordinary shares at 1 January	613,000	N/A	613,000	N/A
- Issuance of shares	135,333	N/A	135,333	N/A
Weighted average number of ordinary shares in issue ('000)	748,333	N/A	748,333	N/A
Basic EPS (sen) ⁽²⁾	0.83	N/A	0.83	N/A
Diluted EPS (sen) ^{(2) & (3)}	0.83	N/A	0.83	N/A

Notes:

(1) This is the third interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding quarter available as no interim financial report was prepared for the comparative financial period concerned.

(2) The basic earnings per share is computed based on profit after tax attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 31 March 2019.

(3) Diluted earnings per share of the Company for the individual quarter ended 31 March 2019 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A - Not Applicable



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Disclosure on selected expense/income items as required by the Listing Requirements

	Current Quarter 31.3.2019 RM'000	Year-To-Date 31.3.2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation of property, plant and equipment	507	507
Impairment losses under MFRS 9	84	84
Interest expenses	5,092	5,092
Accretion of fair value on non-current trade receivables	(7,561)	(7,561)
Gain on disposal of property, plant and equipment	(15)	(15)
Interest income	(661)	(661)
Reversal of impairment losses under MFRS 9	(977)	(977)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.

B13. Derivatives

The Group did not enter into any derivatives during the current quarter under review.