



**GAGASAN NADI CERGAS**  
BERHAD [1238966-U]

(Incorporated in Malaysia)

**Interim Financial Statements  
For The Financial Period Ended  
30 June 2020**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>ND</sup>) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2020<sup>(1)</sup>**

	Note	Quarter Ended		Year-To-Date Ended	
		30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Revenue	A9	40,092	71,019	95,235	139,909
Operating expenses		(42,016)	(66,443)	(95,210)	(129,779)
Other operating income		7,597	9,680	15,492	18,959
Finance costs		(4,029)	(4,453)	(8,334)	(9,545)
<b>Profit before taxation</b>	B12	1,644	9,803	7,183	19,544
Income tax expense	B6	(952)	(2,795)	(2,790)	(6,127)
<b>Profit after taxation</b>		<u>692</u>	<u>7,008</u>	<u>4,393</u>	<u>13,417</u>
<b>Profit after taxation</b>					
<b>attributable to:-</b>					
Owners of the Company		1,608	6,878	5,555	13,055
Non-controlling interests		(916)	130	(1,162)	362
		<u>692</u>	<u>7,008</u>	<u>4,393</u>	<u>13,417</u>
<b>Total comprehensive</b>					
<b>income attributable to:-</b>					
Owners of the Company		1,608	6,878	5,555	13,055
Non-controlling interests		(916)	130	(1,162)	362
		<u>692</u>	<u>7,008</u>	<u>4,393</u>	<u>13,417</u>
<b>Earnings per share</b>					
<b>attributable to owners of</b>					
<b>the Company:</b>					
Basic EPS (sen)	B11	0.21	0.91	0.74	1.74
Diluted EPS (sen)	B11	<u>0.21</u>	<u>0.91</u>	<u>0.74</u>	<u>1.74</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 2019 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020<sup>(1)</sup>**

	Note	Unaudited 30.6.2020 RM'000	Audited 31.12.2019 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		28,233	28,715
Inventories		70,720	64,976
Right-of-use assets		4,294	3,553
Trade receivables		546,432	561,944
		<u>649,679</u>	<u>659,188</u>
<b>Current assets</b>			
Inventories		29,509	28,479
Contract assets		38,342	26,133
Trade receivables		54,450	64,940
Other receivables, deposits and prepayments		24,501	21,678
Current tax assets		4,614	2,875
Fixed deposits with licensed banks		46,387	30,653
Cash and bank balances		37,240	92,920
		<u>235,043</u>	<u>267,678</u>
<b>TOTAL ASSETS</b>		<u>884,722</u>	<u>926,866</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		136,444	136,444
Reserves		306,605	304,815
Equity attributable to owners of the Company		<u>443,049</u>	<u>441,259</u>
Non-controlling interests		3,754	4,916
<b>Total equity</b>		<u>446,803</u>	<u>446,175</u>
<b>Non-current liabilities</b>			
Borrowings	B8	259,380	284,695
Deferred tax liabilities		79,126	79,597
		<u>338,506</u>	<u>364,292</u>
<b>Current liabilities</b>			
Trade payables		53,618	70,465
Other payables and accruals		3,990	7,016
Borrowings	B8	39,044	37,356
Provision for taxation		2,761	1,562
		<u>99,413</u>	<u>116,399</u>
<b>Total liabilities</b>		<u>437,919</u>	<u>480,691</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>884,722</u>	<u>926,866</u>
<b>Number of issued shares ('000)</b>		753,000	753,000
<b>Net asset per share attributable to Owners of the Company (RM)</b>		0.59	0.59

**Note:**

- (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 2019 and the accompanying explanatory notes attached to this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND (2<sup>ND</sup>) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2020<sup>(1)</sup>**

Note	← Distributable →		Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Profits RM'000			
Balance at 1.1.2019	95,444	283,296	378,740	4,319	383,059
Profit for the financial year, representing total comprehensive income for the financial year	-	25,284	25,284	572	25,856
Contributions by and distribution to owners of the Company:					
- Issuance of shares	42,000	-	42,000	-	42,000
- Share issuance expenses <sup>(2)</sup>	(1,000)	-	(1,000)	-	(1,000)
- Issuance of shares to non-controlling interest	-	-	-	25	25
- Dividends paid	-	(3,765)	(3,765)	-	(3,765)
Total transaction with owners	41,000	(3,765)	37,235	25	37,260
Balance at 31.12.2019/1.1.2020	136,444	304,815	441,259	4,916	446,175
Profit for the financial period, representing total comprehensive income for the financial period	-	5,555	5,555	(1,162)	4,393
Contributions by and distribution to owners of the Company:					
- Dividends paid		(3,765)	(3,765)	-	(3,765)
Balance at 30.6.2020 (Unaudited)	136,444	306,605	443,049	3,754	446,803

**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 2019 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 SECOND (2<sup>ND</sup>) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2020<sup>(1)</sup>**

	Year-To-Date Ended	
	30.6.2020 RM'000	30.6.2019 RM'000
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	7,183	19,544
Adjustments for:-		
Depreciation of:		
- property, plant and equipment	864	1,017
- right-of-use assets	292	-
Impairment loss:		
- trade receivable	594	-
- other receivable	50	-
Finance cost	8,334	9,545
Accretion of fair value on non-current trade receivables	(14,356)	(15,039)
Gain on disposal of property, plant and equipment	-	(15)
Reversal of impairment losses	-	(2,546)
Listing expense	-	1,158
Finance income	(959)	(1,206)
Operating profit before working capital changes	<u>2,002</u>	<u>12,458</u>
(Increase)/Decrease in inventories	(6,528)	450
(Increase)/Decrease in contract assets	(12,209)	3,126
Decrease in trade and other receivables	36,890	30,372
Decrease in trade and other payables	(19,874)	(14,710)
<b>Cash from operating activities</b>	<u>281</u>	<u>31,696</u>
Tax paid	(3,801)	(4,350)
<b>Net cash (for)/from operating activities</b>	<u>(3,520)</u>	<u>27,346</u>
<b>Cash flows (for)/from investing activities</b>		
Finance income received	959	1,206
Purchase of right-of-use assets	(332)	-
(Placement)/Withdrawal of pledged fixed deposits and with tenure more than 3 months	(6,842)	9,032
Proceeds from disposal of property, plant and equipment	-	15
Purchase of properties held for future development	(246)	(963)
Purchase of property, plant and equipment	(383)	(658)
<b>Net cash (for)/from investing activities</b>	<u>(6,844)</u>	<u>8,632</u>



**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SECOND (2<sup>ND</sup>) QUARTER FINANCIAL PERIOD ENDED 30 JUNE 2020<sup>(1)</sup> (CONT'D)**

	Year-To-Date Ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
<b>Cash flows (for)/from financing activities</b>		
Dividends paid	(3,765)	-
Drawdown of borrowings	-	3,654
Finance cost paid	(8,334)	(9,545)
Repayment of borrowings	(24,348)	(33,964)
Payment for listing expense	-	(328)
Proceeds from issuance of shares	-	42,000
<b>Net cash (for)/from financing activities</b>	<u>(36,447)</u>	<u>1,817</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(46,811)	37,795
<b>Cash and cash equivalents at beginning of financial period</b>	<u>87,958</u>	<u>23,630</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>41,147</u>	<u>61,425</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposit placed with licensed banks	46,387	35,424
Cash in hand and at bank	37,240	65,165
Bank overdraft	<u>(4,984)</u>	<u>(4,903)</u>
	78,643	95,686
Less: Fixed deposits pledged with licensed banks	<u>(37,496)</u>	<u>(34,261)</u>
	<u>41,147</u>	<u>61,425</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 2019 and the accompanying explanatory notes attached to this interim financial report.



## **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 Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read together with the audited Annual Financial Statements for the year ended 31 December 2019 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 2019.

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 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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 except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. MFRS 16 requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months whereby the right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.



**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 2019.

**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**

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and year-to-date.

**A8. Dividends paid**

Second interim dividend comprising 0.5 sen per ordinary share, amounting to RM3,765,000 for financial year ended 31 December 2019 was paid on 30 March 2020.





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

**A9. Segmental information**

	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
<b>30.6.2020</b>							
<b>Revenue</b>							
External revenue	80,894	7,895	1,964	4,482	-	-	95,235
Inter-segment revenue	-	-	-	-	4,260	(4,260)	-
	<u>80,894</u>	<u>7,895</u>	<u>1,964</u>	<u>4,482</u>	<u>4,260</u>	<u>(4,260)</u>	<u>95,235</u>
<b>Results</b>							
Segment results	599	2,494	977	(629)	(492)	(947)	2,002
Accretion of fair value on non-current trade receivables	-	14,356	-	-	-	-	14,356
Impairment losses:							
- trade receivable	(27)	(455)	(112)	-	-	-	(594)
- other receivable	(50)	-	-	-	-	-	(50)
Depreciation:							
- property, plant and equipment	(671)	(170)	(175)	(3)	-	155	(864)
- right-of-use assets	(235)	-	-	(57)	-	-	(292)
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-
Finance income	210	466	67	27	189	-	959
Finance costs	(111)	(7,409)	-	(1,199)	(155)	540	(8,334)
Reversal of impairment losses	-	-	-	-	-	-	-
Profit/(Loss) before taxation	<u>(285)</u>	<u>9,282</u>	<u>757</u>	<u>(1,861)</u>	<u>(458)</u>	<u>(252)</u>	<u>7,183</u>
Income tax expense	<u>262</u>	<u>(2,587)</u>	<u>(320)</u>	<u>(62)</u>	<u>(83)</u>	<u>-</u>	<u>(2,790)</u>
Profit/(Loss) after taxation	<u>(23)</u>	<u>6,695</u>	<u>437</u>	<u>(1,923)</u>	<u>(541)</u>	<u>(252)</u>	<u>4,393</u>
<b>Assets</b>							
Segment assets	122,007	621,291	15,189	94,541	33,253	(6,173)	880,108
Unallocated asset: Tax refundable							4,614
Consolidated total assets							<u>884,722</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	262	-	-	-	-	-	262
- properties held for future development	246	-	-	1,786	-	-	2,032
- right-of-use assets	1,209	-	-	-	-	-	1,209
<b>Liabilities</b>							
Segment liabilities	62,939	259,703	245	29,191	5,107	(1,153)	356,032
Unallocated liabilities:							
- Deferred tax liabilities							79,126
- Provision for taxation							2,761
Consolidated total liabilities							<u>437,919</u>

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

**A9. Segmental information (Cont'd)**

	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
<b>30.6.2019</b>							
<b>Revenue</b>							
External revenue	123,250	7,891	2,267	6,501	-	-	139,909
Inter-segment revenue	-	-	-	-	4,260	(4,260)	-
	<u>123,250</u>	<u>7,891</u>	<u>2,267</u>	<u>6,501</u>	<u>4,260</u>	<u>(4,260)</u>	<u>139,909</u>
<b>Results</b>							
Segment results	8,994	2,366	1,124	822	(1,442)	(549)	11,315
Accretion of fair value on non-current trade receivables	-	15,039	-	-	-	-	15,039
Depreciation of property, plant and equipment	(543)	(165)	(189)	(3)	-	(117)	(1,017)
Finance income	155	654	80	2	315	-	1,206
Finance costs	(77)	(8,241)	(2)	(51)	(1,147)	(27)	(9,545)
Reversal of impairment losses	808	1,438	300	-	-	-	2,546
Profit/(Loss) before taxation	<u>9,337</u>	<u>11,091</u>	<u>1,313</u>	<u>770</u>	<u>(2,274)</u>	<u>(693)</u>	<u>19,544</u>
Income tax expense	<u>(3,413)</u>	<u>(2,024)</u>	<u>(527)</u>	<u>(143)</u>	<u>(20)</u>	<u>-</u>	<u>(6,127)</u>
Profit/(Loss) after taxation	<u>5,924</u>	<u>9,067</u>	<u>786</u>	<u>627</u>	<u>(2,294)</u>	<u>(693)</u>	<u>13,417</u>
<b>Assets</b>							
Segment assets	146,818	648,037	16,860	24,276	86,253	(3,953)	918,291
Unallocated asset: Tax refundable							779
Consolidated total assets							<u>919,070</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	183	208	267	-	-	-	658
- properties held for future development	<u>276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>687</u>	<u>-</u>	<u>963</u>
<b>Liabilities</b>							
Segment liabilities	70,256	288,963	181	7,909	31,927	(100)	399,136
Unallocated liabilities:							
- Deferred tax liabilities							80,018
- Provision for taxation							2,434
Consolidated total liabilities							<u>481,588</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**

There were no material changes in 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 30.6.2020  
RM'000**

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

69,962

**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.

	<b>Quarter Ended 30.6.2020 RM'000</b>	<b>Year-To-Date 30.6.2020 RM'000</b>
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Related Party

- Progress billing income

1,991

1,991



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

### **B1. Review of Group Performance**

#### **(a) Results for current quarter**

The Group recorded revenue of RM40.09 million as compared to RM71.01 million recorded in the corresponding quarter last year. The lower revenue recorded for the current financial quarter was mainly attributable to lower progress from construction projects that were all halted during Movement Control Order ("MCO") declared by the Government of Malaysia.

The Group recorded profit before tax of RM0.69 million as compared to RM7.00 million recorded in the corresponding quarter last year. The lower profit before tax for the current quarter was mainly attributable to lower revenue and lower profits recorded from construction and property development projects.

#### **(b) Results for financial year-to-date**

For the current financial year-to-date, the Group recorded a lower revenue of RM95.23 million as compared to RM139.91 million recorded in previous financial year-to-date. The lower revenue was mainly attributable to lower revenue recorded from construction segment during the period of MCO.

The Group recorded a lower profit before tax of RM7.18 million for the current financial year-to-date as compared to RM19.54 million recorded in previous financial year-to-date. The lower Group profit before tax for the current financial year-to-date was mainly attributed to lower revenue from construction and property development projects.

### **B2. Comparison with immediate preceding quarter's results**

The Group registered a lower revenue of RM40.09 million for the current financial quarter as compared to RM55.14 million in the preceding quarter. The Group's profit before tax decreased to RM1.64 million as compared to RM5.54 million in the preceding quarter. The lower profit before tax registered in the current quarter was due to lower revenue recorded from construction and property development projects following the declaration of MCO by the Government of Malaysia.

### **B3. Commentary on prospects**

The declaration of MCO starting from 18 March 2020 by the Government of Malaysia to curb the spread of COVID-19 Pandemic outbreak in Malaysia has negatively affected the Group's construction and property development segments.

Construction activities at the Group's construction projects have progressively resumed following the lifting of inter-state travelling by the Government of Malaysia in June 2020. Despite the Group's construction order book which stood at approximately RM452 million as at 30 June 2020 and with the continuous tendering for new jobs, the Board expects the performance of the construction segment for the current financial year to be negatively affected by Covid-19 Pandemic. The performance of the Group's facility management for the concession projects and the utility services segment is expected to be maintained. For the property development segment, its performance is expected to improve for the current financial year in line with the progress of the Antara Residence Project. In spite of the Covid-19 Pandemic and barring unforeseen circumstances, the Group's result is expected to be satisfactory.

### **B4. Profit Forecast or Profit Guarantee**

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

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

### **B5. Status of corporate proposals**

On 29 October 2019, the Company entered into a Conditional Share Sale agreement ("SSA") with P.A.E Builders Sdn Bhd and Seri Delima Anggun Sdn Bhd (collectively, the "**Vendors**") for the proposed acquisition of 4,500,000 ordinary shares, representing the entire ordinary shares in Konsortium PAE Sepakat Sdn Bhd ("Proposed Acquisition") for a cash consideration of RM158,000,000.

The funding for the Proposed Acquisition will partially be met through the establishment of a proposed issuance of Islamic medium term notes pursuant to an Islamic medium term note programme of RM200.0 million in nominal value ("Proposed IMTN Programme") and a proposed issuance of convertible Sukuk pursuant to a convertible Sukuk programme of RM60.0 million in nominal value ("Proposed CS Programme").

The Company also proposed to establish an employees' share option scheme ("ESOS") of up to 15% of the total number of issued GNCB Shares at any point in time over the duration of the ESOS for the eligible employees and directors of GNCB and its subsidiaries ("Proposed ESOS").

On 11 November 2019, Kenanga Investment Bank Berhad had on behalf of the Company submitted the listing application pursuant to the Proposed CS Programme and Proposed ESOS and the draft circular pursuant to the Proposed Acquisition, Proposed CS Programme and Proposed ESOS to Bursa Securities for their approval and clearance respectively.

The Islamic Capital Market Department and the Shariah Advisory Council of the Securities Commission have, via their letters dated 22 November 2019 and 26 December 2019, informed that they have no objection to the Proposed IMTN Programme and the Proposed CS Programme respectively.

The Company and the Vendors have entered into a supplemental letter on 30 January 2020 in respect of the SSA dated 29 October 2019 to mutually agree to extend the Conditional Period as outlined in the SSA for a period of three (3) months commencing from 29 January 2020 until 28 April 2020.

On 3 March 2020, Bursa Securities had approved the listing of:

- (i) up to 187,500,000 new shares to be issued arising from conversion of the CS pursuant to the Proposed CS Programme; and
- (ii) such number of new ordinary shares representing up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS.

On 22 April 2020 Bursa Securities had resolved to grant the Company an extension of time until 30 July 2020 to issue the circular to the shareholders in relation to the Proposals.

On 28 April 2020, the Company and the Vendors have entered into a 2nd supplemental letter dated 28 April 2020 in respect of the SSA dated 29 October 2019 to mutually agree to extend the Conditional Period as outlined in the SSA for a further period of 4 months commencing from 29 April 2020 until 28 August 2020.

On 23 July 2020, Bursa Securities had resolved to grant GNCB an extension of time from 31 July 2020 until 30 October 2020 to issue the circular to the shareholders in relation to the Proposals.

The Proposed Acquisition is subject to approval from Unit Kerjasama Awam dan Swasta ("UKAS") while the Proposed Acquisition, Proposed CS Programme and Proposed ESOS are subject to approval of the Company's shareholders at an extraordinary general meeting to be convened.



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

**B6. Income tax expenses**

	<b>Current Quarter 30.6.2020 RM'000</b>	<b>Year-To- Date 30.6.2020 RM'000</b>
Current tax expense	1,278	3,261
Deferred tax expense	<u>(326)</u>	<u>(471)</u>
	<u>952</u>	<u>2,790</u>
Effective tax rates <sup>(1)(2)</sup>	57.91%	38.84%

**Note:**

- (1) The higher effective tax rate for the current quarter than the statutory tax rate of 24% was mainly due to the lower capital allowance utilised.
- (2) The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 24%. 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 resulting in 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 30 June 2020 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 <sup>(1)</sup>	Within 30 months	33.3	14,000	7,460
(b)	Capital expenditures for the district cooling system for the supply of chilled water to a shopping mall under the Datum Jelatek development	Within 24 months	15.5	6,500	5,140
(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
<b>Gross proceeds</b>			<u>100.0</u>	<u>42,000</u>	<u>34,100</u>

**Note:**

- (1) Antara Residence Project



**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 30 June 2020 are as follows:

	<b>Unaudited As at 30.6.2020 RM'000</b>
<b>Current:</b>	
Lease liabilities	1,157
Term loan / Islamic financing	12,903
Bonds	20,000
Bank overdraft	4,984
	<hr/>
	39,044
<b>Non-current:</b>	
Lease liabilities	2,320
Term loan / Islamic financing	137,060
Bonds	120,000
	<hr/>
	259,380
	<hr/>
Total	298,424
	<hr/>

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.

**B10. Dividend**

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

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

**B11. Earnings per share**

The basic and diluted 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Profit attribute to owners of the Company (RM'000)	1,608	6,878	5,555	13,055
Weighted average number of ordinary shares:				
- Ordinary shares at 1 January	753,000	753,000	753,000	613,000
- Issuance of shares	-	-	-	137,680
Weighted average number of ordinary shares in issue ('000)	<u>753,000</u>	<u>753,000</u>	<u>753,000</u>	<u>750,680</u>
Basic EPS (sen) <sup>(1)</sup>	0.21	0.91	0.74	1.74
Diluted EPS (sen) <sup>(1) &amp; (2)</sup>	0.21	0.91	0.74	1.74

**Notes:**

- (1) 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 30 June 2020.
- (2) Diluted earnings per share of the Company for the individual quarter ended 30 June 2020 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.





**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**

	<b>Current Quarter</b>	<b>Year-To-Date</b>
	<b>30.6.2020</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	509	864
- right-of-use asset	70	292
Impairment losses:		
- trade receivable	(190)	594
- other receivable	29	50
Finance cost	4,029	8,334
Accretion of fair value on non-current trade receivables	(7,134)	(14,356)
Finance income	(528)	(959)

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.