



GAGASAN NADI CER GAS
BERHAD (201701024800)

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended
31 March 2022**



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2022⁽¹⁾

	Note	Quarter Ended		Year-To-Date Ended	
		31.03.2022 RM'000	31.03.2021 RM'000	31.03.2022 RM'000	31.03.2021 RM'000
Revenue	A9	70,667	53,704	70,667	53,704
Operating expenses		(66,995)	(50,824)	(66,995)	(50,824)
Other operating income		9,432	9,837	9,432	9,837
Finance costs		<u>(4,090)</u>	<u>(3,622)</u>	<u>(4,090)</u>	<u>(3,622)</u>
(Loss)/Profit before taxation	B11	9,014	9,095	9,014	9,095
Income tax expense	B6	<u>(2,415)</u>	<u>(3,086)</u>	<u>(2,415)</u>	<u>(3,086)</u>
(Loss)/Profit after taxation		<u>6,599</u>	<u>6,009</u>	<u>6,599</u>	<u>6,009</u>
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		5,686	4,998	5,686	4,998
Non-controlling interests		<u>913</u>	<u>1,011</u>	<u>913</u>	<u>1,011</u>
		<u>6,599</u>	<u>6,009</u>	<u>6,599</u>	<u>6,009</u>
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		5,686	4,998	5,686	4,998
Non-controlling interests		<u>913</u>	<u>1,011</u>	<u>913</u>	<u>1,011</u>
		<u>6,599</u>	<u>6,009</u>	<u>6,599</u>	<u>6,009</u>
Earnings per share attributable to owners of					
Basic EPS (sen)	B10	0.76	0.66	0.76	0.66
Diluted EPS (sen)	B10	<u>0.76</u>	<u>0.66</u>	<u>0.76</u>	<u>0.66</u>

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022⁽¹⁾

	Note	Unaudited 31.3.2022 RM'000	Audited 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		28,161	27,950
Inventories		98,174	86,588
Right-of-use assets		2,391	2,598
Trade receivables		490,884	499,129
		<u>619,610</u>	<u>616,265</u>
Current assets			
Inventories		44,823	49,348
Contract assets		125,052	98,782
Trade receivables		71,882	82,322
Other receivables, deposits and prepayments		15,286	18,709
Current tax assets		5,663	5,147
Fixed deposits with licensed banks		43,871	38,151
Cash and bank balances		60,947	66,582
		<u>367,524</u>	<u>359,041</u>
TOTAL ASSETS		<u>987,134</u>	<u>975,306</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	136,444
Reserves		314,747	309,061
Equity attributable to owners of the Company		<u>451,191</u>	<u>445,505</u>
Non-controlling interests		6,407	5,494
Total equity		<u>457,598</u>	<u>450,999</u>
Non-current liabilities			
Borrowings	B7	274,965	269,504
Deferred tax liabilities		77,641	77,668
		<u>352,606</u>	<u>347,172</u>
Current liabilities			
Trade payables		87,819	84,106
Contract liabilities		23,783	37,216
Other payables and accruals		17,322	8,032
Borrowings	B7	46,451	45,712
Current tax liabilities		1,555	2,069
		<u>176,930</u>	<u>177,135</u>
Total liabilities		<u>529,536</u>	<u>524,307</u>
TOTAL EQUITY AND LIABILITIES		<u>987,134</u>	<u>975,306</u>
Number of issued shares ('000)		753,000	753,000
Net asset per share attributable to Owners of the Company (RM)		0.60	0.59

Note:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2021 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 2022⁽¹⁾

	← Distributable →		Attributable to Owners of the Company		Non-Controlling Interests	Total Equity
	Share Capital	Retained Profits	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2021						
- as previously reported	136,444	313,557	450,001		3,894	453,895
- effect of adoption of IFRIC Agenda Decision	-	(4,574)	(4,574)		(2,343)	(6,917)
- effect of prior years adjustment	-	383	383		-	383
Balance at 1.1.2021 (restated)	136,444	309,366	445,810		1,551	447,361
Profit for the financial period, representing total comprehensive income for the financial period	-	4,998	4,998		1,011	6,009
Contributions by and distribution to owners of the Company:						
- Dividends paid	-	(3,765)	(3,765)		-	(3,765)
Balance at 31.03.2021	136,444	310,599	447,043		2,562	449,605
Balance at 1.1.2022	136,444	309,061	445,505		5,494	450,999
Profit for the financial period, representing total comprehensive income for the financial period	-	5,686	5,686		913	6,599
Balance at 31.3.2022 (Unaudited)	136,444	314,747	451,191		6,407	457,598

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2022⁽¹⁾

	Unaudited 31.03.2022 RM'000	Audited 31.12.2021 RM'000
Cash flows from operating activities		
Profit before taxation	9,014	17,855
Adjustments for:-		
Depreciation of:		
- property, plant and equipment	372	1,332
- right-of-use assets	185	997
Impairment loss:		
- trade and other receivables	-	532
Finance cost	4,090	16,068
Accretion of fair value on non-current trade receivables	(6,492)	(26,907)
Gain on disposal of property, plant and equipment	-	(8,138)
Reversal of impairment losses under MFRS 9		
- trade and other receivables	(98)	(1,307)
Finance income	(204)	(955)
Operating profit/(loss) before working capital changes	<u>6,867</u>	<u>(523)</u>
(Increase)/Decrease in inventories	(2,442)	13,806
Increase in contract assets	(26,269)	(51,619)
Decrease in trade and other receivables	28,697	42,976
Increase in trade and other payables	13,003	17,954
(Decrease)/Increase in contract liabilities	<u>(13,434)</u>	<u>15,801</u>
Cash from operating activities	6,422	38,395
Income tax paid	<u>(3,472)</u>	<u>(12,557)</u>
Net cash from operating activities	<u><u>2,950</u></u>	<u><u>25,838</u></u>
Cash flows (for)/from investing activities		
Finance income received	204	955
Increase of Right-of-use	-	(28)
(Placement)/Withdrawal of pledged fixed deposits and with tenure more than 3 months	(37)	20,783
Proceeds from disposal of property, plant and equipment	-	10,976
Addition to property held for future development	(4,619)	(34,721)
Purchase of property, plant and equipment	<u>(583)</u>	<u>(4,165)</u>
Net cash for investing activities	<u><u>(5,035)</u></u>	<u><u>(6,200)</u></u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2022⁽¹⁾ (CONT'D)

	31.03.2022	31.12.2021
	RM'000	RM'000
Cash flows from/(for) financing activities		
Dividends paid	-	(3,765)
Drawdown of borrowings	7,384	50,550
Finance cost paid	(4,090)	(16,068)
Proceeds from issuance of shares to non-controlling interest in a subsidiary	-	62
Repayment of borrowings	(1,194)	(36,312)
Net cash from/(for) financing activities	<u>2,100</u>	<u>(5,533)</u>
Net increase in cash and cash equivalents	15	14,105
Cash and cash equivalents at beginning of financial period	<u>77,864</u>	<u>63,759</u>
Cash and cash equivalents at end of financial period	<u>77,879</u>	<u>77,864</u>
Cash and cash equivalents comprise:		
Fixed deposits placed with licensed banks	43,871	38,151
Cash and bank balances	60,947	66,582
Bank overdrafts	(4,801)	(4,767)
	<u>100,017</u>	<u>99,966</u>
Less: Fixed deposits pledged to licensed banks and with tenure more than 3 months	<u>(22,138)</u>	<u>(22,102)</u>
	<u>77,879</u>	<u>77,864</u>

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Cash Flow is disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2021 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 2021 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 2021.

The financial statements of the Group have been prepared in accordance with Malaysia Financial Reporting Standard (“MFRS”) and the requirements of the Companies Act 2016.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard Board (“MASB”) and effective during the

Annual Improvements to MFRS Standards 2018- 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceed before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The adoption of the above accounting standards, amendments and interpretations is not expected to 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 2021.

A4. Seasonal or cyclical factors

The Group's performance has 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

There was no payment of dividend during the current quarter.

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
31.3.22							
Revenue							
External revenue	35,577	3,946	1,082	30,062	-	-	70,667
Inter-segment revenue	21,726	883	131	(796)	2,130	(24,074)	-
	<u>57,303</u>	<u>4,829</u>	<u>1,213</u>	<u>29,266</u>	<u>2,130</u>	<u>(24,074)</u>	<u>70,667</u>
Results							
Segment results	1,109	1,152	304	5,506	(225)	(979)	6,867
Accretion of fair value on non-current trade receivables	-	6,492	-	-	-	-	6,492
Depreciation:							
- property, plant and equipment	(273)	(37)	(119)	(20)	-	77	(372)
- right-of-use assets	(179)	-	-	(6)	-	-	(185)
Finance income	(241)	140	4	9	292	-	204
Finance costs	(135)	(2,911)	-	(1,689)	(23)	668	(4,090)
Reversal of impairment losses	10	11	-	77	-	-	98
Profit/(Loss) before taxation	291	4,847	189	3,877	44	(234)	9,014
Income tax expense	-	(1,352)	-	(1,009)	(54)	-	(2,415)
Profit/(Loss) after taxation	<u>291</u>	<u>3,495</u>	<u>189</u>	<u>2,868</u>	<u>(10)</u>	<u>(234)</u>	<u>6,599</u>
Assets							
Segment assets	140,274	582,344	13,155	228,606	21,734	(4,640)	981,473
Unallocated asset: Tax refundable							5,661
Consolidated total assets							<u>987,134</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	31	-	248	304	-	-	583
- inventories - land for property development	-	-	-	4,619	-	-	4,619
	<u>31</u>	<u>-</u>	<u>248</u>	<u>4,923</u>	<u>-</u>	<u>-</u>	<u>5,200</u>
Liabilities							
Segment liabilities	110,805	225,926	2,757	107,336	3,666	(150)	450,340
Unallocated liabilities:							
- Deferred tax liabilities							77,641
- Provision for taxation							1,555
Consolidated total liabilities							<u>529,536</u>



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
31.3.21							
Revenue							
External revenue	33,395	3,946	1,037	15,326	-	-	53,704
Inter-segment revenue	8,806	821	-	4,208	2,130	(15,965)	-
	<u>42,201</u>	<u>4,767</u>	<u>1,037</u>	<u>19,534</u>	<u>2,130</u>	<u>(15,965)</u>	<u>53,704</u>
Results							
Segment results	956	1,107	563	4,921	(201)	(398)	6,948
Accretion of fair value on non-current trade receivables	-	6,866	-	-	-	-	6,866
Impairment losses:							
- trade receivable	(25)	(628)	(92)	(53)	-	-	(798)
Depreciation:							
- property, plant and equipment	(259)	(98)	(87)	(5)	-	78	(371)
- right-of-use assets	(196)	-	-	(35)	-	-	(231)
Finance income	32	140	2	4	83	-	261
Finance costs	(163)	(3,210)	-	(484)	(32)	267	(3,622)
Reversal of impairment losses	42	-	-	-	-	-	42
Profit/(Loss) before taxation	<u>387</u>	<u>4,177</u>	<u>386</u>	<u>4,348</u>	<u>(150)</u>	<u>(53)</u>	<u>9,095</u>
Income tax expense	<u>(241)</u>	<u>(1,126)</u>	<u>(136)</u>	<u>(1,564)</u>	<u>(19)</u>	<u>-</u>	<u>(3,086)</u>
Profit/(Loss) after taxation	<u>146</u>	<u>3,051</u>	<u>250</u>	<u>2,784</u>	<u>(169)</u>	<u>(53)</u>	<u>6,009</u>
Assets							
Segment assets	116,516	607,823	16,826	168,420	31,672	(8,147)	933,110
Unallocated asset: Tax refundable							3,344
Consolidated total assets							<u>936,454</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	80	-	842	134	-	-	1,056
- inventories - land for property development	23,681	-	-	-	-	-	23,681
	<u>23,761</u>	<u>-</u>	<u>842</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>24,737</u>
Liabilities							
Segment liabilities	66,727	254,421	292	70,760	7,939	(734)	399,405
Unallocated liabilities:							
- Deferred tax liabilities							77,528
- Provision for taxation							3,382
Consolidated total liabilities							<u>480,315</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

There were no material events subsequent to the end of the financial 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 period ended 31 March 2022.

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 31.3.2022
RM'000**

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

54,043

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 31.03.2022 RM'000	Year-To-Date 31.03.2022 RM'000
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Related Party

- Progress billing income

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

B1. Review of Group Performance

Results for current quarter

The Group recorded a higher revenue of RM70.7 million in current quarter as compared to RM53.7 million in the preceding year corresponding quarter. The higher revenue recorded for the current financial quarter was mainly attributable to higher revenue contribution from the Group's property development segment, i.e., the Ulu Yam and Antara Residences projects. The Group recorded a slightly lower profit before tax of RM9.0 million in the current quarter as compared to a profit before tax of RM9.1 million in the corresponding quarter last year. The lower profit before tax for the current quarter despite a higher revenue was mainly attributable to increased in project construction costs.

B2. Comparison with immediate preceding quarter's results

The Group registered a higher revenue of RM70.7 million for the current financial quarter as compared to RM54.2 million in the preceding quarter, mainly due to sales from property development projects. The Group recorded a profit before tax of RM9.0 million in the current quarter as compared to a loss before tax of RM4.2 million in the preceding quarter. The loss before tax in the preceding quarter was mainly due to increase in project construction costs and the adoption of accounting policy under MFRS123 where borrowing costs for development projects were expensed off when incurred.

B3. Commentary on prospects

The transition to the endemic phase and the reopening of Malaysia's borders have clearly provided a positive impact on the national economy compared to the pandemic phase over the past two years.

Despite the Group's construction order book which stands at approximately RM627 million and with continuous tendering for new jobs, the Board expects the performance of the construction segment to be affected by the challenging operating environment of high material costs, labour shortage and COVID-19 pandemic.

The performance of the Group's facility management is expected to remain stable and sustainable.

The property development segment is expected to contribute significantly for the financial year 2022 with the progress of Antara Residence Project and the Selindung Ulu Yam Project, the latter being a project under Rumah Selangorku ("RSKU") and PPAM affordable housing programme. This segment has a total unbilled sale of RM111 million which is expected to be booked in as revenue over the next 2 years. The Group targets to launch the Rumah Idaman affordable homes project in Bukit Jelutong with Gross Development Value of approximately RM308 million during first half of current financial year.

The Board of Directors is optimistic about the Group's ability to continue to achieve satisfactory performance for the financial year ending 2022.



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

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

There were no corporate proposals announced and not completed.

B6. Income tax expenses

	Current Quarter 31.03.2022 RM'000	Year-To- Date 31.03.2022 RM'000
Malaysia income tax		
- current year	2,442	2,442
Deferred tax asset	<u>(27)</u>	<u>(27)</u>
	<u>2,415</u>	<u>2,415</u>
Effective tax rates ⁽¹⁾	26.79%	26.79%

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%. It is mainly due to certain expenses not being deductible for tax purposes as well as the higher taxable income from collection of Availability Charges from Concession Projects. The qualifying expenditure for concession projects is only restricted to 91% of total construction costs, hence the remaining 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.



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

B7. Bank borrowings

The Group's bank borrowings as at 31 March 2022 are as follows:

	Unaudited As at 31.3.2022 RM'000
Current:	
Lease liabilities	275
Islamic financing / Term loan	21,375
Bonds	20,000
Bank overdraft	4,801
	<hr/>
	46,451
Non-current:	
Lease liabilities	1,575
Islamic financing / Term loan	173,390
Bonds	100,000
	<hr/>
	274,965
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Total	321,416
	<hr/>

All the borrowings are secured and denominated in Ringgit Malaysia.

B8. Material litigation

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

B9. 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)

B10. 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 period ended are as follows:

	Quarter Ended		Year-To-Date	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
(Loss)/Profit attribute to owners of the Company (RM'000)	5,686	4,998	5,686	4,998
Weighted average number of ordinary shares in issue ('000)	<u>753,000</u>	<u>753,000</u>	<u>753,000</u>	<u>753,000</u>
Basic EPS (sen) ⁽¹⁾	0.76	0.66	0.76	0.66
Diluted EPS (sen) ^{(1) & (2)}	0.76	0.66	0.76	0.66

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 31 March 2022.
- (2) Diluted earnings per share is equivalent to the basic earnings per share of the Company for the individual quarter ended 31 March 2022 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)

B11. Disclosure on selected expense/income items as required by the Listing Requirements

	Current Quarter 31.03.2022 RM'000	Year-To-Date 31.03.2022 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	372	372
- right-of-use asset	185	185
Finance cost	4,090	4,090
Accretion of fair value on non-current trade receivables	(6,492)	(6,492)
Finance income	(204)	(204)
Reversal of impairment losses	(98)	(98)

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

B12. Derivative

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