



GAGASAN NADI CER GAS
BERHAD (201701024800)

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended
30 September 2022**



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022⁽¹⁾

	Note	Quarter Ended		Year-To-Date Ended	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Revenue	A9	41,401	41,139	178,986	145,011
Operating expenses		(46,730)	(44,421)	(182,597)	(143,092)
Other operating income		6,304	7,471	25,814	31,329
Finance costs		(4,120)	(3,826)	(12,158)	(11,225)
(Loss)/Profit before taxation	B11	<u>(3,145)</u>	<u>363</u>	<u>10,045</u>	<u>22,023</u>
Income tax expense	B6	(2,070)	886	(7,078)	(5,213)
(Loss)/Profit after taxation		<u>(5,215)</u>	<u>1,249</u>	<u>2,967</u>	<u>16,810</u>
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		(4,797)	1,119	1,893	13,650
Non-controlling interests		(418)	130	1,074	3,160
		<u>(5,215)</u>	<u>1,249</u>	<u>2,967</u>	<u>16,810</u>
Total comprehensive income attributable to:-					
Owners of the Company		(4,797)	1,119	1,893	13,650
Non-controlling interests		(418)	130	1,074	3,160
		<u>(5,215)</u>	<u>1,249</u>	<u>2,967</u>	<u>16,810</u>
Earnings per share attributable to owners of					
Basic EPS (sen)	B10	(0.64)	0.15	0.25	1.81
Diluted EPS (sen)	B10	<u>(0.64)</u>	<u>0.15</u>	<u>0.25</u>	<u>1.81</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 30 SEPTEMBER 2022⁽¹⁾

	Note	Unaudited 30.9.2022 RM'000	Audited 31.12.2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		27,800	27,950
Inventories		79,000	86,588
Right-of-use assets		1,976	2,598
Trade receivables		473,868	499,129
		<u>582,644</u>	<u>616,265</u>
Current assets			
Inventories		66,892	49,348
Contract assets		145,459	98,782
Trade receivables		61,978	82,322
Other receivables, deposits and prepayments		19,606	18,709
Current tax assets		5,514	5,147
Fixed deposits with licensed banks		35,907	38,151
Cash and bank balances		43,047	66,582
		<u>378,403</u>	<u>359,041</u>
TOTAL ASSETS		<u>961,047</u>	<u>975,306</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	136,444
Reserves		308,954	309,061
Equity attributable to owners of the Company		<u>445,398</u>	<u>445,505</u>
Non-controlling interests		6,568	5,494
Total equity		<u>451,966</u>	<u>450,999</u>
Non-current liabilities			
Borrowings	B7	267,563	269,504
Deferred tax liabilities		76,415	77,668
		<u>343,978</u>	<u>347,172</u>
Current liabilities			
Trade payables		83,588	84,106
Contract liabilities		23,140	37,216
Other payables and accruals		16,929	8,032
Borrowings	B7	39,868	45,712
Current tax liabilities		1,578	2,069
		<u>165,103</u>	<u>177,135</u>
Total liabilities		<u>509,081</u>	<u>524,307</u>
TOTAL EQUITY AND LIABILITIES		<u>961,047</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)		0.59	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 THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
	RM'000	RM'000	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	-	13,650	13,650	3,160	16,810	
Contributions by and distribution to owners of the Company:						
- Dividends paid	-	(3,765)	(3,765)	-	(3,765)	
Balance at 30.9.2021	136,444	319,251	455,695	4,711	460,406	
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	-	1,893	1,893	1,074	2,967	
Contributions by and distribution to owners of the Company:						
- Dividends paid to Non-controlling interests shareholders of a subsidiary	-	(2,000)	(2,000)	-	(2,000)	
Balance at 30.9.2022 (Unaudited)	136,444	308,954	445,398	6,568	451,966	

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 THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022⁽¹⁾

	9 months Ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	10,044	22,023
Adjustments for:-		
Depreciation of:		
- property, plant and equipment	1,171	1,122
- right-of-use assets	739	671
Impairment loss:		
- trade and other receivables	2,299	604
Finance cost	12,158	11,225
Accretion of fair value on non-current trade receivables	(19,185)	(20,320)
Gain on disposal of property, plant and equipment	(52)	-
Reversal of impairment losses under MFRS 9		
- trade and other receivables	-	(1,254)
Property, plant and equipment written off	45	-
Finance income	(581)	(972)
Operating profit before working capital changes	<u>6,638</u>	<u>13,099</u>
(Increase)/Decrease in inventories	(5,551)	14,123
Increase in contract assets	(46,676)	(41,507)
Decrease in trade and other receivables	61,595	50,371
Increase/(Decrease) in trade and other payables	8,379	(16,686)
Decrease in contract liabilities	(14,076)	-
Cash from operating activities	<u>10,309</u>	<u>19,400</u>
Income tax paid	(9,189)	(5,331)
Net cash from operating activities	<u>1,120</u>	<u>14,069</u>
Cash flows from/(for) investing activities		
Finance income received	581	972
Withdrawal of pledged fixed deposits and with tenure more than 3 months	7,069	17,662
Proceeds from disposal of property, plant and equipment	52	-
Addition to property held for future development	(4,405)	(32,885)
Purchase of property, plant and equipment	(1,065)	(1,711)
Net cash from/(for) investing activities	<u>2,232</u>	<u>(15,962)</u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)

	9 months Ended	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash flows for financing activities		
Dividends paid	-	(3,765)
Dividends paid to Non-controlling interests shareholders of a subsidiary	(2,000)	-
Drawdown of borrowings	34,964	39,374
Finance cost paid	(12,158)	(11,225)
Repayment of borrowings	(41,669)	(31,228)
Net cash for financing activities	(20,863)	(6,844)
Net decrease in cash and cash equivalents	(17,511)	(8,737)
Cash and cash equivalents at beginning of financial period	77,864	63,759
Cash and cash equivalents at end of financial period	60,353	55,022
Cash and cash equivalents comprise:		
Fixed deposits placed with licensed banks	35,907	41,427
Cash and bank balances	43,047	43,560
Bank overdrafts	(3,569)	(1,917)
	75,385	83,070
Less: Fixed deposits pledged to licensed banks and with tenure more than 3 months	(15,032)	(28,048)
	60,353	55,022

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
30.9.22							
Revenue							
External revenue	83,014	11,829	3,295	80,848	-	-	178,986
Inter-segment revenue	73,405	2,764	440	1,813	6,390	(84,812)	-
	<u>156,419</u>	<u>14,593</u>	<u>3,735</u>	<u>82,661</u>	<u>6,390</u>	<u>(84,812)</u>	<u>178,986</u>
Results							
Segment results	6,443	2,892	1,128	14,167	3,154	(21,138)	6,646
Accretion of fair value on non-current trade receivables	-	19,185	-	-	-	-	19,185
Impairment losses:	(95)	(194)	-	(2,011)	-	-	(2,300)
Depreciation:							
- property, plant and equipment	(734)	(131)	(362)	(88)	-	145	(1,170)
- right-of-use assets	(721)	-	-	(18)	-	-	(739)
Finance income	107	369	19	37	49	-	581
Finance costs	(420)	(8,295)	-	(5,525)	(63)	2,145	(12,158)
Reversal of impairment losses	-	-	-	-	-	-	-
Profit/(Loss) before taxation	<u>4,580</u>	<u>13,826</u>	<u>785</u>	<u>6,562</u>	<u>3,140</u>	<u>(18,848)</u>	<u>10,045</u>
Income tax expense	-	(3,848)	(152)	(2,950)	(220)	92	(7,078)
Profit/(Loss) after taxation	<u>4,580</u>	<u>9,978</u>	<u>633</u>	<u>3,612</u>	<u>2,920</u>	<u>(18,756)</u>	<u>2,967</u>
Assets							
Segment assets	122,075	548,554	14,476	259,920	19,218	(8,710)	955,533
Unallocated asset: Tax refundable							5,514
Consolidated total assets							<u>961,047</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	194	-	378	675	-	-	1,247
- inventories - land for property development	-	-	-	4,405	-	-	4,405
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,405</u>	<u>-</u>	<u>-</u>	<u>4,405</u>
Liabilities							
Segment liabilities	103,990	200,694	3,519	122,119	2,873	(2,107)	431,088
Unallocated liabilities:							
- Deferred tax liabilities							76,415
- Provision for taxation							1,578
Consolidated total liabilities							<u>509,081</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
30.9.21							
Revenue							
External revenue	91,450	11,834	1,768	39,959	-	-	145,011
Inter-segment revenue	24,971	2,587	-	2,384	6,390	(36,332)	-
	<u>116,421</u>	<u>14,421</u>	<u>1,768</u>	<u>42,343</u>	<u>6,390</u>	<u>(36,332)</u>	<u>145,011</u>
Results							
Segment results	(291)	3,338	288	12,028	283	(2,547)	13,099
Accretion of fair value on non-current trade receivables	-	20,320	-	-	-	-	20,320
Impairment losses:							
- trade receivable	-	(497)	-	(107)	-	-	(604)
Depreciation:							
- property, plant and equipment	(782)	(295)	(259)	(19)	-	233	(1,122)
- right-of-use assets	(605)	-	-	(66)	-	-	(671)
Finance income	104	343	18	19	488	-	972
Finance costs	(464)	(9,347)	-	(2,113)	(91)	790	(11,225)
Reversal of impairment losses	82	-	1,172	-	-	-	1,254
Profit/(Loss) before taxation	<u>(1,956)</u>	<u>13,862</u>	<u>1,219</u>	<u>9,742</u>	<u>680</u>	<u>(1,524)</u>	<u>22,023</u>
Income tax expense	<u>(287)</u>	<u>(3,478)</u>	<u>(34)</u>	<u>(1,359)</u>	<u>(55)</u>	<u>-</u>	<u>(5,213)</u>
Profit/(Loss) after taxation	<u>(2,243)</u>	<u>10,384</u>	<u>1,185</u>	<u>8,383</u>	<u>625</u>	<u>(1,524)</u>	<u>16,810</u>
Assets							
Segment assets	107,803	580,189	14,568	195,523	21,948	(10,041)	909,990
Unallocated asset: Tax refundable							4,259
Consolidated total assets							<u>914,249</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	256	5	1,310	140	-	-	1,711
- inventories - land for property development	-	-	-	32,885	-	-	32,885
Liabilities							
Segment liabilities	55,711	229,227	345	77,888	3,808	(446)	366,533
Unallocated liabilities:							
- Deferred tax liabilities							76,630
- Provision for taxation							4,145
Consolidated total liabilities							<u>447,309</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 30 September 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 30.9.2022
RM'000

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

69,939

A14. Capital commitments

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

A15. Related party transactions

There were no significant related party transactions as at the date of this interim report.



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 marginally higher revenue of RM41.4 million in current quarter as compared to RM41.1 million in the preceding year corresponding quarter. The Group recorded a loss before tax of RM3.1 million in the current quarter as compared to a profit before tax of RM0.36 million in the corresponding quarter last year. The loss before tax for the current quarter was mainly attributable to increase in project construction costs and the provision of impairment for the property segment.

Results for financial year-to-date

The Group recorded a higher revenue of RM179.0 million for the current financial period as compared to RM145.0 million for the previous financial period mainly due to higher revenue recognised from property development segment. The Group recorded a lower profit before tax of RM10.0 million for the current financial period as compared to RM22.0 million in the previous financial period mainly attributable to increase in project construction costs and the provision of impairment for the property development segment as well as lower facilitation fund received in respect of a government affordable homes project in the current financial period.

B2. Comparison with immediate preceding quarter's results

The Group registered a lower revenue of RM41.4 million for the current financial quarter as compared to RM66.9 million in the preceding quarter. The Group recorded a loss before tax of RM3.1 million in the current quarter as compared to a profit before tax of RM4.2 million in the preceding quarter. The loss before tax for the current quarter was mainly due to increase in project construction costs and additional provision of impairment for the property segment.

B3. Commentary on prospects

The outlook for the property and construction sector remained challenging during the transition to endemic phase of the prolonged Covid-19 pandemic of two (2) years coupled with the onset of inflation felt in the global market.

Despite the Group's construction order book which stands at approximately RM577 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 continuing COVID-19 health measures.

The performance of the Group's concession and 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 RM84.4 million which is expected to be booked in as revenue over the next year. The Group has launched the Rumah Idaman affordable homes project in Bukit Jelutong with Gross Development Value of approximately RM308 million during the fourth quarter of the current financial year.

The Board of Directors is cautiously optimistic about the Group's ability to continue achieving 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 30.09.2022 RM'000	Year-To- Date 30.09.2022 RM'000
Malaysia income tax		
- current year	2,824	8,327
- underprovision in prior years	4	4
Deferred tax asset	<u>(758)</u>	<u>(1,253)</u>
	<u>2,070</u>	<u>7,078</u>
Effective tax rates ⁽¹⁾	N/A	70.46%

Note:

(1) The Group's effective tax rate for the financial year-to-date is higher than the statutory tax rate mainly due to certain expenses not being deductible for tax purpose from Property Development Companies and higher taxable income from collection of Availability Charges from Concession Projects and losses recorded by certain subsidiaries.



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 30 September 2022 are as follows:

	Unaudited As at 30.9.2022 RM'000
Current:	
Lease liabilities	396
Islamic financing / Term loan	15,903
Bonds	20,000
Bank overdraft	3,569
	<hr/>
	39,868
Non-current:	
Lease liabilities	1,064
Islamic financing / Term loan	186,499
Bonds	80,000
	<hr/>
	267,563
	<hr/>
Total	307,431
	<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") 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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
(Loss)/ Profit attribute to owners of the Company (RM'000)	(4,797)	1,119	1,893	13,650
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⁾	(0.64)	0.15	0.25	1.81
Diluted EPS (sen) ^{(1) & (2)}	(0.64)	0.15	0.25	1.81

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 September 2022.
- (2) Diluted earnings per share is equivalent to the basic earnings per share of the Company for the individual quarter ended 30 September 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	Year-To-Date
	30.09.2022	30.09.2022
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	369	1,171
- right-of-use asset	370	739
Impairment losses	2,042	2,300
Finance cost	4,120	12,158
Accretion of fair value on non-current trade receivables	(6,298)	(19,185)
Finance income	(191)	(581)
Gain on disposal of property, plant and equipment	-	(52)
Reversal of impairment losses	(309)	-

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.