



GAGASAN NADI CER GAS
BERHAD (201701024800)

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended
31 March 2023**



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2023⁽¹⁾

		Quarter Ended		Year-To-Date Ended	
	Note	31.3.2023	31.3.2022	31.3.2023	31.3.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	66,798	70,667	66,798	70,667
Operating expenses		(67,058)	(66,995)	(67,058)	(66,995)
Other operating income		7,834	9,432	7,834	9,432
Finance costs		(4,714)	(4,090)	(4,714)	(4,090)
(Loss)/Profit before taxation	B11	<u>2,860</u>	<u>9,014</u>	<u>2,860</u>	<u>9,014</u>
Income tax expense	B6	(1,813)	(2,415)	(1,813)	(2,415)
(Loss)/Profit after taxation		<u>1,047</u>	<u>6,599</u>	<u>1,047</u>	<u>6,599</u>
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		620	5,686	620	5,686
Non-controlling interests		427	913	427	913
		<u>1,047</u>	<u>6,599</u>	<u>1,047</u>	<u>6,599</u>
Total comprehensive income attributable to:-					
Owners of the Company		620	5,686	620	5,686
Non-controlling interests		427	913	427	913
		<u>1,047</u>	<u>6,599</u>	<u>1,047</u>	<u>6,599</u>
Earnings per share attributable to owners of					
Basic EPS (sen)	B10	0.08	0.76	0.08	0.76
Diluted EPS (sen)	B10	0.08	0.76	0.08	0.76

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 2022 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023⁽¹⁾

	Note	Unaudited 31.3.2023 RM'000	Audited 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		27,374	27,655
Inventories		79,425	71,803
Right-of-use assets		1,603	1,759
Trade receivables		456,734	464,989
		<u>565,136</u>	<u>566,206</u>
Current assets			
Inventories		66,473	78,655
Contract assets		163,877	143,639
Trade receivables		72,431	75,694
Other receivables, deposits and prepayments		21,427	18,708
Current tax assets		7,715	6,713
Fixed deposits with licensed banks		52,166	41,940
Cash and bank balances		30,327	52,314
		<u>414,416</u>	<u>417,663</u>
TOTAL ASSETS		<u>979,552</u>	<u>983,869</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	136,444
Reserves		306,303	305,683
Equity attributable to owners of the Company		<u>442,747</u>	<u>442,127</u>
Non-controlling interests		4,706	4,279
Total equity		<u>447,453</u>	<u>446,406</u>
Non-current liabilities			
Borrowings	B7	192,350	275,608
Deferred tax liabilities		75,291	75,299
		<u>267,641</u>	<u>350,907</u>
Current liabilities			
Trade payables		96,512	97,506
Contract liabilities		27,975	31,281
Other payables and accruals		13,845	14,924
Borrowings	B7	124,306	41,106
Current tax liabilities		1,820	1,739
		<u>264,458</u>	<u>186,556</u>
Total liabilities		<u>532,099</u>	<u>537,463</u>
TOTAL EQUITY AND LIABILITIES		<u>979,552</u>	<u>983,869</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 2022 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 2023⁽¹⁾**

	← Distributable →		Attributable to Owners of		
	Share Capital RM'000	Retained Profits RM'000	the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2022	136,444	309,061	445,505	5,494	450,999
Profit for the financial year, representing total comprehensive income for the financial year	-	(3,378)	(3,378)	785	(2,593)
Contributions by and distribution to owners of the Company:					
- Dividends paid non-controlling interests shareholders of a subsidiary	-	-	-	(2,000)	(2,000)
Balance at 31.12.2022	<u>136,444</u>	<u>305,683</u>	<u>442,127</u>	<u>4,279</u>	<u>446,406</u>
Balance at 1.1.2023	136,444	305,683	442,127	4,279	446,406
Profit for the financial year, representing total comprehensive income for the financial year	-	620	620	427	1,047
Balance at 31.3.2023 (Unaudited)	<u>136,444</u>	<u>306,303</u>	<u>442,747</u>	<u>4,706</u>	<u>447,453</u>

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 2022 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 2023⁽¹⁾

	Unaudited	Audited
	31.3.2023	31.12.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	2,860	6,048
Adjustments for:-		
Depreciation of:		
- property, plant and equipment	360	1,549
- right-of-use assets	150	812
Impairment loss:		
- trade receivable	37	3,331
- other receivable	-	717
Finance cost	4,714	16,565
Accretion of fair value on non-current trade receivables	(6,099)	(25,383)
Gain on disposal of property, plant and equipment	-	(87)
(Gain)/Loss on lease modification	-	(5)
Reversal of impairment losses under MFRS 9		
- trade and other receivables	(1,291)	(9)
Property, plant and equipment written off	-	48
Finance income	(282)	(993)
Operating profit before working capital changes	<u>449</u>	<u>2,593</u>
Decrease in inventories	4,594	(10,642)
Increase in contract assets	(20,238)	(44,857)
Decrease in trade and other receivables	16,154	62,113
Increase in trade and other payables	(2,073)	20,292
(Decrease)/Increase in contract liabilities	<u>(3,306)</u>	<u>(5,935)</u>
Cash from operating activities	<u>(4,420)</u>	<u>23,564</u>
Income tax paid	<u>(2,744)</u>	<u>(12,906)</u>
Net cash from operating activities	<u>(7,164)</u>	<u>10,658</u>
Cash flows from/(for) investing activities		
Finance income received	282	993
Withdrawal of pledged fixed deposits and with tenure more than 3 months	1,568	4,731
Proceeds from disposal of property, plant and equipment	-	87
Addition to property held for future development	(33)	(3,880)
Purchase of property, plant and equipment	(79)	(1,302)
Net cash for investing activities	<u>1,738</u>	<u>629</u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FIRST (1ST) QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2023⁽¹⁾ (CONT'D)

	Unaudited	Audited
	31.3.2023	31.12.2022
	RM'000	RM'000
Cash flows from/(for) financing activities		
Dividends paid to non-controlling interests shareholders of a subsidiary	-	(2,000)
Drawdown of borrowings	6,977	40,396
Finance cost paid	(4,714)	(16,565)
Repayment of borrowings	(5,295)	(39,024)
Net cash for financing activities	<u>(3,032)</u>	<u>(17,193)</u>
Net decrease in cash and cash equivalents	(8,458)	(5,906)
Cash and cash equivalents at beginning of financial year	71,958	77,864
Cash and cash equivalents at end of financial year	<u>63,500</u>	<u>71,958</u>
Cash and cash equivalents comprise:		
Fixed deposits placed with licensed banks	52,166	41,940
Cash and bank balances	30,327	52,314
Bank overdrafts	(3,192)	(4,924)
	<u>79,301</u>	<u>89,330</u>
Less: Fixed deposits pledged to licensed banks and with tenure more than 3 months	(15,801)	(17,372)
	<u>63,500</u>	<u>71,958</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 2022 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 2022 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 2022.

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 financial year:-

MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from 1 January 2023 a Single Transaction	1 January 2023

The adoption of the above accounting standards, amendments and interpretations is not expected to have any material impact on the Group’s financial statements.

Standards issued but not yet effective

The Group has not adopted the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board which are not yet effective for the Group. The Group intends to adopt the below mentioned new standards and amendments to standards when they become effective.

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024



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 2022.

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 year.

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
31.3.23							
Revenue							
External revenue	23,574	3,937	2,634	36,653	-	-	66,798
Inter-segment revenue	19,812	970	361	(3,187)	2,130	(20,086)	-
	<u>43,386</u>	<u>4,907</u>	<u>2,995</u>	<u>33,466</u>	<u>2,130</u>	<u>(20,086)</u>	<u>66,798</u>
Results							
Segment results	(5,791)	1,007	916	2,886	46	1,385	449
Accretion of fair value on non-current trade receivables	-	6,099	-	-	-	-	6,099
Impairment losses:	(37)	-	-	-	-	-	(37)
Depreciation:							
- property, plant and equipment	(257)	(17)	(125)	(41)	-	80	(360)
- right-of-use assets	(150)	-	-	-	-	-	(150)
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-
Finance income	33	196	15	29	9	-	282
Finance costs	(138)	(2,687)	-	(2,702)	(16)	829	(4,714)
Reversal of impairment losses	-	440	14	837	-	-	1,291
Profit/(Loss) before taxation	<u>(6,340)</u>	<u>5,038</u>	<u>820</u>	<u>1,009</u>	<u>39</u>	<u>2,294</u>	<u>2,860</u>
Income tax expense	-	(1,306)	(5)	(403)	(99)	-	(1,813)
Profit/(Loss) after taxation	<u>(6,340)</u>	<u>3,732</u>	<u>815</u>	<u>606</u>	<u>(60)</u>	<u>2,294</u>	<u>1,047</u>
Assets							
Segment assets	122,272	541,553	16,147	285,366	15,786	(9,287)	971,837
Unallocated asset: Tax refundable							7,715
Consolidated total assets							<u>979,552</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	6	-	10	63	-	-	79
- inventories - land for property development	-	-	-	33	-	-	33
	<u>6</u>	<u>-</u>	<u>10</u>	<u>96</u>	<u>-</u>	<u>-</u>	<u>112</u>
Liabilities							
Segment liabilities	114,459	195,810	4,141	140,200	2,222	(1,844)	454,988
Unallocated liabilities:							
- Deferred tax liabilities							75,291
- Provision for taxation							1,820
Consolidated total liabilities							<u>532,099</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
31.12.2022							
Revenue							
External revenue	111,315	15,767	4,779	101,656	-	-	233,517
Inter-segment revenue	98,870	3,733	707	4,942	8,520	(116,772)	-
	<u>210,185</u>	<u>19,500</u>	<u>5,486</u>	<u>106,598</u>	<u>8,520</u>	<u>(116,772)</u>	<u>233,517</u>
Results							
Segment results	1,387	3,575	1,253	16,777	6,915	(27,357)	2,550
Accretion of fair value on non-current trade receivables	-	25,383	-	-	-	-	25,383
Impairment losses:							
- trade receivable	(896)	(522)	(15)	(2,615)	-	-	(4,048)
Depreciation:							
- property, plant and equipment	(1,341)	(148)	(485)	(129)	-	(234)	(2,337)
- right-of-use assets	(553)	-	-	(22)	-	551	(24)
Finance income	1,817	530	76	67	1,390	(2,887)	993
Finance costs	(526)	(11,093)	-	(7,807)	(81)	2,942	(16,565)
Gain on disposal of property, plant and equipment	40	-	47	-	-	-	87
Reversal of impairment losses	-	-	9	-	-	-	9
Profit/(Loss) before taxation	<u>(72)</u>	<u>17,725</u>	<u>885</u>	<u>6,271</u>	<u>8,224</u>	<u>(26,985)</u>	<u>6,048</u>
Income tax expense	-	(4,853)	(168)	(3,277)	(435)	92	(8,641)
Profit/(Loss) after taxation	<u>(72)</u>	<u>12,872</u>	<u>717</u>	<u>2,994</u>	<u>7,789</u>	<u>(26,893)</u>	<u>(2,593)</u>
Assets							
Segment assets	130,368	547,213	15,260	282,244	18,945	(16,874)	977,156
Unallocated asset: Tax refundable							<u>6,713</u>
Consolidated total assets							<u>983,869</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	208	-	384	711	-	-	1,303
- right-of-use assets	-	-	-	-	-	-	-
Liabilities							
Segment liabilities	121,159	197,410	4,138	141,611	3,240	(7,133)	460,425
Unallocated liabilities:							
- Deferred tax liabilities							75,299
- Provision for taxation							<u>1,739</u>
Consolidated total liabilities							<u>537,463</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 Year

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 2023.

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 31.3.2023
RM'000

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

84,976

A14. Capital commitments

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

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 slightly lower revenue of RM66.8 million in current quarter as compared to RM70.7 million in the preceding year corresponding quarter. The Group recorded a profit before tax of RM2.9 million in the current quarter as compared to a profit before tax of RM9 million in the corresponding quarter last year. The lower profit before tax for the current quarter was mainly due to the lower profit margin from construction sector as compare to preceding year corresponding quarter and the receipt of facilitation fund in respect of a government affordable home projects in the preceeding year corresponding quarter.

B2. Comparison with immediate preceding quarter's results

The Group registered a higher revenue of RM66.8 million for the current financial quarter as compared to RM54.5 million in the preceding quarter. The Group recorded a profit before tax of RM2.9 million in the current quarter as compared to a loss before tax of RM4 million in the preceding quarter. The higher profit before tax for the current quarter was mainly due to the higher revenue registered for the property development segment and the reversal of Expected Credit Losses ("ECL") impairment under MFRS 9 for the property development and construction segment.

B3. Commentary on prospects

The outlook for the property and construction sector has remained challenging from the short-term volatility of material prices. The Company will undertake necessary prudent measures to mitigate the impact in order to improve the Group's financial performance.

Despite the Group's construction order book which stands at approximately RM525 million and with continuous tendering for new jobs, the Board expects the performance of the construction segment to continue to be affected by the challenging operating environment of high material costs and labour shortage.

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 2023 with the progress of Antara Residence Project, the Selindung Ulu Yam Project, the latter being a project under Rumah Selangorku ("RSKU") and PPAM affordable housing programme, and the progress of Rumah Idaman affordable homes project in Bukit Jelutong. This segment has a total unbilled sale of RM138 million which is expected to be booked in as revenue over the next 2 years.

The Board of Directors is optimistic about the Group's ability to continue to achieve satisfactory performance for financial year 2023.



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 31.3.2023 RM'000	Year-To- Date 31.3.2023 RM'000
Malaysia income tax		
- current year	1,822	1,822
- underprovision in prior years	-	-
Deferred tax asset	<u>(8)</u>	<u>(8)</u>
	<u>1,814</u>	<u>1,814</u>
Effective tax rates ⁽¹⁾	63.43%	63.43%

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. There are losses recorded by certain subsidiaries could not be recognised as deferred tax assets.



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 2023 are as follows:

	Unaudited As at 31.3.2023 RM'000
Current:	
Lease liabilities	161
Islamic financing / Term loan	100,953
Bonds	20,000
Bank overdraft	3,192
	<hr/>
	124,306
Non-current:	
Lease liabilities	915
Islamic financing / Term loan	111,435
Bonds	80,000
	<hr/>
	192,350
	<hr/>
Total	316,656
	<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 year attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial year ended are as follows:

	Quarter Ended		Year-To-Date	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit attribute to owners of the Company (RM'000)	620	5,686	620	5,686
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⁾	0.08	0.76	0.08	0.76
Diluted EPS (sen) ^{(1) & (2)}	0.08	0.76	0.08	0.76

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 December 2022.
- (2) Diluted earnings per share is equivalent to the basic earnings per share of the Company for the individual quarter ended 31 December 2022 as the Company does not have any convertible options as at the end of the reporting year.



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 31.3.2023 RM'000	Year-To-Date 31.3.2023 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	360	360
- right-of-use asset	150	150
Impairment losses	37	37
Finance cost	4,714	4,714
Accretion of fair value on non-current trade receivables	(6,099)	(6,099)
Finance income	(282)	(282)
Reversal of impairment losses	(1,291)	(1,291)

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.