



GAGASAN NADI CERGAS
BERHAD [1238966-U]

(Incorporated in Malaysia)

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4TH) QUARTER FINANCIAL PERIOD ENDED 31 DECEMBER 2019⁽¹⁾

	Note	Quarter Ended		Year-To-Date Ended	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue	A9	74,263	89,169	289,631	300,092
Operating expenses		(72,035)	(86,524)	(271,712)	(272,078)
Other operating income		8,258	9,334	35,358	36,701
Finance costs		(4,406)	(4,331)	(18,392)	(19,080)
Profit before taxation	B12	<u>6,080</u>	<u>7,648</u>	<u>34,885</u>	<u>45,635</u>
Income tax expense	B6	(1,556)	(2,736)	(9,024)	(12,843)
Profit after taxation		<u>4,524</u>	<u>4,912</u>	<u>25,861</u>	<u>32,792</u>
Profit after taxation					
attributable to:-					
Owners of the Company		4,363	4,580	25,288	32,589
Non-controlling interests		161	332	573	203
		<u>4,524</u>	<u>4,912</u>	<u>25,861</u>	<u>32,792</u>
Total comprehensive					
income attributable to:-					
Owners of the Company		4,363	4,580	25,288	32,589
Non-controlling interests		161	332	573	203
		<u>4,524</u>	<u>4,912</u>	<u>25,861</u>	<u>32,792</u>
Earnings per share					
attributable to owners of					
the Company:					
Basic EPS (sen)	B11	0.58	0.75	3.36	5.32
Diluted EPS (sen)	B11	<u>0.58</u>	<u>0.75</u>	<u>3.36</u>	<u>5.32</u>

Notes:

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

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

	Note	Unaudited 31.12.2019 RM'000	Audited 31.12.2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		30,689	30,429
Inventories		75,455	75,822
Trade receivables		561,944	589,875
Right-of-use assets		1,579	-
		<u>669,667</u>	<u>696,126</u>
Current assets			
Contract assets		26,133	32,980
Property development cost		18,000	17,532
Trade receivables		64,940	76,815
Other receivables, deposits and prepayments		16,977	11,838
Amount owing by a related party		4,702	-
Tax refundable		2,875	239
Short-term deposits with licensed banks		30,653	50,519
Cash and bank balances		92,920	23,187
		<u>257,200</u>	<u>213,110</u>
TOTAL ASSETS		<u>926,867</u>	<u>909,236</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	95,444
Reserves		304,819	283,302
Equity attributable to owners of the Company		<u>441,263</u>	<u>378,746</u>
Non-controlling interests		4,918	4,319
Total equity		<u>446,181</u>	<u>383,065</u>
Non-current liabilities			
Borrowings	B8	285,443	316,667
Deferred tax liabilities		79,597	78,845
		<u>365,040</u>	<u>395,512</u>
Current liabilities			
Trade payables		70,745	73,666
Other payables and accruals		6,732	9,155
Borrowings	B8	36,607	46,549
Provision for taxation		1,562	1,289
		<u>115,646</u>	<u>130,659</u>
Total liabilities		<u>480,686</u>	<u>526,171</u>
TOTAL EQUITY AND LIABILITIES		<u>926,867</u>	<u>909,236</u>
Number of issued shares ('000)		753,000	613,000
Net asset per share attributable to Owners of the Company (RM)		0.59	0.62

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 2018 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4TH) QUARTER FINANCIAL PERIOD ENDED 31 DECEMBER 2019⁽¹⁾

	Note	← Distributable →			Non-Controlling Interests	Total Equity
		Share Capital	Retained Profits	Attributable to Owners of the Company		
		RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.1.2018		95,444	257,876	353,320	4,117	357,437
Change in accounting policy, MFRS 9 adoption	A2	-	(7,164)	(7,164)	-	(7,164)
Balance at 31.12.2017/1.1.2018 (Restated)		95,444	250,712	346,156	4,117	350,273
Profit for the financial year, representing total comprehensive income for the financial year		-	32,590	32,590	202	32,792
Balance at 31.12.2018 (Audited)		95,444	283,302	378,746	4,319	383,065
Change in accounting policy, MFRS 16 adoption		-	(6)	(6)	-	(6)
Balance at 31.12.2018/1.1.2019 (Restated)		95,444	283,296	378,740	4,319	383,059
Profit for the financial period, representing total comprehensive income for the financial period		-	25,288	25,288	573	25,861
Contributions by and distribution to owners of the Company:						
- Issuance of shares		42,000	-	42,000	-	42,000
- Share issuance expenses ⁽²⁾		(1,000)	-	(1,000)	-	(1,000)
- 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 (Unaudited)		136,444	304,819	441,263	4,917	446,180

Notes:

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH (4TH) QUARTER FINANCIAL PERIOD ENDED 31 DECEMBER 2019⁽¹⁾

	Year-To-Date Ended	
	31.12.2019 RM'000	31.12.2018 RM'000
Cash flows from operating activities		
Profit before taxation	34,885	45,635
Adjustments for:-		
Accretion of fair value on non-current trade receivables	(29,740)	(31,057)
Depreciation of property, plant and equipment	2,084	2,178
Depreciation of right-of-use assets	67	-
Impairment loss:		
- trade receivable	-	1,100
- other receivable	1,259	3,291
Gain on disposal of property, plant and equipment	(15)	(123)
Property, plant and equipment written off	-	20
Reversal of allowance for impairment losses	(2,059)	(3,128)
Listing expense	1,157	-
Finance income	(2,907)	(2,093)
Finance cost	18,392	19,080
Operating profit before working capital changes	<u>23,123</u>	<u>34,903</u>
Decrease in inventories	(468)	(6,593)
Decrease/(Increase) in contract assets	12,988	(27,112)
Decrease in trade and other receivables	63,103	31,299
(Decrease)/Increase in trade and other payables	(5,345)	27,588
Net increase in amount owing to a related party	(4,702)	-
Cash from operating activities	<u>88,699</u>	<u>60,085</u>
Tax paid	<u>(10,635)</u>	<u>(9,961)</u>
Net cash from operating activities	<u>78,064</u>	<u>50,124</u>
Cash flows from/(for) investing activities		
Finance income received	2,907	2,093
Withdrawal/Placement of pledged fixed deposits and with tenure more than 3 months	22,241	(13,476)
Proceeds from disposal of property, plant and equipment	15	198
Purchase of properties held for future development	(5,595)	(4,461)
Purchase of property, plant and equipment	(1,689)	(4,657)
Net cash from/(for) investing activities	<u>17,879</u>	<u>(20,303)</u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE FOURTH (4TH) QUARTER FINANCIAL PERIOD ENDED 31 DECEMBER 2019⁽¹⁾ (CONT'D)

	Year-To-Date Ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows for financing activities		
Dividend paid	(3,765)	-
Drawdown of borrowings	6,065	3,331
Repayment of borrowings	(47,910)	(34,691)
Finance cost paid	(18,378)	(19,080)
Proceeds from issuance of shares to non-controlling interest in a subsidiary	25	-
Payment for listing expense	(328)	-
Proceeds from issuance of shares	42,000	-
Net cash for financing activities	<u>(22,291)</u>	<u>(50,440)</u>
Net increase/(decrease) in cash and cash equivalents	73,928	(20,619)
Cash and cash equivalents at beginning of financial period	<u>23,630</u>	<u>44,249</u>
Cash and cash equivalents at end of financial period	<u>97,558</u>	<u>23,630</u>
Cash and cash equivalents comprise:		
Fixed deposit placed with licensed banks	30,653	50,519
Cash in hand and at bank	92,920	23,187
Bank overdraft	(4,962)	(6,783)
	<u>118,611</u>	<u>66,923</u>
Less: Fixed deposits pledged with licensed banks	<u>(21,052)</u>	<u>(43,293)</u>
	<u>97,559</u>	<u>23,630</u>

Notes:

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



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 2018 and the accompanying explanatory notes attached to this report.

A2. Summary of Significant Accounting Policies

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

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

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

MFRS 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 2018.

A4. Seasonal or cyclical factors

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

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

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

A6. Changes in estimates

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

A7. Debt and equity securities

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

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

A8. Dividends paid

First 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 September 2019.

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

A9. Segmental information

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

31.12.2019	Construction RM'000	Concession and Facility Management RM'000	Utility Services RM'000	Property Development RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
Revenue							
External revenue	251,529	15,776	4,508	17,818	-	-	289,631
Inter-segment revenue	-	-	-	-	8,520	(8,520)	-
	<u>251,529</u>	<u>15,776</u>	<u>4,508</u>	<u>17,818</u>	<u>8,520</u>	<u>(8,520)</u>	<u>289,631</u>
Results							
Segment results	17,058	4,584	2,166	2,133	(2,259)	(1,440)	22,242
Accretion of fair value on non-current trade receivables	-	29,740	-	-	-	-	29,740
Impairment losses:							
- trade receivable	-	-	(276)	-	-	-	(276)
- other receivable	(1,259)	-	-	-	-	-	(1,259)
Depreciation:							
- property, plant and equipment	(1,145)	(337)	(364)	(4)	(234)	-	(2,084)
- right-of-use assets	-	-	-	(67)	-	-	(67)
Gain on disposal of property, plant and equipment	15	-	-	-	-	-	15
Finance income	943	1,187	150	49	578	-	2,907
Finance costs	(221)	(16,166)	(2)	(2,261)	(267)	525	(18,392)
Reversal of allowance for impairment losses	849	1,210	-	-	-	-	2,059
Profit/(Loss) before taxation	<u>16,240</u>	<u>20,218</u>	<u>1,674</u>	<u>(150)</u>	<u>(2,182)</u>	<u>(915)</u>	<u>34,885</u>
Income tax expense	(4,257)	(3,368)	(668)	(560)	(171)	-	(9,024)
Profit/(Loss) after taxation	<u>11,983</u>	<u>16,850</u>	<u>1,006</u>	<u>(710)</u>	<u>(2,353)</u>	<u>(915)</u>	<u>25,861</u>
Assets							
Segment assets	141,327	642,281	17,559	90,320	38,302	(5,798)	923,991
Unallocated asset: Tax refundable							2,875
Consolidated total assets							<u>926,866</u>
Additions to non-current assets other than financial instruments:							
- Property, plant and equipment	1,113	349	875	6	-	-	2,343
- Properties held for future development	439	-	-	5,157	-	-	5,596
Liabilities							
Segment liabilities	81,309	284,160	282	28,839	6,360	(1,423)	399,527
Unallocated liabilities:							
- Deferred tax liabilities							79,597
- Provision for taxation							1,562
Consolidated total liabilities							<u>480,686</u>

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

A9. Segmental information (Cont'd)

The Group's segmental information for the current financial period ended 31 December 2018 is as follows:

	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
31.12.2018							
Revenue							
External revenue	270,269	15,806	4,174	9,843	-	-	300,092
Inter-segment revenue	-	-	-	-	8,520	(8,520)	-
	<u>270,269</u>	<u>15,806</u>	<u>4,174</u>	<u>9,843</u>	<u>8,520</u>	<u>(8,520)</u>	<u>300,092</u>
Results							
Segment results	32,302	3,660	1,415	1,060	(2,815)	(719)	34,903
Accretion of fair value on non-current trade receivables	-	31,057	-	-	-	-	31,057
Impairment losses:							
- trade receivable	(586)	(4)	(510)	-	-	-	(1,100)
- other receivable	(3,291)	-	-	-	-	-	(3,291)
Depreciation of property, plant and equipment	(1,231)	(330)	(380)	(3)	-	(234)	(2,178)
Gain on disposal of property, plant and equipment	123	-	-	-	-	-	123
Finance income	616	1,330	84	8	55	-	2,093
Finance costs	(159)	(17,796)	(3)	(31)	(2,344)	1,253	(19,080)
Property, plant and equipment written off	(20)	-	-	-	-	-	(20)
Reversal of allowance for impairment losses	261	2,706	141	2	18	-	3,128
Profit/(Loss) before taxation	<u>28,015</u>	<u>20,623</u>	<u>747</u>	<u>1,036</u>	<u>(5,086)</u>	<u>300</u>	<u>45,635</u>
Income tax expense	(8,799)	(3,807)	17	(262)	8	-	(12,843)
Profit/(Loss) after taxation	<u>19,216</u>	<u>16,816</u>	<u>764</u>	<u>774</u>	<u>(5,078)</u>	<u>300</u>	<u>32,792</u>
Assets							
Segment assets	139,179	665,716	12,430	21,793	73,625	(3,746)	908,997
Unallocated asset: Tax refundable							239
Consolidated total assets							<u>909,236</u>
Additions to non-current assets other than financial instruments:							
- Property, plant and equipment	1,557	5	4,005	30	-	-	5,597
- Properties held for future development	1,350	-	-	-	3,111	-	4,461
Liabilities							
Segment liabilities	88,425	312,142	1,338	9,356	34,876	(100)	446,037
Unallocated liabilities:							
- Deferred tax liabilities							78,845
- Provision for taxation							1,289
Consolidated total liabilities							<u>526,171</u>



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

A10. Valuation of property, plant and equipment

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

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

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

A12. Changes in the composition of the Group

On 14 November 2019, the Company has incorporated a wholly owned subsidiary, Nadi Cergas Medik Sdn Bhd, with an issued and paid up share capital of RM100.

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 31.12.2019
RM'000**

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

66,817

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 31.12.2019 RM'000	Year-To-Date 31.12.2019 RM'000
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Related Parties

- Progress billing income

8,535

12,479

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 RM74.26 million as compared to RM89.17 million recorded in the corresponding quarter last year. The lower revenue recorded for the current financial quarter was mainly attributable to lower progress from several construction projects which were at final stage of completion, namely PRIMA Pasir Mas project and Rumah Selangorku Bukit Raja project.

The Group recorded profit before tax of RM6.08 million as compared to RM7.65 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 margin recorded from construction projects.

(b) Results for financial year-to-date

For the current financial year-to-date, the Group recorded a marginally lower revenue of RM289.63 million as compared to RM300.9 million recorded in previous financial year-to-date. The lower revenue was mainly attributable to lower revenue recorded from construction division.

The Group recorded a lower profit before tax of RM34.89 million for the current financial year-to-date as compared to RM45.64 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 gross profit margin from construction projects and higher administration expenses incurred in current financial year-to-date.

B2. Comparison with immediate preceding quarter's results

The Group registered a slightly lower revenue of RM74.26 million for the current financial quarter as compared to RM75.46 million in the preceding quarter. The Group's profit before tax decreased to RM6.08 million as compared to RM9.26 million in the preceding quarter. The lower profit before tax registered in the current quarter was due to lower profit margin recorded from construction projects and impairment loss on receivable of RM1.54 million for the current financial quarter.

B3. Commentary on prospects

The Group's order book stood at approximately RM522 million as at 31 December 2019 and with the continuous tendering for new jobs, the Board expects the performance of the construction segment for the current financial year to be sustainable. The performance of the Group's facility management for the concession projects and the utility services segment is also expected to be maintained. For the property development segment, its performance is expected to improve for the current financial year in line with the progress of the Antara Residence Project.



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

- a) The Company successfully listed its entire enlarged issued share capital of RM136.44 million comprising of 753,000,000 shares on the ACE Market of Bursa Securities on 8 January 2019.
- b) On 29 October 2019, the Company entered into a Conditional Share Sale agreement 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 GNGB Shares at any point in time over the duration of the ESOS for the eligible employees and directors of GNGB 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 Development and the Shariah Advisory Council of the Securities Commission have, via their letters dated 22 November 2019 and 29 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.

The Proposed Acquisition, Proposed CS Programme and Proposed ESOS are subject to the 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 (Cont'd)

	Current Quarter 31.12.2019 RM'000	Year-To- Date 31.12.2019 RM'000
Current tax expense	2,259	8,272
Deferred tax expense	(704)	752
	<u>1,555</u>	<u>9,024</u>
Effective tax rates	25.58%	25.87%

Note:

- (1) The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 24% and it is mainly attributed to higher taxable income from collection of Availability Charges from Concession Projects. As the qualifying expenditure is only restricted to 91% of total construction costs, 9% of the Availability Charges collected during the current quarter and year-to-date was deemed as taxable income 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 31 December 2019 is disclosed in the following table:

No.	Purpose	Time frame for utilisation from the date of listing	%	Proposed utilisation	Actual utilisation RM'000
(a)	Funding for the AFF Mixed Development ⁽¹⁾	Within 30 months	33.3	14,000	6,585
(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
	Gross proceeds		<u>100.0</u>	<u>42,000</u>	<u>33,225</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 31 December 2019 are as follows:

	Unaudited As at 31.12.2019 RM'000
Current:	
Lease liabilities	1,594
Term loan	10,051
Bonds	20,000
Bank overdraft	4,962
	<hr/> 36,607 <hr/>
Non-current:	
Lease liabilities	1,612
Term loan	143,831
Bonds	140,000
	<hr/> 285,443 <hr/>
Total	<hr/> 322,050 <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

- a) The Board of Directors declared a second interim single-tier dividend of 0.5 sen per ordinary shares in respect of the financial year ending 31 December 2019.

The entitlement to the second interim single-tier dividend will be determined based on the shareholders registered in the record of depositors as at 13 March 2020 and payment will be made on 30 March 2020.

- b) The total cash dividend for the current financial year of 1.0 sen per ordinary shares is amounting to approximately RM7,530,000, comprises the following:
- i) First interim dividend of 0.5 sen per ordinary share amounted to RM3,765,000; and
 - ii) Second interim dividend of 0.5 sen per ordinary share amounting to RM3,765,000.

The total cash dividend for the current financial year is in line with the company's dividend policy of up to 30% of profit attributable to shareholders.

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Profit attribute to owners of the Company (RM'000)	4,363	4,580	25,288	32,589
Weighted average number of ordinary shares:				
- Ordinary shares at 1 January	613,000	613,000	613,000	613,000
- Issuance of shares	140,000	-	138,849	-
Weighted average number of ordinary shares in issue ('000)	<u>753,000</u>	<u>613,000</u>	<u>751,849</u>	<u>613,000</u>
Basic EPS (sen) ⁽¹⁾	0.58	0.75	3.36	5.32
Diluted EPS (sen) ^{(1) & (2)}	0.58	0.75	3.36	5.32

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



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

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

	Current Quarter	Year-To-Date
	31.12.2019	31.12.2019
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	540	2,084
- right-of-use asset	67	67
Impairment losses:	-	-
- trade receivable	-	-
- other receivable	1,259	1,259
Finance cost	4,406	18,392
Accretion of fair value on non-current trade receivables	(7,308)	(29,740)
Gain on disposal of property, plant and equipment	-	(15)
Finance income	(1,182)	(2,907)
Reversal of impairment losses under MFRS 9	351	(2,059)

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.