



GAGASAN NADI CERGAS
BERHAD (201701024800)

(Incorporated in Malaysia)

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



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020⁽¹⁾

		Quarter Ended		Year-To-Date Ended	
	Note	30.9.2020	30.9.2019	30.9.2020	30.9.2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	55,994	75,460	151,229	215,369
Operating expenses		(57,180)	(69,900)	(152,391)	(199,678)
Other operating income		7,416	8,141	22,908	27,100
Finance costs		(3,663)	(4,441)	(11,996)	(13,986)
Profit before taxation	B12	<u>2,567</u>	<u>9,260</u>	<u>9,750</u>	<u>28,805</u>
Income tax expense	B6	(1,482)	(1,341)	(4,272)	(7,469)
Profit after taxation		<u>1,085</u>	<u>7,919</u>	<u>5,478</u>	<u>21,336</u>
Profit/(Loss) after taxation					
attributable to:-					
Owners of the Company		1,177	7,869	6,732	20,925
Non-controlling interests		(92)	50	(1,254)	411
		<u>1,085</u>	<u>7,919</u>	<u>5,478</u>	<u>21,336</u>
Total comprehensive					
income/(loss) attributable to:-					
Owners of the Company		1,177	7,869	6,732	20,925
Non-controlling interests		(92)	50	(1,254)	411
		<u>1,085</u>	<u>7,919</u>	<u>5,478</u>	<u>21,336</u>
Earnings per share					
attributable to owners of					
the Company:					
Basic EPS (sen)	B11	0.16	1.05	0.89	2.78
Diluted EPS (sen)	B11	<u>0.16</u>	<u>1.05</u>	<u>0.89</u>	<u>2.78</u>

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020⁽¹⁾

	Note	Unaudited 30.9.2020 RM'000	Audited 31.12.2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		28,141	28,715
Inventories		77,661	64,976
Right-of-use assets		3,993	3,553
Trade receivables		538,608	561,944
		<u>648,403</u>	<u>659,188</u>
Current assets			
Inventories		30,846	28,479
Contract assets		22,436	26,133
Trade receivables		65,070	64,940
Other receivables, deposits and prepayments		25,626	21,678
Current tax assets		2,599	2,875
Fixed deposits with licensed banks		49,444	30,653
Cash and bank balances		55,621	92,920
		<u>251,642</u>	<u>267,678</u>
TOTAL ASSETS		<u>900,045</u>	<u>926,866</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	136,444
Reserves		307,782	304,815
Equity attributable to owners of the Company		<u>444,226</u>	<u>441,259</u>
Non-controlling interests		3,962	4,916
Total equity		<u>448,188</u>	<u>446,175</u>
Non-current liabilities			
Borrowings	B8	253,746	284,695
Deferred tax liabilities		78,870	79,597
		<u>332,616</u>	<u>364,292</u>
Current liabilities			
Trade payables		73,967	70,465
Other payables and accruals		5,056	7,016
Borrowings	B8	36,433	37,356
Provision for taxation		3,785	1,562
		<u>119,241</u>	<u>116,399</u>
Total liabilities		<u>451,857</u>	<u>480,691</u>
TOTAL EQUITY AND LIABILITIES		<u>900,045</u>	<u>926,866</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 are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020⁽¹⁾

Note	← Distributable →		Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Retained Profits RM'000			
Balance at 1.1.2019	95,444	283,296	378,740	4,319	383,059
Profit for the financial period, representing total comprehensive income for the financial period	-	20,925	20,925	411	21,336
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	-	-	-	26	26
- Dividends paid	-	(3,765)	(3,765)	-	(3,765)
Total transaction with owners	41,000	(3,765)	37,235	26	37,261
Balance at 30.9.2019	136,444	300,456	436,900	4,756	441,656
Balance at 1.1.2020	136,444	304,815	441,259	4,916	446,175
Profit for the financial period, representing total comprehensive income/(loss) for the financial period	-	6,732	6,732	(1,254)	5,478
Contributions by and distribution to owners of the Company:					
- Issuance of shares to non-controlling interest	-	-	-	300	300
- Dividends paid	-	(3,765)	(3,765)	-	(3,765)
Balance at 30.9.2020 (Unaudited)	136,444	307,782	444,226	3,962	448,188

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) In relation to the Initial Public Offering in conjunction with the listing of the Company on the ACE Market of Bursa Securities.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020⁽¹⁾

	Year-To-Date Ended	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	9,750	28,805
Adjustments for:-		
Depreciation of:		
- property, plant and equipment	1,255	1,544
- right-of-use assets	484	-
Impairment loss:		
- trade receivable	1,019	-
- other receivable	64	-
Finance cost	11,996	13,986
Accretion of fair value on non-current trade receivables	(21,402)	(22,432)
Gain on disposal of property, plant and equipment	-	(15)
Reversal of impairment losses under MFRS 9	-	(2,410)
Listing expense	-	1,157
Finance income	(1,230)	(1,725)
Operating profit before working capital changes	<u>1,936</u>	<u>18,910</u>
Increase in inventories	(14,806)	(2,602)
Decrease in contract assets	3,697	10,878
Decrease in trade and other receivables	39,579	46,365
Increase/(Decrease) in trade and other payables	1,541	(9,836)
Cash from operating activities	<u>31,947</u>	<u>63,715</u>
Tax paid	<u>(2,499)</u>	<u>(8,080)</u>
Net cash from operating activities	<u>29,448</u>	<u>55,635</u>
Cash flows (for)/from investing activities		
Finance income received	1,230	1,725
Purchase of right-of-use assets	(224)	-
(Placement)/Withdrawal of pledged fixed deposits and with tenure more than 3 months	(5,782)	5,384
Proceeds from disposal of property, plant and equipment	-	15
Purchase of properties held for future development	(246)	(1,440)
Purchase of property, plant and equipment	(682)	(2,011)
Net cash (for)/from investing activities	<u>(5,704)</u>	<u>3,673</u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)

	Year-To-Date Ended	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows (for)/from financing activities		
Dividends paid	(3,765)	(3,765)
Drawdown of borrowings	-	6,064
Finance cost paid	(11,996)	(13,986)
Proceeds from issuance of shares to non-controlling interest in a subsidiary	300	26
Repayment of borrowings	(32,599)	(43,139)
Payment for listing expense	-	(328)
Proceeds from issuance of shares	-	42,000
Net cash for financing activities	(48,060)	(13,128)
Net (decrease)/increase in cash and cash equivalents	(24,316)	46,180
Cash and cash equivalents at beginning of financial period	87,958	23,630
Cash and cash equivalents at end of financial period	63,642	69,810
Cash and cash equivalents comprise:		
Fixed deposits placed with licensed banks	49,444	48,358
Cash and bank balances	55,621	64,362
Bank overdrafts	(4,988)	(5,001)
	<u>100,077</u>	<u>107,719</u>
Less: Fixed deposits pledged with licensed banks	(36,435)	(37,909)
	<u>63,642</u>	<u>69,810</u>

Notes:

- (1) The basis of preparation of the unaudited Condensed Consolidated Statement of Cash Flow are disclosed in Note A1 and should be read together with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Gagasan Nadi Cergas Berhad (“Gagasan Nadi” or “the Company”) and its subsidiaries (collectively known as “the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This interim financial report should be read together with the audited Annual Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this report.

A2. Summary of Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited Annual Financial Statements for the year ended 31 December 2019.

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 has been issued by the Malaysian Accounting Standard Board (“MASB”) and effective for annual period beginning on or after 1 January 2020:-

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139, MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101, MFRS 108: Definition of Material

Amendment to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards, amendments and interpretations are 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 2019.

A4. Seasonal or cyclical factors

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

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

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

A6. Changes in estimates

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

A7. Debt and equity securities

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

A8. Dividends paid

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

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

A9. Segmental information

	Construction RM'000	Concession and Facility Management RM'000	Utility Services RM'000	Property Development RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
30.9.2020							
Revenue							
External revenue	128,878	11,845	3,078	7,428	-	-	151,229
Inter-segment revenue	17,561	2,451	-	1,486	6,390	(27,888)	-
	<u>146,439</u>	<u>14,296</u>	<u>3,078</u>	<u>8,914</u>	<u>6,390</u>	<u>(27,888)</u>	<u>151,229</u>
Results							
Segment results	(613)	3,557	1,710	(506)	(319)	(1,893)	1,936
Accretion of fair value on non-current trade receivables	-	21,402	-	-	-	-	21,402
Impairment losses:							
- trade receivable	13	(610)	(422)	-	-	-	(1,019)
- other receivable	(64)	-	-	-	-	-	(64)
Depreciation:							
- property, plant and equipment	(967)	(255)	(262)	(4)	-	233	(1,255)
- right-of-use assets	(398)	-	-	(86)	-	-	(484)
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-
Finance income	245	608	82	31	264	-	1,230
Finance costs	(162)	(10,802)	-	(1,703)	(146)	817	(11,996)
Reversal of impairment losses	-	-	-	-	-	-	-
Profit/(Loss) before taxation	(1,946)	13,900	1,108	(2,268)	(201)	(843)	9,750
Income tax expense	(240)	(3,462)	(410)	(62)	(98)	-	(4,272)
Profit/(Loss) after taxation	<u>(2,186)</u>	<u>10,438</u>	<u>698</u>	<u>(2,330)</u>	<u>(299)</u>	<u>(843)</u>	<u>5,478</u>
Assets							
Segment assets	134,070	612,185	15,469	101,086	42,128	(7,492)	897,446
Unallocated asset: Tax refundable							2,599
Consolidated total assets							<u>900,045</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	262	-	-	-	-	-	262
- properties held for future development	246	-	-	1,786	-	-	2,032
- right-of-use assets	1,209	-	-	-	-	-	1,209
Liabilities							
Segment liabilities	83,108	258,554	258	23,775	4,522	(1,015)	369,202
Unallocated liabilities:							
- Deferred tax liabilities							78,870
- Provision for taxation							3,785
Consolidated total liabilities							<u>451,857</u>

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

A9. Segmental information (Cont'd)

	Construction RM'000	Concession and Facility Management RM'000	Utility Services RM'000	Property Development RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
30.9.2019							
Revenue							
External revenue	188,398	11,834	3,388	11,749	-	-	215,369
Inter-segment revenue	8,450	1,645	-	(309)	6,390	(16,176)	-
	<u>196,848</u>	<u>13,479</u>	<u>3,388</u>	<u>11,440</u>	<u>6,390</u>	<u>(16,176)</u>	<u>215,369</u>
Results							
Segment results	13,815	3,654	1,582	1,513	(1,780)	(1,016)	17,768
Accretion of fair value on non-current trade receivables	-	22,432	-	-	-	-	22,432
Depreciation of property, plant and equipment	(841)	(248)	(277)	(3)	(175)	-	(1,544)
Finance income	278	923	120	36	368	-	1,725
Finance costs	(105)	(12,224)	(2)	(1,653)	(207)	205	(13,986)
Reversal of impairment losses	874	1,511	25	-	-	-	2,410
Profit/(Loss) before taxation	<u>14,021</u>	<u>16,048</u>	<u>1,448</u>	<u>(107)</u>	<u>(1,794)</u>	<u>(811)</u>	<u>28,805</u>
Income tax expense	<u>(4,136)</u>	<u>(2,225)</u>	<u>(603)</u>	<u>(392)</u>	<u>(113)</u>	<u>-</u>	<u>(7,469)</u>
Profit/(Loss) after taxation	<u>9,885</u>	<u>13,823</u>	<u>845</u>	<u>(499)</u>	<u>(1,907)</u>	<u>(811)</u>	<u>21,336</u>
30.9.2019							
Assets							
Segment assets	131,665	646,802	17,132	84,565	42,393	(4,389)	918,168
Unallocated asset: Tax refundable							2,267
Consolidated total assets							<u>920,435</u>
Additions to non-current assets other than financial instruments:							
- property, plant and equipment	1,082	267	538	1	-	-	1,888
- properties held for future development	402	-	-	1,038	-	-	1,440
	<u>1,484</u>	<u>267</u>	<u>538</u>	<u>1,039</u>	<u>-</u>	<u>-</u>	<u>3,338</u>
Liabilities							
Segment liabilities	71,474	289,242	226	29,781	6,598	(100)	397,221
Unallocated liabilities:							
- Deferred tax liabilities							80,301
- Provision for taxation							1,251
Consolidated total liabilities							<u>478,773</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 11 March 2020, a subsidiary of Company, Nadi Cergas Development Sdn Bhd, has incorporated two subsidiary companies namely Nadi Emery Sdn Bhd and Nadi Embun Sdn Bhd with Nadi Cergas Development Sdn Bhd holding 70% and 75% equity interest in respectively.

Save for the above, there were no material changes in the composition of the Group for the period ended 30 September 2020.

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 30.9.2020
RM'000**

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

70,290

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 30.9.2020 RM'000	Year-To-Date 30.9.2020 RM'000
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Related Party

- Progress billing income

2,614

4,605

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 RM56 million as compared to RM75.46 million recorded in the corresponding quarter last year. The lower revenue recorded for the current financial quarter was mainly attributable to lower progress from construction projects on the stringent standard operating procedures imposed after the declaration of Movement Control Order ("MCO") by the Government of Malaysia.

The Group recorded a profit before tax of RM2.57 million as compared to a profit of RM9.26 million recorded in the corresponding quarter last year. The lower profit before tax for the current quarter was mainly attributable to lower revenue and lower profits recorded from construction and property development projects.

(b) Results for financial year-to-date

For the current financial year-to-date, the Group recorded a lower revenue of RM151.23 million as compared to RM215.37 million recorded in previous financial year-to-date. The lower revenue was recorded for the current financial period mainly attributable to lower revenue from construction segment during the period of MCO.

The Group recorded a lower profit before tax of RM9.75 million for the current financial year-to-date as compared to RM28.81 million recorded in previous financial year-to-date. The lower Group profit before tax for the current financial year-to-date was mainly attributed to lower revenue recorded from construction and property development projects.

B2. Comparison with immediate preceding quarter's results

The Group registered a higher revenue of RM56 million for the current financial quarter as compared to RM40.09 million in the preceding quarter. The Group recorded a higher profit before tax of RM2.57 million as compared to a profit before tax of RM1.64 million in the preceding quarter. The higher profit before tax registered in the current quarter was due to gradual resumption of construction activities after MCO.

B3. Commentary on prospects

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

Construction activities at the Group's construction projects have progressively resumed following the lifting of inter-state travelling by the Government of Malaysia in June 2020. Despite the Group's construction order book which stood at approximately RM395 million as at 30 September 2020 and with the continuous tendering for new jobs, the Board expects the performance of the construction segment for the current financial year to be negatively affected by unprecedented challenging operating environment due to Covid-19 Pandemic.

The performance of the Group's facility management for the concession projects and the utility services segment is expected to remain stable and sustainable.

Property development segment is expected to improve in the current financial year with the progress of Antara Residence Project and the launching of Selindung Project at Ulu Yam which is under Rumah Selangorku and PPAM affordable housing programme.

In spite of the Covid-19 Pandemic and barring unforeseen circumstances, the Group's result is expected to be satisfactory.

B4. Profit Forecast or Profit Guarantee

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

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

B5. Status of corporate proposals

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

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

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

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

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

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

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

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

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

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

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

On 26 October 2020, Bursa Securities had resolved to grant GNCB an extension of time from 31 October 2020 until 29 January 2021 to issue the circular to the shareholders in relation to the Proposals.

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

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

B6. Income tax expenses

	Current Quarter 30.9.2020 RM'000	Year-To- Date 30.9.2020 RM'000
Malaysia income tax		
- current year	1,737	4,999
- under provision in prior years	(143)	(228)
Deferred tax expense	<u>(112)</u>	<u>(499)</u>
	<u>1,482</u>	<u>4,272</u>
Effective tax rates ⁽¹⁾⁽²⁾	57.73%	43.82%

Note:

- (1) The higher effective tax rate for the current quarter than the statutory tax rate of 24% was mainly due to the lower capital allowance was utilised.
- (2) The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate of 24%. It is mainly attributed to the losses recorded by the construction segment and 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.

B7. Utilisation of proceeds from the Initial Public Offer ("IPO")

The utilisation of proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 13 December 2018. The gross proceeds raised from the Public Issue of RM42 million and status of utilisation as at 30 September 2020 is disclosed in the following table:

No.	Purpose	Time frame for utilisation from the date of listing	%	Proposed utilisation	Actual utilisation RM'000	
(a)	Funding for the AFF Mixed Development ⁽¹⁾	Within 30 months	33.3	14,000	7,733	
(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	5,252	
(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>34,485</u>

Note:

- (1) Antara Residence Project



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

B8. Bank borrowings

The Group's bank borrowings as at 30 September 2020 are as follows:

	Unaudited As at 30.9.2020 RM'000
Current:	
Lease liabilities	1,186
Islamic financing / Term loan	10,259
Bonds	20,000
Bank overdraft	4,988
	<hr/>
	36,433
Non-current:	
Lease liabilities	2,188
Islamic financing / Term loan	131,558
Bonds	120,000
	<hr/>
	253,746
	<hr/>
Total	290,179
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All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material litigation

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

B10. Dividend

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

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

B11. Earnings per share

The basic and diluted earnings per share (“EPS”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial periods are as follows:

	Quarter Ended		Year-To-Date	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
Profit attribute to owners of the Company (RM'000)	1,177	7,869	6,732	20,925
Weighted average number of ordinary shares ('000):				
- Ordinary shares at the beginning	753,000	753,000	753,000	613,000
- Issuance of shares	-	-	-	138,462
Weighted average number of ordinary shares in issue ('000)	<u>753,000</u>	<u>753,000</u>	<u>753,000</u>	<u>751,462</u>
Basic EPS (sen) ⁽¹⁾	0.16	1.05	0.89	2.78
Diluted EPS (sen) ^{(1) & (2)}	0.16	1.05	0.89	2.78

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 2020.
- (2) Diluted earnings per share of the Company for the individual quarter ended 30 September 2020 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.



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

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

	Current Quarter	Year-To-Date
	30.9.2020	30.9.2020
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	391	1,255
- right-of-use asset	192	484
Impairment losses:		
- trade receivable	424	1,019
- other receivable	14	64
Finance cost	3,663	11,996
Accretion of fair value on non-current trade receivables	(7,046)	(21,402)
Finance income	(271)	(1,230)

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

B13. Derivative

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