



GAGASAN NADI CERGAS
BERHAD (201701024800)

(Incorporated in Malaysia)

**Interim Financial Statements
For The Financial Period Ended
30 September 2021**



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021⁽¹⁾

	Note	Quarter Ended		Year-To-Date Ended	
		30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Revenue	A9	41,139	55,994	145,011	151,229
Operating expenses		(44,421)	(57,180)	(143,092)	(152,391)
Other operating income		7,471	7,416	31,329	22,908
Finance costs		(3,826)	(3,663)	(11,225)	(11,996)
Profit before taxation	B11	<u>363</u>	<u>2,567</u>	<u>22,023</u>	<u>9,750</u>
Income tax expense	B6	886	(1,482)	(5,213)	(4,272)
Profit after taxation		<u>1,249</u>	<u>1,085</u>	<u>16,810</u>	<u>5,478</u>
Profit/(Loss) after taxation					
attributable to:-					
Owners of the Company		1,119	1,177	13,650	6,732
Non-controlling interests		130	(92)	3,160	(1,254)
		<u>1,249</u>	<u>1,085</u>	<u>16,810</u>	<u>5,478</u>
Total comprehensive					
income/(loss) attributable to:-					
Owners of the Company		1,119	1,177	13,650	6,732
Non-controlling interests		130	(92)	3,160	(1,254)
		<u>1,249</u>	<u>1,085</u>	<u>16,810</u>	<u>5,478</u>
Earnings per share					
attributable to owners of					
Basic EPS (sen)	B10	0.15	0.16	1.81	0.89
Diluted EPS (sen)	B10	0.15	0.16	1.81	0.89

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 2020 and the accompanying explanatory notes attached to this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021⁽¹⁾

	Note	Unaudited 30.9.2021 RM'000	Audited 31.12.2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		28,159	27,570
Inventories		85,912	56,492
Right-of-use assets		2,834	3,112
Trade receivables		506,787	531,144
		<u>623,692</u>	<u>618,318</u>
Current assets			
Inventories		54,788	65,446
Contract assets		67,255	25,748
Trade receivables		67,008	62,767
Other receivables, deposits and prepayments		12,260	21,543
Current tax assets		4,259	3,145
Fixed deposits with licensed banks		41,427	45,705
Cash and bank balances		43,560	63,765
		<u>290,557</u>	<u>288,119</u>
TOTAL ASSETS		<u>914,249</u>	<u>906,437</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		136,444	136,444
Reserves		323,442	313,557
Equity attributable to owners of the Company		<u>459,886</u>	<u>450,001</u>
Non-controlling interests		7,054	3,894
Total equity		<u>466,940</u>	<u>453,895</u>
Non-current liabilities			
Borrowings	B7	264,588	262,401
Deferred tax liabilities		76,630	77,482
		<u>341,218</u>	<u>339,883</u>
Current liabilities			
Trade payables		52,471	68,213
Other payables and accruals		5,027	5,971
Borrowings	B7	44,448	36,179
Provision for taxation		4,145	2,296
		<u>106,091</u>	<u>112,659</u>
Total liabilities		<u>447,309</u>	<u>452,542</u>
TOTAL EQUITY AND LIABILITIES		<u>914,249</u>	<u>906,437</u>
Number of issued shares ('000)		753,000	753,000
Net asset per share attributable to Owners of the Company (RM)		0.61	0.60

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 2020 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 2021⁽¹⁾

	← Distributable →		Attributable to Owners of the Company		
	Share Capital RM'000	Retained Profits RM'000	RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2020	136,444	304,815	441,259	4,916	446,175
Profit for the financial year, representing total comprehensive income 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	<u>136,444</u>	<u>307,782</u>	<u>444,226</u>	<u>3,962</u>	<u>448,188</u>
Balance at 1.1.2021	136,444	313,557	450,001	3,894	453,895
Profit for the financial period, representing total comprehensive income/(loss) 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 (Unaudited)	<u>136,444</u>	<u>323,442</u>	<u>459,886</u>	<u>7,054</u>	<u>466,940</u>

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 2020 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 2021⁽¹⁾

	9 Months Ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	22,023	9,750
Adjustments for:-		
Depreciation of:		
- property, plant and equipment	1,122	1,255
- right-of-use assets	671	484
Impairment loss:		
- trade receivable	604	1,019
- other receivable	-	64
Finance cost	11,225	11,996
Accretion of fair value on non-current trade receivables	(20,320)	(21,402)
Reversal of impairment losses under MFRS 9		
- trade receivable	(1,255)	-
Finance income	(972)	(1,230)
Operating profit before working capital changes	<u>13,098</u>	<u>1,936</u>
Decrease /(Increase) in inventories	14,123	(14,806)
Increase in contract assets	(41,507)	3,697
Decrease in trade and other receivables	50,371	39,579
Decrease in trade and other payables	(16,685)	1,541
Cash from operating activities	<u>19,400</u>	<u>31,947</u>
Income tax paid	(5,331)	(2,499)
Net cash from operating activities	<u>14,069</u>	<u>29,448</u>
Cash flows (for)/from investing activities		
Finance income received	972	1,230
Purchase of right-of-use assets	-	(224)
(Placement)/Withdrawal of pledged fixed deposits and with tenure more than 3 months	17,662	(5,782)
Purchase of land for property development	(32,885)	(246)
Purchase of property, plant and equipment	(1,711)	(682)
Net cash (for)/from investing activities	<u>(15,962)</u>	<u>(5,704)</u>



CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD (3RD) QUARTER FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021⁽¹⁾ (CONT'D)

	9 Months Ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
Cash flows from/(for) financing activities		
Dividends paid	(3,765)	(3,765)
Drawdown of borrowings	39,374	-
Finance cost paid	(11,225)	(11,996)
Proceeds from issuance of shares to non-controlling interest in a subsidiary	-	300
Repayment of borrowings	(31,228)	(32,599)
Net cash from/(for) financing activities	(6,844)	(48,060)
Net increase/(decrease) in cash and cash equivalents	(8,737)	(24,316)
Cash and cash equivalents at beginning of financial period	63,759	87,958
Cash and cash equivalents at end of financial period	55,022	63,642
Cash and cash equivalents comprise:		
Fixed deposits placed with licensed banks	41,427	49,444
Cash and bank balances	43,560	55,621
Bank overdrafts	(1,917)	(4,988)
	<u>83,070</u>	<u>100,077</u>
Less: Fixed deposits pledged with licensed banks	(28,048)	(36,435)
	<u>55,022</u>	<u>63,642</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 2020 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 2020 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 2020.

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 during the financial year:-

	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS16 Interest Rate Benchmark Reform-Phase 2	1 January 2021

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 2020.

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

Interim dividend comprising 0.5 sen per ordinary share, amounting to RM3,765,000 for financial year ended 31 December 2020 was paid on 30 April 2021.

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
30.9.2021							
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							
- trade receivable	82	-	1,172	-	-	-	1,254
Profit/(Loss) before taxation	(1,956)	13,862	1,219	9,742	680	(1,524)	22,023
Income tax expense	(287)	(3,478)	(34)	(1,359)	(55)	-	(5,213)
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)

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	<u>(1,946)</u>	<u>13,900</u>	<u>1,108</u>	<u>(2,268)</u>	<u>(201)</u>	<u>(843)</u>	<u>9,750</u>
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
	<u>1,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,209</u>
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)

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

There were no material changes in the composition of the Group for the period ended 30 September 2021.

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 30.9.2021
RM'000**

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

62,010

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 30.09.2021 RM'000	Year-To-Date 30.09.2021 RM'000
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Related Party
- Progress billing income

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

B1. Review of Group Performance

Results for current quarter

The Group recorded lower revenue of RM41.1 million in current quarter as compared to RM56.0 million in the preceeding year corresponding quarter. The decrease in revenue was mainly due to the imposition of the Full Movement Control Order ("FMCO") by the Government from 1st June 2021, which lasted for almost two months. Construction and property development activities of the Group were either halted or significantly reduced during FMCO. As a result, the Group recorded a lower profit before tax of RM0.4 million in the current quarter.

Results for financial year-to-date

The Group recorded a slightly lower revenue of RM145 million for the current financial period as compared to RM151 million for the previous corresponding financial period mainly due to lower construction revenue following the imposition of FMCO from 1st June 2021.

The Group recorded a profit before tax of RM22 million for the current financial period as compared to RM9.8 million in the previous corresponding financial period mainly attributable to higher earning registered for property development segment and the receipt of facilitation fund in respect of a government affordable homes project.

B2. Comparison with immediate preceding quarter's results

The Group registered lower revenue of RM41.0 million for the current financial quarter as compared to RM50.2 million in the preceding quarter, mainly due to lower construction revenue. The Group recorded lower profit before tax of RM0.4 million in the current quarter as compared to a profit before tax of RM12.57 million in the preceding quarter. The higher profit before tax for the preceeding quarter was mainly attributable to higher revenue from the Group's property development segment and the receipt of facilitation fund in respect of a government affordable home projects as well as reversal of impairment loss following the collection of long overdue trade receivables.

B3. Commentary on prospects

The COVID-19 pandemic and the declaration of MCOs by the Government of Malaysia continue to have negative impact on the Group's performance. The Group has funded the Covid-19 vaccination for the wellbeing of its employees under the vaccination programmes opened to the private sector. As at to-date, 99% of our employees are fully vaccinated.

Despite the Group's construction order book which stood at approximately RM650 million and with the continuous tendering for new jobs, the Board expects the performance of the construction segment will continue to be 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 contribute significantly in the financial year 2021 with the progress of Antara Residence Project and the Selindung Ulu Yam Project, a project under Rumah Selangorku ("RSKU") and PPAM affordable housing programme. This segment has a total unbilled sale of RM137 million which is expected to be booked in as revenue over the next 2 years. The Group targets to launch the Rumah Idaman affordable homes project in Bukit Jelutong with Gross Development Value of approximately RM308 million during first half of year 2022.

In spite of the on-going Covid-19 pandemic and barring unforeseen circumstances, the Group is cautiously optimistic on its performance in financial year 2021.



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 30.9.2021 RM'000	Year-To- Date 30.9.2021 RM'000
Malaysia income tax		
- current year	50	6,432
- overprovision in prior years	(368)	(368)
Deferred tax (asset)/expense	<u>(569)</u>	<u>(852)</u>
	<u>(887)</u>	<u>5,212</u>
Effective tax rates ⁽¹⁾	N/A	23.67%

Note:

(1) The Group's effective tax rate for the financial year-to-date is lower than the statutory tax rate due to losses recorded by certain subsidiaries. It is mainly attributed to unabsorbed tax losses. The Group has reversed overprovision of previous year taxes in the current quarter.



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 2021 are as follows:

	Unaudited As at 30.9.2021 RM'000
Current:	
Lease liabilities	887
Islamic financing / Term loan	21,644
Bonds	20,000
Bank overdraft	1,917
	<hr/>
	44,448
Non-current:	
Lease liabilities	1,345
Islamic financing / Term loan	163,243
Bonds	100,000
	<hr/>
	264,588
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Total	309,036
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All the borrowings are secured and denominated in Ringgit Malaysia.

B8. Material litigation

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

B9. Dividend

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



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

B10. Earnings per share

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

	Quarter Ended		Year-To-Date	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attribute to owners of the Company (RM'000)	1,119	1,177	13,650	6,732
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⁾	0.15	0.16	1.81	0.89
Diluted EPS (sen) ^{(1) & (2)}	0.15	0.16	1.81	0.89

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 2021
- (2) Diluted earnings per share is equivalent to the basic earnings per share of the Company for the individual quarter ended 30 September 2021 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 30.09.2021 RM'000	Year-To-Date 30.09.2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-		
Depreciation :		
- property, plant and equipment	376	1,122
- right-of-use asset	215	671
Impairment losses:		
- trade receivable	240	604
Finance cost	3,826	11,225
Accretion of fair value on non-current trade receivables	(6,681)	(20,320)
Finance income	(339)	(972)
Reversal of impairment losses		
- trade receivable	(46)	(1,255)

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.