



**Interim Financial Results
For the 1st Quarter ended
31 March 2022**

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25 MAY 2022



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Mar 2022 RM'000	PRECEDING YEAR QUARTER 31 Mar 2021 RM'000	CURRENT YEAR TO DATE 31 Mar 2022 RM'000	PRECEDING YEAR TO DATE 31 Mar 2021 RM'000
Revenue	71,724	86,495	71,724	86,495
Cost of sales	(58,413)	(74,640)	(58,413)	(74,640)
Gross profit	13,311	11,855	13,311	11,855
Other income	1,656	591	1,656	591
Operating costs	(6,881)	(5,815)	(6,881)	(5,815)
Finance cost	(1,736)	(719)	(1,736)	(719)
Share of profit of a joint venture	155	91	155	91
Share of profit of an associate	116	60	116	60
Profit before tax	6,621	6,063	6,621	6,063
Tax expense	(1,102)	(1,216)	(1,102)	(1,216)
Profit for the financial period	5,519	4,847	5,519	4,847
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	5,519	4,847	5,519	4,847
Attributable to:				
Owners of the parent	5,437	4,545	5,437	4,545
Non-controlling interests	82	302	82	302
	5,519	4,847	5,519	4,847
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	1.00	0.92	1.00	0.92
- Diluted	0.82	0.74	0.82	0.74

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	(UNAUDITED) AS AT 31 Mar 2022 RM'000	(AUDITED) AS AT 31 Dec 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,616	27,760
Investment properties	31,336	31,815
Investment in a joint venture	1,196	1,040
Investment in an associate	3,776	3,660
Deferred tax assets	3,293	3,220
Intangible assets	27,355	27,355
	<u>94,572</u>	<u>94,850</u>
Current assets		
Inventories	339,394	339,026
Trade and other receivables	191,235	187,035
Contract assets	649,504	619,001
Other investment	306	306
Current tax assets	493	1,300
Short term funds	165	253
Cash and bank balances	152,524	155,939
	<u>1,333,621</u>	<u>1,302,860</u>
TOTAL ASSETS	<u>1,428,193</u>	<u>1,397,710</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	355,613	355,613
Treasury shares	(1,427)	(1,427)
Retained earnings	132,300	126,863
	<u>486,486</u>	<u>481,049</u>
Non-controlling interests	<u>2,190</u>	<u>2,108</u>
TOTAL EQUITY	<u>488,676</u>	<u>483,157</u>
Non-current liabilities		
Borrowings	479	582
Lease liabilities	1,956	2,240
Deferred tax liabilities	1,642	1,642
	<u>4,077</u>	<u>4,464</u>
Current liabilities		
Trade and other payables	626,158	628,357
Contract liabilities	9,590	5,668
Borrowings	297,337	273,297
Lease liabilities	1,911	2,284
Current tax liabilities	444	483
	<u>935,440</u>	<u>910,089</u>
TOTAL LIABILITIES	<u>939,517</u>	<u>914,553</u>
TOTAL EQUITY AND LIABILITIES	<u>1,428,193</u>	<u>1,397,710</u>
Net assets per share attributable to owners of the parent (RM)	0.90	0.89

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes.

25 MAY 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----					
	I-----Non-distributable-----I	Distributable			Non-	Total
	Share	Treasury	Retained	Total	controlling-	equity
	capital	shares	earnings	RM'000	interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	355,613	(1,427)	126,863	481,049	2,108	483,157
Profit for the financial period / Total comprehensive income for the period	-	-	5,437	5,437	82	5,519
Balance as at 31 March 2022	355,613	(1,427)	132,300	486,486	2,190	488,676
	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----					
	I-----Non-distributable-----I	Distributable			Non-	Total
	Share	Treasury	Retained	Total	controlling-	equity
	capital	shares	earnings	RM'000	interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	325,546	(1,427)	125,537	449,656	6,614	456,270
Profit for the financial period / Total comprehensive income for the period	-	-	4,545	4,545	302	4,847
Dividend payable	-	-	-	-	(4,704)	(4,704)
	-	-	4,545	4,545	(4,402)	143
Balance as at 31 March 2021	325,546	(1,427)	130,082	454,201	2,212	456,413

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Current Period Ended 31 Mar 2022 RM'000	Preceding Period Ended 31 Mar 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,621	6,063
Adjustments for :		
Bad debts written-off	-	(2)
Depreciation of property, plant and equipment	1,786	1,638
Fair value loss on:		
- Other investment	-	330
Reversal of impairment losses of trade and other receivables	(28)	(1,321)
Reversal of impairment losses of property, plant and equipment	-	3
Impairment losses on:		
- Trade and other receivable	988	623
Interest expense	1,736	719
Interest income	(327)	(340)
Share of gain of a joint venture	(155)	(91)
Share of gain of an associate	(116)	(60)
Operating profit before changes in working capital	10,505	7,562
Changes in working capital:		
Inventories	(367)	3,839
Trade and other receivables	(35,661)	(25,077)
Trade and other payables	1,719	(6,224)
Cash used in operating activities	(23,804)	(19,900)
Interest paid	(1,187)	(699)
Interest received	327	340
Tax paid	(415)	(877)
Tax refunded	7	1,319
Net cash used in operating activities	(25,072)	(19,817)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,316)	(2,865)
Proceeds from disposals of property, plant and equipment (Placements) / Withdrawals of fixed deposits pledged	-	14
	(2,066)	5,408
Net cash (used in) / generated from investing activities	(3,382)	2,557
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(20)
Proceeds from resale of shares in open market	-	(657)
Dividend paid to non-controlling interest of a subsidiary	-	(4,704)
Drawdowns of term loans	14,915	51
Repayments of term loans	(9,472)	(1,580)
Net cash generated from / (used in) financing activities	5,443	(6,910)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,011)	(24,170)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(161,861)	(200,815)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(184,872)	(224,985)

Cash and cash equivalents at the end of the financial period comprise the following:

	As at 31 Mar 2022 RM'000	As at 31-Mar-21 RM'000
Cash and bank balances	4,841	6,336
Fixed deposits with licensed banks	147,683	98,581
Short term funds	165	270
	152,689	105,187
Less : Bank overdrafts included in borrowings	(189,878)	(231,591)
Fixed deposits pledged	(147,683)	(98,581)
Total cash and cash equivalents	(184,872)	(224,985)

GABUNGAN AQRS BERHAD

(Company No: 201001028608 (912527-A))

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the First Quarter ended 31 March 2022

A Explanatory Notes in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

A2. Changes in Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements for the financial year ended 31 December 2021 except as described below.

a. Accounting pronouncements that have been newly adopted for this interim financial period:

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) effective on 1 January 2022.

Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
Amendments to Illustrative Examples accompanying MFRS 16	Leases (Annual Improvements to MFRS Standards 2018–2020)
Amendments to MFRS 116	Property, Plant and Equipment (Property, Plant and Equipment–Proceeds before Intended Use)
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts–Cost of Fulfilling a Contract)

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

b. Accounting pronouncements that are not yet effective are set out below:

Description	Effective for annual periods beginning or after
MFRS 17 Insurance Contracts and Amendments to MFRS 17	1 January 2023
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	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 a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. Qualification of Financial Statements

The auditors' report for the preceding audited financial statements was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any seasonal or cyclical factors.

A5. Nature and Amount of Unusual Items

There were no unusual items for the current quarter and financial year-to-date.

A6. Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts in the prior financial years that have a material effect in the current quarter and financial year-to-date.

A7. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayments of debt and equity securities, share buy-backs, share cancellations and shares held as treasury shares for the current quarter.

As at the end of the current quarter, a total of 1,165,744 shares were held as treasury shares.

A8. Dividend Paid

No dividend has been paid during the current quarter.

A9. Segmental Information

The Company and its subsidiaries are principally engaged in construction, property development and investment holding.

The Company has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

Other operating segments that do not constitute a reportable segment comprise investment holding.

A9. Segmental Information (Cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by segment:

	Construction RM'000	Property Development RM'000	Other RM'000	Inter-segment Elimination RM'000	Total RM'000
3 months ended 31 March 2022					
Segment Revenue					
External	42,319	25,101	4,304	-	71,724
Inter-segment	20,890	-	1,787	(22,677)	-
Total revenue	63,209	25,101	6,091	(22,677)	71,724
Interest income	990	27	388	(1,078)	327
Finance cost	(875)	(1,252)	(762)	1,153	(1,736)
Net finance expense	115	(1,225)	(374)	75	(1,409)
Share of profit of an associate	116	-	-	-	116
Share of profit of a joint venture	-	-	155	-	155
Segment profit/(loss) before taxation	3,587	2,858	501	(325)	6,621
Taxation	(908)	-	(267)	73	(1,102)
Segment profit/(loss) after taxation	2,679	2,858	234	(252)	5,519
Other material non-cash item:					
- Depreciation	(1,539)	(111)	(496)	360	(1,786)
Additions to non-current assets other than financial instruments and deferred tax assets	1,067	1	13	-	1,081
Segment assets	975,193	572,914	538,852	(658,766)	1,428,193
Segment liabilities	721,833	509,468	100,915	(392,699)	939,517
3 months ended 31 March 2021					
Segment Revenue					
External	78,532	5,125	2,838	-	86,495
Inter-segment	19,068	-	9,374	(28,442)	-
Total revenue	97,600	5,125	12,212	(28,442)	86,495
Interest income	997	39	236	(932)	340
Finance cost	(663)	(689)	(353)	986	(719)
Net finance expense	334	(650)	(117)	54	(379)
Share of loss of an associate	60	-	-	-	60
Share of profit of a joint venture	-	-	91	-	91
Segment profit/(loss) before taxation	5,894	380	6,749	(6,960)	6,063
Taxation	(1,553)	-	(42)	379	(1,216)
Segment profit/(loss) after taxation	4,341	380	6,707	(6,581)	4,847
Other material non-cash item:					
- Depreciation	(1,391)	(116)	(498)	367	(1,638)
Additions to non-current assets other than financial instruments and deferred tax assets	-	-	2	-	2
Impairment of intangible assets					-
Inventories written down					-
Segment assets	950,495	542,637	446,815	(591,985)	1,347,962
Segment liabilities	726,967	452,928	35,146	(323,491)	891,550

A10. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment performed in the current quarter and financial year-to-date.

A11. Acquisition/Disposal of Property, Plant and Equipment

There was no material acquisition or disposal of property, plant and equipment during the current quarter and financial year-to-date.

A12. Material Subsequent Event

There were no material events subsequent to the end of the current quarter under review up to the date of this report which is likely to substantially affect the results of the operations of the Group.

A13. Changes in the Composition of the Group

There were no changes to the composition of the Group for the current quarter.

A14. Capital Commitment

There are no material capital commitments for the current quarter and financial year-to-date.

A15. Contingent Liabilities

	As at 31 Mar 22 RM'000	As at 31 Dec 21 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>123,736</u>	<u>123,812</u>

B Explanatory Notes in Compliance with listing Requirements of the Bursa Malaysia

B1. Review of Performance

Performance of current quarter against the preceding year corresponding quarter

Group

	Individual Period (1 st Quarter)		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/3/2022	31/3/2021	
	RM'000	RM'000	
Revenue	71,724	86,495	(17.1)
Profit Before Tax	6,621	6,063	9.2
Profit After Taxation	5,519	4,847	13.9

The Group reported revenue of RM71.7 million in 1Q22, representing a 17.1% decrease compared to 1Q21. Our reported PAT for the current quarter stood at RM5.5 million, representing a 13.9% increase compared to 1Q21. The increase in PAT is attributable to higher progress of work that the Group has been able to undertake for on-going construction projects and higher property development sales achieved.

In 1Q22, the Group incurred operating costs of RM6.9 million, representing a 18.3% increase compared to 1Q21. Included in 1Q21 operating cost was a reversal of an over accrued marketing cost amounting to RM1.2 million. Excluding the one-off reversal, 1Q22 operating costs registered a 2.8% decline compared to 1Q21.

Construction segment

	Individual Period (1 st Quarter)		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/3/2022	31/3/2021	
	RM'000	RM'000	
Revenue	63,209	97,600	(35.2)
Profit Before Tax	3,587	5,894	(39.1)
Profit After Taxation	2,679	4,341	(38.3)

The construction division reported a revenue of RM63.2 million in 1Q22, compared to RM97.6 million in 1Q21. This quarter, revenue was mainly from the LRT3 construction job, which is operating at optimum capacity.

The construction division reported a PAT of RM2.7 million in 1Q22, compared to RM4.3 million in 1Q21. The lower profit after tax is due to lower contribution of work progress for SUKE construction project which is near completion.

B1. Review of Performance (Cont'd)

Performance of current quarter against the preceding year corresponding quarter (Cont'd)

Property Development segment

	Individual Period (1 st Quarter)		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/3/2022	31/3/2021	
	RM'000	RM'000	
Revenue	25,101	5,125	389.8
Profit Before Tax	2,858	380	652.1
Profit After Taxation	2,858	380	652.1

The property development division reported revenue of RM25.1 million in 1Q22, compared to RM5.1 million in 1Q21. Revenue growth is attributable the increased revenue recognition contributed by higher work progress achieved and coupled with higher sales volume for the E'Island Lake Haven development.

B2. Material Changes in the Result for the Current Quarter Compared with the Results for the Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/3/2022	31/12/2021	
	RM'000	RM'000	
Revenue	71,724	66,585	7.7
Profit Before Tax	6,621	12,138	(45.5)
Profit After Tax	5,519	4,494	22.8

Overall, the Group's revenue and profit after tax for the current quarter of RM71.7 million and RM5.5 million, represented an increase of 7.7% and 22.8% respectively compared to the preceding quarter. The higher revenue recorded is due to higher work progress achieved for both the construction and property development divisions, coupled with higher property sales achieved.

B3. Prospects

GBG currently has RM1.77 billion in future gross revenue to be recognised up to FYE 2024, comprising RM1.07 billion from the construction division and RM0.7 billion from the property development division.

The Group's total borrowings stood at RM297.8 million, comprising RM0.5 million in long-term borrowings and RM297.3 million in short-term borrowings (65.9% are project financing related). The RM40.5 million increase in short-term borrowings compared to 1Q21 is due to higher utilisation of construction project financing facilities as our projects are now working at their full-capacities. Nevertheless, we expect that short-term borrowings to trend down in the subsequent quarters as payments are progressively received from our clients.

As at 1Q22, our total cash and cash equivalents stood at RM152.7 million, representing a 45.2% or RM47.5 million increase compared to 1Q21. As a result of higher cash and cash equivalents, our net gearing has improved to 0.30 as at 1Q22, compared to 0.37 in 1Q21.

We continue to focus on our business fundamentals and expect a stronger 2H22.

(a) Construction Division

The Group's construction division is armed with a healthy outstanding orderbook of RM1.07 billion, that will sustain earnings and cashflow contribution up to FYE 2023.

In FYE 2022, we are targeting an orderbook replenishment rate of RM500 million. Year to date, the construction division has secured RM31.85 million in new construction jobs. While we continue to be on the lookout for new construction jobs, prospective jobs will have to generate healthy margins and cashflows.

Based on our experience, capabilities and resources, we see opportunities from potential government and private construction projects. However, prospective projects will undergo an extensive internal assessment to ensure that the risk-reward parameters are of an optimal level, including margins and cashflow.

(b) Property Development Division

In 1Q22, the Group achieved RM18.0 million in property sales that comprise 41 units of E'Island Lake Haven. Year-to-date as at 19 May 2022, the Group has achieved RM29.4 million in property sales, comprising 67 units of properties.

As at 31 March 2022, our total sold and unbilled sales stand at RM360.4 million, which will mostly be recognised in FYE 2022 and FYE 2023. As a comparison, our total sold and unbilled sales stood at RM266.3 million in 1Q21.

As at 19 May 2022, we have fulfilled 95% of our bumiputera quota requirements for E'Island Lake Haven project and foresee that overhang risk for bumiputera quota units to be greatly reduced.

B3. Prospects (Cont'd)

(b) Property Development Division (Cont'd)

Property Sales Summary up to 19 May 2022

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 22)	Sold in 1Q22	Sold (April '22 to 19 May 2022)	Sold (Year to date up to 19 May 2022)		
<u>Developments Under Construction</u>						
E'Island Lake Haven	355 of 1,140	41	26	67	852 units or 75%	RM364.3m
The Peak	398 of 668	-	-	-	270 units or 40%	RM103.0m
<u>Completed Developments</u>						
Contours	2 of 40	-	-	-	38 units or 95%	RM32.2m
Permas Centro	-	-	-	-	100%	RM15.5m
Kinrara Uptown	2 of 177	-	-	-	175 or 99%	-
Total	757	41	26	67		RM515.0m
						<u>Bookings</u>
						RM41.2m

Since the relaunch of our property development division in 2Q19, we have achieved RM515.0 million in property sales as shown in the table above. Additionally, we have RM41.2 million in property bookings pending loan conversions.

As our property sales momentum continue to be robust, plans are being finalised to expand our property development portfolio and would result in continuity of future earnings and cashflow contributions from FYE 2023 to FYE 2027.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate in any public document.

B5. Items included in the Statements of Comprehensive Income include:

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 22 RM'000	31 Mar 21 RM'000	31 Mar 22 RM'000	31 Mar 21 RM'000
Interest income	327	340	327	340
Reversal of impairment losses of receivables	28	1,321	28	1,321
Other income	1,302	(1,067)	1,302	(1,067)
Interest expense (excluding interest capitalised)	(1,736)	(719)	(1,736)	(719)
Depreciation and amortisation	(1,786)	(1,638)	(1,786)	(1,638)
Impairment losses of receivables	(988)	(623)	(988)	(623)
Loss of fair value on investment	-	(330)	-	(330)
Loss on disposal of property, plant and equipment	-	(3)	-	(3)
Inventory written down	-	-	-	-
Bad debts written off	-	2	-	2
Foreign exchange gain or loss	*	*	*	*
Gain or loss on derivatives	*	*	*	*
Exceptional items	*	*	*	*

* There were no such reportable items as required by Bursa Securities in the current quarter and cumulative quarter to date.

B6. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 22 RM'000	31 Mar 21 RM'000	31 Mar 22 RM'000	31 Mar 21 RM'000
Current taxation				
- Current year	1,175	42	1,175	42
- Previous year	-	-	-	-
	<u>1,175</u>	<u>42</u>	<u>1,175</u>	<u>42</u>
Deferred taxation				
- Current year	(73)	1,174	(73)	1,174
- Prior years	-	-	-	-
	<u>(73)</u>	<u>1,174</u>	<u>(73)</u>	<u>1,174</u>
	<u>1,102</u>	<u>1,216</u>	<u>1,102</u>	<u>1,216</u>

The Group effective tax rate for the cumulative quarter is lower than the statutory rate mainly due to utilisation of unabsorbed business loss.

B7. Status of Corporate Proposals Announced

There are no corporate proposals announced by the Company but not completed as at 19 May 2022, being the latest practicable date, which is not earlier than 7 days from the date of issuance of this interim financial report.

Status of Utilisation of Private Placement Proceeds

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of 49,342,852 Placement shares at RM0.6111 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 5 April 2021, the gross proceeds raised from the Private Placement Exercise was RM30,153,417 and current utilisation status as at 19 May 2022 is as set out below:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation		Explanations
				Amount RM'000	%	
Funding for existing and future property development and construction projects	29,491	29,491	Within 24 months	-	-	
Defrayment of expenses related to the Proposed Private Placement	662	662	Upon completion	-	-	<i>Under-estimation of professional cost</i>
Total	30,153	30,153		-		

B8. Group Borrowings and Debt Securities

As at 31 March 2022

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	479	105,459	105,938
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	189,878	189,878
	<u>479</u>	<u>297,337</u>	<u>297,816</u>

As at 31 March 2021

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	15,706	23,273	38,979
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	231,591	231,591
	<u>15,706</u>	<u>256,864</u>	<u>272,570</u>

B9. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 31 March 2022.

B10. Material litigation

- (a) On 15 September 2020, Gabungan AQRS Berhad (“GAB”) and Trusvest Sdn Bhd (“TVSB”), commenced legal proceedings against the former Executive Director and Group Chief Financial Officer for the Gabungan AQRS Group of Companies, Bernard Lim Soon Chiang (“Bernard”), in the High Court at Shah Alam.

GAB and TVSB’s case is that Bernard had acted negligently and / or in breach of his service contract with GAB as its Chief Financial Officer, by, amongst others, failing, refusing and / or neglecting to give proper tax advice and / or properly consulting a tax consultant on the tax implications of a project to construct, own and subsequently sublease base-camp accommodation to Petronas Chemicals Fertiliser Sabah Sdn Bhd at Sipitang, Sabah (“Sipitang Project”). The Sipitang Project was awarded to TVSB by a consortium comprising Seri Wilayah Engineering Sdn Bhd and REMT Utama Sdn Bhd. TVSB in turn awarded the construction works to a subsidiary of GAB, Gabungan Strategik Sdn Bhd. GAB and TVSB also allege that :-

- (i) Bernard had fraudulently and / or negligently misrepresented the tax implications of the Sipitang Project to the Audit Committee and Board of Directors of GAB; and
- (ii) Bernard had breached his fiduciary duties owed to GAB and Trusvest.

In consequence, GAB and TVSB suffered loss and damage amounting to RM13,245,173.

GAB and TVSB have filed an application for further and better particulars of Bernard’s Defence (“Application”), which was dismissed by the High Court on 25 August 2021. GAB and TVSB appealed to the Court of Appeal against the aforesaid decision on 23 September 2021. The case management for the appeal before the Deputy Registrar of the Court of Appeal that was initially fixed on 28 April 2022 had been vacated and rescheduled to 2 June 2022.

Meanwhile, the trial of the Suit is fixed on 17, 18, 24-27 July 2023. The court gave directions for the filing of documents between the period of November 2022 to the trial dates. The Suit is fixed for case management on 4 October 2022 for parties to update the court on the status of the further and better particular appeal.

- (b) On 1 October 2020, Gabungan Strategik Sdn Bhd (“GSSB”), the subsidiary of the company, filed a Writ of Summons against: -
- (i) Geonamics (M) Sdn Bhd (“1st Defendant”)
 - (ii) Jurutera Perunding Primareka Sdn Bhd (“2nd Defendant”)
 - (iii) Yee Yong Yip (“3rd Defendant”)
 - (iv) Tiong Ping Siing (“4th Defendant”)
 - (v) Tang Pui San (“5th Defendant”)
 - (vi) Mohd Noor Nazrul Bin Mohd Yusof (“6th Defendant”)
 - (vii) Azmi Bin Md Aziz (“7th Defendant”)
 - (viii) Wong Kee Choo (“8th Defendant”)
 - (ix) Choon Suan Fatt (“9th Defendant”)
 - (x) Ahmad Bashti Bin Azmi (“10th Defendant”)
 - (xi) Foo Mun Pong (“11th Defendant”)

For negligence and/or breach of employment contracts with GSSB, in connection with a contract awarded to GSSB for the earthworks, piling works, and substructure works for a project known as the Paloma Project. In the said suit, GSSB claims losses of RM14,392,347.10.

B10. Material litigation (Cont'd)

(b) In March 2021, the following defendants applied to strike out GSSB's Suit against them: -

1. 2nd Defendant;
2. 3rd Defendant;
3. 4th to 6th Defendants and 11 Defendant; and
4. 9th and 10th Defendants,
(collectively the "Striking Out Applications")

The 1st Defendant applied for a Determination of Question of Law under Order 14A of the Rules of Court, 2021 on 19 March 2021 ("Order 14A Application").

The Striking Out Applications and Order 14A Application were heard before the Kuala Lumpur High Court Judge on 17 August 2021. The Judge reserved his decision to be delivered on 18 October 2021.

On 18 October 2021, the Judicial Commissioner allowed the 1st Defendant's Order 14A Application and proceeded to dismiss GSSB's claim against the 1st Defendant with costs of RM7,000-00 awarded against GSSB.

The Judge also allowed in part the Striking Out Applications, struck out GSSB's claims against the Defendants founded in negligence and ordered GSSB's claims against the Defendants founded in contract to be tried. In summary, the decision resulted in:

- i) GSSB's claims against the 2nd Defendant (Jurutera Perunding Primareka) to be wholly struck out with costs of RM7,000-00 awarded against GSSB; and
- ii) GSSB's claim against the employee defendants (3rd to 6th and 9th 11th Defendants) to be struck out in part, with costs in the cause. GSSB's claims against the employee defendants that are founded in contract were ordered to be tried.

GSSB appealed to the Court of Appeal against the aforesaid decisions. Furthermore, each employee defendant appealed to the Court of Appeal against the High Court decision to not allow their striking out applications in full. As a result, there are presently 8 separate appeals pending before the Court of Appeal arising from the High Court 18 October 2021 decision. On 12 January 2022, the Court of Appeal directed that GSSB's appeals and the employee defendants' appeals, arising from the High Court 18 October 2021 decision to be heard together. The appeals are slated to be heard by the Court of Appeal on 5 September 2022.

Meanwhile, GSSB's General Discovery Application that was initially fixed for hearing at the High Court on 20 January 2022 had been vacated, pending the disposal of the aforesaid appeals to the Court of Appeal. The case management on 28 April 2022 was to update the Kuala Lumpur High Court on the status of obtaining leave to proceed against Mohd Noor Nazrul Bin Mohd Yusof (6th Defendant) and Wong Kee Choo (8th Defendant). Accordingly, the next case management is fixed on 21 June 2022 for parties to update Court on the status of the leave application and the Sanction Application.

B11. Earnings Per Share

(a) Basic

The basic earnings per share are calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period under review.

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 22 RM'000	31 Mar 21 RM'000	31 Mar 22 RM'000	31 Mar 21 RM'000
Profit attributable to equity holders of the Company (RM'000)	5,437	4,545	5,437	4,545
Weighted average number of ordinary shares ('000)	542,771	493,429	542,771	493,429
Basic earnings per share (sen)	1.00	0.92	1.00	0.92

(b) Diluted

Diluted earnings per share are calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 22 RM'000	31 Mar 21 RM'000	31 Mar 22 RM'000	31 Mar 21 RM'000
Profit attributable to equity holders of the Company (RM'000)	5,437	4,545	5,437	4,545
No of ordinary shares for basic earnings per share computation	542,771	493,429	542,771	493,429
Effect of dilution - on assumption that remaining warrants are exercised	119,395	119,395	119,395	119,395
Weighted average number of ordinary shares ('000)	662,166	612,824	662,166	612,824
Diluted earnings per share (sen)	0.82	0.74	0.82	0.74

B12. Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors.