



**Interim Financial Results
For the 1st Quarter ended
31 March 2023**

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24 MAY 2023



**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Mar 2023 RM'000	PRECEDING YEAR QUARTER 31 Mar 2022 RM'000	CURRENT YEAR TO DATE 31 Mar 2023 RM'000	PRECEDING YEAR TO DATE 31 Mar 2022 RM'000
Revenue	85,231	71,724	85,231	71,724
Cost of sales	(71,743)	(58,413)	(71,743)	(58,413)
Gross profit	13,488	13,311	13,488	13,311
Other income	846	1,656	846	1,656
Operating costs	(7,451)	(6,881)	(7,451)	(6,881)
Finance cost	(2,713)	(1,736)	(2,713)	(1,736)
Share of profit of a joint venture	686	155	686	155
Share of profit of an associate	159	116	159	116
Profit before tax	5,015	6,621	5,015	6,621
Tax expense	(1,513)	(1,102)	(1,513)	(1,102)
Profit for the financial period	3,502	5,519	3,502	5,519
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	3,502	5,519	3,502	5,519
Attributable to:				
Owners of the parent	3,526	5,437	3,526	5,437
Non-controlling interests	(24)	82	(24)	82
	3,502	5,519	3,502	5,519
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	0.65	1.00	0.65	1.00
- Diluted	0.53	0.82	0.53	0.82

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	(UNAUDITED) AS AT 31 Mar 2023 RM'000	(AUDITED) AS AT 31 Dec 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,585	25,505
Investment properties	30,595	31,002
Investment in a joint venture	968	882
Investment in an associate	4,312	4,153
Deferred tax assets	3,237	3,206
Intangible assets	27,355	27,355
	<u>91,052</u>	<u>92,103</u>
Current assets		
Inventories	314,859	318,950
Trade and other receivables	160,893	142,120
Contract assets	682,241	660,229
Other investment	1,389	1,389
Current tax assets	213	522
Short term funds	170	168
Cash and bank balances	147,476	150,165
	<u>1,307,241</u>	<u>1,273,543</u>
TOTAL ASSETS	<u>1,398,293</u>	<u>1,365,646</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	149,098	145,573
	<u>503,284</u>	<u>499,759</u>
Non-controlling interests	<u>1,790</u>	<u>1,813</u>
TOTAL EQUITY	<u>505,074</u>	<u>501,572</u>
Non-current liabilities		
Borrowings	244	409
Lease liabilities	902	1,171
Deferred tax liabilities	1,631	1,971
	<u>2,777</u>	<u>3,551</u>
Current liabilities		
Trade and other payables	530,498	519,172
Contract liabilities	41,132	37,043
Borrowings	282,644	264,031
ICP/IMTN Programme	33,662	38,628
Lease liabilities	1,046	1,213
Current tax liabilities	1,460	436
	<u>890,442</u>	<u>860,523</u>
TOTAL LIABILITIES	<u>893,219</u>	<u>864,074</u>
TOTAL EQUITY AND LIABILITIES	<u>1,398,293</u>	<u>1,365,646</u>
Net assets per share attributable to owners of the parent (RM)	0.93	0.92

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying notes.

24 MAY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----					Total equity RM'000
	-----Non-distributable----- Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling-interests RM'000	
Balance as at 1 January 2023	355,613	(1,427)	145,573	499,759	1,813	501,572
Profit for the financial period / Total comprehensive income for the period	-	-	3,526	3,526	(24)	3,502
Balance as at 31 March 2023	355,613	(1,427)	149,099	503,285	1,789	505,074

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----					Total equity RM'000
	-----Non-distributable----- Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling-interests RM'000	
Balance as at 1 January 2022	355,613	(1,427)	125,474	479,660	2,108	481,768
Profit for the financial period / Total comprehensive income for the period	-	-	5,437	5,437	82	5,519
Dividend payable	-	-	-	-	-	-
	-	-	5,437	5,437	82	5,519
Balance as at 31 March 2022	355,613	(1,427)	130,911	485,097	2,190	487,287

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 2022 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	Current Period Ended 31 Mar 2023 RM'000	Preceding Period Ended 31 Mar 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,015	6,621
Adjustments for :		
Bad debts written-off		-
Depreciation of property, plant and equipment	1,863	1,786
Reversal of impairment losses of trade and other receivables	(60)	(28)
Impairment losses on:		
- Trade and other receivable	348	988
Interest expense	2,713	1,736
Interest income	(660)	(327)
Share of gain of a joint venture	(759)	(155)
Share of gain of an associate	(86)	(116)
Operating profit before changes in working capital	8,374	10,505
Changes in working capital:		
Inventories	4,091	(367)
Trade and other receivables	(41,073)	(35,661)
Trade and other payables	15,077	1,719
Cash used in operating activities	(13,531)	(23,804)
Interest paid	(1,971)	(1,187)
Interest received	660	327
Tax paid	(213)	(415)
Tax refunded	-	7
Net cash used in operating activities	(15,055)	(25,072)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from a joint venture	600	-
Investment in an associate		
Purchase of property, plant and equipment	(330)	(1,316)
(Placements) / Withdrawals of fixed deposits pledged	(2,027)	(2,066)
Net cash (used in) / generated from investing activities	(1,757)	(3,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of term loans	10,393	14,915
Repayments of term loans	(40,364)	(8,967)
Repayments of revolving credits	(100)	-
Drawdown of revolving credit	20,000	-
Repayments of ICP/IMTN Programme	(4,966)	-
Repayment of lease liabilities	(643)	(505)
Net cash generated from / (used in) financing activities	(15,680)	5,443
NET DECREASE IN CASH AND CASH EQUIVALENTS	(32,492)	(23,011)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(172,536)	(161,861)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(205,028)	(184,872)

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

	As at 31 Mar 2023 RM'000	As at 31 Mar 2022 RM'000
Cash and bank balances	8,950	4,841
Fixed deposits with licensed banks	138,526	147,683
Short term funds	170	165
	147,646	152,689
Less : Bank overdrafts included in borrowings	(214,148)	(189,878)
Fixed deposits pledged	(138,526)	(147,683)
Total cash and cash equivalents	(205,028)	(184,872)

GABUNGAN AQRS BERHAD

(Company No: 201001028608 (912527-A))

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the First Quarter ended 31 March 2023

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 2022. 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 2022.

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 2022 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 2023.

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 16 ‘Lease liability in a sale and leaseback	1 January 2024
Amendments to MFRS 101 ‘Non-current Liabilities with Covenants	1 January 2024
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:

3 months ended 31 March 2023	Construction RM'000	Property Development RM'000	Other RM'000	Inter-segment Elimination RM'000	Total RM'000
Segment Revenue					
External	55,647	29,008	576	-	85,231
Inter-segment	28,706	-	1,867	(30,573)	-
Total revenue	84,353	29,008	2,443	(30,573)	85,231
Interest income	1,137	50	1,045	(1,572)	660
Finance cost	(1,324)	(1,490)	(1,524)	1,625	(2,713)
Net finance expense	(188)	(1,440)	(479)	53	(2,708)
Share of profit of an associate	159	-	-	-	159
Share of profit of a joint venture	-	-	686	-	686
Segment profit/(loss) before taxation	6,290	2,842	(1,268)	(2,849)	5,015
Taxation	(1,546)	-	-	33	(1,513)
Segment profit/(loss) after taxation	4,744	2,842	(1,268)	(2,816)	3,502
Other material non-cash item:					
- Depreciation	(1,376)	(111)	(730)	354	(1,863)
Additions to non-current assets other than financial instruments and deferred tax assets	312	25	14	-	351
Segment assets	1,019,764	566,836	598,683	(786,990)	1,398,293
Segment liabilities	759,120	495,523	163,778	(525,202)	893,219
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 loss 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

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 23 RM'000	As at 31 Dec 22 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>95,137</u>	<u>95,137</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	
	31/3/2023	31/3/2022	
	RM'000	RM'000	
Revenue	85,231	71,724	18.8
Profit Before Tax	5,015	6,621	(24.3)
Profit After Taxation	3,502	5,519	(36.5)

The Group reported revenue of RM85.2 million in 1Q23, representing an 18.8% increase compared to 1Q22. Our reported PBT for the current quarter stood at RM5.0 million, representing a 24.3% decrease compared to 1Q22. The decrease in PBT is attributable to the recognition of LADs.

PAT for the current quarter stood at RM3.5 million, representing a 36.5% decrease compared to 1Q22. Included in the PAT is the recognition of LADs amounting to RM2.9 million. Excluding the LADs, the Group's core PAT stood at RM 6.4 million.

In 1Q23, the Group incurred operating costs of RM7.5 million, representing an 8.3% increase compared to 1Q22. The increase in 1Q23 operating cost was mainly due to higher sales and marketing expenses recognised, attributable to the higher sales achieved for the property development division.

Construction segment

	Individual Period (1 st Quarter)		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31/3/2023	31/3/2022	
	RM'000	RM'000	
Revenue	84,353	63,209	33.5
Profit Before Tax	6,290	3,587	75.4
Profit After Taxation	4,744	2,679	77.1

The construction division reported a revenue of RM84.4 million in 1Q23, compared to RM63.2 million in 1Q22, representing an increase of 33.5%. Revenue in the current quarter was mainly contributed by the LRT3, E'Island Lake Haven, and PPSAS construction jobs.

The construction division reported a PAT of RM4.7 million in 1Q23, increasing by 77.1% compared to the 1Q22 PAT of RM2.7 million. The higher PAT is driven by the higher work progress achieved coupled with greater operating leverage.

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	
	31/3/2023	31/3/2022	
	RM'000	RM'000	
Revenue	29,008	25,101	15.6
Profit Before Tax	2,842	2,858	(0.6)
Profit After Taxation	2,842	2,858	(0.6)

The property development division reported revenue of RM29.0 million in 1Q23, 15.6% higher compared to 1Q22 revenue of RM25.1 million. Revenue growth is attributable to the progress billings achieved and coupled with higher sales volume for the E'Island Lake Haven development.

PAT for the division stood at RM2.8 million, 0.6% lower compared to 1Q22. The lower PAT is due to the recognition of LADs amounting to RM2.9 million. Excluding the recognition of LADs, core PAT for the property development division stood at RM5.8 million.

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

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/3/2023	31/12/2022	
	RM'000	RM'000	
Revenue	85,231	105,295	(19.1)
Profit Before Tax	5,015	3,756	33.5
Profit After Tax	3,502	4,923	28.9

Overall, the Group's revenue and profit after tax for the current quarter of RM85.2 million and RM3.5 million, representing a decrease of 19.1% and an increase of 28.9% respectively compared to the preceding quarter.

B3. Prospects

GBG currently has RM1.5 billion in future gross revenue to be recognised up to FYE 2025, comprising RM0.9 billion from the construction division and RM0.6 billion from the property development division.

The Group's total borrowings stood at RM316.6 million, comprising RM0.2 million in long-term borrowings, RM282.7 million in short-term borrowings (49.8% are project financing related), and RM33.7 million in short-term Islamic Commercial Papers (ICPs). The RM18.8 million increase in borrowings compared to 1Q22 is mainly due to the outstanding ICP issuance of RM33.7 million that has been accorded a MARC-1 rating by the Malaysian Rating Corporation in FYE 2022. In 1Q23, project-related borrowings are at the peak of their S-curve and are expected to gradually decrease from 2Q23 up to 2Q24.

As at 1Q23, our total cash and cash equivalents stood at RM147.6 million, representing a 3.3% or RM5.0 million decrease compared to 1Q22. The decrease in cash is mainly due to our RM5.0 million ICP redemption that took place in Feb 2022. Our net gearing stood at 0.34 as at 1Q23, compared to 0.30 in 1Q22.

(a) Construction Division

The Group's construction division is armed with a healthy outstanding orderbook of RM0.9 billion, that will sustain earnings and cashflow contribution up to FYE 2025.

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 1Q23, the Group achieved RM10.3 million in property sales that comprise 24 units of E'Island Lake Haven. Year-to-date as at 18 May 2023, the Group has achieved RM17.9 million in property sales, comprising 41 units of properties.

As at 31 March 2023, our total sold and unbilled sales stand at RM338.4 million, which will mostly be recognised in 1H24.

Going forward, to ensure earnings and cashflow visibility for the property development division, we are targeting to preview and launch our 100-acre Gambang Residensi landed township in Gambang, Kuantan in 2024. The township would offer over 1,065 units of homes with an expected GDV of over RM336 million.

B3. Prospects (Cont'd)

(b) Property Development Division (Cont'd)

Property Sales Summary up to 18 May 2023

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 23)	Sold in 1Q23	Sold (April '22 to 18 May 2023)	Sold (Year to date up to 18 May 2023.)		
<u>Developments Under Construction</u>						
E'Island Lake Haven	155 of 1,140	24	17	41	1,026 units or 90%	RM441.3m
The Peak	398 of 668	-	-	-	267 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	560	24	16	41		RM592.0m
						Bookings
						RM15.8m

Since the relaunch of our property development division in 2Q19, we have achieved RM592.0 million in property sales as shown in the table above. Additionally, we have RM15.8 million in property bookings pending loan conversions.

As our property sales momentum continues to be robust, plans are being finalised to expand our property development portfolio which would result in the continuity of future earnings and cashflow contributions from FYE 2024 to FYE 2028.

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 23	31 Mar 22	31 Mar 23	31 Mar 22
	RM'000	RM'000	RM'000	RM'000
Interest income	660	327	660	327
Reversal of impairment losses of receivables	60	28	60	28
Other income	126	1,302	126	1,302
Interest expense (excluding interest capitalised)	(2,713)	(1,736)	(2,713)	(1,736)
Depreciation and amortisation	(1,863)	(1,786)	(1,863)	(1,786)
Impairment losses of receivables	(348)	(988)	(348)	(988)
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 23	31 Mar 22	31 Mar 23	31 Mar 22
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	1,546	1,175	1,546	1,175
- Previous year	-	-	-	-
	<u>1,546</u>	<u>1,175</u>	<u>1,546</u>	<u>1,175</u>
Deferred taxation				
- Current year	(33)	(73)	(33)	(73)
- Prior years	-	-	-	-
	<u>(33)</u>	<u>(73)</u>	<u>(33)</u>	<u>(73)</u>
	<u>1,513</u>	<u>1,102</u>	<u>1,513</u>	<u>1,102</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 18 May 2023, 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 18 May 2023 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		-		

b) Proposed establishment of an Islamic commercial paper (“ICP”)/ Islamic medium term note (“IMTN”) Programme

On 11 August 2022, the Company made a lodgment with the Securities Commission Malaysia (“SC”) the required information and relevant documents pursuant to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, in relation to the establishment of an ICP / IMTN Programme of RM200.0 million in nominal value for the issuance(s) of ICPs under the Shariah principle of *Mudharabah* and/or IMTN under the Shariah principle of *Wakalah bi al-Istithmar* (the ICPs and IMTNs are collectively referred to as the “Sukuk GBG”).

Kenanga Investment Bank Berhad is the appointed Principal Adviser, Lead Arranger, Lead Manager, Shariah Adviser and Facility Agent in respect of the ICP/IMTN Programme.

MARC Ratings Berhad has assigned a preliminary rating of **A_{IS}/MARC-1_{IS}** for the ICP/IMTN Programme, with a stable outlook.

The proceeds from the ICP/IMTN Programme shall be utilised for the following purposes:

- (i) to utilise RM100,000 to fund the trustee’s reimbursement account, as required under the SC’s Trust Deed Guidelines;
- (ii) to finance the investment activities, capital expenditure, working capital requirements and/or other general corporate purposes of Board of Directors of the Group (“Issuer”) and the Group as well as, to defray any fees and expenses relating to the ICP/IMTN Programme;
- (iii) to repay any existing conventional borrowings undertaken by the Group; and/ or
- (iv) to repay any existing and/or future Islamic financings undertaken by Group (including for purposes of redemption or refinancing/ rollover of the Sukuk GBG)

In any case, all utilisation of funds from the issuance of the ICPs/ IMTNs under the ICP/IMTN Programme shall be for Shariah-compliant purposes only, including the manner in which the funds are to be channelled within the Group by the Issuer.

B8. Group Borrowings and Debt Securities

	As at 31 March 2023		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	244	46,896	47,140
- Revolving credit	-	21,600	21,600
- Bank overdrafts	-	214,148	214,148
Unsecured			
- ICP/IMTN Programme	-	33,662	33,662
	<u>244</u>	<u>316,306</u>	<u>316,550</u>

	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>

B9. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 31 March 2023.

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 is fixed for hearing on 12 December 2022 and the next case management is fixed on 22 December 2022 for parties to update the court on the status of the further and better particular appeal.

B10. Material litigation (Cont'd)

- (a) 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.

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.

B10. Material litigation (Cont'd)

- (b) 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 21 February 2023, however the hearing for the 8 appeals has since been vacated. The Court of Appeal will fix a new hearing date during a case management on 21 February 2023.
- (c) 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 next case management at the Kuala Lumpur High Court is fixed on 23 February 2023.

The new hearing date is now fixed on 27 June 2023. The High Court has directed the parties to file in the Reply Submission (if any) by 12 June 2023 and the next case management is fixed on 13 June 2023 to monitor such compliance.

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 23 RM'000	31 Mar 22 RM'000	31 Mar 23 RM'000	31 Mar 22 RM'000
Profit attributable to equity holders of the Company (RM'000)	3,526	5,437	3,527	5,437
Weighted average number of ordinary shares ('000)	542,771	542,771	542,771	542,771
Basic earnings per share (sen)	0.65	1.00	0.65	1.00

(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 23 RM'000	31 Mar 22 RM'000	31 Mar 23 RM'000	31 Mar 22 RM'000
Profit attributable to equity holders of the Company (RM'000)	3,526	5,437	3,527	5,437
No of ordinary shares for basic earnings per share computation	542,771	542,771	542,771	542,771
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	662,166	662,166	662,166
Diluted earnings per share (sen)	0.53	0.82	0.53	0.82

B12. Authorisation for Issue

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