



GABUNGAN AQRS BERHAD

201001028608 (912527-A)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE SIXTH
QUARTER ENDED**

30 JUNE 2024

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20 August 2024



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIXTH QUARTER ENDED 30 JUNE 2024

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	CURRENT YEAR QUARTER 3 months 30 June 2024 RM'000	CURRENT YEAR TO DATE 18 months 30 June 2024 RM'000
Revenue	55,719	431,767
Cost of sales	(49,240)	(360,040)
Gross profit	6,479	71,727
Other income	12,049	21,442
Operating costs	(11,620)	(46,698)
Finance cost	(3,689)	(18,411)
Share of profit/(loss) of an associate	490	1,596
Share of profit/(loss) of a joint venture	22	869
Profit before tax	3,731	30,525
Tax expense	(84)	(10,064)
Profit for the financial period	3,647	20,461
Other comprehensive income, net of tax	-	-
Total comprehensive income for the financial period	<u>3,647</u>	<u>20,461</u>
Attributable to:		
Owners of the parent	3,785	20,694
Non-controlling interests	(138)	(233)
	<u>3,647</u>	<u>20,461</u>
Earnings per ordinary share attributable to equity holders of the Company (sen) :		
- Basic	0.70	3.81
- Diluted	0.70	3.81

There is no comparative for the condensed consolidated statement of profit or loss and other comprehensive income for the 18 months interim period ended 30 June 2024, due to change in the financial year end from 31 December to 30 June.

The condensed consolidated statement of profit or loss and other 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 STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	(UNAUDITED) AS AT 30 June 2024 RM'000	(AUDITED) AS AT 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,886	25,505
Investment properties	28,021	31,002
Investment in a joint venture	1,151	882
Investment in an associate	5,514	4,153
Deferred tax assets	4,625	3,206
Intangible assets	27,355	27,355
	<u>89,552</u>	<u>92,103</u>
Current assets		
Inventories	328,361	318,950
Trade and other receivables	139,186	142,120
Contract assets	583,102	660,229
Other investment	354	1,389
Current tax assets	123	522
Short term funds	177	168
Cash and bank balances	97,145	150,165
	<u>1,148,448</u>	<u>1,273,543</u>
TOTAL ASSETS	<u>1,238,000</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	166,267	145,573
	<u>520,453</u>	<u>499,759</u>
Non-controlling interests	1,580	1,813
TOTAL EQUITY	<u>522,033</u>	<u>501,572</u>
Non-current liabilities		
Borrowings	4,135	408
Lease liabilities	3,980	1,171
Deferred tax liabilities	1,651	1,971
	<u>9,766</u>	<u>3,550</u>
Current liabilities		
Trade and other payables	443,781	519,172
Contract liabilities	20,867	37,044
Borrowings	126,786	264,031
ICP/IMTN Programme	104,395	38,628
Lease liabilities	1,047	1,213
Current tax liabilities	9,325	436
	<u>706,201</u>	<u>860,524</u>
TOTAL LIABILITIES	<u>715,967</u>	<u>864,074</u>
TOTAL EQUITY AND LIABILITIES	<u>1,238,000</u>	<u>1,365,646</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.96</u>	<u>0.92</u>

The condensed consolidated statement 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.

20 August 2024



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIXTH QUARTER ENDED 30 JUNE 2024**

	----- ATTRIBUTABLE TO OWNERS OF THE PARENT -----					
	-----Non-distributable-----	Distributable		Total	Non- controlling- interests	Total equity
<u>Share capital</u>	<u>Treasury shares</u>	<u>Retained earnings</u>	<u>RM'000</u>			
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	-	-	20,694	20,694	(233)	20,461
	-	-	20,694	20,694	(233)	20,461
Balance as at 30 June 2024	355,613	(1,427)	166,267	520,453	1,580	522,033

There is no comparative for the condensed consolidated statement of changes in equity for the 18 months interim period ended 30 June 2024, due to change in the financial year end from 31 December to 30 June.

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.

20 August 2024

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIXTH QUARTER ENDED 30 JUNE 2024**

**Cumulative Period
Ended
30 June 2024
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax	30,525
Adjustments for :	
Depreciation of property, plant and equipment	9,154
Reversal of impairment losses of trade and other receivables	(14,575)
Gain on disposal of investment properties	(264)
Loss on disposal of property, plant and equipment	(101)
Gain on lease modification	58
Impairment losses on:	
- Trade and other receivable	2,892
- Fair value on investment	1,036
- Investment properties	1,392
Interest expense	18,411
Interest income	(4,068)
Share of profit of an associate	(1,596)
Share of profit of a joint venture	(869)
Operating profit before changes in working capital	41,995
Changes in working capital:	
Inventories	(9,411)
Trade and other receivables	91,745
Trade and other payables	(91,104)
Cash generated from/(used in) operating activities	33,225
Interest paid	(16,585)
Interest received	4,068
Tax paid	(2,270)
Tax refunded	48
Net cash generated from / (used in) operating activities	18,486
CASH FLOWS FROM INVESTING ACTIVITIES	
Dividend received from associate	235
Dividend received from joint venture	600
Purchase of property, plant and equipment	(1,218)
Proceeds from disposals of investment properties	800
Proceeds from disposals of property, plant and equipment	120
Withdrawals of fixed deposits pledged	50,766
Net cash generated from investing activities	51,303
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of lease liabilities	(2,457)
Drawdowns of term loans	11,088
Repayments of term loans	(84,983)
Drawdowns of revolving credits	20,000
Repayment of revolving credits	(600)
Drawdown of ICP/IMTN programme	65,768
Net cash (used in)/generated from financing activities	8,816
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	78,605
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(172,536)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(93,931)

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

	As at 30 June 2024 RM'000
Cash and bank balances	11,412
Fixed deposits with licensed banks	85,733
Short term funds	177
	<u>97,322</u>
Less : Bank overdrafts included in borrowings	(82,999)
Trade line with facilities included in borrowings	(22,521)
Fixed deposits pledged	(85,733)
Total cash and cash equivalents	<u>(93,931)</u>

There is no comparative for the condensed consolidated statement of cash flows for the 18 months interim period ended 30 June 2024, due to change in the financial year end from 31 December to 30 June.

A Explanatory Notes in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

A1. Change in Financial Year End

As announced on 26 April 2023, the Group has changed its financial year end from 31 December 2023 to 30 June 2024. Accordingly, the current financial period covers a period of eighteen (18) months from 1 January 2023 to 30 June 2024.

A2. Basis of Preparation

The unaudited condensed interim financial statements have been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the requirements of the Companies Act 2016 in Malaysia.

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 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.

A3. Significant Accounting Policies

The significant accounting policies adopted by the Group for the unaudited condensed interim financial statements are consistent with those adopted for the Group audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following amendments to MFRSs effective 1 January 2024:

- Amendments to MFRS 16 Leases – *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 Presentation of Financial Statements – *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure – *Supplier Finance Arrangements*

The adoption of the above amendments and annual improvements to MFRSs is not expected to have any material impact on the interim financial statements of the Group.

Standards issued but not yet effective

The following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective to the Group.

Effective for financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates – *Lack of Exchangeability*

Effective dates of these Amendments to Standards has been deferred, and yet to be announced

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – *Sales or Contribution of Assets between an Investor and its Associates or Joint Venture*

A4. Qualification of Financial Statements

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

A5. Seasonal or Cyclical Factors

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

A6. Nature and Amount of Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

A7. Nature and Amount of Changes in Estimates

There were no material changes in estimates for the current financial quarter under review.

A8. 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 financial quarter under review.

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

A9. Dividend Paid

There were no dividends paid during the current financial quarter under review.

A10. 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.

A10. Segmental Information (continued)

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

18 months ended 30 June 2024	Construction RM'000	Property Development RM'000	Other RM'000	Inter- segment Elimination RM'000	Total RM'000
Segment Revenue					
External	331,295	98,475	1,997	-	431,767
Inter-segment	106,815	-	8,751	(115,566)	-
Total revenue	<u>438,110</u>	<u>98,475</u>	<u>10,748</u>	<u>(115,566)</u>	<u>431,767</u>
Interest income	6,456	284	8,439	(11,111)	4,068
Finance cost	(9,885)	(6,271)	(13,711)	11,456	(18,411)
Net finance expense	<u>(3,429)</u>	<u>(5,987)</u>	<u>(5,272)</u>	<u>345</u>	<u>(14,343)</u>
Share of profit of an associate	1,596	-	-	-	1,596
Share of profit of a joint venture	-	-	869	-	869
Segment profit/(loss) before tax	35,109	(7,165)	(13,126)	15,707	30,525
Taxation	(9,551)	2,135	92	(2,740)	(10,064)
Segment profit/(loss) after tax	25,558	(5,030)	(13,034)	12,967	20,461
Other material non-cash item:					
- Depreciation	(7,384)	(665)	(3,222)	2,117	(9,154)
Additions to non-current assets other than financial instruments and deferred tax assets	951	53	14	-	1,018
Segment assets	843,626	526,787	637,029	(769,442)	1,238,000
Segment liabilities	560,198	465,319	213,890	(523,440)	715,967

A11. 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.

A12. 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.

A13. Material Subsequent Event

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

A14. Changes in the Composition of the Group

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

A15. Capital Commitment

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

A16. Contingent Liabilities

	As at 30 June 24 RM'000	As at 31 Dec 22 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>64,895</u>	<u>121,230</u>

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

B1. Review of performance for the current quarter compared to the immediate preceding quarter

Group – Current quarter review:

	Current quarter	Immediate preceding quarter	
	30/6/2024	31/3/2024	Changes
	RM'000	RM'000	%
Revenue	55,719	66,960	(16.8)
Profit Before Tax	3,731	6,234	(40.2)
Profit After Taxation	3,647	3,161	15.4

As announced on 26 April 2023, the financial year end of the Group has been changed from 31 December to 30 June. Consequently, there is no comparative financial information for the current quarter ended 30 June 2024 (“6Q23”). The analysis below compares 6Q23 to the immediate preceding quarter ended 31 March 2024 (“5Q23”).

The Group registered revenue of RM55.7 million and PBT of RM3.7 million in 6Q23, compared to RM67.0 million and RM6.2 million in revenue and PBT in 5Q23. The lower revenue is primarily due to the adjusted revenue in the property development division. This adjustment was due to the recognition of additional costs amounting to RM11.0 million related to the E’Island Lake Haven project, which led to a corresponding revenue reduction of RM9.0 million. In 6Q23, the Group had provided LADs amounting to RM7.1 million. Excluding the LAD, Group’s core PAT stood at RM10.7 million for 6Q23.

Group – Cumulative 18-month review:

	Cumulative 18 months
	30/6/2024
	RM'000
Revenue	431,767
Profit Before Tax	30,525
Profit After Taxation	20,461

The performance review covers the 18-month operations of the Group, as comparative financial information for 18 months is not available due to the change in financial year end from 31 December to 30 June.

For the 18-month period ended 30 June 2024, the Group registered revenue of RM431.8 million, with 76.7% from the construction segment and 22.8% from property development segment. The main contributors to operating revenue were the Light Rail Transit 3 (LRT3), Sungai Besi - Ulu Kelang Elevated Expressway (SUKE) and Kuala Langat Sewer Pipes Relining works projects.

PAT for the 18M23 was RM20.5 million, which includes the recognition of LADs of RM20.7 million. Excluding LADs, the Group’s core PAT stood at RM41.2 million.

B1. Review of performance for the current quarter compared to the immediate preceding quarter (continued)

Construction segment

	Current quarter	Immediate preceding quarter	Changes (%)	Cumulative 18 months
	30/6/2024	31/3/2024		30/6/2024
	RM'000	RM'000		RM'000
Revenue	63,699	78,528	(18.9)	438,110
Profit/(Loss) Before Tax	22,062	(4,067)	642.4	35,109
Profit/(Loss) After Taxation	15,900	(4,067)	490.9	25,558

Revenue from the construction segment stood at RM63.7 million in 6Q23, compared to RM78.5 million registered in 5Q23. This quarter's revenue was primarily driven by the Sungai Besi - Ulu Kelang Elevated Expressway (SUKE) and Light Rail Transit 3 (LRT3) projects. The PAT for the construction segment stood at RM15.9 million in 6Q23, compared to LAT of RM4.1 million in 5Q23.

Cumulatively for 18M23, the construction segment registered revenue of RM438.1 million, with a corresponding PAT of RM25.6 million.

Property development segment

	Current quarter	Immediate preceding quarter	Changes (%)	Cumulative 18 months
	30/6/2024	31/3/2024		30/6/2024
	RM'000	RM'000		RM'000
Gross Revenue	8,409	10,614	(20.8)	118,406
Adjustment	(19,931)	-	(100.0)	(19,931)
Adjusted Revenue	(11,522)	10,614	(208.6)	98,475
(Loss)/Profit Before Tax	(20,721)	5,597	(470.2)	(7,165)
(Loss)/Profit After Taxation	(13,513)	3,980	(439.5)	(5,030)

The property development segment revenue decreased in 6Q23, with revenue adjusted to negative RM11.5 million. This is attributed to the recognition of additional costs for the E'Island Lake Haven project, represents a decrease of RM22.1 million from the RM10.6 million reported in 5Q23. The additional cost has affected the project's completion rate, resulting in the property development segment recorded LBT and LAT in 6Q23.

Over the cumulative 18-month period, the property development segment reported a revenue of RM98.5 million with a corresponding LAT of RM5.0 million. Included in the LAT is the recognition of LADs amounting to RM20.7 million. Excluding LADs, the core PAT for the property development segment stood at RM15.7 million.

B2. Prospects

Based on its existing business, GBG stands to recognise a total of RM1.4 billion in future gross revenue, comprising RM472.2 million from the construction division and RM942.8 million from the property development division.

As at 6Q23, the Group's total borrowings stood at RM236.3 million, registering a decrease of RM40.7 million or 14.7% from 5Q23. The borrowings of RM236.3 million comprise RM4.8 million in long-term borrowings, RM127.1 million in short-term borrowings (25.8% of which are project financing related), and RM104.4 million in Islamic Commercial Papers (ICPs) and Islamic Medium Term Notes (IMTN). This reduction has positively impacted the Group's gearing ratios, with both gross and net gearing showing improvement in 6Q23 compared to 5Q23, improving from 0.53x and 0.30x in 5Q23 to 0.45x and 0.27x in 6Q23, respectively.

(a) Construction Division

The Group's construction division is armed with a healthy outstanding orderbook of RM472.2 million, that will sustain earnings and cashflow contribution up to FYE 2026. In the near term, the construction division is focusing on executing and completing its ongoing construction projects, whilst finalising claims for various completed projects.

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 6Q23, the Group achieved RM1.7 million in property sales that comprise 4 units of E'Island Lake Haven. Year-to-date as of 20 August 2024, the Group has achieved RM39.4 million in property sales, comprising 91 units of properties. As at 30 June 2024, our total sold and unbilled sales stand at RM216.9 million, which will progressively be recognised up to the end of 2025.

In FYE2025, the property development division would focus on:

- a) delivering vacant possession of E'Island Lake Haven (Total GDV: RM502 million, Take-up: RM462 million or 94%),
- b) ramping up construction activities of The Peak with the new financing in place (Unsold GDV: RM459 million for 403 units),
- c) undertaking the inaugural launch of Serena Gambang (Total GDV: RM382 million).

The combined GDV of these three projects is projected to be approximately RM1.3 billion.

Over the past 12-months, there has been significant turnaround in the outlook and demand for the Johor Bahru real estate market, spurred by the implementation of various government policies, improving connectivity and ongoing investment activities within the state. In September 2024, both the Malaysia and Singapore Governments are targeting to finalise details on fiscal and non-fiscal incentives to allow for smoother trade and investments within both areas, a boon for the real estate market in Johor Bahru.

Positively, in July 2024, Maybank granted GBG a RM120 million, 7-year term loan facility, with a 2-year repayment grace period. With the facility in place, we would be able to accelerate construction progress for The Peak, with a targeted full completion of both Tower 1 and Tower 2 by the end of 2025. The financing is intended to cover the remaining costs associated with property development and marketing for The Peak. As it stands, the property development division has 403 (or 60%) unsold units at The Peak with an average market value of RM750 psf.

B2. Prospects (Continued)

(b) Property Development Division (Continued)

The Group aims to preview Serena Gambang (formerly known as Gambang Residensi) at the end of the year with a total GDV of RM382 million comprising 1,160 homes and 20 commercial units. We have submitted our online development order and have obtained principal approval from the Pahang State Planning Committee for the development.

The Company's other immediate priorities moving forward remain on enhancing cash flow by monetising its inventory of unsold completed units, which stood at RM9.9 million as of 30 June 2024.

Property Sales Summary up to 20 August 2024

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 23)	Sold in 18M23	Sold (1 Jul 2024 to 20 Aug 2024)	Sold (Year to date up to 20 Aug 2024)		
<u>Developments Under Construction</u>						
E'Island Lake Haven	155 of 1,140	89	2	91	1,076 units or 94%	RM462.8m
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	89	2	91		RM613.5m
						Bookings
						RM1.8m

Since the relaunch of our property development division in 2Q19, we have achieved RM613.5 million in property sales as shown in the table above. Additionally, we have RM1.8 million in property bookings pending loan conversions.

B2. Prospects (Continued)

(b) Property Development Division (Continued)

The property development division continues to be on the lookout for new lands to further expand its property development portfolio and provide further continuity to earnings and cashflows from FYE 2025 to FYE 2029.

B3. Profit Forecast and Profit Estimate

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

B4. Items included in the Statements of Comprehensive Income include:

	Current Quarter	Cumulative Quarter
	3 months ended	18 months ended
	30 June 24	30 June 24
	RM'000	RM'000
Interest income	374	4,068
Reversal of impairment losses of receivables	10,299	14,575
Other income	1,375	2,799
Gain on disposal of investment property	10	264
Interest expense (excluding interest capitalised)	(3,689)	(18,411)
Depreciation and amortisation	(1,543)	(9,154)
Impairment losses of receivables	(382)	(2,892)
Impairment losses of investment properties	(1,392)	(1,392)
Loss of fair value on investment	(357)	(1,036)
Loss on disposal of property, plant and equipment	9	101
Foreign exchange gain or loss	*	*
Gain or loss on derivatives	*	*
Exceptional items	*	*

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

B5. Taxation

The Group effective tax rate for the cumulative quarter is higher than the statutory rate mainly due to certain expenses being disallowed for income tax purposes.

	Current Quarter	Cumulative Quarter
	3 months ended	18 months ended
	30 June 24	30 June 24
	RM'000	RM'000
Current income tax:		
- Current year	976	9,432
- Previous year	2,359	2,371
	<u>3,335</u>	<u>11,803</u>
Deferred tax:		
- Current year	(3,033)	(1,521)
- Prior years	(218)	(218)
	<u>(3,251)</u>	<u>(1,739)</u>
	<u>84</u>	<u>10,064</u>

B6. Status of Corporate Proposals Announced

There are no corporate proposals announced by the Company but not completed as at 20 August 2024, being the latest practicable date, which is not earlier than 7 days from the date of issuance of this interim financial report.

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 **MARC-1_{IS}/A_{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.

As of 4 August 2023, MARC Ratings has affirmed its ratings of **MARC-1_{IS}/A_{IS}** on Gabungan AQRs Berhad’s RM200.0 million Islamic Commercial Papers (ICP)/Islamic Medium-Term Notes (IMTN) Programme. The ratings outlook is stable. The total outstanding balance under the programme stood at RM104.4 million.

B7. Group Borrowings and Debt Securities

As at 30 June 2024

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	4,135	166	4,301
- Revolving credit	-	21,100	21,100
- Bank overdrafts	-	105,520	105,520
Unsecured			
- ICP/IMTN Programme	-	104,395	104,395
	<u>4,135</u>	<u>231,181</u>	<u>235,316</u>

As at 31 December 2022

	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	408	75,961	76,369
- Revolving credit	-	1,700	1,700
- Bank overdrafts	-	186,370	186,370
Unsecured			
- ICP/IMTN Programme	-	38,628	38,628
	<u>408</u>	<u>302,659</u>	<u>303,067</u>

B8. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 30 June 2024.

B9. 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.

B9. Material litigation (continued)

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.

Company's solicitors attended hearing on 5 July 2023 for its application to amend its Statement of Claim ("Amendment Application"). The Court allowed 4 of the 5 amendments sought by the Company, with RM5,000.00 costs awarded in favour of the Defendant.

Following to GAB's expert report which has been filed on 6 October 2023, Defendant's solicitor indicated that Bernard intends to file a rebuttal expert report.

The Defendant's Counsel sought an extension of time to confirm the Defendant's instruction and to prepare the rebuttal expert report.

The trial Judge reluctantly allowed the request for extension of time, and gave an ultimatum for the Defendant to file the rebuttal expert report by 20 February 2024.

The Defendant's Counsel confirmed that the Defendant is not filing any rebuttal expert report. The Judge directed the parties to exchange witness statements on 8 April 2024, 6 weeks before the commencement of trial.

The Judge vacated the current trial dates fixed on 20, 21, 23, 24, 27, 28 May 2024 of its own volition, as the Judge has been directed to complete all part-heard cases pending in his Court before starting any new trials and directed the parties to file witness statements.

Exchange of witness statements on 18 April 2024 in compliance with the Court's directions. Bernard did not make any new allegations against the management of Gabungan in his witness statement, there is no further or new witness required at this juncture.

The trial is fixed on 16-18, 28-29 October 2024, and 11-13 November 2024.

(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.

B9. Material litigation (continued)

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 11th 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. On 12 January 2022, the Court of Appeal directed GSSB's and the employee defendants' appeals, arising from the High Court 18 October 2021 decision to be heard together.

Based on the hearing fixed on 27 June 2023, the Court of Appeal unanimously ruled in favor of GSSB, resolving all 8 appeals and the suit will proceed for trial at the High Court. At this juncture, costs of RM50,000 were awarded to GSSB.

During case management on 8 March 2024, the Judge struck out the General Discovery Application with no order as to costs and directed the defendants to file applications for leave to issue Third Party Notices by 15 April 2024. GSSB was instructed to contact the Director General of Insolvency ("DGI") regarding a defense for 8th Defendant. GSSB proceeds to enter a Judgment in Default against 7th Defendant for his failure to enter appearance until to date.

Following case management on 16 April 2024, DGI appeared before the Judge, and informed they had written to request 8th Defendant to file his defense but received no response. GSSB requested the Judge to enter Judgement in Default of Defence against 8th Defendant.

On 7 May 2024, the Court entered the Judgement in Default of Defence against 8th Defendant during case management before the Registrar.

B9. Material litigation (continued)

During the case management on 6 June 2024, the 3rd Defendant, 4th to 6th Defendants and 11th Defendant have filed applications to seek the Court's directions on the third-party proceedings against Sanubari Cekal. The Registrar has directed those Defendants to file their respective applications on or before 20 June 2024.

The Court has fixed trial on 4 to 7 August 2025.

B10. 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 30 June 24 RM'000	Cumulative Quarter 18 months ended 30 June 24 RM'000
Profit attributable to equity holders of the Company (RM'000)	<u>3,785</u>	<u>20,694</u>
Weighted average number of ordinary shares ('000)	<u>542,771</u>	<u>542,771</u>
Basic earnings per share (sen)	<u>0.70</u>	<u>3.81</u>

(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 30 June 24 RM'000	Cumulative Quarter 18 months ended 30 June 24 RM'000
Profit attributable to equity holders of the Company (RM'000)	<u>3,785</u>	<u>20,694</u>
No of ordinary shares for basic earnings per share computation	542,771	542,771
Effect of dilution - on assumption that remaining warrants are exercised	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>542,771</u>	<u>542,771</u>
Diluted earnings per share (sen)	<u>0.70</u>	<u>3.81</u>

B11. Authorisation for Issue

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