



**Interim Financial Results
For the 2nd Quarter ended
30 June 2022**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2022 RM'000	PRECEDING YEAR QUARTER 30 June 2021 RM'000	CURRENT YEAR TO DATE 30 June 2022 RM'000	PRECEDING YEAR TO DATE 30 June 2021 RM'000
Revenue	79,083	98,736	150,807	185,231
Cost of sales	(63,970)	(88,560)	(122,383)	(163,200)
Gross profit	15,113	10,176	28,424	22,031
Other income	711	1,911	2,367	2,502
Operating costs	(7,589)	(7,882)	(14,470)	(13,697)
Finance cost	(1,885)	(997)	(3,621)	(1,716)
Share of profit of a joint venture	80	327	235	418
Share of profit of an associate	21	36	137	96
Profit before tax	6,451	3,571	13,072	9,634
Tax expense	(938)	55	(2,040)	(1,161)
Profit for the financial period	5,513	3,626	11,032	8,473
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	5,513	3,626	11,032	8,473
Attributable to:				
Owners of the parent	5,547	3,635	10,984	8,180
Non-controlling interests	(34)	(9)	48	293
	5,513	3,626	11,032	8,473
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	1.02	0.67	2.02	1.58
- Diluted	0.84	0.55	1.66	1.29

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 30 JUNE 2022

	(UNAUDITED) AS AT 30 June 2022 RM'000	(AUDITED) AS AT 31 Dec 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,590	27,760
Investment properties	31,160	31,815
Investment in a joint venture	1,275	1,040
Investment in an associate	3,748	3,660
Deferred tax assets	3,275	3,220
Intangible assets	27,355	27,355
	<u>94,403</u>	<u>94,850</u>
Current assets		
Inventories	346,778	339,026
Trade and other receivables	194,050	187,035
Contract assets	656,747	619,001
Other investment	306	306
Current tax assets	211	1,300
Short term funds	255	253
Cash and bank balances	137,537	155,939
	<u>1,335,884</u>	<u>1,302,860</u>
TOTAL ASSETS	<u>1,430,287</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	137,847	126,863
	<u>492,033</u>	<u>481,049</u>
Non-controlling interests	<u>1,921</u>	<u>2,108</u>
TOTAL EQUITY	<u>493,954</u>	<u>483,157</u>
Non-current liabilities		
Borrowings	406	582
Lease liabilities	1,535	2,240
Deferred tax liabilities	1,642	1,642
	<u>3,583</u>	<u>4,464</u>
Current liabilities		
Trade and other payables	623,466	628,357
Contract liabilities	29,596	5,668
Borrowings	276,732	273,297
Lease liabilities	1,727	2,284
Current tax liabilities	1,229	483
	<u>932,750</u>	<u>910,089</u>
TOTAL LIABILITIES	<u>936,333</u>	<u>914,553</u>
TOTAL EQUITY AND LIABILITIES	<u>1,430,287</u>	<u>1,397,710</u>
Net assets per share attributable to owners of the parent (RM)	0.91	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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022

	I-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----I					
	I-----Non-distributable-----I		Distributable		Non-	Total
	Share	Treasury	Retained	Total	controlling-	equity
	capital	shares	earnings		interests	
	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	-	-	10,984	10,984	48	11,032
Share capital reduction	-	-	-	-	(235)	(235)
Balance as at 30 June 2022	355,613	(1,427)	137,847	492,033	1,921	493,954
	I-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----I					
	I-----Non-distributable-----I		Distributable		Non-	Total
	Share	Treasury	Retained	Total	controlling-	equity
	capital	shares	earnings		interests	
	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	-	-	8,180	8,180	293	8,473
Dividend payable	-	-	-	-	(4,704)	(4,704)
Private placement	30,153	-	-	30,153	-	30,153
Share issue expenses	(86)	-	-	(86)	-	(86)
	30,067	-	8,180	38,247	(4,411)	33,836
Balance as at 30 June 2021	355,613	(1,427)	133,717	487,903	2,203	490,106

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022

23 AUGUST 2022



	Current Period Ended 30 June 2022 RM'000	Preceding Period Ended 30 June 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,072	9,634
Adjustments for :		
Bad debts written-off	-	2
Depreciation of property, plant and equipment	3,561	3,336
Reversal of impairment losses of trade and other receivables	(377)	(173)
Reversal of impairment losses of property, plant and equipment	-	(1,151)
Gain on disposal of property, plant and equipment	-	3
Impairment losses on:		
- Trade and other receivable	1,229	698
- Fair value on investment	-	330
Interest expense	3,621	1,716
Interest income	(710)	(803)
Share of gain of a joint venture	(235)	(418)
Share of gain of an associate	(137)	(96)
Operating profit before changes in working capital	20,024	13,078
Changes in working capital:		
Inventories	(7,752)	11,065
Trade and other receivables	(45,614)	(78,320)
Trade and other payables	19,037	28,080
Cash used in operating activities	(14,305)	(26,097)
Interest paid	(2,415)	(1,653)
Interest received	710	803
Tax paid	(267)	(1,268)
Tax refunded	7	1,319
Net cash used in operating activities	(16,270)	(26,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associate	49	-
Purchase of property, plant and equipment	(2,741)	(4,713)
Purchase of investment property	-	(4)
Proceeds from disposals of property, plant and equipment	-	14
Withdrawals/(Placements) of fixed deposits pledged	13,932	(25,069)
Net cash generated from / (used in) investing activities	11,240	(29,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(63)
Proceeds from issuance of share from private placement	-	30,153
Share issue expenses	-	(86)
Repayment of lease liabilities	(1,256)	(1,411)
Dividend paid to non-controlling interest of a subsidiary	-	(4,704)
Drawdowns of term loans	30,262	65,802
Repayment of revolving credits	(127)	-
Repayments of term loans	(42,108)	(4,246)
Reduction in share capital of non-controlling interest of a subsidiary	(235)	-
Net cash (used in) / generated from financing activities	(13,464)	85,445
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(18,494)	28,777
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(161,861)	(200,815)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(180,355)	(172,038)

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

	As at 30 June 2022 RM'000	As at 30 June 2021 RM'000
Cash and bank balances	5,852	7,096
Fixed deposits with licensed banks	131,685	129,057
Short term funds	255	239
	137,792	136,392
Less : Bank overdrafts included in borrowings	(186,462)	(179,373)
Fixed deposits pledged	(131,685)	(129,057)
Total cash and cash equivalents	(180,355)	(172,038)

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
6 months ended 30 June 2022					
Segment Revenue					
External	89,866	53,862	7,079	-	150,807
Inter-segment	35,419	-	3,252	(38,671)	-
Total revenue	125,285	53,862	10,331	(38,671)	150,807
Interest income	2,099	100	880	(2,369)	710
Finance cost	(1,840)	(2,592)	(1,701)	2,512	(3,621)
Net finance expense	259	(2,492)	(821)	143	(2,911)
Share of profit of an associate	137	-	-	-	137
Share of profit of a joint venture	-	-	235	-	235
Segment profit/(loss) before taxation	5,359	7,585	(836)	964	13,072
Taxation	(1,344)	(483)	(267)	54	(2,040)
Segment profit/(loss) after taxation	4,015	7,102	(1,103)	1,018	11,032
Other material non-cash item:					
- Depreciation	(3,057)	(221)	(997)	714	(3,561)
Additions to non-current assets other than financial instruments and deferred tax assets	2,609	17	118	-	2,744
Segment assets	988,935	591,117	531,646	(681,411)	1,430,287
Segment liabilities	734,237	529,859	95,045	(422,808)	936,333
	Construction RM'000	Property Development RM'000	Other RM'000	Inter-segment Elimination RM'000	Total RM'000
6 months ended 30 June 2021					
Segment Revenue					
External	132,224	50,168	2,839	-	185,231
Inter-segment	35,867	-	12,673	(48,540)	-
Total revenue	168,091	50,168	15,512	(48,540)	185,231
Interest income	1,900	69	854	(2,020)	803
Finance cost	(1,433)	(1,429)	(978)	2,124	(1,716)
Net finance expense	467	(1,360)	(124)	104	(913)
Share of loss of an associate	96	-	-	-	96
Share of profit of a joint venture	-	-	418	-	418
Segment profit/(loss) before taxation	6,790	3,634	5,825	(6,615)	9,634
Taxation	(1,553)	-	(42)	434	(1,161)
Segment profit/(loss) after taxation	5,237	3,634	5,783	(6,181)	8,473
Other material non-cash item:					
- Depreciation	(2,843)	(230)	(997)	734	(3,336)
Additions to non-current assets other than financial instruments and deferred tax assets	4,704	-	7	-	4,711
Segment assets	953,513	577,656	511,462	(616,597)	1,426,034
Segment liabilities	729,089	484,692	70,670	(348,503)	935,948

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 30 June 22 RM'000	As at 31 Dec 21 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>122,485</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 (2 nd Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30/6/2022	30/6/2021		30/6/2022	30/6/2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	79,083	98,736	(19.9)	150,807	185,231	(18.6)
Profit Before Tax	6,451	3,571	80.6	13,072	9,634	35.7
Profit After Taxation	5,513	3,626	52.0	11,032	8,473	30.2

The Group reported revenue of RM79.1 million in 2Q22, representing a 19.9% decrease compared to 2Q21. Our reported PAT for the current quarter stood at RM5.5 million, representing a 52.0% increase compared to 2Q21. Included in the PAT is the recognition of net LADs of RM0.4 million. The increase in PAT is attributable to higher contributions from both its construction division and property development divisions.

In 2Q22, the Group incurred operating costs of RM7.6 million, representing a 3.7% decrease compared to 2Q21.

Construction segment

	Individual Period (2 nd Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30/6/2022	30/6/2021		30/6/2022	30/6/2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	62,076	70,491	(11.9)	125,285	168,091	(25.5)
Profit Before Tax	1,772	896	97.8	5,359	6,790	(21.1)
Profit After Taxation	1,336	896	49.1	4,015	5,237	(23.3)

The construction division reported a revenue of RM62.1 million in 2Q22, compared to RM70.5 million in 2Q21. This quarter, revenue was mainly contributed by the Light Rail Transit 3 (LRT3), E'Island Lake Haven and The Peak construction projects. The decline in revenue is due to the seasonally slower period (Hari Raya and Ramadhan), coupled with some impact from the nationwide labour shortage. Nevertheless, the division was able to improve its profit after tax, which increased by 49.1% year-on-year to RM1.3 million.

B1. Review of Performance (Cont'd)

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

Property Development segment

	Individual Period (2 nd Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30/6/2022	30/6/2021		30/6/2022	30/6/2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	28,761	45,043	(36.1)	53,862	50,168	7.4
Profit Before Tax	4,727	3,254	45.3	7,585	3,634	108.7
Profit After Taxation	4,244	3,254	30.4	7,102	3,634	95.4

The property development division reported revenue of RM28.8 million in 2Q22, compared to RM45.0 million in 2Q21. The lower revenue in 2Q22 is due to the recognition of revenue for the sale of 5-units of completed Contours inventory in 2Q21 amounting to RM24.8 million.

Profit after tax stood at RM4.2 million in 2Q22, representing a 30.4% increase year-on-year. Included in the profit before tax is the recognition of net LADs worth RM0.4 million. Excluding the LADs, the division reported a core profit after tax of RM4.7 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 (%)
	30/6/2022	31/3/2022	
	RM'000	RM'000	
Revenue	79,083	71,724	10.3
Profit Before Tax	6,451	6,621	(2.6)
Profit After Tax	5,513	5,519	(0.1)

Overall, the Group's revenue and profit after tax for the current quarter of RM79.1 million and RM5.5 million, represents an increase of 10.3% and decrease of 0.1% respectively compared to the preceding quarter.

B3. Prospects

GBG currently has RM1.67 billion in future gross revenue to be recognised up to FYE 2024, comprising RM1.07 billion from the construction division and RM0.6 billion from the property development division.

On a quarter-on-quarter basis, the Group's total borrowings has decreased by RM20.7 million to RM277.1 million, which comprises RM0.4 million in long-term borrowings and RM276.7 million in short-term borrowings (64.4% are project financing related). Going forward, the Group is expecting its total borrowings to trend down, driven by cashflows generated from the construction and property development projects. As at 2Q22, our total cash and cash equivalents stood at RM137.8 million, representing a 1% or RM1.4 million increase compared to 2Q21. As a result of lower borrowings, the Group's gross gearing and net gearing has been reduced to 0.56x (from 0.58x) and 0.29x (from 0.31x) respectively.

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 2025.

In FYE 2022, we are targeting an orderbook replenishment rate of RM500 million. Year to date, the construction division has secured RM98.6 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 2Q22, the Group achieved RM25.0 million in property sales that comprise 56 units of E'Island Lake Haven. Year-to-date as at 16 August 2022, the Group has achieved RM57.4 million in property sales, comprising of 129 units of properties.

As at 30 June 2022, our total sold and unbilled sales stand at RM364.1 million, which will mostly be recognised up to 1HFY2024. As a comparison, our total sold and unbilled sales stood at RM324.5 million in 2Q21.

As at 16 August 2022, we have fulfilled 100% of our bumiputera quota requirements for E'Island Lake Haven, and as such, the overhang risk for bumiputera quota units has been eliminated.

B3. Prospects (Cont'd)

(b) Property Development Division (Cont'd)

Property Sales Summary up to 16 August 2022

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 22)	Sold in 1H22	Sold (July '22 to 16 August 2022)	Sold (Year to date up to 16 August 2022)		
Developments Under Construction						
E'Island Lake Haven	355 of 1,140	97	32	129	914 units or 80%	RM392.3m
The Peak	398 of 668	-	-	-	270 units or 40%	RM103.0m
Completed Developments						
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	97	32	129		RM543.0m
						Bookings
						RM40.1m

Based on the table above, since the relaunch of our property development division in 2Q19, we have achieved RM543.0 million in property sales. Additionally, we have RM40.1 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 6 months ended	
	30 June 22	30 June 21	30 June 22	30 June 21
	RM'000	RM'000	RM'000	RM'000
Interest income	383	463	710	803
Reversal of impairment losses of receivables	349	173	377	173
Reversal of impairment losses of investment properties	-	1,151	-	1,151
Other income	(22)	124	1,280	375
Interest expense (excluding interest capitalised)	(1,885)	(997)	(3,621)	(1,716)
Depreciation and amortisation	(1,775)	(1,698)	(3,561)	(3,336)
Impairment losses of receivables	(241)	(75)	(1,229)	(698)
Loss of fair value on investment	-	-	-	(330)
Loss on disposal of property, plant and equipment	-	-	-	(3)
Bad debts written off	-	(3)	-	(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 6 months ended	
	30 June 22	30 June 21	30 June 22	30 June 21
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	436	-	1,611	42
- Previous year	484	-	484	-
	920	-	2,095	42
Deferred taxation				
- Current year	18	(55)	(55)	1,119
- Prior years	-	-	-	-
	18	(55)	(55)	1,119
	938	(55)	2,040	1,161

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 17 August 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 17 August 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 30 June 2022			
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	406	88,370	88,776
- Revolving credit	-	1,900	1,900
- Bank overdrafts	-	186,462	186,462
	<u>406</u>	<u>276,732</u>	<u>277,138</u>
As at 30 June 2021			
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	19,755	82,310	102,065
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	179,373	179,373
	<u>19,755</u>	<u>263,683</u>	<u>283,438</u>

B9. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 30 June 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 is fixed for hearing on 12 December 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 22 August 2022, however the hearing for the 8 appeals is then fixed on Tuesday, 21 February 2023.

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 21 June 2022 and 28 June 2022 was to update the Kuala Lumpur High Court on the status of obtaining retrospective sanction from bankruptcy court, in order to proceed against Mohd Noor Nazrul Bin Mohd Yusof (6th Defendant) and Wong Kee Choo (8th Defendant) and to update the Court on the outcome of its leave application at Kuantan High Court. Accordingly, the next case management is fixed on 6 October 2022 for parties to update Court on the outcome of the appeals at the Court of Appeal.

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 6 months ended	
	30 June 22 RM'000	30 June 21 RM'000	30 June 22 RM'000	30 June 21 RM'000
Profit attributable to equity holders of the Company (RM'000)	5,547	3,635	10,984	8,180
Weighted average number of ordinary shares ('000)	542,771	540,060	542,771	516,873
Basic earnings per share (sen)	1.02	0.67	2.02	1.58

(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 6 months ended	
	30 June 22 RM'000	30 June 21 RM'000	30 June 22 RM'000	30 June 21 RM'000
Profit attributable to equity holders of the Company (RM'000)	5,547	3,635	10,984	8,180
No of ordinary shares for basic earnings per share computation	542,771	540,060	542,771	516,873
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	659,455	662,166	636,268
Diluted earnings per share (sen)	0.84	0.55	1.66	1.29

B12. Authorisation for Issue

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